

KPS Berhad

2025 Sustainability Report

Purpose in Practice

The background of the page features a dark green, textured field of crops. In the lower half, there are several horizontal light trails. A thin orange line with a small glowing green dot on the left side is positioned above a thicker, more vibrant green line that has a soft, glowing effect and tapers off to the right. Several other thin green lines are visible, creating a sense of motion and depth.



Purpose in Practice

KPS Berhad is committed to translating its sustainability priorities into consistent actions across strategy, operations and governance. Guided by our sustainability strategy roadmap, we focused on strengthening execution, enhancing governance discipline, establishing ESG and KPIs and reinforcing accountability across the organisation.

In 2025, we continued to move beyond disclosure-focused reporting by further integrating sustainability considerations into risk management and day-to-day business activities. This approach ensures that sustainability is embedded within our operating practices and value creation processes.

Purpose in Practice underscores our focus on ensuring that sustainability commitments are supported by measurable actions that contribute to sustainable value creation over time.



Scan this QR code to view our 2025 Integrated Annual Report, 2025 Sustainability Report, 2025 Audited Financial Statements and 2025 Corporate Governance Report. Other information on KPS Berhad is available at www.kps.com.my



Our Journey

From Aspiration to Embedded Practice

Over the years, our sustainability journey has advanced with growing clarity, structure and intent, shaped by a deliberate focus on creating shared prosperity through strategic investments that extend beyond financial performance. The journey began with a foundation anchored in **aspiration**, as we established clear environmental, social and governance benchmarks and committed to pursuing them with conviction. Key priorities were identified across climate action, labour and human rights, safety and health, and ethical governance, reinforcing the understanding that sustainable progress is achieved when responsible practices are embedded alongside disciplined execution.

Building on this foundation, the emphasis shifted towards performance, integration and measurable **progress**, reflecting our approach to cultivating value through more resilient and efficient operations. Sustainability efforts became increasingly data-driven, supported by more structured processes and strengthened oversight. More attention was placed on operational efficiency, resource optimisation and environmental performance, alongside a systematic approach to managing carbon emissions and other material ESG matters. Through technical rigour and continuous improvement, we translated strategic intent into tangible outcomes, enhancing resilience while safeguarding the multiple capitals essential for long-term value creation.

Today, sustainability is embedded within our strategy, governance framework and day-to-day operations. The focus has evolved beyond disclosure towards consistent and accountable implementation, supported by strengthened governance discipline and defined ESG commitments. Sustainability considerations are integrated into decision-making and business planning, ensuring that actions reflect long-term thinking. This demonstrates our ongoing commitment to shaping how value is created and preserved over time, translating purpose into practical **outcomes** across the organisation.

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01

Overview

Sustainability at Kumpulan Perangsang Selangor Berhad (“KPS Berhad” or “the Company” and its subsidiary companies “the Group”) is a continuous journey of transformation, resilience and accountability.

The 2025 Sustainability Report (“2025SR”) presents an in-depth view of the Group’s strategies, initiatives and performance in advancing sustainable development across its diverse business segments. It outlines how KPS Berhad addresses sustainability as well as climate-related risks and opportunities, reinforcing the Group’s pledge to accelerate climate action and community development in order to create lasting value for its business, stakeholders and the communities it serves.

21

operating facilities



4 countries

3,363

diversified workforce

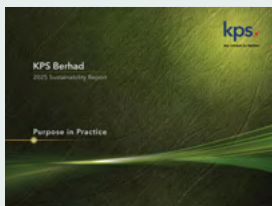
About This Report [GRI 2-3, 2-6]

Our Reporting Suite

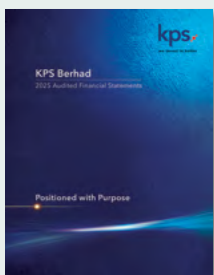
2025
Integrated
Annual
Report



2025
Sustainability
Report



2025
Audited
Financial
Statements

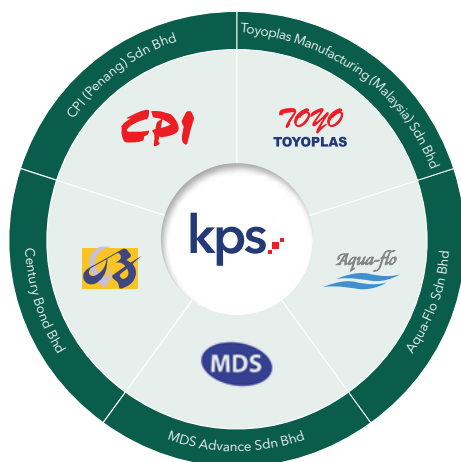


Basis of Our Report

KPS Berhad's 2025SR is the seventh standalone sustainability report, reflecting the Group's ongoing commitment to responsible and transparent reporting. This Report provides an overview of the Group's efforts and the measurable outcomes achieved in addressing key economic and environmental, social and governance ("ESG") matters, while supporting progress towards a sustainable corporate ecosystem in alignment with applicable disclosure guidelines and regulatory requirements.

Reporting Period Boundary and Scope [GRI 2-2]

The 2025SR covers KPS Berhad and its subsidiary companies where KPS Berhad has equity control. For certain material topics, disclosures and indicators, specific reporting scopes have been defined to ensure accuracy and relevance. Accordingly, the data and information presented in the Report relate to the operations, activities and processes of the following entities:



The reporting period for the 2025SR aligns with KPS Berhad's financial year, commencing from 1 January 2025 to 31 December 2025.

Exclusions [GRI 2-2]

The following entities are excluded from the sustainability disclosures as they are entities in which KPS Berhad holds minority equity interests without operational control or significant influence, as well as dormant subsidiary companies with no active operations during the reporting period. These entities are therefore not included within the Group's sustainability reporting boundary for the reporting period.

Subsidiary Company:

- Smartpipe Technology Sdn Bhd

Associate Companies:

- NGC Energy Sdn Bhd
- Syarikat Pengeluar Air Selangor Holdings Berhad
- Perangsang Water Management Sdn Bhd
- Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd

Other Investment:

- Kaisercorp Corporation Sdn Bhd

Reporting Compliance and Standards

The 2025SR references a range of national and international sustainability frameworks and assessment tools, supporting the Group's ESG initiatives and guiding disclosure preparation, strategic alignment and performance benchmarking against global best practices.

To meet the compliance requirements and expectations of different reporting standards and frameworks, several metrics and indicators are aligned to, and may be described using, more than one set of terms and definitions.

Global Goals

- United Nations Sustainable Development Goals ("UNSDGs")
- Intergovernmental Panel on Climate Change ("IPCC")

Reporting Frameworks

Malaysia:

- Bursa Securities' Sustainability Reporting Guide Third edition ("SRG3")
- Malaysian Code on Corporate Governance ("MCCG") 2021
- National Sustainability Reporting Framework ("NSRF")

Global:

- Global Reporting Initiative ("GRI") Standards
- International Financial Reporting Standards ("IFRS®") S1: General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2: Climate-related Disclosures ("IFRS®") S2

Rating Tools:

- Financial Times Stock Exchange ("FTSE") Russell ESG Ratings



The full version of these reports can be downloaded from our website at <https://kps.com.my>

About This Report [GRI 2-3, 2-6]

GRI Statement of Use

The information in the 2025SR is prepared with reference to the GRI Standards Core Option, which serves as the primary standard guiding disclosure preparation. This approach applies the GRI Content Principles of accuracy, clarity, comparability, reliability and timeliness. It also reflects the principles of stakeholder inclusiveness, sustainability context, materiality, completeness and comprehensive disclosure. In addition, a GRI content index is included at the end of this Report to access information.

Approval of the Board of Directors [GRI 2-14]

This Report has been reviewed and approved by KPS Berhad’s Board of Directors (“the Board” or “BOD”), with oversight from the Sustainability Board Committee (“SBC”). The SBC is responsible for maintaining the integrity and quality of the 2025SR, including its content, structure, and level of disclosure. In carrying out its role, the SBC ensures that the Report reflects the Company’s vision, mission and corporate objectives, while reinforcing KPS Berhad’s commitment to embedding sustainability practices across the organisation.

Assurance [GRI 2-5]

KPS Berhad has engaged an independent third-party assurance provider to verify the accuracy and integrity of the information in this Report.

- SIRIM QAS International Sdn Bhd (“SIRIM QAS”) has provided external limited assurance for the 2025SR, verifying its adherence to the principles of materiality, inclusivity and responsiveness
- The Group’s external auditor, Ernst & Young PLT, has provided assurance on the financial data

Disclaimer

The 2025SR highlights both opportunities and challenges, requiring accurate data collection and transparent disclosures. KPS Berhad recognises that certain indicators may have gaps. The Group remains committed to ensuring completeness, accuracy and validity of all information presented, and continues to refine its methodologies to enhance data reliability and reporting standards.

Some sustainability data include estimates and assumptions based on various measurement methods and available information. As a result, figures may not always add up precisely due to rounding.

Forward-Looking Statements

This 2025SR contains forward-looking statements relating to the Group’s objectives, strategies, plans and future initiatives that are interconnected with KPS Berhad’s business, financial and non-financial performance. These statements include words and phrases such as ‘expects’, ‘targets’, ‘intends’, ‘anticipates’, ‘believes’, ‘estimates’, ‘may’, ‘plans’, ‘projects’, ‘should’, ‘would’ and ‘will’.

These statements should not be interpreted as a guarantee of future operating or financial performance, as they may bring about potential risks or unforeseen repercussions to the Group.

Issues that might cause actual results to vary materially from those in the forward-looking statements include global, national and regional economic and social conditions, or matters that have not been reviewed or reported on by the auditors.

Feedback Channel [GRI 2-25, 2-26]

KPS Berhad is committed to continuous improvement and welcomes feedback and queries from all stakeholders. Please send your comments, suggestions and questions to the Chief Sustainability Officer (“CSO”):

KPS BERHAD
17th Floor, Plaza Perangsang,
Persiaran Perbandaran,
40000 Shah Alam,
Selangor Darul Ehsan, Malaysia

Attention:
Investor Relations, Sustainability and
Communications (“IRSC”) department

Contact
+603-5524 8400
irsc@kps.com.my

Navigation Icons

Material Matters

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2 Quality Control and Customer Satisfaction	9 Climate Change and Emissions
3 Economic and Business Performance	10 Occupational Safety and Health
4 Employee Training and Career Development	11 Sustainable Procurement and Local Sourcing
5 Environmental and Social Compliance	12 Water Security
6 Energy Efficiency	13 Labour Standards
7 Good Governance and Anti-Corruption	14 Human Rights

Our Six Capitals

Financial Capital	Human Capital
Manufactured Capital	Social and Relationship Capital
Intellectual Capital	Natural Capital

Directs you to additional information available online.

Directs you to related information elsewhere in this report.

About KPS Berhad [GRI 2-3, 2-6]

Who We Are [GRI 2-1]



Listed on Bursa Malaysia Securities Berhad ("Bursa Securities")

Since 22 July 2003




Sector:

Industrial products and services



Core Investment:

Manufacturing and trading activities

 Corporate Structure [GRI 2-1], Where We Operate [GRI 2-1, 2-6], Value Creation Model [2-6] can be referred in 2025IAR, Page 9-21.

Established on 11 August 1975, KPS Berhad is the investment arm of the Selangor state government, Malaysia. With five decades of experience, the Group has transformed from managing state assets into a dynamic, publicly listed investment holding entity with subsidiary companies serving a diversified global customer base across the value chain.

Our Vision

Leading Investments for Shared Prosperity

Making progress in business dealings and positive impacts along its value chain with ESG considerations, benefiting the communities in which our business operates.

Our Mission

Cultivating Value, Creating Positive Impact

Focusing on long-term value creation via responsible business practices, while creating positive impacts for our stakeholders.

Brand Promise

We Invest in Better

Seeking investment opportunities that generate growth towards the betterment of the society.

As at 31 December 2025, KPS Berhad manages a diversified portfolio spanning manufacturing, trading, and other strategic investments, with total assets under management of approximately **RM1.5 billion** across Malaysia, People's Republic of China ("China"), Indonesia and Vietnam.



→

Core Values

P

Pride

Take pride in our jobs and KPS Berhad as an organisation and commit to its success.

R

Respect

Recognise the value of other people and accept differences.

I

Integrity

Integrity in our conduct is guided by responsibility and accountability.

D

Discipline

Operate with team spirit guided by clear rules of work, discipline, and a healthy work-life balance.

E

Extra-mile

Contribute to stakeholders' growth by "Going the Extra-Mile".



Ahmad Fariz bin Hassan | *Managing Director/Group Chief Executive Officer*

Message from the Managing Director/ Group Chief Executive Officer

[GRI 2-22]

The World Meteorological Organisation recorded 2025 as one of the three hottest years in global temperature record. Scientist have confirmed average temperatures exceeding the 1.5°C threshold above pre-industrial levels. The rising global temperatures led to extreme weather conditions and widespread impact. Malaysia, like many regions, faced severe flooding, heavier monsoon rains, and violent storms, damaging communities, businesses and livelihoods.

Dear Stakeholders,

Last year, we operated in an environment characterised by domestic economic resilience alongside heightened global market uncertainty. Globally, businesses contended with geopolitical tensions, the impact of United States of America ("US") tariffs, and volatile manufacturing demand as customers recalibrated portfolios in response to shifting market conditions. These challenges were further compounded by climate-related impacts, including dry-season disruptions and delays in the commencement of a water meter contract in the trading sector.

These persistent uncertainties highlight the importance of disciplined governance, robust risk management, and a steadfast focus on material sustainability priorities to guide strategic decision-making. Furthermore, the urgency of addressing climate change has never been greater, emphasising the necessity for companies to strengthen their climate resilience strategies, particularly in managing physical and transition risks that could affect operational continuity and long-term performance.

Message from the Managing Director/Group Chief Executive Officer [GRI 2-22]

We remain steadfast in our commitment to fortifying our foundations, enhancing business resilience, and advancing our sustainability and climate resilience initiatives. To remain resilient and undertake meaningful practices, KPS Berhad is determined to accelerate the momentum in its sustainability strategies and practices and to thrive in an increasingly volatile, uncertain, complex (“VUCA”) and ambiguous operating environment. Our aim is to move forward faster and more effectively, ensuring we are well prepared for future challenges and opportunities, while contributing positively to society and the environment.



Highlights



GROUP REVENUE

RM1,043.3 million

1

How did the Group translate Purpose in Practice into results-oriented economic strategies?

Material Matters:

- 2 Quality Control and Customer Satisfaction
- 3 Economic and Business Performance
- 11 Sustainable Procurement and Local Sourcing

Related to Primary Capitals:



Financial
Capital



Intellectual
Capital

Building Resilience through Purposeful Practices

2025 continued to be a challenging year, shaped by ongoing geopolitical tensions, widening socio-economic disparities, regulatory shifts and rapid technological disruptions, while a rising tide of anti-ESG rhetoric threatened to undermine hard-earned progress towards responsible and sustainable practices.

Despite this, our strength lies in our people whose dedication and expertise are critical to implementing our strategies. United by a shared purpose, we are committed to creating value through investments that benefit all stakeholders. In response to shifting business dynamics that have influenced customer needs, we are proactively developing solutions that deliver positive impacts for communities and the environment. Additionally, we are actively addressing critical challenges in energy management, circular practices, and progressing decarbonisation efforts to strengthen our sustainability performance and ensure long-term growth.

We remained focused on turning our commitments into purposeful action, building resilience to go further, and achieving more as we advance our sustainability journey. For KPS Berhad, being resilient and undertaking strategic executions are fundamental to sustaining progress, maintaining operational discipline, and continuing to advance our commitments to stakeholders amid uncertainty.

Despite varying conditions, KPS Berhad maintained a steady course, balancing prudent management with a continued commitment to sustainability while delivering value through three key material matters under the Economic theme.

Economic and sustainability performance emerged as twin pillars shaping the business landscape during the year. Despite inflationary pressures weighing on economic growth, the Group navigated this challenging operating environment and delivered steady revenue of RM1.0 billion.

Our performance has been underpinned by practical, results-oriented strategies, including cost optimisation and disciplined capital management. We demonstrated operational discipline by expanding into new regions and industries, broadening our customer base, enhancing efficiency, and strengthening our product mix and manufacturing capabilities to adapt to evolving customer expectations amid challenging market conditions.



Highlights

We have set **111 ESG KPIs** across the Group to deliver our six economics and ESG commitments, covering 14 material matters.

Notably, **106** of these KPIs met or exceeded our targets, demonstrating tangible progress in our sustainability journey. The remaining five KPIs have been revisited with revised expectations.

The Group allocated a total of **RM16.5 million** for sustainability initiatives from its annual budget.





Message from the Managing Director/Group Chief Executive Officer [GRI 2-22]

2 How does the Board maintain oversight of the Group’s carbon emissions intensity reduction efforts?

Material Matters:

- 1 Digitalisation and Technology
- 6 Energy Efficiency
- 9 Climate Change and Emissions

Related to Primary Capitals:

-  Financial Capital
-  Manufactured Capital
-  Intellectual Capital
-  Natural Capital

The transition toward carbon neutrality presents both a challenge and a strategic opportunity for KPS Berhad. The Board maintains its focus on carbon emissions intensity reduction through structured oversight, clear target-setting, and clear alignment with the Group’s long-term decarbonisation aspirations. Guided by our Carbon Neutrality 2050 Roadmap, short-term carbon dioxide equivalent (CO₂e) intensity reduction targets are embedded across the manufacturing subsidiary companies, including accelerating energy efficiency initiatives, expanding renewable energy adoption, and deploying low-carbon technologies to reduce emissions across business operations.

While some solutions deliver immediate impact, others such as electrification, represent transformative levers for long-term decarbonisation. Achieving these goals requires collaboration across industries, governments and communities, ensuring that sustainability remains central to our value creation.

In 2025, the SBC and the Board of KPS Berhad approved the setting of short-term carbon emissions intensity reduction targets for the Group. Beginning in 2026, each subsidiary company is required to reduce emissions intensity by at least 2% annually, supporting the Group’s ambition to achieve a 45% reduction by 2030. While complete elimination of emissions is not feasible, the Board continues to support measures to maximise operational efficiency and decarbonise operations through automation and electrification, with unavoidable emissions addressed through the Malaysia Renewable Energy Certificates (“mREC”) or carbon credits.

Execution of this focus is reflected in the acceleration of solar energy adoption across the Group’s subsidiary companies. In 2024, solar panel installations at Century Bond Bhd (“CBB”) and CPI (Penang) Sdn Bhd (“CPI”) generated 3,100 kilowatt-peak (“kWp”) of clean energy. In 2025, Toyoplas Manufacturing (Malaysia) Sdn Bhd (“Toyoplas”) joined this initiative, increasing the Group’s total solar capacity to 4,025 kWp. This expansion is expected to offset approximately 3,900 tonnes of CO₂ equivalent emissions annually and deliver cost savings of RM2.5 million in 2025.

3 What actions did KPS Berhad initiate to manage its operational carbon footprint in 2025?

KPS Berhad has strengthened its management of operational carbon emissions through two key initiatives: conducting a comprehensive product life cycle analysis within one of its major revenue segments and expanding Scope 3 emissions disclosures.

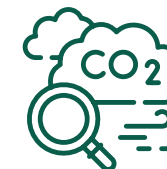
A Study on Product Carbon Footprint

We conducted a detailed **Product Carbon Footprint** assessment for the paper packaging business under CBB. This study measures emissions per product unit, enabling the identification of high-impact areas and the development of targeted strategies to **reduce carbon emissions intensity** in the production of **paper bags**.



Expansion of Scope 3 Emissions Disclosures

We began tracking **Category 4** (Upstream Transportation and Distribution) emissions for two subsidiary companies, **MDS Advance Sdn Bhd (“MDS Advance”)** and **Aqua-Flo Sdn Bhd (“Aqua-Flo”)**, to enhance transparency and strengthen coverage of the Group’s value chain.





Message from the Managing Director/Group Chief Executive Officer [GRI 2-22]

4 How does the Board enhance business resilience through the National Sustainability Reporting Framework?

Material Matters:

- 5 Environmental and Social Compliance
- 8 Waste Reduction, Recycling and the Circular Economy
- 9 Climate Change and Emissions
- 12 Water Security

Related to Primary Capitals:

-  Financial Capital
-  Manufactured Capital
-  Intellectual Capital
-  Natural Capital

The Board enhances business resilience by strengthening governance, transparency and oversight of sustainability-related risks and opportunities. Although KPS Berhad is classified as a Group 2 issuer, the Board supported the proactive alignment of the Group's 2025SR with IFRS S1 and IFRS S2, reinforcing the Group's preparedness and commitment to meeting stakeholder expectations ahead of regulatory timelines.

Through structured disclosures under IFRS S1 and IFRS S2, the Board enhances its oversight of sustainability and climate-related risks and opportunities across governance, strategy and risk management metrics, aligned with the Task Force on Climate-related Financial Disclosures ("TCFD") Framework adopted by KPS Berhad in 2023.

This is further reinforced by advancing climate risk management beyond identification to include financial impact assessments, with findings reported biannually to the Board Governance Risk Committee ("BGRC") and to the Board of KPS Berhad.

Independent assurance under the NSRF, including the Group's voluntary engagement of SIRIM QAS to verify its sustainability reports since 2022, strengthens the reliability of sustainability disclosures, mitigates greenwashing risks, and reinforces stakeholder confidence. Collectively, these measures enable the Board to make informed decisions, enhance resilience, and provide stakeholders with a clear and consistent view of the Group's sustainability performance and progress.

5 How is KPS Berhad shaping its human capital development?

Material Matters:

- 4 Employee Training and Career Development
- 10 Occupational Safety and Health
- 13 Labour Standards

Related to Primary Capitals:

-  Intellectual Capital
-  Human Capital
-  Social and Relationship Capital

KPS Berhad shapes its human capital development through a structured, business-aligned workforce strategy led by the Human Resource Development ("HRD") function, which links people and leadership priorities directly to its strategic initiatives and overall Group's growth. HRD plays a central role in embedding sustainability considerations into workforce planning, talent development and leadership capability, ensuring that human capital initiatives support both operational performance and long-term value creation.

HRD drives workforce engagement through regular town halls, structured individual development plans, team-building activities, employee recognition programmes, workplace wellness initiatives and flexible work arrangements.

Digitalisation awareness initiatives and human and labour rights programmes, are implemented to equip employees with future-ready skills while reinforcing an ethical and inclusive work environment. Across the Group, digitalisation initiatives are focused on strengthening workforce readiness by enhancing digital literacy, promoting responsible use of technology and supporting more efficient ways of working. These efforts enable employees to adapt to evolving operational requirements, improve productivity and support consistent execution across business functions.

Employee well-being remains a priority through comprehensive health and wellness programmes, while governance is strengthened through human rights risk assessments and regular reviews of employee policies to ensure relevance and competitiveness. Collectively, these initiatives support employees professionally and personally, strengthen organisational resilience, and support the Group's long-term success.

Message from the Managing Director/Group Chief Executive Officer [GRI 2-22]

6 How does KPS Berhad create a positive and long-term impact within the communities it serves?

Material Matters:

14 Human Rights

Related to Primary Capitals:

Human Capital Social and Relationship Capital



Students



Inclusive community access



Asnaf communities

KPS Berhad focuses on uplifting the communities it serves, guided by its four pillars of social investment initiatives covering education, community development, entrepreneurship, and environmental, safety and health. These initiatives are delivered in collaboration with non-governmental organisations (“NGOs”) to maximise reach and deliver meaningful impact where it matters most.

The Group’s efforts aim to support targeted communities by improving access to skills training, financial support, and essential resources for targeted communities while promoting inclusive growth by ensuring marginalised groups have opportunities and the support necessary for achieving sustainable livelihoods.

Education remains a key focus area for KPS Berhad, supported by initiatives such as the Group’s flagship KPS Berhad Celik Initiative to promote Science, Technology, Engineering, and Mathematics (“STEM”) awareness among lower secondary students, as well as the KPS Berhad A Call to Integrity (“ACT-I”) initiative to instil ethical values from an early age. The Group also provides school aid to children from low-income families to improve access to education and essential learning supplies.

Beyond education, KPS Berhad supports underprivileged communities through the KPS Berhad Caregiver Programme, which offers certified training programmes and employment opportunities. In addition, the Group supports *Asnaf* communities through *Zakat* redistribution, food aid, mosque facility upgrades, and improvements to Islamic religious school infrastructure. Through collaboration and trust, KPS Berhad creates value beyond business, ensuring individuals are respected, empowered, and inspired to drive meaningful change.



Aiming for Long-Term Prosperity

Drawing on our experience in navigating evolving business dynamics and our commitment to responsible sustainability practices, KPS Berhad has consistently overcome challenges through proactive strategies, adaptability and resilience.

As the operating environment continues to demand discipline and adaptability, KPS Berhad will ensure its focus on strengthening its core fundamentals, fostering more sustainable and equitable business practices, and integrating sustainability considerations into decision-making. These approaches further position the Group to navigate emerging challenges while pursuing long-term value creation and delivering enduring benefits to the communities we serve and the broader society.

Message from the Managing Director/Group Chief Executive Officer [GRI 2-22]



The Sustainability Board Committee Members

From the left: Dato' Ikmal Hijaz Hashim, Sharmila Sekarajasekaran, Norliza Kamaruddin (Chairperson), Dato' Ts. Saipolyazan Mat Yusop

Appreciation for the Stewardship and Guidance of the SBC

I would also like to extend my sincere appreciation to the members of the SBC for their continued guidance and stewardship.

Throughout this journey, the Committee has played a pivotal role in guiding KPS Berhad's sustainability evolution from its modest CSR-centred beginnings to the disciplined and enterprise-wide integration of ESG considerations across the Group today. Their perspectives and constructive engagement have helped strengthen the Group's sustainability governance and ensure that ESG considerations are progressively embedded within our strategy, risk management and operational decision-making. The Committee's steadfast support has also been instrumental in enabling the Group to advance a number of high-impact sustainability initiatives across our businesses.

As expectations around responsible business practices and climate stewardship continue to evolve, the Committee's counsel remains invaluable in helping the Group navigate this landscape with clarity and purpose.

Ahmad Fariz bin Hassan
Managing Director/Group Chief Executive Officer

Awards and Recognition

Sustainability and CSR Malaysia Awards 2025

- **Company of the Year Award Overall ESG Excellence (Investment Holdings)**

KPS Berhad received this award for the seventh consecutive year

- **Company of the Year Award (Long-Standing Excellence Award Winner)**
- **Asia Sustainability Personality Award (ESG Leadership)**
- **Personality of the Year (CSR and Sustainability Practitioner Award)**



Top Asia Corporate Ball 2025

- **Top 10 Malaysia's Company of the Year Awards (ESG Innovator of the Year)**

KPS Berhad proudly secured this prestigious title for the second consecutive time



IR Impact Awards - South East Asia 2025

- **Best Sustainability Reporting Award (Small Market Capitalisation)**

This marked KPS Berhad's debut participation and recognition at the IR Impact Awards, underscoring its uncompromising commitment to transparency, accountability and excellence in sustainability reporting



UNGCMYB Forward Faster Sustainability Awards 2026

- **UNGCMYB Forward Faster CSO Award 2026 Mid-tier Company**

KPS Berhad proudly secured this individual award for the first time, acknowledging the Group's structured approach to the progressive integration of ESG considerations across the Group





Zulkifli bin Mawardi | Chief Sustainability Officer

Sustainability Progress Report by the Chief Sustainability Officer

[GRI 2-22]

Dear Value Stakeholders,

2025 marked a year of meaningful progress in KPS Berhad's sustainability journey. Reflecting our theme for the year, Purpose in Practice, we placed greater emphasis on translating intent into execution, ensuring that our sustainability commitments are articulated and operationalised across the Group. Our Sustainability Strategy Roadmap serves as the organising discipline through which we strengthen organisational resilience, manage emerging risks and pursue long-term value creation. More importantly, it is recasting sustainability not as a collection of initiatives but as a system of accountability across the Group.

Sustainability, in its truest sense, is no longer a parallel agenda to business strategy; it is the discipline through which trade-offs are surfaced, evaluated and ultimately acted upon.

In a year marked by tightening resource constraints, evolving regulatory expectations and the accelerating impacts of climate change, this discipline has become more exacting. It demands commitment and clarity of judgement, particularly where ambition encounters operational reality.

To pursue sustainability today is to balance intent with constraint, much like capital allocation is to financial discipline. Each decision carries consequences, and each trade-off requires clarity.

1 How has the sustainability strategy roadmap made KPS Berhad a better organisation?

Guided by the Group's Vision and Mission, our Sustainability Strategy Roadmap adopts a five-phase approach to achieving long-term goals, with clear milestones set through 2035. This roadmap guides how sustainable practices can be embedded across all areas of the organisation, driving economic and ESG objectives. Progress is tracked through defined initiatives and measurable results within each sustainability lens.

Over the past seven years, our phased approach has focused first on internalisation, embedding sustainability considerations into business strategy, corporate culture and risk management processes across our subsidiary companies. This foundational work was necessary. It established governance clarity, strengthened policy frameworks and, critically, improved our visibility over climate-related risks.

We are now operating in a different phase, one in which sustainability is no longer being embedded but applied.

Sustainability Progress Report by the Chief Sustainability Officer [GRI 2-22]

Phase 1 (2022-2024) focused on embedding sustainability into business strategy, corporate culture, and risk management. It emphasised internalising sustainability across all departments and subsidiary companies, strengthening governance, and assessing climate-related risks to ensure long-term resilience.

Phase 1 (2022 - 2024)

Fostering Sustainable Development in KPS Berhad

Governance, Strategy and Group Integration

- Established Economic and ESG targets to drive performance
- Embedded Economic and ESG considerations across subsidiary companies
- Completed the first revision of the Sustainability Policy

Reporting, Disclosure and Assurance

- Obtained third-party assurance for the Sustainability Report

Policy and Frameworks

- Completed the first revision of the Sustainability Policy
- Adopted the enhanced sustainability reporting framework by Bursa Malaysia
- Implemented the TCFD Framework

Climate, Carbon and Environmental Management

- Enhanced greenhouse gas emissions inventory and carbon accounting

Materiality, Impact and Measurement

- Conducted a double materiality assessment
- Enhanced the application of Social Return on Investment for social investment initiatives

People, Partnerships and Culture

- Fostered volunteerism across the Group
- Became a member of the UNGCNMYB

Phase 2 (2024-2026) currently focuses on integrating sustainability across the value chain, setting short-term carbon emissions intensity reduction targets, and implementing high-impact key performance indicators ("KPIs") to measure progress. At the same time, this phase prioritises enhancing sustainability and climate risk assessments to strengthen resilience and accountability, while adapting to climate challenges and creating long-term value across our operations and the supply chain.

Phase 2 (2024 - 2026)

Enhancing Sustainable Value Creation

Sustainability Strategy and Governance

- Introduced a new sustainability framework with six key commitments
- Introduced the second revision of the Sustainability Policy

Risk Management and Climate Integration

- Initiated the integration of sustainability risks into the Group's enterprise risk management framework
- Conducted climate risk and opportunities assessment across the Group

Climate and Carbon Foundations

- Established the foundation for a carbon emissions intensity reduction framework
- Enhanced the GHG emissions inventory to include all overseas manufacturing facilities

Significant Advancement in Climate Progress

We recorded a 2.4% reduction in absolute carbon emissions, driven by the strategic expansion of our solar power capacity across four manufacturing facilities. This investment increased renewable energy generation to 8%, up from 3,100 kWp in 2024, while delivering cost savings of approximately RM2.5 million. Collectively, these initiatives contributed to a 0.4% reduction in carbon emissions intensity, underscoring the tangible value of aligning decarbonisation efforts with operational efficiency.

While this performance remains below our short-term annual reduction target of 2%, which will take effect from 2026 onwards, the progress achieved in 2025 provides clear evidence of the Group's underlying potential to manage climate-related risks and opportunities effectively. Importantly, it also highlights the need to recalibrate and strengthen our climate strategies to ensure a more realistic and achievable pathway towards meeting our climate commitments.

2026 and beyond

As we enter the next phase of our sustainability journey, our ambition is to further integrate sustainability considerations into the development of our products and services. Promoting the circular economy will be a key focus of this transformation, supporting efforts to reduce waste, optimise resources, and create long-term value for all stakeholders.

We will continue to accelerate progress towards our carbon neutrality 2050 plan. In addition, embedding Value-at-Risk ("VaR") considerations for climate-related risks into our approach will help ensure that resilience and risk management remain central to our strategy.

Phase 3 (2026 - 2028)

Accelerating Sustainability Agenda

- Strengthen collaboration to drive sustainability innovation
- Integrate green investments and support the transition to a green economy
- Measure the Group's VaR for climate-related considerations

Phase 4 (2028 - 2031)

Staying Ahead of the Curve

- Drive a transformational agenda, including advancing the circular economy
- Embed sustainability solutions into products and services

Phase 5 (2031 - 2035)

Business Sustainability

- Embrace systemic change to scale sustainability across the organisation
- Advance progress toward carbon neutrality

Sustainability Progress Report by the Chief Sustainability Officer [GRI 2-22]

2 How does the Group progressively integrate sustainability and climate-related risks into its ERM framework?

In an era of increasing environmental and regulatory challenges, KPS Berhad and its subsidiary companies have taken decisive steps to strengthen their risk management practices by enhancing sustainability and climate risk assessment capabilities, leveraging globally recognised standards namely IFRS S1 and IFRS S2, to evaluate both physical and transition risks.

The sustainability-related risks faced by KPS Berhad are multifaceted, centred on compliance with evolving regulatory frameworks, meeting stakeholder expectations, and managing exposure to transition and physical risks across various timeframes. As defined under IFRS S2, physical risks relate to the potential impacts of climate change on critical assets, with extreme weather events, rising temperatures, and other climate-related phenomena posing tangible threats to infrastructure and supply chains. Meanwhile, transition risks encompass policy changes, legal obligations, market expectations, technological advancements, and stakeholder demands, all of which can significantly influence operational strategies and financial performance. To date, KPS Berhad has identified and addressed nine climate-related risks across all five subsidiary companies.

Guided by the International Sustainability Standards Board ("ISSB")'s IFRS standards, KPS Berhad has further strengthened its risk assessment processes by integrating sustainability and climate-related risks into the Group's Enterprise Risk Management ("ERM") Framework. The risks are qualitatively assessed across short-term (1-2 years), medium-term (3-5 years), and long-term (beyond 5 years) horizons, with an emphasis on potential VaR for the Group. This integration is not merely procedural. It is a sine qua non for ensuring that sustainability considerations are treated with the same discipline as financial and operational risks, enabling clearer visibility on potential VaR and supporting more informed decision-making across the Group.

3 How does management oversight enhance alignment between sustainability governance and operational execution?

Management responsibility for sustainability and climate-related matters is delegated to the CSO, who provides oversight and strategic direction of the Sustainability Unit. The Sustainability Unit reports directly to the CSO and is responsible for coordinating the implementation, monitoring and reporting of sustainability and climate-related initiatives across subsidiary companies.

The primary functions of the CSO include coordinating internal and external communications on the Group's sustainability performance, monitoring the achievement of sustainability-related KPIs endorsed by the SBC, and supporting the Corporate Sustainability Champions ("CSC") across subsidiary companies. The CSO also keeps the Board, SBC and CSC informed of relevant regulatory developments, emerging ESG and climate-related risks, and opportunities for adoption within the Group.

Under the oversight of the CSO, the Sustainability Unit manages and monitors the Group's climate-related actions, including tracking climate initiatives, facilitating risk identification, and providing guidance to subsidiary companies on the management of climate-related risks and opportunities. Oversight is exercised through regular management reviews, structured reporting to the SBC, and escalation of significant climate-related matters to the Board via the SBC, ensuring alignment between operational execution and governance oversight.

We have integrated **sustainability and climate-related risks** into the Group's ERM framework, embedding climate considerations into our risk processes, in line with IFRS S1 and S2.



We oversee significant climate-related matters, with formal escalation via **SBC to the Board**, ensuring Board-level oversight and governance alignment.

Sustainability Progress Report by the Chief Sustainability Officer [GRI 2-22]

4 How do you measure the success and impact of your social investment initiatives?

Since its inception, KPS Berhad has been committed to corporate social responsibility ("CSR"), focusing on creating positive and lasting impact for the communities it serves. In 2025, this commitment continued to guide our efforts as we actively worked to close gaps in education, economic empowerment, and community well-being, ensuring that our initiatives deliver tangible benefits where they matter most.

Our approach to social investment has continued to evolve.

What began as a portfolio of well-intentioned initiatives is now being recast as a system of measurable and accountable outcomes. The application of the Social Return on Investment ("SROI") enables us to systematically measure outcomes, assess effectiveness, and continuously enhance the value of our initiatives to deliver sustainable results for the communities we support.

SROI

Educational Development

KPS Berhad Celik Initiative	KPS Berhad ACT-I
2.5 times 2024: 1.5 times	14.7 times 2024: 13.2 times

Entrepreneurial Development

KPS Berhad Caregiver Initiative	
4.0 times	2024: 3.2 times

Environment, Safety and Health

KPS Berhad Sustainable Place of Worship and Community Initiative, also known as, KPS Berhad Rumah Ibadat Hijau	
3.9 times	2024: 3.7 times

Despite operating within a similar budget allocation for social investment initiatives, the average SROI in 2025 increased to 6.2 times (4.8 in 2024 and 1.5 in 2023), covering four key initiatives. This improvement reflects our determination to surpass past achievements and drive greater impact by equipping individuals and communities with the resources they need to improve their lives.

Highlights

RM3.8 million
allocated for social investment

2024: RM3.7 million

Over **200,000**
individuals benefitted from this funding

2024: more than 115,000

Employees dedicated over **2,800** volunteer hours to social investment efforts

2024: 1,721.5 hours

Towards A More Purposeful Journey

The year 2025 marked another significant step forward for KPS Berhad as we strengthened the integration of sustainability into our core business strategy. What began as incremental progress in earlier years has evolved into a more structured and purposeful approach, underpinned by stronger governance, clearer accountability and measurable outcomes across ESG priorities.

Zulkifli bin Mawardi
Chief Sustainability Officer

2025 Key Achievements

ESG Integration and Governance

- ✔ Conducted a Group-wide evaluation of sustainability-related risks and opportunities to inform strategic decision-making
- ✔ Initiated a VaR assessment for climate-related risks to strengthen operational resilience
- ✔ Reinforced governance and accountability through the adoption of the second revision of the Sustainability Framework

Climate Actions

- ✔ Established short-term carbon emissions intensity reduction targets to drive measurable progress toward our carbon neutrality
- ✔ Expanded Scope 3 emissions disclosures to include upstream supply chain activities, enhancing supply chain transparency
- ✔ Completed Carbon Footprint Analysis for paper products to support sustainable product development and reduce operational emissions

Elevating Social Impact

- ✔ Launched the KPS Berhad Celik Initiative as our flagship programme

2025 Sustainability Performance Dashboard

KPS Berhad systematically monitors sustainability performance using a comprehensive set of value-creation metrics. The number of ESG KPIs has increased from 56 in 2023 to 97 in 2024 and to 111 in 2025, reflecting broader coverage across key economic and ESG metrics.

The Sustainability Performance Dashboard is integrated with the Sustainability Strategy Roadmap and aligned with national priorities, as well as the three UNSDGs to which the Group is committed (UNSDG 8, 12 and 13). This alignment ensures that sustainability efforts remain closely linked to long-term commitments, the Group's strategy, and relevant global standards.

All metrics are regularly reviewed by Management and the SBC to ensure effective oversight and accountability of sustainability initiatives.

ECONOMIC COMMITMENT

Driving optimal business and operational performance to maximise financial and non-financial value creation

15 KPIs Set

Customer Satisfaction Score

89%

85%

100%

87%

91%

CBB used approximately **25%** environmentally friendly chemicals in the manufacturing process

Total Values Generated and Distributed
RM272.9 million

The proportion of spending on local suppliers increased to **73%**

Dividend Declared
RM 16.1 million

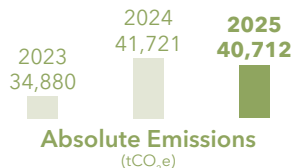
Local suppliers accounted for **87%** of the Group's supplier base

ENVIRONMENTAL COMMITMENT 1

Reducing carbon emissions intensity by 45% by 2030 and ultimately pursuing carbon neutrality by 2050

22 KPIs Set

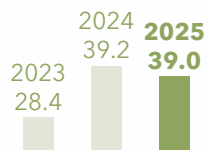
Absolute Emission



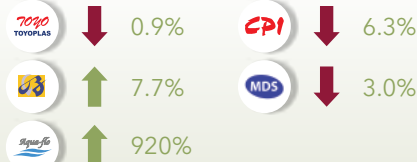
Established **short-term carbon emissions intensity reduction targets**, across 4 manufacturing subsidiary companies

Solar power capacity increased to **4,025.0 kWp** in 2025, a **29.8%** rise from (3,100 kWp) in 2024

Carbon Emissions Profile



Total Emissions Intensity
(tonne CO₂e / RM Million Revenue)



Carbon offset across the Group increased to **3,989.3 tCO₂e**, a **166.2%** rise from 2024 (1,498.6 tCO₂e).

Solar Power Generation

5,154 MWh
2024: 1,936 MWh ▲

Renewable energy contributed **8.2%** to the Group's energy consumption

Expanded Scope 3 Emissions Disclosures, **covering Category 4 (Upstream Transportation and Distribution)**

Conducted **Product Life Cycle Analysis** for **CBB** paper bag

Realised cost savings amounting to approximately **RM2.5 million** through reduced electricity costs

ENVIRONMENTAL COMMITMENT 2

Continuously implementing environmentally responsible manufacturing practices

12 KPIs Set

The proportion of waste recycled (Recycling rate) **77%**

CBB No Single-Use Plastic Campaign in its Senai, Johor, Malaysia manufacturing facility

ZERO environmental non-compliance cases were reported in 2025

57% of operational sites are ISO 14001:2015 certified

2025 Sustainability Performance Dashboard

SOCIAL COMMITMENT 1

Being the champion in addressing socio-economic gaps within the society

<p>10 KPIs Set</p>	<p>ZERO reported cases of human or labour rights violations</p>	<p>More than 2,800 volunteerism hours recorded</p>	<p>KPS Berhad Won Six Awards</p> <ul style="list-style-type: none"> 4 Sustainability and CSR Malaysia Award 1 Top 10 Malaysia's Company of The Year Award 1 IR Impact Award - South East Asia 2025 1 UNGCNMYB Forward Faster CSO Award 2026 - Mid-Tier Company
	<p>RM3.8 million invested in social investment initiatives</p> <p>Benefitted 214,834 beneficiaries</p>	<p>KPS Berhad Celik Initiative</p> <p>628 students participated directly, with over 100,000 students reached indirectly</p>	
		<p>KPS Berhad Caregiver</p> <p>All 82 candidates earned more than RM1,500</p>	

SOCIAL COMMITMENT 2

Upholding labour rights, safety, equality and diversity throughout business operations

<p>28 KPIs Set</p>	<p>Total Training Hours</p> <p>26,782.00 across the Group, an increase of 155% from 2024 (2024: 10,496)</p>	<p>Total Lost Time Injuries reduced by 80%, from 10 (2024) to 2 across the Group</p>
	<p>Work-related Fatalities ZERO</p>	<p>Safety and Health Training Coverage</p> <p>70% of employees</p>
	<p>Conducted 4 ESG-related capacity building sessions</p>	<p>27 interns successfully placed across the Group</p>

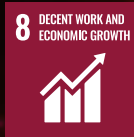
GOVERNANCE COMMITMENT

Upholding good corporate governance

<p>24 KPIs Set</p>	<p>Strengthened the Group's knowledge on SIRIM's ISO 37001 ABMS certification</p>
	<p>FTSE4Good Rating</p> <p>ESG disclosures contributed to an increase in the FTSE4Good rating from 3.3 to 3.4 in 2025</p>
<p>Obtained Responsible Business Alliance certification for two manufacturing facilities</p>	<p>ZERO whistleblowing cases were reported across the Group</p>
<p>4 GRI certified sustainability practitioners</p>	<p>ZERO number of grievance cases were reported across the Group</p>
<p>Gradual enhancement in aligning annual reporting with IFRS S1 and IFRS S2</p>	<p>ZERO reported cases of discrimination across the Group</p>

Contribution towards Three UNSDGs

Guided by purpose and responsibility, we are committed to advancing three key UNSDGs, empowering stakeholders, protecting our environment, and shaping a better tomorrow.



Over **RM700,000** was invested through the KPS Berhad Celik Initiative and KPS Berhad School Aid, which benefitted more than **100,000 underprivileged and Asnaf** students.



Avoided **3,989.3 tCO₂e** in 2025, as the Group progressed towards carbon neutrality by 2050.



Diverted **76.9%** of **waste** from landfills in 2025.

02

Sustainability Approach




The governance framework of KPS Berhad integrates sustainability considerations across the Group. The framework notably encompasses the Board, Board Committees, Senior Management and key personnel within subsidiary companies, providing a structured foundation to systematically embed sustainability principles into decision-making processes.

Despite operating in a dynamic environment where sustainability is an increasing priority for stakeholders, KPS Berhad has consistently enhanced its governance and sustainability practices to remain aligned with evolving stakeholder expectations and regulatory developments.

Sustainability Framework

In 2025, the SBC approved a second revision of the Group’s sustainability framework, streamlining our focus from six UNSDGs to three, Goals 8, 12 and 13, to better reflect evolving corporate objectives and business direction.

As we transition to this framework, we will continue to introduce initiatives tied to material matters to address emerging sustainability and climate-related risks and opportunities. The progress of our Sustainability Strategy Roadmap is measured by achieving milestones set for each phase.

Our Vision			Our Mission		
Our Value Creation Model					
  					
Sustainability Commitments					
Economic	Environmental		Social		Governance
Commitment <ul style="list-style-type: none"> Driving optimal business and operational performance towards maximising financial and non-financial value creation 	Commitment 1 <ul style="list-style-type: none"> Reducing carbon emissions intensity by 45% by 2030 and ultimately pursuing carbon neutrality by 2050 	Commitment 2 <ul style="list-style-type: none"> Continuously implementing environmentally responsible manufacturing practices 	Commitment 1 <ul style="list-style-type: none"> Being the champion in addressing socio-economic gaps within the society Social Investment Framework <ul style="list-style-type: none"> Educational Development Entrepreneurial Development Community Development Environment, Safety and Health 	Commitment 2 <ul style="list-style-type: none"> Upholding labour rights, safety, equality and diversity throughout business operations 	Commitment <ul style="list-style-type: none"> Upholding good corporate governance
Material Matters					
<ul style="list-style-type: none"> Economic and Business Performance Quality Control and Customer Satisfaction Sustainable Procurement and Local Sourcing 	<ul style="list-style-type: none"> Climate Change and Emissions Energy Efficiency 	<ul style="list-style-type: none"> Waste Reduction, Recycling and Circular Economy Water Security 	<ul style="list-style-type: none"> Human Rights 	<ul style="list-style-type: none"> Occupational Safety and Health Employee Training and Career Development Labour Standards 	<ul style="list-style-type: none"> Digitalisation and Technology Environmental and Social Compliance Good Governance and Anti-Corruption

Governance in Sustainability and Climate Resilience [GRI 2-9, 2-12, 2-13, 2-14]

KPS Berhad’s sustainability governance is focused on progressively integrating climate and sustainability considerations into corporate strategies, decision-making processes and operational practices. This evolving approach gradually supports the Group’s efforts to align sustainability priorities with business objectives and planned milestones under the Sustainability Strategy Roadmap and the Group’s longer-term strategic agenda.

To effectively address climate-related risks, KPS Berhad has established a governance structure that systematically identifies, assesses and manages these risks. Climate risk assessments are integrated into the ERM framework and mapped to the Group’s Risk Profile. These findings are presented to the BGRC and communicated to the SBC for strategic alignment, oversight and direction.

Following the latest revision of KPS Berhad’s Climate Risk Framework in 2025, which aligns with the IFRS S2 Framework (formerly TCFD), the roles of the Board, SBC, BGRC, Risk Governance Working Committee (“RGWC”), CSC and the sustainability working teams have been clearly redefined to provide effective oversight on climate-related matters as follows:

- The **SBC** supports the Board in providing oversight and direction on the Group’s sustainability policies, frameworks and processes concerning climate-related risks and opportunities. Its mandate includes improving the quality of sustainability practices and reporting, overseeing strategic climate initiatives such as carbon reduction and removal programmes, and guiding the integration of sustainability considerations across all business functions to achieve KPS Berhad’s climate action objective of carbon neutrality

- The **BGRC** resolved to provide biannual guidance on sustainability and climate-related risks and opportunities. The engagement enables BGRC to provide strategic direction on addressing emerging sustainability and climate-related issues to the Group, including physical and transition risks identified under IFRS S1 and IFRS S2, and review the adequacy of management responses and mitigation plans
- The **RGWC**, a cross-functional group of senior executives, coordinates and communicates climate-related issues across the Group. It is responsible for identifying and responding to climate-related risks and opportunities, formulating recommendations to address climate challenges, and assessing and categorising the materiality of these issues to ensure effective integration into the Group’s overall risk management
- The **CSC** serves as a collaborative platform comprising representatives from KPS Berhad, Heads of Subsidiary Companies, and Exco members from the Strategic Planning and Investment (“SPI”) department of KPS Berhad. It reviews the implementation of sustainability initiatives, identifies significant sustainability-related risks and opportunities, and proposes appropriate economic and ESG KPIs to address material issues. The CSC also ensures alignment with IFRS S2 disclosures, supports policy development, facilitates capacity building within subsidiary companies, and promotes climate-related practices across the Group
- The **IRSC** department and sustainability representatives of each subsidiary company play a significant role in managing the Group’s ESG practices, risks and opportunities. This is achieved through collaboration with respective business units to integrate sustainability into operations, ensuring compliance with economic and ESG disclosure requirements, and coordinating data collection, analysis and interpretation to support accurate reporting. Together, they implement the Sustainability Policy, Sustainability Framework and Sustainability Strategy Roadmap to address emerging trends and challenges, serve as the central point of contact for stakeholder engagement on related matters and prepare budgets to support sustainability initiatives across the organisation



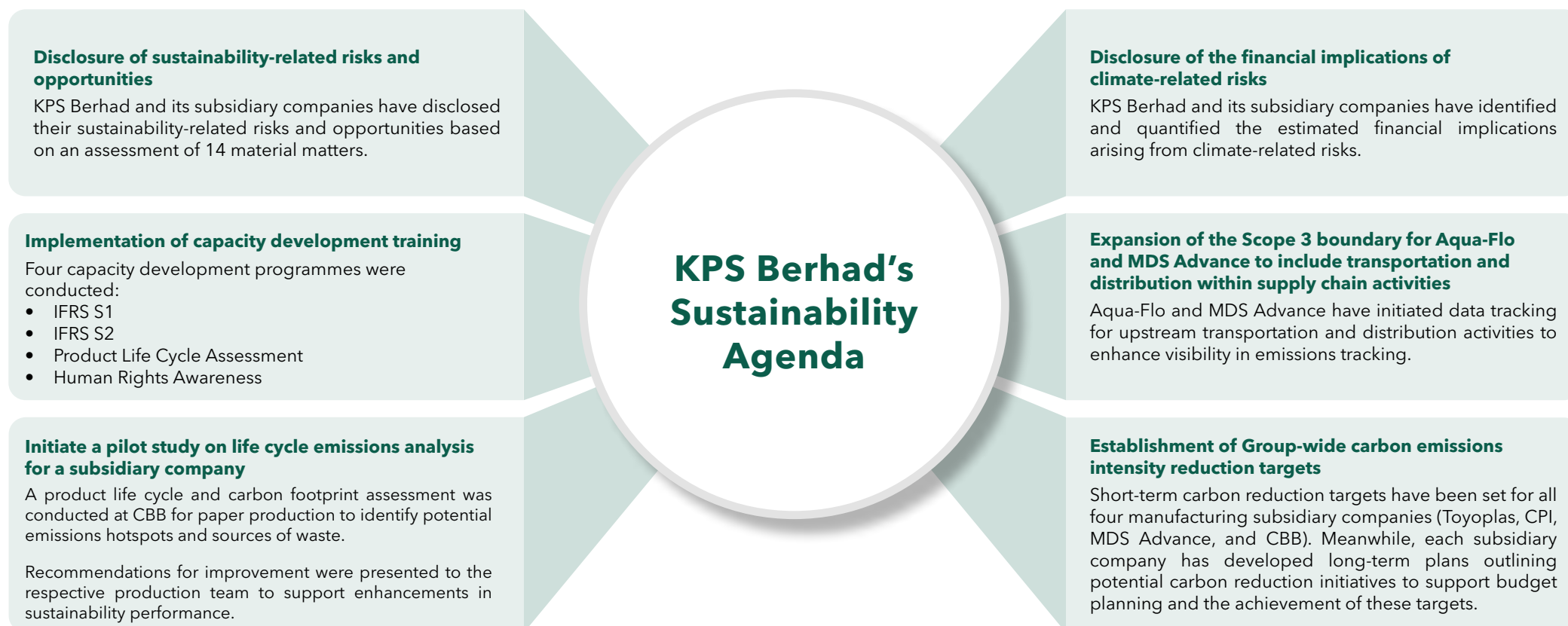
Linking Leadership Remuneration to Sustainability and Climate Action [GRI 2-20]

The Board, together with SBC and BGRC, strengthens KPS Berhad's governance practices for sustainability and climate resilience by ensuring that sustainability and climate-related risks are effectively managed and integrated into the business strategy.

To drive the effective execution of KPS Berhad's Sustainability Agenda, sustainability KPIs and targets are embedded into the performance assessment of the Managing Director/Group Chief Executive Officer ("MD/GCEO"), Heads of Subsidiary Companies and senior executives, with performance outcomes forming one of the bases for remuneration decisions. These KPIs are aligned with key annual objectives and goals and are cascaded throughout the Group, including through common or departmental KPIs.

As the SBC convenes at least twice a year under its revised 2024 Terms of Reference ("TOR"), and the BGRC meets on a quarterly basis, all subsidiary companies are required to report to both committees on their economic and ESG targets and KPI progress, as well as the actions and initiatives implemented to mitigate, reduce, or control identified sustainability and climate-related risks respectively.

This structured reporting mechanism strengthens the Group's governance oversight and supports the execution of its sustainability initiatives, carbon emissions reduction plan, and overall climate resilience. Collectively, these efforts reinforce KPS Berhad's commitment to effective sustainability and risk management, enabling long-term value creation for stakeholders.



Stakeholder Engagement [GRI 2-16, 2-29, 3-1]

KPS Berhad engages with various stakeholders whose perspectives influence the Group’s business direction, sustainability commitments and governance practices. Recognising that each stakeholder group has distinct interests and expectations, the Group prioritises proactive, transparent and two-way engagement to address concerns, foster collaboration and build long-term trust.

Our stakeholder engagement approach is structured and tailored to each stakeholder group, using appropriate channels and methods to enable regular and meaningful dialogue. Through these interactions, we:

- Identify key stakeholder groups that influence or are influenced by the Group’s operations.
- Understand and prioritise stakeholder concerns to align corporate actions with their expectations.
- Leverage insights from engagement activities to refine business strategies, enhance sustainability initiatives and drive continuous improvement.

Legends:

- Periodically
- Quarterly
- Bi-annually
- Annually
- Financial Capital
- Manufactured Capital
- Intellectual Capital
- Human Capital
- Social and Relationship Capital
- Natural Capital

Board of Directors

Why We Engage

- Obtain strategic guidance, drive long-term business sustainability, provide corporate oversight, and manage risk
- Ensure an independent and accountable governance structure that represents shareholder interests

Related Capitals:

<p>How We Engage</p> <ul style="list-style-type: none"> Annual General Meeting (“AGM”) Board Committee Meetings Board training sessions 	<p>Key Concerns</p> <ul style="list-style-type: none"> Progress on growth initiatives Sustainability practices and disclosures Consistency of shareholder returns
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Our Response

- Aligned business strategies with global economic trends to remain competitive in evolving markets
- Strengthened risk management strategies to safeguard operations and financial performance
- Integrated sustainable practices to meet regulatory requirements and reduce legal and reputational risks

Business Partners and State Entities

Why We Engage

- Align business strategies, investment decisions and social contributions to state policies, strategic priorities and sustainability agendas

Related Capitals:




<p>How We Engage</p> <ul style="list-style-type: none"> Social investment initiatives Site visits Meetings 	<p>Key Concerns</p> <ul style="list-style-type: none"> Compliance with ESG regulations and requirements set by potential partners Fair and seamless business transactions
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Our Response

- Established social investment service provider selection criteria to ensure strategic fit
- Strengthened stakeholder engagement to maintain responsible business practices

Stakeholder Engagement [GRI 2-16, 2-29, 3-1]

Legends:

- Periodically
- Quarterly
- Bi-annually
- Annually
-  Financial Capital
-  Manufactured Capital
-  Intellectual Capital

-  Human Capital
-  Social and Relationship Capital
-  Natural Capital

Certification Bodies

Why We Engage

- Ensure compliance with international and national standards, reinforce operational excellence and mitigate risks
- Enhance credibility and trust with customers and regulators

Related Capitals:     

How We Engage

- Regular on-site inspections and audits
- Site visits for compliance verification
- Certification renewals and accreditation processes

Key Concerns

- Evolving regulatory requirements and standards

Our Response

- Enforced anti-bribery and anti-corruption policies, conducted regular internal audits, and maintained transparent reporting mechanisms
- Aligned operations with global ESG standards, implemented climate risk assessments, and ensured responsible business practices across the supply chain
- Maintained ISO certifications (e.g., ISO 9001, ISO 14001) through documented processes, continuous improvement, and employee training on safety and health
- Obtained industry-recognised certifications, including Responsible Business Alliance (“RBA”) VAP status for Toyoplas’ Senai plant, and RBA certified packaging supplier and Food Safety System Certification 22000 for CBB

Customers

Why We Engage

- Offer reliable, high-quality products
- Foster customer satisfaction, strengthen brand reputation and drive long-term business success
- Secure new contracts

Related Capitals:     

How We Engage

- Marketing and promotional content
- Site visits
- Customer feedback/satisfaction surveys

Key Concerns

- Timely delivery of high-quality products and services
- Provision of competitive and value-driven pricing

Our Response

- Expanded customer-centric solutions and pricing strategies across the Group’s product portfolios
- Strengthened customer engagement through increased interactions and site visits
- Elevated marketing and outreach initiatives to broaden market presence

Stakeholder Engagement [GRI 2-16, 2-29, 3-1]

Employees

Why We Engage

- Foster an empowered, forward-thinking and innovative workforce to drive business success
- Drive operational efficiency, incremental innovation and sustainable growth

Related Capitals: 

How We Engage

- Townhall sessions
- Performance reviews
- Regular performance check-ins training and development, well-being programmes, and engagement activities

Key Concerns

- Labour rights and human rights
- Diversity, equity and inclusion
- Corporate culture, values and leadership
- Employee well-being and wellness
- Performance evaluation
- Compensation and benefits
- Talent attraction, career development

Our Response

- Conducted programmes to promote safety and health, as well as mental and financial well-being
- Fostered a resilient culture through integrated communications, policy enhancements, and risk management capability development
- Organised employee engagement programmes to promote diversity and inclusion
- Structured development programmes to build capacity and strengthen leadership skills

Investors and Shareholders

Why We Engage

- Provide financial capital for business expansion and long-term growth
- Meet expectations for transparency, accountability and strong governance
- Communicate the Group’s strategy, performance and long-term value creation prospects
- Strengthen investor confidence and build long-term relationships

Related Capitals: 

How We Engage

- AGM
- Extraordinary general meeting
- Engagement sessions
- Social media updates and investor relations portal
- Bursa Malaysia announcements and press releases

Key Concerns




- Progress on growth initiatives
- Sustainability practices and disclosures
- Consistency of shareholder returns
- Governance, ethics and risk management
- Resilience to physical and transition climate risks

Our Response

- Provided disclosures on strategies and growth initiatives
- Issued quarterly results announcements
- Engaged with financial analysts
- Responded promptly to shareholder queries
- Set short-term carbon emissions intensity reduction targets

Stakeholder Engagement [GRI 2-16, 2-29, 3-1]

Legends:




- Periodically
- Quarterly
- Bi-annually
- Annually
-  Financial Capital
-  Manufactured Capital
-  Intellectual Capital

-  Human Capital
-  Social and Relationship Capital
-  Natural Capital

Media

Why We Engage

- Communicate corporate direction, achievements and sustainability initiatives to the public and investors
- Enhance corporate reputation and stakeholder confidence through transparent and timely information

Related Capitals:   

How We Engage

- Social investment initiatives
- Media briefings and press releases

Key Concerns

- Business performance
- Sustainability initiatives and efforts


Our Response

- Fostered open communication with the media
- Ensured timely responses to media inquiries
- Organised engagement activities to provide updates and maintain positive rapport

Local Communities

Why We Engage

- Elevate the socio-economic status of beneficiaries through targeted initiatives

Related Capitals: 

How We Engage

- Social investment initiatives
- Media briefings and press releases

Key Concerns

- Addressing human rights risks
- Promotion of economic inclusion and financial literacy

Our Response

- Promoted awareness of human rights risks among stakeholders
- Engaged with non-governmental organisations to drive social investment initiatives

Stakeholder Engagement [GRI 2-16, 2-29, 3-1]

Regulators

Why We Engage

- Explore regulatory directions and requirements, and align the Group’s governance and business practices with evolving legal and sustainability expectations

Related Capitals: 

How We Engage

- Report submissions
- Regulatory discussions and meetings with authorities
- Public consultations
- On-site inspections and audit exercises
- Seminars, briefings and training sessions

Key Concerns

- Readiness of subsidiary companies for enhanced sustainability disclosures, including NSRF
- Adequacy of cybersecurity, data privacy, and anti-corruption measures
- Upholding fair conduct and strong governance practices

Our Response

- Ensured transparent sustainability disclosures and NSRF readiness
- Enhanced Board oversight of ESG compliance across subsidiary companies
- Reinforced digital infrastructure and cybersecurity measures in line with Malaysia’s Cybersecurity Act and Personal Data Protection Act (“PDPA”) requirements
- Embedded ethical business practices and accountability through a robust governance framework

Vendors and Suppliers

Why We Engage

- Ensure smooth supply chain operations
- Maintain product quality, service delivery and regulatory compliance

Related Capitals: 

How We Engage

- Site visits and on-ground inspections
- Enforcement of Supplier Code of Conduct
- Supplier and vendor audits and assessments

Key Concerns

- Strategic partnerships to drive sustainable growth

Our Response

- Enforced strict quality assurance protocols across operations
- Increased local sourcing to enhance supply chain resilience and sustainability

Our Material Matters [GRI 2-16, 3-1, 3-2]

In 2024, KPS Berhad advanced its sustainability approach by transitioning from the initial materiality matrix introduced in 2018 to a new, refined matrix developed through a comprehensive double materiality assessment. This reassessment provided a clearer, updated perspective on sustainability priorities and enabled the Group to identify its most significant material topics.

Materiality Assessment Journey of KPS Berhad

2024

Adopted a refined materiality matrix prioritising 14 material matters.

2023

Conducted a double materiality assessment, considering two key perspectives:

- Financial materiality
- Impact materiality

2018

Conducted the first materiality assessment for KPS Berhad.

Stakeholder-Driven Prioritisation

The prioritisation process was based on stakeholder surveys and management feedback, ensuring alignment with KPS Berhad's strategic direction and operational realities. The refined materiality matrix organises 14 material issues that serve as the foundation for the Group's sustainability strategy and performance measurement across economic and ESG dimensions.

Integration into Business Strategy

Each material issue is evaluated for key sustainability-related risks and opportunities, including climate risks, to strengthen business resilience. These priorities contribute to the Group's six sustainability commitments, supporting economic inclusion while aligning with environmental and social objectives. This approach enables KPS Berhad to integrate material matters into decision-making, driving long-term resilience and systemic impact.

Process Involved in Materiality Assessment



Our Material Matters [GRI 2-16, 3-2]



Economic

- 2 Quality Control and Customer Satisfaction
- 3 Economic and Business Performance
- 11 Sustainable Procurement and Local Sourcing



Environmental

- 6 Energy Efficiency
- 8 Waste Reduction, Recycling and the Circular Economy
- 9 Climate Change and Emissions
- 12 Water Security



Social

- 4 Employee Training and Career Development
- 10 Occupational Safety and Health
- 13 Labour Standards
- 14 Human Rights



Governance

- 1 Digitalisation and Technology
- 5 Environmental and Social Compliance
- 7 Good Governance and Anti-Corruption

Summary of Priorities

High: 1 2 7

Medium: 3 4 5 6 11

Lower relative significance: 8 9 10 12 13 14

Our Material Matters [GRI 2-16, 3-1]

Risks and Opportunities Related to Our Material Matters

As part of the Group’s materiality management approach, risks and opportunities associated with each material topic are continuously monitored to enable targeted strategies and measurable progress. Following the 2025 sustainability and climate-related risk assessment, the Group mapped all 14 material matters directly to the relevant Key Risk Areas (“KRAs”) within the Group’s ERM framework. This represents a more focused and refined outcome compared with the 2023 assessment, reflecting enhancements arising from the sustainability and climate risk assessment workshop conducted in 2025.

Nevertheless, KPS Berhad and its subsidiary companies remain committed to maintaining appropriate mechanisms to proactively manage uncertainties, emerging risks, and unforeseen events. Collectively, these material matters underpin the Group’s strategic actions, which are aligned with KPS Berhad’s six sustainability commitments and contribute towards the achievement of three prioritised UNSDGs, namely SDG 8, SDG 12, and SDG 13.















Legends:

Board of Directors
 Business Partners & State Entities
 Certification Bodies
 Customers
 Employees
 Investors & Shareholders
 Local Communities
 Media
 Regulators
 Vendors & Suppliers

Financial Capital
 Manufactured Capital
 Intellectual Capital
 Human Capital
 Social and Relationship Capital
 Natural Capital

Material Matters	Risks	Mitigation Opportunities	Impacted	UNSDGs
Driving Optimal Business and Operational Performance to Maximise Financial and Non-Financial Value Creation				
Economic and Business Performance	Slower Customer Demand Risk <ul style="list-style-type: none"> Slower market uptake, impacting revenue growth and operational efficiency 	<ul style="list-style-type: none"> Secure new customers and generate new orders Diversify product models across industries Expand expertise in full assembly services, including for industrial tools customers Establish a crisis management and communication response plan Review policies and procedures regularly to monitor investments Hedge foreign exchange exposures in line with Foreign Exchange Management Policy Drive cost-saving initiatives Negotiate better financing rates with financial institutions Review and compare monthly forecasts against actual budgets 	Stakeholders Capitals 	
	Customer Concentration Risk <ul style="list-style-type: none"> Intensifying competitive pressure from Chinese manufacturers Over-reliance on a limited customer base, creating vulnerability to demand shifts 			
	Foreign Exchange Risk <ul style="list-style-type: none"> Elevated exposure to currency fluctuations, increasing financial risk Vulnerability to counterparty defaults impacting cash flow and profitability 			
	Crisis Responses Risk <ul style="list-style-type: none"> Potential gaps in preparedness and response capabilities during unforeseen disruptions Insufficient liquidity planning and monitoring that may hinder operational continuity and strategic initiatives 			

Our Material Matters [GRI 2-16, 3-2]

Material Matters	Risks	Mitigation Opportunities	Impacted	UNSDGs
Driving Optimal Business and Operational Performance to Maximise Financial and Non-Financial Value Creation				
Sustainable Procurement and Local Sourcing	<p>Foreign Exchange Risk</p> <ul style="list-style-type: none"> Increase in material, production, or project costs due to internal or external factors, leading to budget overruns and margin erosion 	<ul style="list-style-type: none"> Negotiate competitive pricing with overseas suppliers and establish forward pricing for agreed quantities Review and renegotiate supplier terms to secure cost advantages Standardise material requirements to reduce design variety and enable easier sourcing Maintain at least two qualified sources for all critical materials to ensure supply stability Lock in annual contracts with local suppliers and fix prices for the contractual period to curb price fluctuations 	<p>Stakeholders</p>  <p>Capitals</p> 	 
Quality Control and Customer Satisfaction	<p>Slower Customer Demand Risk</p> <ul style="list-style-type: none"> Decline in customer satisfaction may affect customer confidence and, over time, adversely impact customer demand for products and services provided by the subsidiary companies 	<ul style="list-style-type: none"> Ensure product quality and safety to build customer trust and brand loyalty Drive incremental innovation in product development standards to enhance operational efficiency and environmental and social compliance 	<p>Stakeholders</p>  <p>Capitals</p> 	 
Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050				
Climate Change and Emissions	<p>Climate Risk</p> <ul style="list-style-type: none"> Severe flash floods disrupting manufacturing activities and potentially leading to safety hazards Intense storms or prolonged adverse weather may cause flooding and road closures, limiting accessibility for logistics, distribution and transportation activities Interruptions in water supply resulting in production downtime and affecting output and operational schedules Regulatory updates to climate-related ISO standards (such as ISO 14001) increase costs 	<ul style="list-style-type: none"> Introduction of a carbon emissions intensity reduction plan Set short-term carbon emissions intensity targets Enhance operational energy efficiency Invest in carbon abatement technologies Purchase renewable energy certificates to offset emissions 	<p>Stakeholders</p>  <p>Capitals</p> 	
Energy Efficiency	<p>Climate Risk</p> <ul style="list-style-type: none"> Rising energy audit requirements and electricity tariffs, including renewable energy certificates, increase operational costs Significant capital investment for low-carbon technologies, with potential process inefficiencies during transition Higher training costs for staff to operate new equipment and maintain compliance Increased costs to uphold certifications such as the RBA Higher procurement costs for sustainable materials 	<ul style="list-style-type: none"> Invest in renewable energy sources, such as solar Acquire Renewable Energy Certificates (RECs) to support clean energy sourcing 	<p>Stakeholders</p>  <p>Capitals</p> 	

Our Material Matters [GRI 2-16, 3-1]
















Legends:

Board of Directors
 Business Partners & State Entities
 Certification Bodies
 Customers
 Employees
 Investors & Shareholders
 Local Communities
 Media
 Regulators
 Vendors & Suppliers

Financial Capital
 Manufactured Capital
 Intellectual Capital
 Human Capital
 Social and Relationship Capital
 Natural Capital

Material Matters	Risks	Mitigation Opportunities	Impacted	UNSDGs
Continuously Implementing Environmentally Responsible Manufacturing Practices				
Waste Reduction, Recycling and Circular Economy	Non-Compliance Risk <ul style="list-style-type: none"> Environmental risks arising from regulatory non-compliance, breaches of licensing conditions, and changes in government policies, laws, rules and regulations 	<ul style="list-style-type: none"> Adopt circular economy practices to minimise waste and pollution and reduce operational costs 	Stakeholders Capitals 	
Water Security	Non-Compliance Risk <ul style="list-style-type: none"> Water-related risks arising from regulatory non-compliance and changes in government policies, laws, rules and regulations 	<ul style="list-style-type: none"> Improve water-use efficiency to reduce operational costs and reliance on municipal water Implement proactive water management practices to ensure regulatory compliance 	Stakeholders Capitals 	
Upholding Labour Rights, Safety, Equality and Diversity throughout Business Operations				
Occupational Safety and Health	Crisis Response Risk <ul style="list-style-type: none"> Occupational illnesses, exposure to hazardous substances, ergonomic issues, and mental health concerns Workplace accidents, equipment hazards, fire incidents and inadequate emergency preparedness Pollution, waste mismanagement, emissions and non-compliance with environmental regulations 	<ul style="list-style-type: none"> Implement proactive safety and health risk management measures Strengthen adherence to safety and health standards 	Stakeholders Capitals 	
Employee Training and Career Development	Succession Planning Risk <ul style="list-style-type: none"> Challenges in identifying, developing and retaining successors for key positions, leading to leadership gaps and operational instability 	<ul style="list-style-type: none"> Implement a succession plan with an identified talent pool for all subsidiary companies Provide continuous training for the identified talent pool Encourage active participation of KPS Berhad employees in business operations Implement targeted skills training and facilitate professional certification programmes 	Stakeholders Capitals 	
Labour Standards	Non-Compliance Risk <ul style="list-style-type: none"> All employee-related risks arising from regulatory non-compliance, breaches of licensing conditions, and changes in government policies, laws, rules and regulations 	<ul style="list-style-type: none"> Adhere to internal policies to ensure fair and non-discriminatory treatment Maintain a commitment to fair wages and ethical treatment Provide competitive benefits and employee support Provide continuous awareness of labour rights and compliance Develop local talents 	Stakeholders Capitals 	

Our Material Matters [GRI 2-16, 3-2]

Material Matters	Risks	Mitigation Opportunities	Impacted	UNSDGs
Being the Champion in Addressing Socio-Economic Gaps within the Society				
Human Rights	<p>Non-Compliance Risk</p> <ul style="list-style-type: none"> Employee-related regulatory non-compliance may lead to violations, affecting employees' human rights such as fair working conditions, workplace safety and non-discrimination, as well as the community's right to safety and overall well-being 	<ul style="list-style-type: none"> Adhere to human rights commitments and policy stances under the Code of Business Conduct and Ethics Enhance human and labour rights risk assessments Foster communication on human rights among employees 	<p>Stakeholders</p>  <p>Capitals</p> 	
Upholding Good Corporate Governance				
Good Governance and Anti-Corruption	<p>Non-Compliance Risk</p> <ul style="list-style-type: none"> Potential legal, financial, operational and reputational exposures arising from relationships with external entities, including contractors, suppliers, vendors, consultants, joint venture partners and government intermediaries 	<ul style="list-style-type: none"> Implement robust anti-corruption measures to prevent fraud and financial misconduct Conduct awareness sessions on integrity and governance frameworks and related policies 	<p>Stakeholders</p>  <p>Capitals</p> 	
Environmental and Social Compliance	<p>Non-Compliance Risk</p> <ul style="list-style-type: none"> Failure to comply with applicable laws, regulations, industry standards, or internal policies, resulting in significant adverse consequences Potential adverse impacts on the Group's reputation, credibility and stakeholder trust arising from negative publicity or perception issues 	<ul style="list-style-type: none"> Review legal dispute documents to protect company interests and support counterarguments Act as mediator through the Legal and Compliance department to achieve amicable settlements and avoid costly disputes Establish an Investor Relations and Strategic Communications department to oversee strategic communication and reputational matters Enhance economic and ESG KPIs Provide regular training and awareness for Compliance Officers Conduct on-site compliance reviews at all subsidiary companies 	<p>Stakeholders</p>  <p>Capitals</p> 	  
Digitalisation and Technology	<p>Cybersecurity Risk</p> <ul style="list-style-type: none"> Potential threats to the confidentiality, integrity and availability of the Group's digital assets, information technology systems and data 	<ul style="list-style-type: none"> Deploy enterprise-grade network security controls to block risky sites, prevent malware downloads and monitor real-time network alerts Install Microsoft Defender for malware protection Subscribe Vulnerability Assessment and Penetration Testing (VAPT) services with Condition Zebra Conduct annual information technology general controls audits through external auditors Conduct cybersecurity training sessions 	<p>Stakeholders</p>  <p>Capitals</p> 	 

Partnerships and Memberships [GRI 2-28]

KPS Berhad is an active member of several industry associations and sustainability networks, including:

Member of industry associations and sustainability networks



Malaysian Institute of Accountants ("MIA")

Strengthening financial reporting and governance



Federation of Malaysian Manufacturers ("FMM")

Promoting industry-wide sustainability standards



Malaysian Corrugated Carton Manufacturers' Association ("MACCMA")

Supporting sustainable packaging solutions



Malaysian Institute of Chemistry

Advancing responsible chemical management and innovation



Malaysia Water Association

Advocating sustainable water management practices



UN Global Compact Network Malaysia & Brunei ("UNGCMYB")

Driving corporate sustainability leadership



Malaysian Employers Federation ("MEF")

Advising on labour and industrial relations, and promoting sound employment practices

Extending Our Stakeholder Engagements

1 CEO Talk: Leadership without Borders

The MD/GCEO was invited as a speaker by the Akademi Pengajian Bahasa (Academy of Language Studies), Universiti Teknologi Mara (UiTM) Shah Alam, where he shared real-world corporate perspectives and emphasised the importance of negotiation skills grounded in timing, patience and emotional intelligence in creating sustainable, long-term value.

2 Sustainability Knowledge Sharing

The CSO of KPS Berhad visited one of the industry peers for a sustainability-focused knowledge-sharing session with the company's senior executives. The discussion centred on the exchange of best practices in ESG initiatives, compliance with evolving sustainability frameworks, and strategies to strengthen climate risk management within the manufacturing sector.

3 3rd Annual FutureCIO Conference Malaysia 2025

The Head of Information Technology participated as a panellist to share insights on the topic, "IT Cost Optimisation to Meet Business Transformation Demands." The discussion covered emerging priorities including Artificial Intelligence ("AI"), cloud expenditure management, cybersecurity, supply chain resilience, and the development of future-ready technology talent.

4 Human Resource Development Sharing Session

The Director of HRD department represented KPS Berhad at a knowledge-sharing session hosted by Universiti Putra Malaysia (UPM). The session engaged students and faculty members on practical human resource practices and the strategic alignment of human resources with business objectives.

Key highlights included KPS Berhad's approach to talent development, performance management through KPIs and competency frameworks, employee well-being initiatives, and the integration of sustainability principles into human resources policies, underscoring the Group's commitment to shaping future-ready human resources strategies.

5 Sustainability as a Career

The Sustainability Manager was featured in a podcast hosted by Azman Hashim International Business School (AHIBS), Universiti Teknologi Malaysia (UTM), where he shared his personal and professional journey in sustainability. During the session, he addressed common misconceptions about ESG, highlighting how sustainability enhances organisational efficiency, strengthens business resilience, and creates long-term value across the triple bottom line of Profit, People and Planet.

03

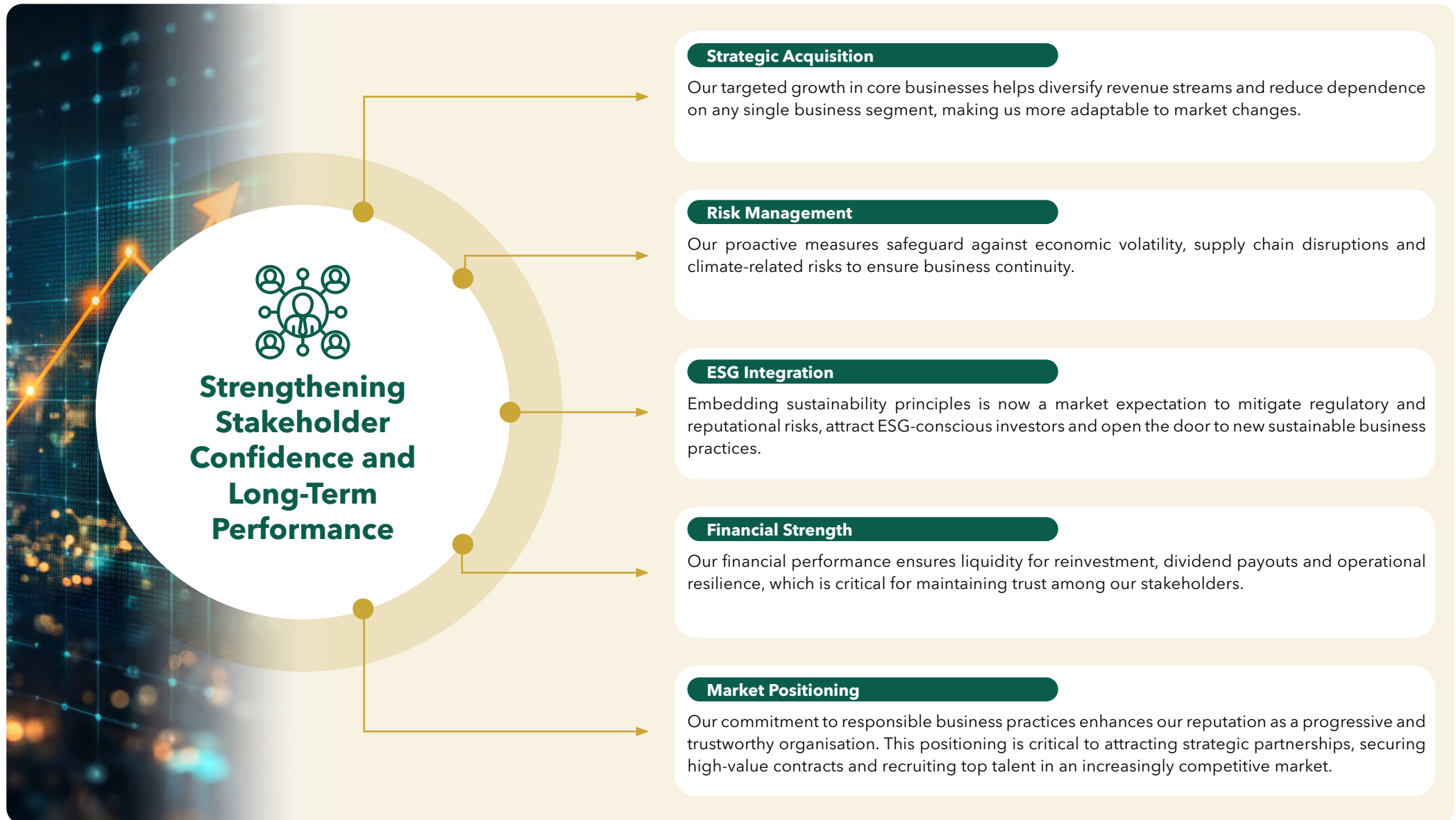
Economic Prosperity

Our focus on economic prosperity guides how we manage operations and growth initiatives to support long-term value creation for our business and shareholders. In 2025, we continued to manage our financial performance prudently amid ongoing market uncertainties.

Our commitment to sustainability principles, through enhanced corporate governance and climate actions, has positioned us to manage risks while seizing sustainable opportunities. This integrated approach has enhanced long-term value creation for our stakeholders and reinforced our competitive market position.

Why It Matters?

Our strategic priorities drive sustainable long-term value for our stakeholders. In an increasingly dynamic business environment, financial strength, targeted expansion and ESG integration strengthen our resilience and sustain our competitiveness. The following factors further enhance stakeholder confidence and our long-term performance:



Economic Commitment: Driving Optimal Business and Operational Performance to Maximise Financial and Non-Financial Value Creation [GRI 2-23, 2-24, 3-3, 416]

Material Matters [GRI 3-2]

Three material matters underpin KPS Berhad's Economic Commitment, each playing a key role in advancing our long-term growth strategy:

- 
Economic and Business Performance
 Focuses on revenue growth, cost efficiency and operational excellence to maintain a strong financial foundation.

- 
Sustainable Procurement and Local Sourcing
 Ensures ethical supply chains, responsible sourcing and active contributions to local economies.

- 
Quality Control and Customer Satisfaction
 Upholds product excellence to build trust, meet evolving customer expectations and maintain regulatory compliance.

Material Significance

Although economic and business performance is recognised as a medium priority in our materiality matrix, it remains fundamental to achieving our financial and operational excellence, while advancing sustainability imperatives. The following key initiatives were prioritised during the year to uphold our economic prosperity:

- ▶ Focused on expanding customer base, market presence and manufacturing capacity amid trade, tariff and cost pressures
- ▶ Secured new customers and entered new industries
- ▶ Leveraged our global manufacturing footprint to support customers in lower tariff locations and to diversify beyond US markets
- ▶ Reduced market concentration and trade related risks, supporting revenue stability


- ▶ Maintained cost discipline in a challenging environment characterised by price pressure, higher compliance costs and rising input costs
- ▶ Implemented cost optimisation and energy efficiency initiatives to manage margin pressure
- ▶ Completed solar panel installation at the Senai plant

We acknowledge that financial and business-specific risks are critical to sustaining our operational stability and long-term growth. By integrating comprehensive financial risk assessments with business continuity planning, we ensure agility in navigating economic uncertainties while reinforcing our stakeholder confidence. Outlined subsequently are the key risks identified in 2025 regarding our overall financial and economic performance.

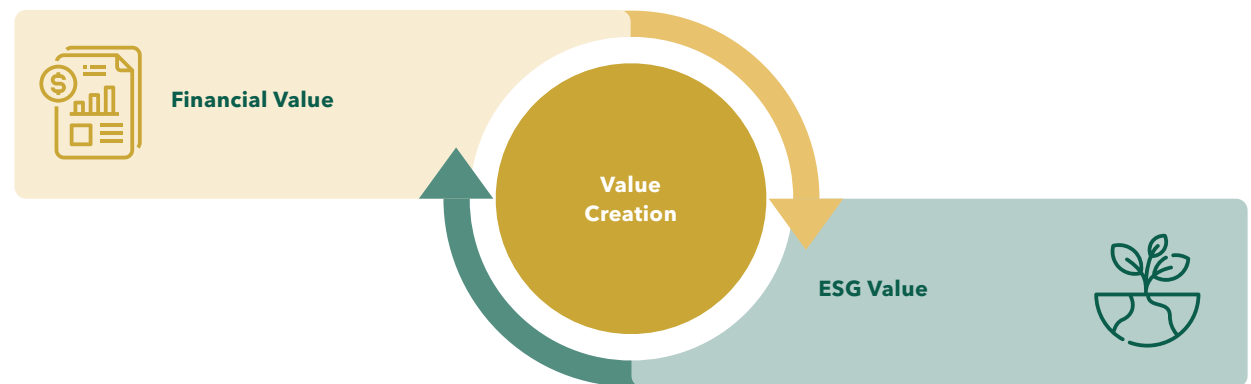
Material Matter: Economic and Business Performance [GRI 201-1, 3-3]

Our Commitment

While global factors continue to drive rapid economic shifts, including impacts on Malaysia, our solid fundamentals, comprising sound financial standing, a skilled workforce and the ability to navigate demanding conditions, have strengthened our business operations and sustained our growth.

Capitals: 

Related Stakeholders: 



Economic Commitment: Driving Optimal Business and Operational Performance to Maximise Financial and Non-Financial Value Creation [GRI 2-23, 2-24, 3-3, 416]

Summary of Key Risk Areas of Economic and Business Performance

Risks	Financial Implications	Mitigation Plans
<p>Slower Customer Demand Risk</p> <ul style="list-style-type: none"> Slower revenue growth due to lower demand from end-customers, affecting order quantities from contract manufacturers Chinese FDI entering commoditised sectors (eg. packaging, general manufacturing, etc.) 	<ul style="list-style-type: none"> Both scenarios will result in reduced orders and erosion of market shares in industries in which KPS Berhad's subsidiary companies operate Lower order volumes will inadvertently increase the costs per product and, in turn, the overall profitability 	<ul style="list-style-type: none"> Explore sub-segment product markets with high-growth potential that are not in direct competition with the market's major players - full box-built assembly and original equipment manufacturer (OEM) product development (Toyoplas and CPI) Focus on high-value, medium-volume printed packaging and signage (CBB)
<p>Customer Concentration Risk</p> <p>Heavy reliance on a few key customers that account for a substantial portion of the company's revenue</p>	<p>Potential for medium to significant revenue losses if key anchor customers change sourcing strategies, relocate operations, or shift product focus</p>	<ul style="list-style-type: none"> Expand products/services and markets into adjacent sectors locally and internationally Leverage service differentiators (Responsible Business Alliance)/food and beverage safety accreditations Deploy early warning mechanisms to monitor market intelligence and customer development
<p>Business Continuity Risk</p> <p>The Group's critical operations are exposed to potential Single-Point-Of-Failure ("SPOF"), where disruptions could severely impair production and service delivery during crisis events</p>	<p>A failure at a critical operation or system could halt production, delay customer deliveries, and cause financial losses, reputational damage, and non-compliance with customer or regulatory requirements</p>	<p>Enhance preparedness and resilience across the Group through tested continuity plans, system redundancy, and alternative supply or production options</p>

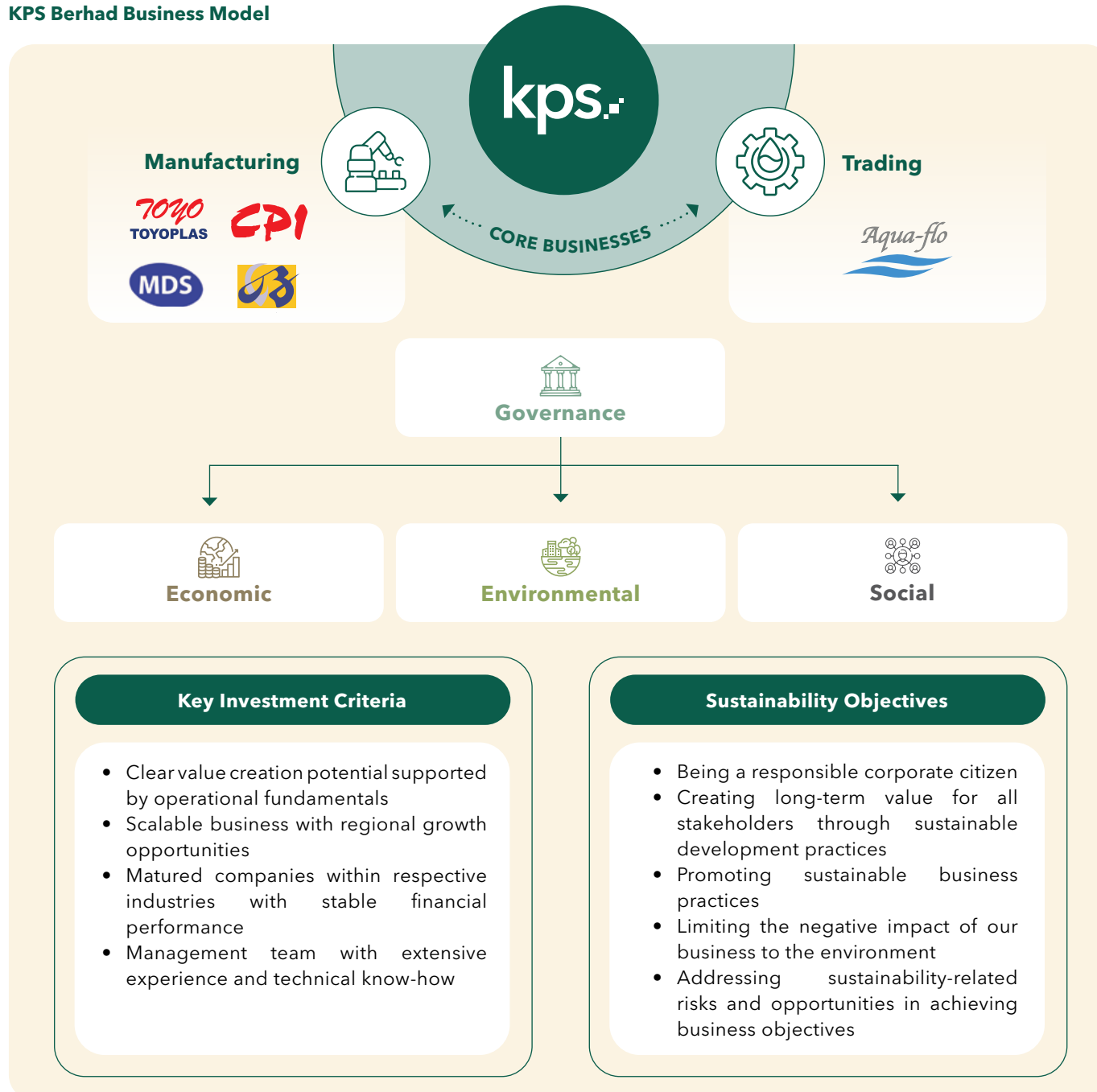
Our Approach

Our business model is built on operational excellence and ESG integration, ensuring that our economic success aligns with responsible ESG practices. By leveraging our six key capitals, namely financial, manufactured, intellectual, human, social and relationship, and natural, we create long-term value for stakeholders while maintaining resilience in an ever-changing business landscape. Our vision, mission and core values guide our commitment to innovation and transformation, securing enduring prosperity for the communities we serve.

Moreover, we prioritise long-term value creation over short-term gains, steering strategic decision-making and investment allocation. The framework aligns our core business strategies while incorporating ESG objectives, placing sustainability at the heart of our operations.

Economic Commitment: Driving Optimal Business and Operational Performance to Maximise Financial and Non-Financial Value Creation [GRI 2-23, 2-24, 3-3, 416]

KPS Berhad Business Model



Economic Commitment: Driving Optimal Business and Operational Performance to Maximise Financial and Non-Financial Value Creation [GRI 2-23, 2-24, 3-3, 416]

Performance Data [GRI 201-1]

KPS Berhad discloses the total economic value the Group generated and distributed during the financial year as part of its commitment to transparency and inclusive value creation. This disclosure underscores the Group’s integrated approach to value creation, ensuring that its financial success translates into positive outcomes for employees, communities, governments, investors and other stakeholders.

KPS Berhad allocates resources to ensure equitable value distribution among stakeholders. Its long-term focus delivers sustainable returns for investors while supporting the workforce through fair wages, continuous skills development and competitive benefits.

The Group’s trusted, long-term partnerships with suppliers and local enterprises strengthen its supply chain and contribute to community progress. At the same time, it meets its obligations through timely tax payments and adherence to sound corporate governance practices.

Material Matter: Sustainable Procurement and Local Sourcing [GRI 204, 407]

Our Commitment

A competent and resilient supply chain is fundamental to our manufacturing operations. We prioritise sustainable procurement and local sourcing, balancing environmental stewardship with critical business imperatives that directly influence operational efficiency and market competitiveness.

Capitals:



Related Stakeholders:



Material Significance

We continue to strengthen sustainable procurement practices to ensure our suppliers meet stringent requirements and standards determined by our subsidiary companies and their customers. This alignment mitigates supply chain risks, enhances product quality and reinforces our reputation for reliability and ethical responsibility. By leveraging assessment tools for supplier evaluation and monitoring, we have improved transparency and traceability across our supply chain. Our supplier assessment processes, covering quality, sustainability and ethical conduct, reflect our commitment to operational excellence, stakeholder value creation and environmental stewardship.

Local sourcing continues to play a pivotal role in reducing lead times and transportation costs while stimulating economic development within our operational regions. This approach supports small and medium enterprises (“SMEs”), strengthens community ties and enhances our agility in responding to market demands. Operational cost savings remain a priority, achieved through sourcing efficiency and resource optimisation, highlighting the financial prudence of our initiatives.

Highlights

2025 Total Economic Value Generated

RM272.9 million

Value Added from Operations	228.3
Other Income	42.6
Share of Profit of Associates	2.0

2025 Total Economic Value Distributed

RM272.9 million

Salaries, Wages and Employer Contribution	208.2
Dividend Payout to Shareholders	18.4
Corporate Taxation and Zakat	11.5
Community Investment	1.6
Finance Costs	7.8
Non-Controlling Interest	4.1
Retained for Future Value Creation	21.3

Our Outlook

Building on the achievements of 2025, we continue to reinforce our core business fundamentals while implementing agile strategies to navigate evolving market dynamics. Our focus remains on strengthening operational efficiency, driving targeted expansion in key segments, and embedding sustainability into every aspect of our business model.

The economic value generated and distributed underscores our role in enabling inclusive growth, supporting livelihoods and reinvesting in initiatives that foster resilience and innovation. As we align our strategies with environmental and social priorities, we continue to generate sustainable economic value to support long-term impact and prosperity for future generations.

Economic Commitment: Driving Optimal Business and Operational Performance to Maximise Financial and Non-Financial Value Creation [GRI 2-23, 2-24, 3-3, 416]

Our supplier management process incorporates a multi-dimensional risk assessment, which includes:

Reputational Risk

Ensuring supplier credibility and alignment with corporate integrity.

Operational Risk

Evaluating the ability of vendors to meet delivery standards and business continuity expectations.

Financial Risk

Screening suppliers for potential fraud, bribery and regulatory non-compliance.

The ERM function evaluates geopolitical, environmental and compliance risks within the supply chain. The following are key business continuity risks identified in relation to the supply chain.

Summary of Key Risk Areas of Sustainable Procurement and Local Sourcing

Risks	Financial Implications	Mitigation Plans
Forex Risk As one of the currencies used to transact, exposure to United States Dollar ("USD") volatility arising from the implementation of the current US administration's policies may adversely impact the Group's bottom line.	Exchange rate movements may affect the timing of cash inflows and outflows. Greater exposure result in foreign exchange losses, particularly when the Ringgit Malaysia ("RM") continues to strengthen against the USD in 2026 as forecasted.	Proactively hedge and reduce exposure to USD volatility.

Our Approach [GRI 407-1, 408-1]

We collaborate with our manufacturing subsidiary companies, notably CPI, to embed supply chain risk management into procurement processes, ensuring alignment with our procurement policy. We source goods and services through local, regional, divisional and centralised procurement channels to ensure sourcing is performed at the most appropriate level. Business relevance and compliance with environmental and social standards are key considerations in our supplier selection.

Our evaluation framework uses multiple criteria, including safety and health, human rights, environmental impact, and compliance and ethics, to identify potential risks and critical suppliers. These assessments are complemented by regular supplier audits, performance reviews and engagement programmes to foster transparency and accountability.

Our initiatives educate suppliers on the Group's commitments through our procurement policies and other dedicated procedures, as outlined below:

KPS Berhad Procurement Policy

The KPS Berhad Procurement Policy mandates that all suppliers and contractors align with regulatory standards, ethical sourcing practices and transparent business dealings.

KPS Berhad assesses the environmental and social compliance performance of its suppliers. The supplier selection process will prioritise suppliers that adopt sustainability practices within their organisation and address the following:



Environmental

- ✓ Minimise the environmental footprint of goods and services across their life cycle (for example, selecting products and services with lower adverse impacts)
- ✓ Provide goods and services that are certified with eco-labels



Social

- ✓ Provide a non-discriminatory, healthy and safe environment for employees
- ✓ Support the right to freedom of association and collective bargaining
- ✓ Provide goods and services that are certified with social labels
- ✓ Prohibit any form of human rights violations, such as forced and child labour, and involuntary servitude, across the supply chain
- ✓ Maintain zero tolerance for violations of the Employment Act
- ✓ Declare if they are aware that their products contain hazardous components and/or materials (example chemicals, toxic substances, or materials requiring special waste handling)

Economic Commitment: Driving Optimal Business and Operational Performance to Maximise Financial and Non-Financial Value Creation [GRI 2-23, 2-24, 3-3, 416]

Standard Operating Procedures

KPS Berhad's established standard operating procedures ("SOPs") are to ensure procurement efficiency and accountability, particularly in quotation and tender processes.

Supplier Code of Conduct

Notably, Toyoplas is committed to ethical, legal and socially responsible business practices and expects its suppliers to uphold these standards and continually improve sustainability performance.



Environmental

Suppliers shall demonstrate commitment to complying with all applicable environmental laws, regulations and industry standards, including requirements relating to:

- ✔ Industrial wastewater treatment and discharge
- ✔ Air emissions controls
- ✔ Waste recycling
- ✔ Chemical and waste management and disposal
- ✔ Environmental permits and environmental reporting

Suppliers shall also comply with any additional environmental requirements specific to the products or services provided to the Company, as stipulated in design and product specifications and contract documents. Suppliers must implement and maintain effective environmental policies to meet these requirements.



Social

Suppliers shall commit to recognising and upholding the labour and human rights of their employees and to treating all individuals with dignity and respect in accordance with applicable laws, legal requirements and international standards. This commitment includes complying with and addressing the following:

- ✔ Freely chosen employment through the strict prohibition of forced labour
- ✔ Prevention of child labour
- ✔ Provision of fair living wages or salary
- ✔ Reasonable working hours
- ✔ A non-discriminatory workplace
- ✔ Respect for freedom of association and collective bargaining
- ✔ High standards of safety and health
- ✔ Adequate working conditions throughout their operations

Communication

All suppliers and vendors of Toyoplas are required to formally commit to the Supplier Code of Conduct and ensure its principles are effectively communicated and implemented across their workforce, agents, subcontractors and suppliers. They are expected to maintain comprehensive documentation to demonstrate compliance and provide access to such records upon request.

Toyoplas conducts regular internal assessments to verify adherence and may perform unannounced inspections as part of our oversight processes. Instances of material non-compliance, particularly in areas of integrity, social and working conditions, and environmental responsibility, may lead to corrective measures, or in severe cases, the discontinuation of business relationships, reinforcing our commitment to maintaining a responsible and ethical supply chain.

Supplier Integrity Pledge

The vendors and suppliers of the Group must uphold integrity, truth and transparency, strictly comply with anti-corruption laws and ethical standards, avoid corrupt or improper business practices, promptly report any suspected bribery or corruption and cooperate fully with KPS Berhad in investigations, while also adhering to all relevant policies and regulations, including those on ESG and conflict of interest.

At present, all communication materials, notably the Supplier Integrity Pledge and the Supplier Code of Conduct, are issued in English.

Economic Commitment: Driving Optimal Business and Operational Performance to Maximise Financial and Non-Financial Value Creation [GRI 2-23, 2-24, 3-3, 416]

Beyond the procurement policy, we ensure the effectiveness of procurement strategies through supplier performance assessments and audits. The objective of the assessment is to review and identify potential risks associated with our suppliers' business activities, focusing on quality, compliance, ethical, environmental and social benchmarks. Our procurement policy guides our enhanced assessment criteria and our supplier assessment form, which evaluates supplier performance through detailed performance disclosures, ensuring a systematic and comprehensive approach to supplier evaluation.

2025 Key Achievements



4 of CPI's new suppliers completed supplier performance audits and assessments.

None of the CPI's new suppliers were found to have any negative environmental or social impacts and therefore required no further action.

4 new suppliers of CPI were identified as compliant with all assessed criteria.

Local suppliers accounted for **87%** of the Group's supplier base, reflecting our preference for supporting local businesses.

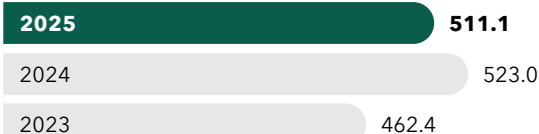
Local procurement spending grew to **RM373 million**, strengthening domestic supplier partnerships.

The proportion of spending on local suppliers increased to **73%**, deepening economic inclusivity.

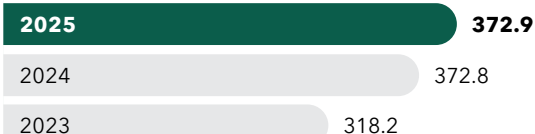
Performance Data [GRI 204-1]

KPS Berhad demonstrates its commitment to sustainable procurement through initiatives that enhance economic value, promote supply chain transparency, prioritise local sourcing, embed ESG criteria and uphold ethical business practices. In 2025, the Group further strengthened its procurement framework by enhancing supplier assessments, robust governance and risk management strategies, and responsible sourcing policies.

Total Procurement Spending (RM million)



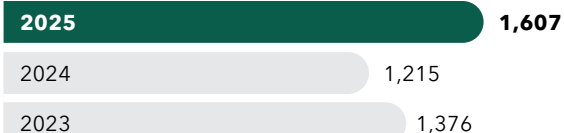
Total Local Procurement Spending (RM million)



Proportion of Spending on Local Suppliers



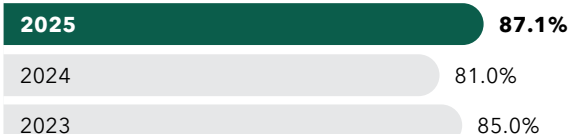
Total Number of Suppliers



Total Number of Local Suppliers



Percentage of Local Suppliers



Total Number of Suppliers/Vendors Pledged Their Commitment to Anti-Bribery and Corruption Policy



Economic Commitment: Driving Optimal Business and Operational Performance to Maximise Financial and Non-Financial Value Creation [GRI 2-23, 2-24, 3-3, 416]

Our Outlook

We continue to advance our sustainable procurement agenda by reinforcing governance frameworks, refining supplier assessment methodologies and embedding sustainability principles across our supply chain. We have sustained a strong base of local suppliers while expanding our responsible sourcing policies and anti-bribery commitments. Through proactive engagement and transparent processes, we have mitigated supply chain risks, optimised cost efficiencies and delivered long-term value.

Moving forward, we remain committed to ensuring our vendors uphold ethical standards and environmental responsibility, and to strengthening resilience throughout our operations. We ensure that our procurement strategies are resilient, responsible and sustainability driven.



Economic Commitment: Driving Optimal Business and Operational Performance to Maximise Financial and Non-Financial Value Creation [GRI 2-23, 2-24, 3-3, 416]



Impact Story: Advancing Supplier Performance Audits and Assessments

> Overview

CPI strengthens its procurement practices by enhancing supplier performance audits and assessment exercises to include ESG criteria. Strategic partnerships, risk mitigation and sustainability-driven procurement practices enable the company to promote ethical sourcing, reduce supply chain vulnerabilities and strengthen local economic development.

> Our Initiatives

Supplier Risk Assessment Framework

Implements a structured assessment process to ensure suppliers adhere to ESG compliance requirements, quality standards and ethical sourcing policies.

Strategic Local Sourcing

Increases procurement from local suppliers to enhance supply chain stability, reduce carbon footprint and support economic empowerment.

Optimising Supplier Partnerships

Enters into agreements with trusted suppliers to ensure consistent quality, competitive pricing and operational efficiency.

CPI routinely implements its supplier ESG assessment questionnaire, which evaluates suppliers based on six key criterias:

- 1 Anti-bribery and anti-corruption practices
- 2 Regulatory compliance with all relevant laws, practices and guidelines relating to ethical and legal employment, environmental performance, and safety and health
- 3 Community engagement and local impact considerations
- 4 Employee-focused themes, including talent management, fair labour practices, and diversity and inclusivity
- 5 Environmental sustainability practices, including waste reduction, energy efficiency, pollution monitoring and the adoption of renewable energy
- 6 Greenhouse Gas ("GHG") emissions reduction to support climate action initiatives

CPI conducts periodic performance reviews for direct suppliers and semi-annual reviews for service providers. Any underperforming suppliers are required to undertake immediate remedial action, failing which they may be removed from CPI's approved supplier list. The company also conducts physical audits, inspections and supplier meetings to ensure compliance.

Number of Quality Management System ("QMS") audit conducted

11

Number of process audit conducted

11

Supplier Risk Assessment carried out for both environmental and social issues for **new** suppliers

4

Supplier Risk Assessment carried out for both environmental and social issues for **existing** suppliers

3

> The Outcome

- Zero environmental or social impacts were identified within the Group's supply chain
- CPI demonstrated stable and reliable supply chain management
- The company continued to focus on local procurement spending and further strengthened partnerships with domestic suppliers

Economic Commitment: Driving Optimal Business and Operational Performance to Maximise Financial and Non-Financial Value Creation [GRI 2-23, 2-24, 3-3, 416]



Impact Story: Embedding Environmentally Friendly Initiatives into the Supply Chain

Overview

KPS Berhad recognises that embedding environmentally friendly practices within the supply chain requires comprehensive approaches across upstream value chain activities. This involves establishing robust carbon accounting and emissions tracking mechanisms, supported by continuous collaboration with suppliers, logistics partners and customers to monitor performance and identify opportunities for improvement.

The Group acknowledges the inherent challenges associated with managing and reducing environmental impacts, including the need for significant investment, extended implementation timelines and sustained stakeholder engagement across the value chain. Despite these challenges, KPS Berhad has embarked on its supply chain emissions management by initiating emissions tracking and prioritising efforts to reduce emissions intensity within its operations. These foundational steps are expected to enable more structured interventions over time and support the achievement of measurable, long-term environmental outcomes.

Our Initiatives and the Outcome

Upstream: Suppliers

Measures Scope 3 - Category 4 Emissions

Upstream Transportation and Distribution

Both MDS Advance and Aqua-Flo have initiated monitoring of emissions from upstream transportation activities between suppliers and their warehouses or operating facilities.

Purchase of Eco-label Products

CBB maintains procurement partnerships with certified forest-based kraft paper suppliers for paper raw materials, sourcing from responsibly managed forests and certified production facilities. This approach ensures sustainable harvesting and systematic replanting programmes, supports forest preservation and safeguards ecosystems.

Purchase of Environmentally Friendly Chemicals for the Manufacturing Process

CBB utilises 24.7% environmentally friendly chemicals to minimise the release of hazardous substances into the air, water and soil. This helps prevent contamination of ecosystems and reduces risks to human health.

Material Matter: Quality Control and Customer Satisfaction [GRI 2-27, 3-3]

Our Commitment

Quality control and customer satisfaction are central to our commitment to delivering high-quality, reliable products and services with a strong focus on safety. Recognising that product excellence directly influences our brand reputation, customer trust and regulatory compliance, we prioritise stringent quality assurance, process efficiency and ongoing customer engagement.

Capitals:



Related Stakeholders:



Ensuring product and service quality requires a multifaceted approach that encompasses comprehensive quality management systems, supplier compliance and integration of customer feedback. While regulatory compliance is essential, we focus on meeting and often surpassing baseline industry standards, reducing defects and enhancing customer satisfaction. Our approach is rooted in continuous improvement and targeted innovation, reflecting a practical commitment to quality built on real investments in our operations.

Economic Commitment: Driving Optimal Business and Operational Performance to Maximise Financial and Non-Financial Value Creation [GRI 2-23, 2-24, 3-3, 416]

Material Significance

We uphold uncompromising quality standards across manufacturing segments, serving both regional and international markets. Sustaining market share, regulatory compliance and long-term customer trust demands continuous diligence to meet and exceed expectations.

While acquiring new customers reflects our strength, retaining existing ones is critical to preserving our brand reputation and reinforcing stakeholder confidence. High-quality standards come with challenges, particularly in price competition, evolving customer preferences, stringent regulations and the need for skilled talent to manage our operations and engagements.

Recognising these challenges, we have adopted a more agile and customer-centric approach, deepening our understanding of market dynamics and strengthening supply chain stability. Operationally, we are expanding quality assurance processes, leveraging innovation in product development and enhancing customer engagement strategies.

These initiatives enable us to listen proactively, deliver constructive solutions and implement actionable measures to mitigate customer attrition and safeguard business continuity.

Our Approach

We have implemented tailored management approaches to safeguard our brand reputation and customer trust while ensuring that our products and services consistently meet evolving market expectations and comply with ESG-related legislation.

➤ Dedicated Quality Oversight

Recognising the strategic importance of quality and customer satisfaction, we have appointed designated quality assurance teams across all our subsidiary companies. These teams oversee:

- ▶ Quality control processes to uphold industry and regulatory standards
- ▶ Customer feedback analysis and implementation of improvement strategies
- ▶ Compliance with QMS frameworks and certifications
- ▶ Adherence to the Chemical Safety Data Sheet standards, maintaining safe handling, storage and usage

➤ Commitment to Globally Recognised Quality Management System

ISO 9001 (Quality Management System)



ISO 13485 (Medical Devices Quality Management System)



ISO 14001 (Environment Management System)



IATF 16949 (Global Automotive Industry's Quality Management System)



Good Manufacturing Practices - World Health Organisation (GMP-WHO)



Economic Commitment: Driving Optimal Business and Operational Performance to Maximise Financial and Non-Financial Value Creation [GRI 2-23, 2-24, 3-3, 416]

➤ **Product Innovation for Environmental and Societal Progress**

We continuously adopt a balanced approach to product development, integrating sustainability and social responsibility from concept to market. Our subsidiary companies embed environmental care and ethical principles into product design, ensuring that performance aligns with broader societal benefits.

- ▶ Reducing material waste and incorporating eco-friendly alternatives where feasible
- ▶ Enhancing product durability to extend lifespan and minimise environmental footprint
- ▶ Adhering to regulatory guidelines that promote sustainability in manufacturing and service delivery

➤ **Integrity through Quality and Safety Compliance** [GRI 416-2, 2-27]

We uphold strict standards for suppliers and partners through formal requirements, regular assessments and contractual obligations. Independent audits, performance reviews and continuous engagement drive accountability and improvement.

From procurement and project delivery to after-sales support, quality assurance and safety protocols are embedded into core workflows wherever possible. These controls enable early detection of compliance issues and promote the consistent application of best practices across diverse operational environments.

Our commitment to excellence and regulatory compliance has resulted in **ZERO** recorded incidents of non-compliance regarding the safety and health impacts of our products and services.



2025 Key Achievements

➤ **Awards and Recognition from Key Customers**

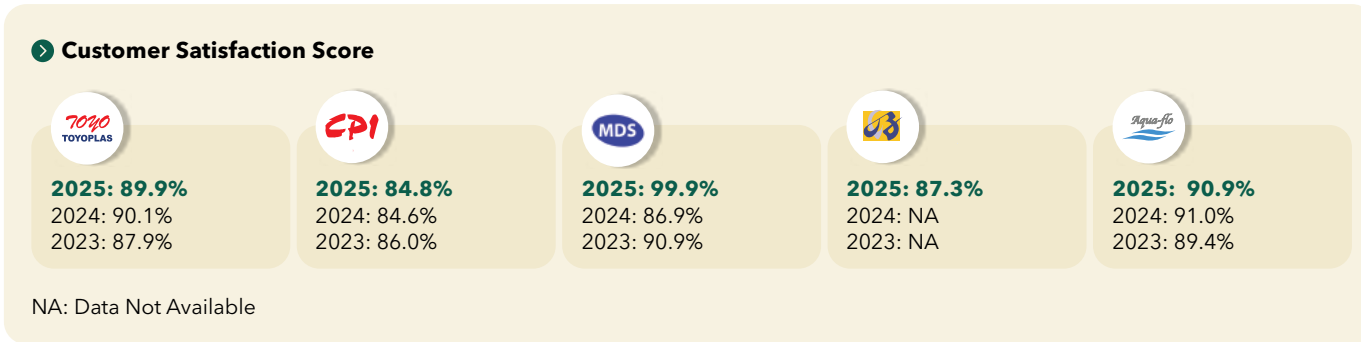
Electronic Manufacturing Services sector:

<p>Toyoplas Manufacturing (Dongguan) Co., Ltd.</p> <ul style="list-style-type: none"> Quality Excellence Award Service Excellence Award 	<p>Toyoplas Manufacturing (Bac Giang) Co., Ltd.</p> <ul style="list-style-type: none"> Service Excellence Award
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Performance Data

The subsidiary companies of KPS Berhad conduct annual customer satisfaction surveys as a key driver for continuous improvement. Insights from these surveys are systematically analysed and translated into operational enhancements to:

- Assess product and service quality against customer expectations
- Pinpoint opportunities to enhance quality, cost efficiency, service and delivery
- Capture demand for new products or services to align innovation with market needs



Our Outlook

Our strong track record in product reliability and customer satisfaction enables us to adapt swiftly to emerging challenges. By leveraging advanced technologies, data analytics and customer feedback, we strive to deliver measurable improvements. Recognising the broader impacts of our stakeholder operations, we remain committed to creating value for our customers responsibly and sustainably.

04

Climate Disclosures

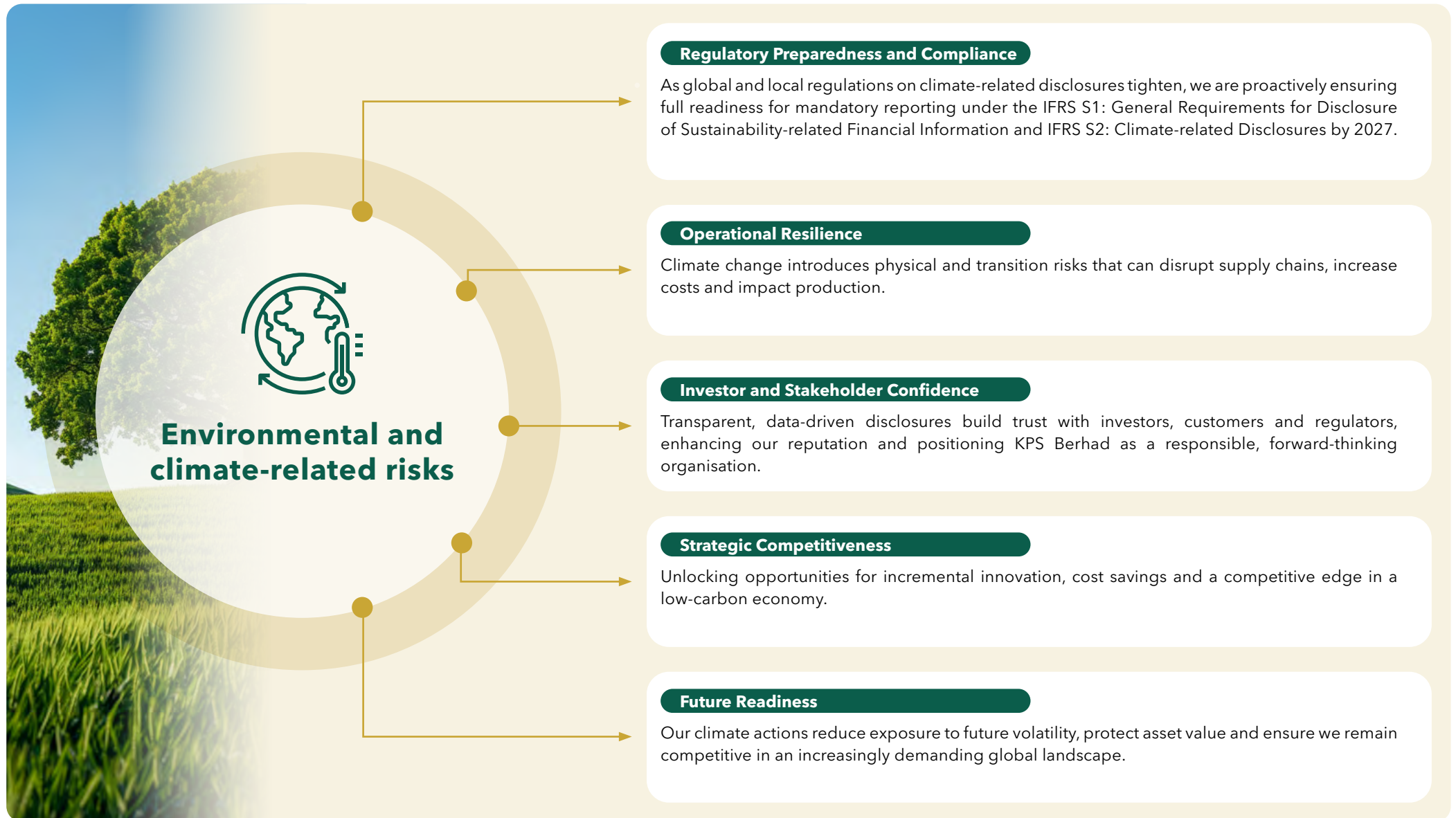
We enter our third year of publishing the Climate Disclosure as part of the 2025SR, marking another significant milestone in our climate journey.

Our early strategic focus on climate change and voluntary adoption of, and support for, the TCFD and related standards has strengthened our understanding of climate resilience across the organisation. This proactive approach has positioned us ahead of regulatory requirements, ensuring that when IFRS mandatory disclosures take effect in 2027, we will transition seamlessly without relying on optional early-years adoption provisions.

In the 2025 Climate Disclosure, we continued to advance our reporting practices and deepen our approach to managing environmental and climate-related risks and opportunities. This year's progress reflects a deliberate, forward-looking strategy that embeds sustainability into the core of our business. We have refined environmental risk considerations within our ERM framework, ensuring that climate-related impacts are systematically assessed and mitigated.

Why It Matters?

Climate change is no longer a distant threat; it has become an immediate reality that influences business continuity, supply chain stability and cost structures. For us, proactively managing environmental and climate-related risks is a strategic imperative that positions us for:



Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]

Material Matters [GRI 3-2]

Two key matters drive KPS Berhad's Environmental Commitment 1:

Climate Change and Emissions

Managing rising temperatures and carbon emissions through proactive measures.

Energy Efficiency

Optimising energy use and reducing operational footprints.

Material Matter: Climate Change and Emissions [GRI 102, 3-3]

Our Commitment

Addressing carbon emissions is one of the most pressing challenges in today's business landscape, requiring a strategic and balanced approach to managing financial resources, manufactured assets and intellectual capital. Our goal is to achieve carbon neutrality by 2050 while maintaining operational efficiency and long-term value creation.

We remain focused on reducing emissions and meeting regulatory requirements, embedding sustainable practices into everyday operations and decision-making. Building trust with stakeholders is essential to this journey, as their support and engagement will ultimately determine the depth and success of our transition towards a low-carbon future.

Capitals:



Related Stakeholders:



Material Significance [GRI 102-1]

Achieving our climate goals demands more than incremental progress. It requires embedding climate risk management into the very fabric of our operations and decision-making processes.

By embedding sustainability into our ERM framework, we have proactively identified climate risks, optimised energy use and resource efficiency across our supply chain and implemented targeted improvements that reduce emissions and costs. This foresight enables us to anticipate and mitigate climate-related disruptions, protecting business continuity and strengthening the resilience of our value chain.

Summary of Key Risk Areas of Climate Change and Emissions

Climate Risk

Non-compliance with regulatory disclosure requirements (such as Bursa Malaysia Main Market Listing Requirements), leading to reputational impact and loss of stakeholder trust.

Financial Implications

Rising costs associated with compliance, whether through capacity building or engagement of external consultants, to implement climate risk management.

Mitigation Plans

- Strategic investments in energy-efficient and emissions-reducing processes, technologies and machineries

Our Approach [GRI 102-1, 102-2, 102-4, 102-10]

Strengthening Climate Governance

As outlined in Chapter 2, the SBC provides strategic leadership on the Group's climate actions, disclosures and implementation guidance, while the BGRC oversees sustainability and climate-related risks and opportunities. Our governance framework adopts a top-down approach, ensuring that strategic direction and tone from the top cascade effectively to the operational level. The TOR of the SBC clearly articulate its responsibilities in overseeing climate-related risks and opportunities in line with Bursa Securities' Main Market Listing Requirements ("MMLR"). This enhancement reinforces the Committee's role in supporting the BGRC and the Board in fulfilling their statutory and fiduciary duties relating to sustainability.



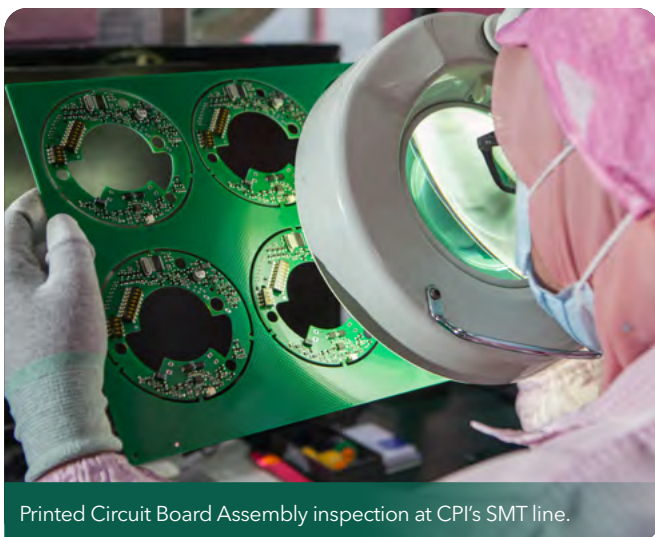
Norliza Kamaruddin, the Chairperson of the SBC.

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]

1 Aligning with Global Standards

Since 2019, KPS Berhad has evolved its sustainability reporting approach, moving beyond narrative-driven disclosures to adopt a data-centric model that delivers measurable impact. The Group remains committed to aligning with climate-related public policies, regulations, global frameworks and relevant mandates, recognising that climate action and emissions reduction are shared global responsibilities requiring active collaboration among all stakeholders.

As global convergence towards the ISSB accelerates, the Group has transitioned from the recommendations of the TCFD to the more standardised and data-driven IFRS S2 framework. Concurrently, as a Group 2 listed issuer, KPS Berhad is preparing to integrate the NSRF with IFRS S2 requirements beginning in 2025, with quantitative climate risk disclosures scheduled for rollout in the financial year ending 2026. This dual-alignment strategy ensures regulatory foresight and operational excellence, positioning KPS Berhad ahead of compliance timelines and reinforcing its commitment to transparency and resilience in a rapidly evolving global landscape.



Printed Circuit Board Assembly inspection at CPI's SMT line.

Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

Adheres to the GHG Protocol for emissions accounting and reporting, ensuring transparency and consistency.

National Sustainability Reporting Framework

Acknowledges this regulatory initiative to enhance transparency and accountability in managing sustainability risks and opportunities, and is committed to aligning with these guidelines from 2025 onwards.

Transition from TCFD to IFRS S1 and S2

Addresses all TCFD recommendations and is aligning with the upcoming IFRS S2 requirements to enhance the quality of its climate-related disclosures. The Group is committed to fully complying with the disclosure requirements of IFRS S1 and S2 by 2027.

Malaysian National Energy Transition Roadmap

Progressively diversifies its portfolio through lower-carbon and renewable energy initiatives to drive alignment with this roadmap.

Energy Efficiency and Conservation Act 2024

Promotes energy efficiency and sustainable energy practices among top energy consumers.

2 Group-Wide Climate Ambition

Our strategic vision for climate action is centred on **reducing carbon emissions intensity by 45% by 2030 and achieving carbon neutrality by 2050**. Guided by globally recognised climate action frameworks and our Carbon Neutrality 2050 Roadmap, we have adopted a comprehensive, Group-wide approach to drive impactful initiatives. This includes aligning with national and international climate policies, monitoring emissions and implementing diverse strategies in phases to reduce or eliminate emissions across our operations.

In the long-term, we are exploring opportunities to leverage carbon offsets and credits, reinforcing our commitment to sustainability and contributing meaningfully to global efforts in combating climate change.

Medium-Term Target by 2030

Establish strong foundations for climate action by setting high-impact economic and ESG KPIs and revising climate-related frameworks and plans. We will progressively accelerate decarbonisation through energy efficiency, renewable energy expansion, electrification of operations and adoption of low-carbon technologies to reduce carbon emissions intensity by 45% by 2030.

Long-Term Target by 2050

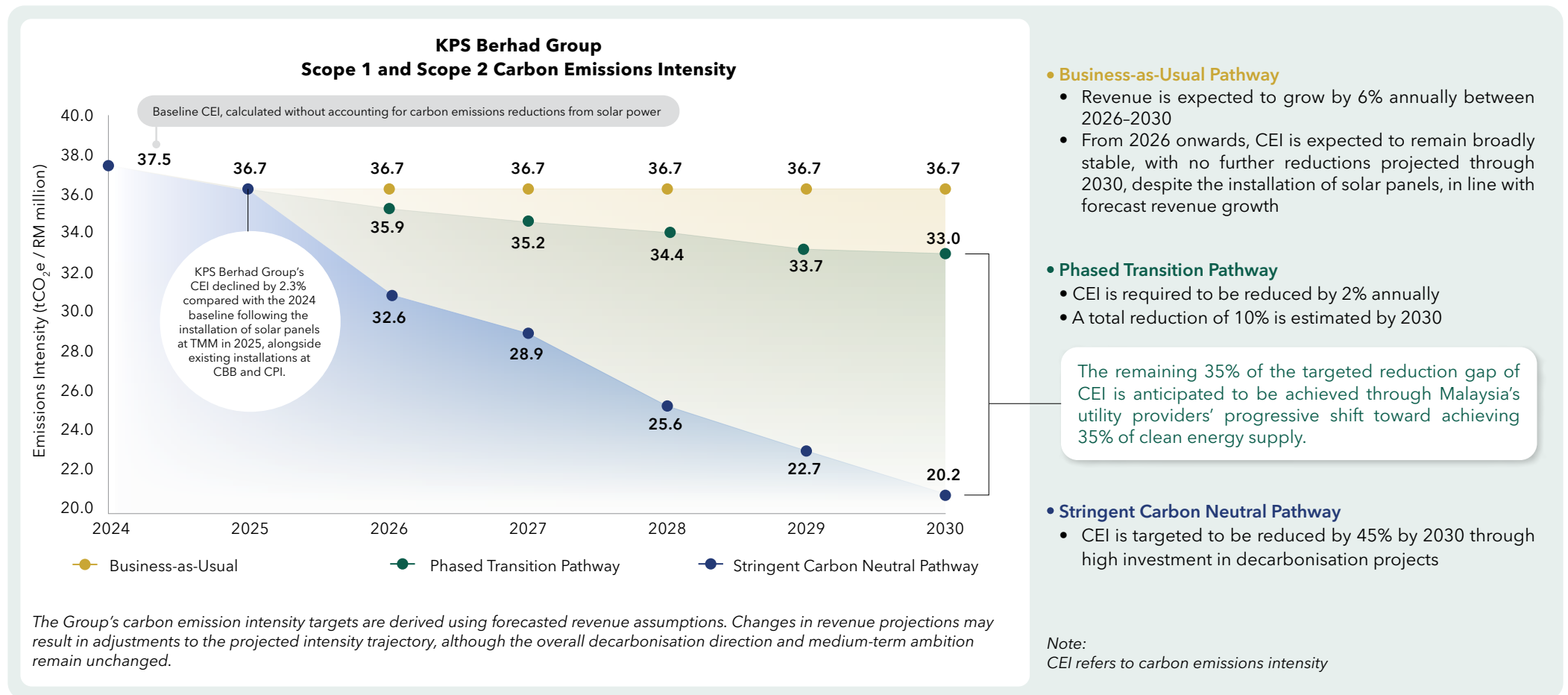
Achieve carbon neutrality by 2050 through residual emissions management, carbon offsets, the purchase of mREC and nature-based solutions, ensuring alignment with global climate goals.

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]

3 Driven by Short-Term Carbon Emissions Intensity Targets

The year 2025 marks another significant milestone for the Group as we formalise interim short-term carbon emissions intensity reduction targets. The targets are referred to as the **'Phased Transition Pathway' targets**. The Board has approved these targets, which aim to halve 2024 operational emissions by 2030, including a 10% reduction in absolute Scope 1 and Scope 2 emissions.

Our journey towards carbon neutrality began in 2024 with the establishment of a baseline year for Scope 1 and Scope 2 emissions. During this period, we completed the expansion of our carbon emissions baseline to include all subsidiary companies with manufacturing operations in Malaysia, and internationally in Indonesia, China and Vietnam.



While the initial 10% reduction is modest compared with our mid-term goal of a 45% reduction by 2030, we remain confident that the remaining gap can be closed through collaborative efforts and systemic changes. A key enabler will be the progressive shift of the national electricity grid towards renewable energy sources. As Malaysia's grid decarbonises, our Scope 2 emissions, primarily from electricity consumption in manufacturing, can be significantly reduced over time. This synergy between our operational initiatives and the national energy transition reinforces our belief that collective action is essential to achieving meaningful climate progress.

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]

4 Setting High Impact Climate-Related KPIs

As climate change and emissions are key material topics, specific KPIs are established each year to drive a reduction in emissions intensity, advance decarbonisation efforts and mitigate or adapt to climate-related risks and opportunities. Consistent with previous years, we remain committed to setting high-impact KPIs that strengthen our climate strategy.

For 2025, our primary focus includes enhancing climate-related risk management, formalising short-term carbon intensity reduction targets, expanding Scope 3 emissions disclosures and conducting product life cycle analyses. These initiatives drive our determination to embed climate actions into core operations and deliver measurable progress towards our ambition of carbon neutrality.

2025 Climate-Related KPIs	Status
Disclose the financial implications of climate-related risks	Achieved
Establishment of the Group-wide carbon emissions intensity reduction targets	Achieved
Expand the Scope 3 boundary to include "transportation and distribution" within supply chain activities	Achieved
Conduct pilot study on life cycle emissions analysis	Achieved



CSC meeting at Toyoplas to discuss sustainability matters, including climate risks.

The Group maintains consistent and transparent communication of its sustainability strategies, priorities, KPIs and performance updates with both internal and external stakeholders, including subsidiary companies. Externally, these updates are shared through multiple platforms and channels such as the Integrated Annual Report, Sustainability Report, analyst and investor briefings, media releases and interviews.

Internally, the Group actively engage employees through Board and CSC meetings, as well as training and development programmes, to communicate climate-related disclosures and ensure performance alignment and active participation in the sustainability journey.

5 Designated Management Oversight for Sustainability and Climate-Related Matters

The IRSC department provides dedicated oversight on sustainability matters, including the integration of sustainability considerations into daily operations under the supervision of the CSO. Its primary role is to coordinate communications on KPS Berhad's ESG initiatives, covering climate-related performance and risk management, and ensuring alignment with KPIs for the SBC and CSC, which encompass all subsidiary companies. Additionally, the IRSC keeps the SBC and Management informed of relevant ESG developments and explores opportunities for adoption across the Group.

Meanwhile, the Director of the Audit and Risk Management department implements robust risk management, internal controls and objective assurance on sustainability-related risks and compliance. Together, these roles ensure strategic ESG integration and governance assurance, creating a balanced and accountable sustainability governance framework for KPS Berhad.



Representatives from KPS Berhad and its subsidiary companies participate in a two-day workshop on IFRS S1 and S2 to strengthen sustainability reporting capabilities.

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]

6 Managing Climate-Related Disclosures at Boundary Setting

KPS Berhad adopts a systematic approach to quantifying its carbon footprint by defining clear boundaries, identifying emissions sources and verifying GHG measurements. Using the operational control method, the Group accounts for 100% of emissions from operating facilities under its operational control, including Toyoplas, CPI, MDS Advance, CBB and Aqua-Flo. The reporting boundary extends beyond Malaysia to include operations in Indonesia, China and Vietnam, ensuring comprehensive coverage. These inclusions strengthen its climate strategy by enabling accurate tracking and management of emissions across regional operations, while effectively addressing climate-related risks and opportunities.

	Scope 1	Scope 2	Scope 3 (Employee Commuting)	Scope 3 (Business Travel)	Scope 3 (Upstream Transportation and Distribution)
KPS Berhad	✔	✔	✔	✔	✘
Toyoplas Malaysia	✔	✔	✔	✔	✘
Toyoplas Indonesia	✔	✔	✔	✔	✘
Toyoplas Vietnam	✔	✔	✔	✔	✘
Toyoplas China	✔	✔	✔	✔	✘
CPI Malaysia	✔	✔	✔	✔	✘
MDS Advance Malaysia	✔	✔	✔	✔	✔
CBB Malaysia	✔	✔	✔	✔	✘
CBB Indonesia	✔	✔	✔	✔	✘
Aqua-Flo Malaysia	✔	✔	✔	✔	✔

As KPS Berhad is in the early stages of adopting climate risk and opportunity assessments, its initial focus began with Malaysia-based plants in 2024. In 2025, it strengthened the scope of assessment, analysis and disclosure to enhance transparency and its climate strategy.

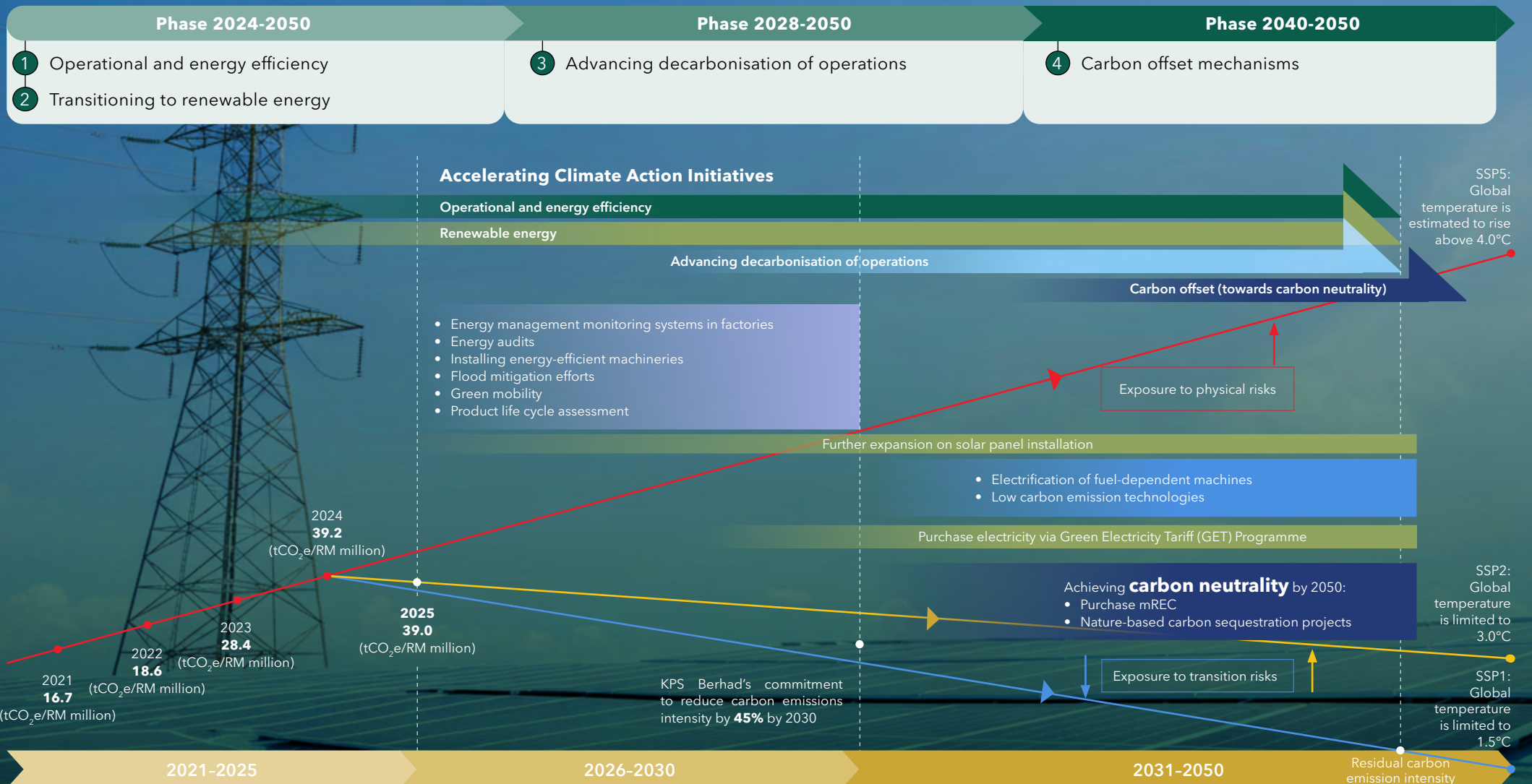
Moving forward, KPS Berhad will expand these assessments to all regional facilities, reinforcing its commitment to climate action and resilience. This phased approach will enable the Group to progressively enhance its climate strategy, ensuring that climate-related risks are managed and opportunities are pursued across its entire operational footprint.

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]

Accelerating Decarbonisation through Climate Strategy

To deliver the ambitious Carbon Neutrality 2050 Roadmap, we have adopted a phased approach that translates long-term goals into actionable, measurable steps. Each phase is designed with tailored initiatives targeting key areas of emissions reduction, supported by continuous assessments to ensure progress and adaptability.

Our climate adaptation initiatives are planned to enhance resilience to climate-related risks while ensuring sustainable growth across our operations. To achieve this, we have identified four strategies that guide our targeted investments and operational transformation. This structured strategy enables tangible results over shorter tactical timelines while maintaining alignment with our overarching objectives.



Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]

Our Risk Management Practices

KPS Berhad’s climate risk and opportunity assessment is guided by methodologies embedded within its enhanced ERM framework, developed in accordance with ISO 31000:2018. Through this framework, the Group proactively identifies, evaluates and manages key risks, enabling effective mitigation of and adaptation to climate-related challenges. While aligned with TCFD recommendations, the Group is on track to close identified gaps and meet the requirements of IFRS S2 by 2025, ensuring compliance with the latest global standards and strengthening its resilience.

The ERM process addresses a broad spectrum of risks that could impact the Group financially, reputationally or legally. The Risk Management department (“RMD”) evaluates key risk indicators and factors to determine whether each risk poses a significant financial or strategic impact on operations. Risks are categorised as insignificant, minor, moderate, major or catastrophic, and the results are mapped onto the Group’s Risk Profile, which is presented to the Board and the BGRC on a quarterly basis.

Risk Management Process

- 1 Continuous Risk Identification and Assessment**
 Key mitigation actions and key risk indicators (“KRI”) are regularly updated to remain aligned with business initiatives.
- 2 Monitoring of Mitigation Action and Key Risk Indicators**
 Risk and mitigation strategies are evaluated using risk-scoring tools, such as impact-probability matrices and heat maps, with results recorded quarterly in the risk profile.
- 3 Continuous Risk Awareness and Risk Culture**
 The RMD strengthens risk culture by promoting awareness and accountability across operations and embedding risk considerations into business processes, especially when changes occur.
- 4 Key Risk Areas Oversight**
 Key risk areas are categorised into Strategic, Financial, Compliance and Sustainability, with oversight by the BGRC and RGWC.

1 Enhancement of Sustainability and Climate-Related Risk Integration into ERM

Climate-related risks, covering both physical risks from climate events and transition risks arising from evolving regulations and market dynamics, have been thoroughly assessed to ensure long-term asset resilience and business continuity. Risks are prioritised based on potential financial exposure and asset criticality. High-risk items are flagged for immediate mitigation, while lower-risk assets are monitored and reassessed periodically.

Evolving climate risks are tracked through regular evaluations and climate trend updates. In addition to mitigation, the Group is strengthening carbon adaptation measures to enhance resilience against climate-related risks, ensuring operations and supply chains remain sustainable in a changing environment. These insights feed into Board-level risk reviews and guide strategic planning and investment decisions, ensuring climate resilience is embedded in capital allocation, insurance strategies and asset acquisition or redevelopment plans.



Packing process at CBB’s cement bag production line.

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]

The Group strengthened its approach to identifying climate-related risks and opportunities by assessing the financial implications of climate change on its business operations. In alignment with IFRS S2, the analysis encompassed physical and transition risks, mitigation strategies, and climate resilience planning for assets. This included VaR assessment and evaluations of operational facilities and assets in Malaysia.

The assessment examined climate-related risks and opportunities, as well as potential impacts across short-, medium-, and long-term horizons. KPS Berhad defines its scenario planning and financial impact assessment timeframes as follows: short-term (1-2 years), medium-term (3-5 years), and long-term (beyond 5 years).

Short-Term (1-2 Years)

Focuses on immediate actions and measures to manage urgent climate-related risks and capitalise on emerging opportunities.

Medium-Term (3-5 Years)

Focuses on capital allocation for business expansion, technology enhancement and the implementation of climate adaptation and mitigation initiatives.

Long-Term (More than 5 Years)

Focuses on sustainable growth aligned with global climate targets and prevailing industry trends.

Transition risks have a significant influence on short-term business performance and decision-making. At the same time, the physical risks and opportunities tend to increase in both impact and uncertainty over longer time horizons extending to 2100. These insights guide current business planning and capital allocation decisions, including machinery investments and the design of new assets.

2 Scenario Analysis and Assumptions

KPS Berhad conducted its climate risk scenario analysis using the Shared Socio-economic Pathways ("SSP") as recommended in the IPCC's Climate Change 2023 Synthesis Report. The SSPs framework provides a comprehensive view of potential futures by considering a wide range of GHG and air pollutant scenarios. The range of climate scenarios is determined after identifying the key risk and opportunity drivers relevant to the business.

For the 2025 Climate Disclosure, KPS Berhad's climate-related risks and opportunities were assessed using SSP1, SSP2 and SSP5, as these scenarios are most relevant to the Group's business dynamics and operating environment. The Board approved the final outputs of the climate scenario analysis. SSP1 reflects a sustainability-focused transition pathway, SSP2 represents a continuation of current socio-economic trends, and SSP5 captures a fossil-fuel-intensive scenario that is useful for stress-testing physical and transition risks.







SSP3 and SSP4 were not included in the assessment as their socio-economic assumptions are not expected to provide materially different or additional insights for the Group's operations. Excluding these scenarios ensures the assessment remains focused, proportionate and relevant in the evaluation of climate-related impacts.



KPS Berhad representatives exchange insights on climate risks to enhance informed decision-making on climate-related risks during IFRS S1 and S2 capacity building session.

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]

Selected Climate Scenarios and Potential Implications for KPS Berhad

Climate Scenario: SSP 1 - Sustainability (Green Growth)				
Assumptions	Global Warming	Global Responses	Risks	Potential Impacts on KPS Berhad
<p>Stringent climate policies, innovations and measures are in place to reach global net zero.</p> <p> High transition risks</p> <p> Lower physical climate risks</p>	Limit warming to 1.5°C with no or limited overshoot.	<ul style="list-style-type: none"> • Policy developments: Immediate • Technology change: Fast adoption • CO₂ removal approaches: Medium to high use 	<ul style="list-style-type: none"> • Risks to assets: Small increase • Risks to generations: Small increase • Government intervention: Medium to high • Market response: High demand; high competition 	<ul style="list-style-type: none"> • Higher compliance costs for manufacturing subsidiary companies (plastics, electronics and packaging) • Transition of packaging and plastics towards recycled content • Higher capital expenditure allocation for energy-efficient machinery
Climate Scenario: SSP2 - Middle of the Road (Current Trends)				
Assumptions	Global Warming	Global Responses	Risks	Potential Impacts on KPS Berhad
<p>All announced climate pledges are assumed to be met in full and on time. Governments focus on closing the “ambition gap” required to achieve the agreed-upon goals.</p> <p> Low to moderate transition risks</p> <p> Moderate to severe physical risks</p>	Limit warming to 2.6-2.9°C.	<ul style="list-style-type: none"> • Policy developments: Slightly delayed, but can be fulfilled • Technology change: Slow adoption • CO₂ removal approaches: Low to medium use 	<ul style="list-style-type: none"> • Risks to assets: Moderate increase • Risks to generations: Moderate increase • Government intervention: Low to medium • Market response: Medium demand; high competition 	<ul style="list-style-type: none"> • A gradual increase in compliance costs • No immediate “cliff-edge” regulatory shocks • An opportunity to sequence investments rather than accelerate decarbonisation
Climate Scenario: SSP5 - Fossil-Fuelled Development (Business as Usual)				
Assumptions	Global Warming	Global Responses	Risks	Potential Impacts on KPS Berhad
<p> No climate action is taken.</p> <p> Severe physical risks</p>	Global temperature is expected to rise above 4.0°C.	<ul style="list-style-type: none"> • Policy developments: No change • Technology change: Slow adoption • CO₂ removal approaches: Low use 	<ul style="list-style-type: none"> • Risks to assets: Large increase • Risks to generations: Large increase • Government intervention: Low • Market response: Low-to-zero demand; high competition 	<ul style="list-style-type: none"> • Manufacturing downtime and asset damage due to extreme rainfall and flooding • Reduced labour productivity and heightened OSH risks due to heat stress • Higher operational costs and increased competition for water • Rising insurance premiums or unavailability of coverage

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]

1 Our Four Strategies

Enhancing Energy Efficiency

To progressively lower carbon emissions, we continue to take deliberate steps to enhance energy efficiency and reduce reliance on fossil fuels. Through energy audits, we are identifying consumption hotspots and creating improvement plans. At the same time, we are reengineering business processes to simplify workflows, eliminate redundancies and optimise resource use.

On the ground, advanced robotic production lines are streamlining operations, improving precision and lowering energy demands, reflecting our commitment to integrating technology for operational and environmental gains.

We are also exploring green mobility solutions to reduce our carbon footprint and align with our sustainability objectives. Additionally, product life cycle assessments conducted in 2025 have enhanced our understanding of emissions hotspots across the lifecycle of our paper products.



An automated injection moulding line at Toyoplas supports efficient and consistent plastics manufacturing.

Transitioning to Renewable Energy

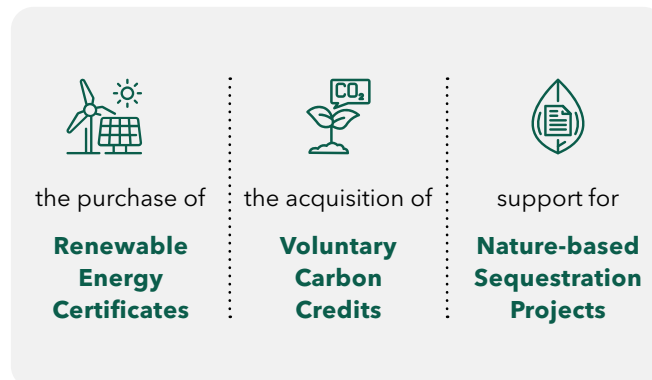
We are gaining momentum in the adoption of renewable energy, with solar panels deployed across several operating facilities. The installation of solar systems at our subsidiary companies in Malaysia reduces the Group's reliance on grid electricity and supplements operational energy needs, contributing significantly to our ongoing emissions reduction efforts.

Advancing Decarbonisation of Operations

Our decarbonisation efforts focus on the electrification of fuel-dependent machinery and the adoption of low-carbon technologies. Transitioning from conventional fuel-powered equipment to electric alternatives can significantly reduce emissions while improving energy efficiency across operations.

Carbon Offset Mechanisms

As we plan for the future, we recognise that some emissions will remain unavoidable despite our reduction efforts. To address this, we intend to implement carbon offset mechanisms as a strategic component of our sustainability initiatives. These measures will help neutralise residual emissions and prepare us for potential regulatory developments, such as carbon taxes or other environmental policies. Our approach focuses on three key approaches:



2 Integration of Climate-Related Considerations into Internal Capital Allocation and Financial Planning

KPS Berhad undertakes annual financial planning to align with the Group's medium- and long-term strategic targets. Climate scenarios and climate-related risks are integrated into internal models to assess potential impacts on demand, costs and investment priorities. Anticipated shifts in energy consumption patterns and regulatory developments inform decisions on expanding renewable energy capacity, electrifying operations, deploying low-carbon technologies and implementing energy audits.

Major investment decisions consider extended time horizons to capture emerging climate-related risks and opportunities. These insights guide capital allocation towards initiatives that support decarbonisation, operational efficiency and resource optimisation.

Highlights

- RM16.5 million** was allocated to ESG-related initiatives.
- RM1.6 million** was allocated to operational and energy efficiency improvements, representing 9.5% of the ESG allocation.

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]

Summary of the Climate Risks and Opportunities and Associated Impacts [GRI 102-1, 102-2]

KPS Berhad is committed to annually assessing and addressing the diverse impacts of climate change on its operations. Through comprehensive internal assessments, key risks have been identified, including increased operational costs arising from evolving compliance requirements and regulatory changes, as well as opportunities for incremental innovation in sustainable practices. Potential financial implications, including VaR, have been evaluated to capture both immediate and long-term effects.

To mitigate these risks, the Group has developed targeted strategies to strengthen resilience while enabling it to capitalise on growth opportunities, thereby ensuring sustainable development and long-term value creation for stakeholders. Each risk is assigned a rating that reflects its residual exposure after mitigation measures are considered, based on a comprehensive assessment of risk drivers and the effectiveness of existing controls.

1 Transition Risks and Opportunities

Risk(s)	Risk Description(s)	Magnitude of Impact	Potential Financial Impact	Impact Description(s)	Response(s)	Anticipated Impacts by Time Horizon
Policy and Legal Risks						
Regulatory updates	Increased compliance costs impacting profit margins	Minor	2% of the annual operational cost	Incorporate ISO renewal costs into long-term financial planning and ESG budgets	Enhanced market positioning through ISO and RBA certifications as a competitive advantage to justify costs and grow market share	■ □ □ □
Introduction of climate or energy-related policies and regulations	Energy audits under Malaysia's EECA 2024 requiring operational adjustments to processes and equipment usage	Minor	2% of the annual operational cost	Train internal teams to understand audit findings and track corrective actions, reducing reliance on external consultants over time	Operational efficiency and cost optimisation through identification of energy hotspots and leakage	■ □ □ □
	Higher electricity tariffs and changes in the time-of-use structures or peak demand charges would increase operating costs, primarily operating expenditure	Moderate	5% of the annual operational cost	Upgrade high-energy consumption systems, including motors, drives, compressors, lighting and HVAC systems Invest in solar batteries	Reduced exposure to future tariff volatility	■ ■ □ □

Legends: ● Minor ● Moderate ● Insignificant ■ □ □ □ □ Short-term (2025-2026) ■ ■ □ □ □ Short to medium-term (2027-2030) ■ ■ ■ □ □ Medium to long-term (2030 onwards)

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]

Risk(s)	Risk Description(s)	Magnitude of Impact	Potential Financial Impact	Impact Description(s)	Response(s)	Anticipated Impacts by Time Horizon
Market Risk						
Increasing customer demand for sustainable procurement	Higher procurement costs for green materials	○	2% of the annual operational cost	Gradually introduce sustainability requirements to suppliers, in line with readiness to supply green materials	Improved positioning in customer tenders and long-term contracts through sustainable procurement practices	■ ■ ■ □
Technology Risks						
Transition to low-carbon technologies	Machines such as electric injection moulding and inkjet printers with improved efficiency may require higher capital expenditure	○	Less than 2% on Profit-Before-Tax	Allocate high-efficiency machines to high-volume production or high-value products	Faster cycle times, tighter process control and consistent output Reduced scrap, rejection rates and material losses	■ ■ ■ □
Operational risks arising from limited automation suitability	Potential process inefficiencies may lead to lower return on investment	○	2% of the annual operational cost	Simplify processes before implementing automation	Improved capital allocation towards stable, repeatable processes with clear economic value	■ ■ ■ □
	Higher training costs	○	Less than 2% of the annual operational cost	Upskill staff to supervise automation systems, equipment handling and continuous improvement initiatives		
Reputation Risk						
Rising stakeholder expectations for climate action, transparency and performance	Increased OPEX to manage stakeholder perceptions and mitigate reputational damage	◐	2% of the annual operational cost	Engage investors, customers, employees and regulators early to understand evolving expectations	Competitive differentiation as a responsible and future-ready organisation through credible climate action	■ ■ ■ □

Legends: ◐ Minor ● Moderate ○ Insignificant ■ ■ ■ □ Short-term (2025-2026) ■ ■ ■ □ Short to medium-term (2027-2030) ■ ■ ■ □ Medium to long-term (2030 onwards)

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]

Assessment of Climate-Related Risks via Scenario Analysis

This section of the report describes how KPS Berhad applies its three climate scenarios to identify and assess climate-related risks and opportunities across short-, medium- and long-term time horizons. This analysis highlights that transition risks are most significant in scenarios SSP 1 and SSP 2. This is due to the growing demand from stakeholders for a rapid transition to low-carbon operations. Conversely, physical risks are expected to be most severe in a business-as-usual scenario or SSP5, where temperatures rise by 4°C without meaningful mitigation efforts.

Risk Category	Risk Description(s)	Magnitude of Impact	
		SSP 2 - Middle of the Road (Current Trends)	SSP 1 - Sustainability (Green Growth)
Policy and Legal	Regulatory updates	●	●
	Introduction of climate or energy-related policies	●	●
Market	Increasing customer demand for sustainable procurement	○	●
Technology	Increased expenditure for transition to low-carbon technologies	○	●
	Automation suitability risks leading to reduced return on investment (ROI)	○	●
Reputation	Rising stakeholder expectations on climate action, transparency and performance	●	●

2 Transition Risks and Opportunities

Risk Category	Risk Description(s)	Magnitude of Impact	Potential Financial Impact	Anticipated Impacts by Time Horizon
Climate change impacts on supply chain costs and reliability	Supply chain delays and restricted access to goods and services due to inundation from flooding, storm surges and extreme rainfall	○	Less than 2% of annual operating costs	■ ■ ■ □
Water supply disruptions	Production shutdowns and increased overtime costs due to water disruptions in locations such as Penang	○	Less than 2% of annual operating costs	■ ■ □ □
Flooding risk	Safety hazards, operational disruption and financial losses due to water accumulation in production areas	●	5% of annual operating costs	■ ■ □ □

Legends: ● Minor ● Moderate ○ Insignificant ■ □ □ □ Short-term (2025-2026) ■ ■ □ □ Short to medium-term (2027-2030) ■ ■ ■ □ Medium to long-term (2030 onwards)

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]

2025 marks the inaugural year in which KPS Berhad undertook a structured assessment to quantify flood-related climate risks across its operating facilities. The assessment focused on identifying and rating flood risks associated with events that may disrupt operations, logistics and supply chain reliability.

13 operating facilities were assessed against five critical climate hazards: extreme storms, coastal flooding, fluvial flooding, pluvial flooding and drainage-related flooding. The risk scores presented are derived from preliminary assessments and do not currently incorporate the business-as-usual pathway (SSP5) scenario analysis or the effects of future mitigation measures. Nevertheless, the results highlight that they will be helpful for effective climate adaptation strategies, particularly in managing risks posed by extreme weather events, including floods and storms, and mitigating the broader operational and financial consequences of inadequate climate action. The outcomes of this assessment are summarised in the table below.

Operating Facilities	Operating Locations	Source of Flood Risks with Risk Rating				
		Fluvial (River)	Pluvial (Rainfall)	Coastal	Reservoirs and Water Bodies (lakes, ponds, wetlands, etc.)	Drainage
Toyoplas (Malaysia)	Senai, Johor, Malaysia	↓	↓	●	↓	↓
	Muar, Johor, Malaysia	↓	↓	●	↓	↓
Toyoplas (Indonesia)	Jawa Barat, Indonesia	●	↓	●	●	↓
Toyoplas (China)	Dongguan City, China	●	●	●	●	●
Toyoplas (Vietnam)	Bac Giang Province, Vietnam.	↑	↓	●	↓	=
CPI - ETP	Penang Island, Malaysia	↓	↓	↓	●	↓
CPI - EMS						
MDS Advance	Seberang Prai, Penang, Malaysia	↓	●	●	●	↓
CBB (Malaysia)	Senai, Johor, Malaysia	↓	↓	●	↓	↓
	Pusing, Perak, Malaysia	●	↓	●	●	●
	Ulu Tiram, Johor, Malaysia	●	●	●	●	↑
	Seberang Prai, Penang, Malaysia	●	↓	●	●	●
CBB (Indonesia)	Medan, Indonesia	●	↓	=	●	↓

Legends: ↓ Low = Medium ↑ High ● Not Applicable

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]

Adapting to and Mitigating Physical Risks

1 Continuous Enhancement in Climate Risk

KPS Berhad conducts regular reviews of each operating facility to identify potential hazards and assess them against the SSP5 climate scenario. These reviews are supported by routine inspection and maintenance of critical infrastructure, including drainage channels, pumps and sump pits, to ensure functionality and reduce vulnerability during extreme weather events.

2 Insurance Coverage

KPS Berhad maintains insurance coverage across its facilities as a financial risk transfer mechanism to safeguard the Group against potential losses, particularly those arising from climate-related physical events such as floods, extreme weather conditions and other unforeseen disruptions.

3 Infrastructure Investments

Subsidiary companies will develop and implement dedicated protection plans at their sites. These measures include the installation of water pumps and emergency power generators to safeguard physical structures and raw materials, while ensuring operational continuity during extreme weather events. These investments will enhance facility resilience and significantly reduce the likelihood of costly damage.

4 Capacity Building

Continuous emphasis is placed on providing safety training on flood response and evacuation procedures to ensure staff are prepared for emergencies. Personal protective equipment, such as waterproof boots and gloves, is supplied for those working in wet conditions. An emergency response plan, including clear evacuation routes and communication protocols, is in place to protect employees and maintain operational safety during extreme weather events.

➤ Measuring Progress against Climate Goals [GRI 102-4]

Goal: Reduce Carbon Emissions Intensity by 45% by 2030		
2030 Target	2025 Performance	Description
To reduce carbon emissions intensity by 45% by 2030.	On Track: Carbon emission intensity reduced to 39.0 (tCO ₂ e/RM million). 0.4% lower than 2024.	Absolute carbon emissions reduced by 2.4% against the 2024 baseline.
To review and disclose Scope 3 emissions for activities deemed significant.	On Track: Expanded emissions disclosures from 2 to 3 categories.	KPS Berhad is reviewing the remaining Scope 3 emissions disclosures and will expand reporting coverage accordingly.

➤ Measuring Progress against Environmental-Related KPIs [GRI 102-5, 102-6, 102-7, 102-8]

2025 Environmental-Related KPIs	Achievements
<ul style="list-style-type: none"> Toyoplas Malaysia rejection rate target of ≤1.5% 	Toyoplas Malaysia recorded an annual production rejection rate of 0.8%.
CBB targets a rejection rate of: <ul style="list-style-type: none"> 1.5% for carton products 0.3% for paper products 	CBB recorded the following annual rejection rates: <ul style="list-style-type: none"> Carton: 0.03% Paper: 0% (zero rejection recorded)

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]

Performance Data [GRI 102-5, 102-6, 102-7, 102-8]

Our carbon emissions are calculated using internationally recognised methodologies in alignment with the GHG Protocol, the globally accepted standard for corporate GHG accounting and reporting. To ensure accuracy and consistency, we apply appropriate and up-to-date emissions factors sourced from:

Scope 1

IPCC Guidelines for National Greenhouse Gas Inventories

Scope 2

Scope 2 emissions were calculated using the location-based approach, based on country or grid-average electricity emission factors applicable to the locations where electricity was consumed.

IPCC Guidelines for National Greenhouse Gas Inventories:

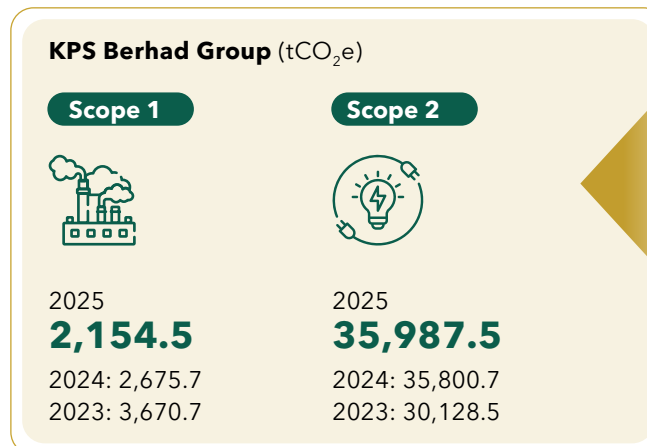
- Malaysia: Grid Emission Factor (GEF), 2017-2022, by Malaysia Energy Information Hub
- Indonesia: Faktor Emisi Gas Rumah Kaca (GRK) Sistem Interkoneksi Ketenagalistrikan by Kementerian Energi dan Sumber Daya Mineral Direktorat Jenderal Ketenagalistrikan
- Vietnam: Publication of Greenhouse Gas Emission Scenarios for 2023 by the Ministry of Natural Resources and Environment of Vietnam
- China: Announcement on the Release of Electricity Carbon Footprint Factor Data in 2024 by the Ministry of Ecology and Environment of the People's Republic of China

Scope 3







Conversion factors 2025: Condensed set (for most users) - updated 10 June 2025 by the Department for Energy Security and Net Zero, United Kingdom.

Clarification on Other Emissions

Currently, data on nitrogen oxides (NOx), sulphur oxides (SOx), and other ozone-depleting substances (ODS) are neither measured nor disclosed, as KPS Berhad's sustainability efforts are primarily focused on carbon emissions reduction. Given the nature of its operations, these emissions are considered immaterial and are not expected to significantly contribute to our overall environmental impact.



Scope 1 and Scope 2 Emissions (tCO₂e)

	✓ Scope 1	✓ Scope 2
	2025: NA 2024: NA 2023: NA	2025: 23.2 2024: 1,438.8 2023: 1,932.6
	2025: 343.9 2024: 586.4 2023: 305.1	2025: 24,130.2 2024: 21,691.5 2023: 13,701.8
	2025: 56.0 2024: 63.5 2023: 73.9	2025: 6,942.8 2024: 7,483.1 2023: 7,903.8
	2025: 23.1 2024: 23.2 2023: 24.5	2025: 704.3 2024: 587.1 2023: 489.0
	2025: 1,716.3 2024: 1,986.2 2023: 3,249.9	2025: 4,160.0 2024: 4,570.2 2023: 6,072.8
	2025: 15.2 2024: 16.4 2023: 17.3	2025: 27.1 2024: 30.1 2023: 28.6

NA: Not Available

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]

Total Scope 1 and Scope 2 (tCO₂e)

2025
38,142.1

2024: 38,476.3*
2023: 33,799.2

Total Emissions Intensity Scope 1 and Scope 2 (tCO₂e/RM million)

2025
36.6

2024: 36.1*
2023: 27.5

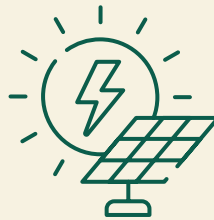
Target Emissions Intensity by 2030 20.2

*Baseline

Absolute Emissions Avoided by Solar Energy (tCO₂e)

2025
3,989.3

2024: 1,498.6
2023: 874.7



Note: Figures stated may not add up due to rounding of decimals

Scope 3 Emissions Disclosures

Aligning with the Group's Carbon Neutrality 2050 Plan, the Sustainability Unit of KPS Berhad undertook a high-level assessment to determine the applicability of Scope 3 emissions disclosures to its business operations. Based on the assessment outcomes, KPS Berhad expanded its Scope 3 emissions disclosures upon covering three key categories, which are business travel, employee commuting, and upstream transportation and distribution.

For upstream transportation and distribution, emissions tracking and accounting were initiated in 2025 for Aqua-Flo

and MDS Advance. Moving forward, the Group will progressively expand the Scope 3 boundary to include additional subsidiary companies as data availability and reporting readiness improve.

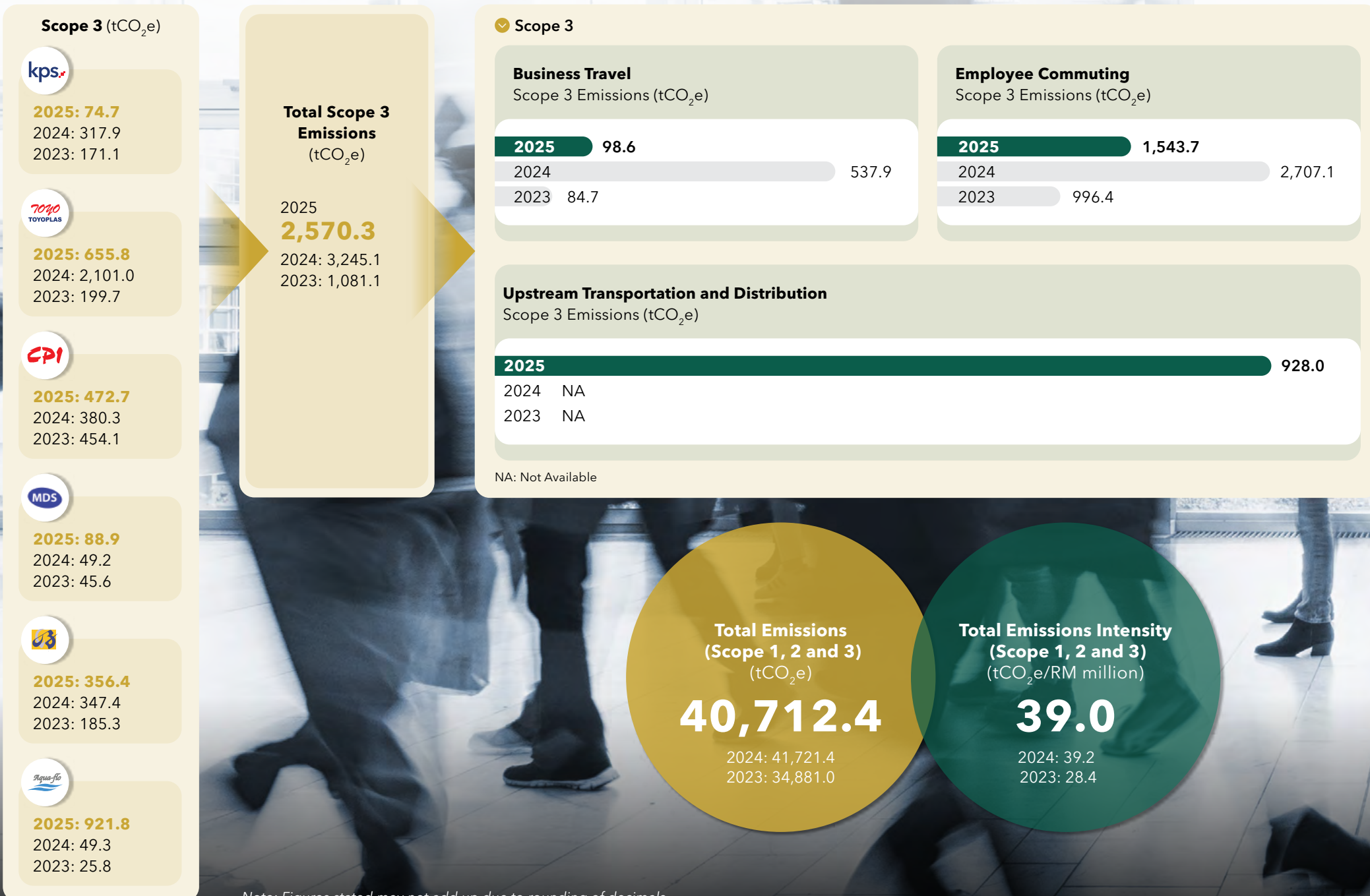
The remaining categories that are relevant to the Group's business dynamics will be progressively incorporated into future carbon accounting, subject to data availability and methodological readiness. The assessment results and the applicability of each Scope 3 category are presented in the table below.

Scope 3 Category	Description	Applicability to KPS Berhad	Data Availability	Included in 2025SR
Category 1	Purchased Goods and Services	☑	NA	NA
Category 2	Capital Goods	☑	NA	NA
Category 3	Fuel and Energy-Related Activities (not in Scope 1 and 2)	☒	☒	☒
Category 4	Upstream Transportation and Distribution	☑	☑	☑
Category 5	Waste Generated in Operations	☑	NA	NA
Category 6	Business Travel	☑	☑	☑
Category 7	Employee Commuting	☑	☑	☑
Category 8	Upstream Leased Assets	☒	☒	☒
Category 9	Downstream Transportation and Distribution	☑	NA	NA
Category 10	Processing of Sold Products	☑	NA	NA
Category 11	Use of Sold Products	☒	☒	☒
Category 12	End-of-Life Treatment of Sold Products	☑	NA*	NA*
Category 13	Downstream Leased Assets	☒	☒	☒
Category 14	Franchises	☒	☒	☒
Category 15	Investments	☒	☒	☒

Legend:

- ☑ Applicable
- ☒ Not Applicable
- NA Methodology and data were not yet established as of 2025
- NA* Data not available due to limited control over the activity

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]



Note: Figures stated may not add up due to rounding of decimals

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]

Our Outlook

The plan continues to focus on operational efficiency, renewable energy adoption, and low-carbon technologies, structured across short-, medium-, and long-term horizons. Key actions include annual 2% emissions intensity reductions from 2026, and investing in energy-efficient machinery.

We have expanded our emissions boundary to strengthen Scope 3 tracking and have initiated product life cycle assessments to target high-impact areas, particularly in paper products. Supported by climate risk scenario analysis using the IPCC's SSP framework, these measures enhance resilience against regulatory developments and physical climate risks. This disciplined approach positions us as a proactive leader in environmental stewardship and operational excellence.



KPS Berhad receives the Best Sustainability Reporting award at the IR Impact Awards Southeast Asia 2025, held at SGX, Singapore.

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]



Impact Story: Product Life Cycle Assessment



Overview

CBB manufactures high-volume cement paper bags, where material usage, scrap generation and energy consumption significantly contribute to the company's and the product's carbon emissions. Prior to this assessment, CBB lacked quantified CO₂e emissions data per bag based on life-cycle considerations, limiting its ability to quantify emissions, identify process hotspots, and respond effectively to customer ESG requirements. The absence of a detailed product life cycle understanding also made it difficult to identify inefficiencies, particularly in relation to scrap generation at the Bottomer stage, high-impact material usage (e.g., Durovac glue), and energy patterns comparisons across old and new production lines.

We recognised that CBB required a data-driven method to pinpoint emissions sources, compare production lines, and identify opportunities to reduce waste, improve operational efficiency, and strengthen environmental-related disclosures.

Initiative

To address these gaps, in 2025, CBB conducted a gate-to-gate Product Life Cycle Assessment ("PLCA") and Product Carbon Footprint ("PCF") analysis for its Cement Paper Bag, in accordance with ISO 14040, ISO 14044, and ISO 14067 standards.

The initiative involved:

Developing a **PCF methodology to quantify CO₂e per bag and per tonne of cement**, enabling scenario testing across materials, production lines and energy mixes.

Addressing process hotspots, revealing that Bottomer units consistently generate the highest scrap, especially on the new line, confirming that process setup, rather than machine capability, is the root cause.

Conducting a detailed **Lifecycle Inventory** covering materials, electricity, diesel, water, scrap and process flow across two different production lines manufacturing **50kg cement bags**.

- Production line with a separate preprint machine
- Production line without a separate preprint machine



Performing impact assessments to understand how materials such as **paper, glue, High-Density Polyethylene and electricity** influence total CO₂ emissions.

Analysing **improvement levers**, including glue formulation, scrap reduction opportunities, electricity decarbonisation and material substitution.



CBB implements strict quality control measures to ensure compliance with customer requirements.

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]

Outcome

The PLCA and PCF study delivered clear, quantifiable environmental insights, enabling CBB to take targeted action.

Measures Potential Carbon Footprint Reduction

The analysis demonstrated that the production line with a separate preprint machine contributed 28% lower carbon emissions compared to the production line without a separate preprint machine (3.612 kg CO₂/tonne cement vs. 5.018 kg CO₂/tonne cement). This finding validates the value of equipment upgrades when combined with process improvements.

Identification of Major Emission Drivers

- 1 **Production line with a separate preprint machine**
 - The highest scrap generation occurred at the New Line's Bottomer machine, resulting in 965.6 kg of material loss and carrying significant embedded emissions
 - The machine layout design and the additional preprint process increased the electrical energy and diesel consumption patterns
- 2 **Production line without a separate preprint machine**
 - Glue usage was approximately three times higher than the new line
 - Glue-related emissions on the production line without a separate preprint machine were seven times higher due to carbon-intensive adhesives

Hotspot-Driven Operational Improvements

- Prioritise paper optimisation, as it contributes 60-90% of the total carbon footprint, representing the most significant emissions reduction lever
- Implement root-cause scrap reduction programmes to minimise material loss and embedded emissions
- Optimise machine setup, calibration and process alignment to improve efficiency
- Track scrap fate and quantify reduction outcomes to monetise CO₂ savings

Strategic Recommendations for Low-Carbon Manufacturing

- 1 **Production line with a separate preprint machine**
 - Optimising energy efficiency
- 2 **Production line without a separate preprint machine**
 - Reformulating the carbon-intensive glue

The PLCA study represents a significant advancement for both CBB and KPS Berhad. By integrating empirical data, machine-level diagnostics and detailed material footprint analysis, CBB now has a transparent and scientifically robust product carbon footprint. This enhanced visibility enables more targeted and impactful climate actions, improves the quality and credibility of sustainability reporting and provides a strategic foundation for meaningful decarbonisation across its manufacturing operations.



CBB employee inspects paper products following the gluing process.

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]

Material Matter: Energy Efficiency [GRI 103-1, 3-3]

Our Commitment

As part of our pledge to reduce carbon emissions intensity by 45% by 2030, KPS Berhad remains committed to maintaining energy intensity targets across all operations. In 2025, we continue to closely monitor energy consumption, invest in advanced energy-efficient technologies, and foster a culture of energy-conscious practices within our workforce.

Capitals:



Related Stakeholders:



Material Significance

As global industries accelerate towards low-carbon economies, we recognise that proactively enhancing energy efficiency is key to meeting investor and market expectations. With electricity prices remaining volatile, inefficient energy use poses significant financial and operational risks. For manufacturers, energy efficiency is no longer just about regulatory compliance; it is a critical factor for maintaining competitiveness in an era of rising energy costs and evolving stakeholder demands.

Beyond mitigating risks, we recognise energy efficiency as a pathway to unlocking operational and financial opportunities:

1. Improve cost efficiency through reduced energy consumption.
2. Embrace energy audit practices aligned with the Energy Efficiency and Conservation Act ("EECA") 2024, ensuring full compliance and leadership in sustainability standards.
3. Minimise reliance on fossil fuel-based energy, reducing exposure to price fluctuations and supporting a more sustainable, resilient supply chain.

Summary of Key Risk Areas of Energy Efficiency

Climate Risk	Financial Implications	Mitigation Plans
Rising energy costs	Increased operational expenses and reduced competitiveness.	Investing in solar energy helps lower exposure to rising energy costs, thereby reducing product cost pressures.

Our Approach

Our energy efficiency initiatives are a direct extension of its strategic vision for climate action. Every measure implemented, whether optimising machinery, reducing energy consumption, or adopting advanced technologies, reflects our commitment to lowering emissions.

These initiatives are not standalone efforts, as they are guided by the strategic framework outlined in the Carbon Neutrality 2050 Plan, ensuring that operational improvements contribute meaningfully to achieving the 45% emissions intensity reduction target by 2030 and carbon neutrality by 2050.

2025 Key Achievements



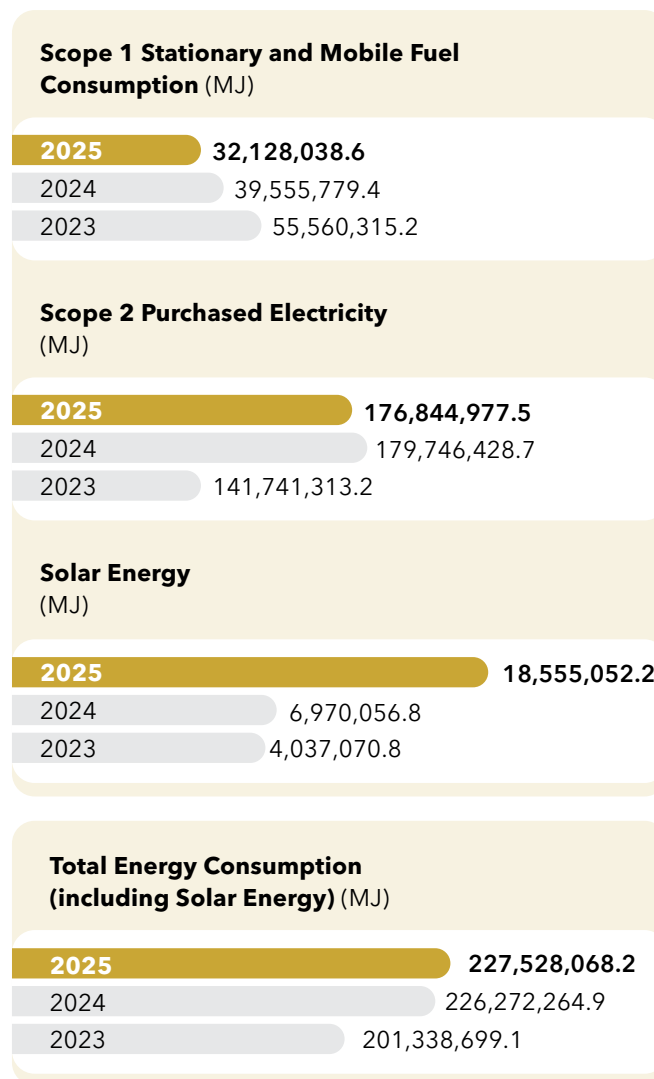
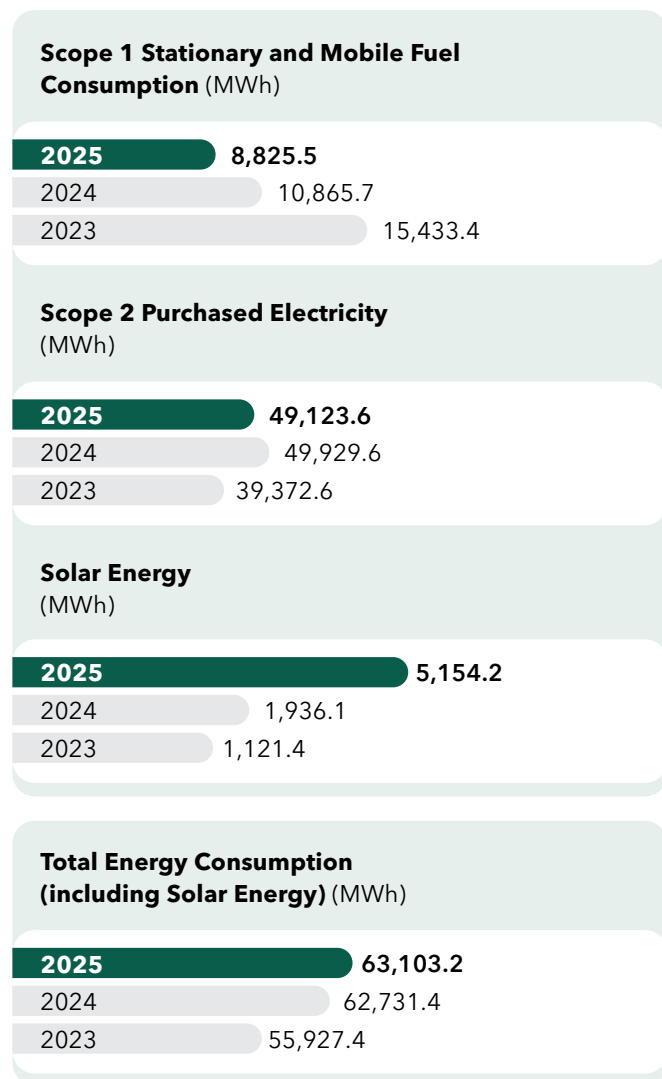
Toyoplas installed a solar photovoltaic system at its manufacturing facility in **Senai, Johor, Malaysia**, marking a significant step towards reducing its carbon footprint. The system has a capacity of **925 kWp**, enabling the facility to generate clean, renewable energy and reduce reliance on grid electricity.

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]

Performance Data [GRI 103-4, 103-5]

KPS Berhad discloses its energy consumption profile and carbon emissions data annually, covering its five subsidiary companies. The Group continues to define and disclose data boundaries across operations in Malaysia, Indonesia, Vietnam and China to provide a comprehensive representation of both direct and indirect energy sources.

Group-Wide Energy Consumption



Legends:
 ● MWh: Megawatt-Hour ● MJ: Megajoule

Note: 2024 serves as the baseline year

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]

➤ Overview of Company-Wide Energy Consumption Breakdown



As the Group's Headquarters, KPS Berhad, operates entirely as an administrative office and does not own or control any equipment, vehicles or machinery that rely on fuel combustion. In the absence of stationary assets, the Headquarters has no direct energy-using activities that would generate GHG emissions under Scope 1. Consequently, its Scope 1 emissions remain zero, with the Group's direct emissions arising solely from the operational activities of its subsidiary companies.

Scope 2 Purchased Electricity (MWh)

2025	2025
30.8	110,894.4
2024: 1,858.9	2024: 6,692,101.2
2023: 2,549.6	2023: 9,178,430.4



Scope 1 Stationary and Mobile Fuel Consumption

2025	2025
1,272.1	4,637,812.7
2024: 2,152.1	2024: 7,843,491.5
2023: 1,150.2	2023: 4,140,868.1

Scope 2 Purchased Electricity

2025	2025
33,811.2	121,720,157.4
2024: 31,700.0	2024: 114,120,042.6
2023: 17,701.5	2023: 63,725,353.2

Total Scope 1 and Scope 2 Energy Consumption

2025	2025
35,083.2	126,357,970.1
2024: 33,852.2	2024: 121,963,534.1
2023: 18,851.7	2023: 67,866,221.3

Total Solar Photovoltaic Energy Generation

2025	2025
1,611.0	5,799,413.9
2024: NA	2024: NA
2023: NA	2023: NA

Total Energy Consumption

2025	2025
36,694.2	132,157,384.0
2024: 33,852.2	2024: 121,963,534.1
2023: 18,851.7	2023: 67,866,221.3



Scope 1 Stationary and Mobile Fuel Consumption

2025	2025
204.3	744,094.9
2024: 232.0	2024: 845,150.1
2023: 277.1	2023: 997,520.0

Scope 2 Purchased Electricity

2025	2025
8,968.0	32,284,674.0
2024: 9,668.1	2024: 34,805,124.0
2023: 10,427.1	2023: 37,537,617.6

Total Scope 1 and Scope 2 Energy Consumption

2025	2025
9,172.2	33,028,768.9
2024: 9,900.1	2024: 35,650,274.1
2023: 10,704.2	2023: 38,535,137.6

Total Solar Photovoltaic Energy Generation

2025	2025
2,434.4	8,763,656.4
2024: 827.2	2024: 2,977,740.0
2023: NA	2023: NA

Total Energy Consumption

2025	2025
11,606.6	41,792,425.3
2024: 10,727.2	2024: 38,628,014.1
2023: 10,704.2	2023: 38,535,137.6

Legends: ● MWh: Megawatt-Hour ● MJ: Megajoule

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]



Scope 1 Stationary and Mobile Fuel Consumption

2025	2025
86.3	314,991.7
2024: 86.5	2024: 315,387.9
2023: 94.5	2023: 340,310.5

Scope 2 Purchased Electricity

2025	2025
903.9	3,254,040.0
2024: 758.5	2024: 2,730,452.4
2023: 645.1	2023: 2,322,169.2

Total Energy Consumption

2025	2025
990.2	3,569,031.7
2024: 844.9	2024: 3,045,840.3
2023: 739.6	2023: 2,662,479.7



Scope 1 Stationary and Mobile Fuel Consumption

2025	2025
7,205.9	26,223,513.3
2024: 8,333.9	2024: 30,328,237.7
2023: 13,844.5	2023: 49,840,246.8

Scope 2 Purchased Electricity

2025	2025
5,374.6	19,348,455.5
2024: 5,905.2	2024: 21,258,870.1
2023: 8,011.6	2023: 28,841,868.0

Total Scope 1 and Scope 2 Energy Consumption

2025	2025
12,580.5	45,572,087.8
2024: 14,239.1	2024: 51,587,107.7
2023: 21,856.1	2023: 78,682,114.8

Total Solar Photovoltaic Energy Generation

2025	2025
1,108.9	3,991,981.9
2024: 1,109.0	2024: 3,992,316.8
2023: 1,121.4	2023: 4,037,070.8

Total Energy Consumption

2025	2025
13,689.4	49,564,069.7
2024: 15,348.1	2024: 55,579,424.6
2023: 22,977.6	2023: 82,719,185.5



Scope 1 Stationary and Mobile Fuel Consumption

2025	2025
56.9	207,626.0
2024: 61.3	2024: 223,512.2
2023: 67.1	2023: 241,369.8

Scope 2 Purchased Electricity

2025	2025
35.2	126,637.2
2024: 38.8	2024: 139,838.4
2023: 37.7	2023: 135,874.8

Total Energy Consumption

2025	2025
92.1	334,263.2
2024: 100.1	2024: 363,350.6
2023: 104.8	2023: 377,244.6

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]

Overview of Company-Wide Solar Energy Consumption



Installed Capacity (kWp)

2025
925.0
2024: NA
2023: NA



Installed Capacity (kWp)

2025
2,164.6
2024: 2,164.6
2023: NA



Installed Capacity (kWp)

2025
935.4
2024: 935.4
2023: 935.4

Total Solar Photovoltaic Energy Generation (MWh)

2025
1,611.0
2024: NA
2023: NA

Total Solar Photovoltaic Energy Generation (MWh)

2025
2,434.4
2024: 827.2
2023: NA

Total Solar Photovoltaic Energy Generation (MWh)

2025
1,108.9
2024: 1,109.0
2023: 1,121.4

Total Solar Photovoltaic Energy Generation (MJ)

2025
5,799,413.9
2024: NA
2023: NA

Total Solar Photovoltaic Energy Generation (MJ)

2025
8,763,656.4
2024: 2,977,740.0
2023: NA

Total Solar Photovoltaic Energy Generation (MJ)

2025
3,991,981.9
2024: 3,992,316.8
2023: 4,037,070.8

Solar Energy Generated as a Percentage of Total Energy Consumed

2025
4.4%
2024: NA
2023: NA

Solar Energy Generated as a Percentage of Total Energy Consumed

2025
21.0%
2024: 7.7%
2023: NA

Solar Energy Generated as a Percentage of Total Energy Consumed

2025
8.1%
2024: 7.2%
2023: 4.9%

Amount of tCO₂e Offset by Solar Energy

2025
1,246.9
2024: NA
2023: NA

Amount of tCO₂e Offset by Solar Energy

2025
1,884.2
2024: 640.2
2023: NA

Amount of tCO₂e Offset by Solar Energy

2025
858.3
2024: 858.4
2023: 874.7



Our Outlook

Our energy efficiency initiatives are a core component of our Carbon Neutrality 2050 Plan, aimed at optimising resource use and reducing operational energy intensity. Our approach focuses on leveraging renewable energy, expanding automation, and fostering behavioural change within the workforce to drive sustained improvements.

By steadily advancing these efforts, we are committed to making measurable progress toward our long-term carbon reduction goals, ensuring that energy efficiency remains a key enabler of sustainable growth and operational excellence.

NA: Data Not Available
* SIRIM QAS has verified all energy data.

Environmental Commitment 1: Reducing Carbon Emissions Intensity by 45% by 2030 and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 102, 103, 3-3]



Impact Story: Accelerating Decarbonisation by Solar Energy Adoption

Overview

Our manufacturing subsidiary companies, Toyoplas, CPI and CBB, operate energy-intensive production lines that significantly contribute to the Group's Scope 2 emissions. As electricity demand continues to rise alongside production growth, reliance on grid electricity presents both cost volatility risks and carbon-intensive operational impacts. To strengthen climate resilience and align with our decarbonisation pathway, we recognised the need to transition towards cleaner, more stable and renewable energy sources.

Initiative

To address these challenges, we have actively invested in solar panels to mitigate rising electricity costs and consumption concerns. Since 2023, Toyoplas, CPI and CBB have implemented a Group-wide progressive shift towards solar energy utilisation in support of our climate strategy.

Key initiatives included:

- ▶ Installation of rooftop solar photovoltaic ("PV") systems across selected operational facilities in Malaysia
- ▶ Integration of solar energy into daily manufacturing operations to reduce dependence on grid-generated electricity
- ▶ Utilisation of real-time monitoring systems to track renewable energy output and optimise solar utilisation
- ▶ Operational alignment to maximise production processes during peak solar generation hours, improving efficiency and renewable energy uptake

Outcome

The solar power initiatives undertaken by Toyoplas, CPI and CBB contributed to measurable environmental and operational benefits in 2025, including:



Increase in the Group's Total Solar PV Energy Capacity (kWp)	Reached 4,025.0 kWp , representing a 29.8% increase from 2024 (3,100.0 kWp)
Increase in the Group's Total Solar PV Energy Generation (MWh)	Generated 5,154.2 MWh , representing a 166.2% increase from 2024 (1,936.1 MWh)
Reduction in Electricity Consumption (MWh)	Electricity consumption stood at 49,123.6 MWh , representing a 1.6% decrease from 2024 (49,929.6 MWh)
Increase in Carbon Offset (tCO₂e)	Carbon offset reached 3,989.3 tCO₂e , representing a 166.2% increase compared with 2024 (1,498.6 tCO ₂ e)

Solar power is a key pillar of our climate strategy, enabling the Group to progress towards its climate goals while enhancing operational and energy efficiency. Building on this progress, we will continue to explore and expand opportunities to leverage solar energy as part of our ongoing transition towards a more sustainable and resilient operating model.



Highlights



KPS Berhad recorded cost-savings of

RM2.5 million


primarily from reduced electricity costs and energy optimisation initiatives


Environmental Commitment 2: Continuously Implementing Environmentally Responsible Manufacturing Practices

[GRI 2-23, 2-24, 3-3]

Material Matters [GRI 3-2]

Two key matters drive KPS Berhad's Environmental Commitment 1:

-  **Waste Reduction, Recycling and Circular Economy**
Enhancing resource management to minimise waste

-  **Water Security**
Ensuring sustainable water use and conservation across processes

Material Matter: Waste Reduction, Recycling and Circular Economy [GRI 306, 3-3]

Our Commitment

With rising energy demand, raw material usage, and increasing levels of pollution and waste generation, we remain committed to ensuring that even incremental improvements in pollution reduction, waste minimisation and recycling contribute to meaningful environmental benefits and cost savings. As part of our environmental commitments, we recognise that our operating facilities are significant consumers of resources and generators of diverse waste streams. These include:

- **Process waste and by-products**, such as chemical residues, slag and dross from metal smelting, and excess process solvents
- **Packaging and end-of-line scrap**, including plastic, paper, corrugated boards and off-specification products such as mixed plastics and composite materials
- **Hazardous and electronic waste**, containing heavy metals, solvents or other toxic substances that require specialised treatment

Capitals:



Related Stakeholders:



Material Significance [GRI 306-1]

Poor waste management poses significant risks, including regulatory non-compliance, higher operational costs and reputational damage. With increasingly stringent global environmental regulations, companies face growing pressure to adopt sustainable disposal practices and embrace circular economy principles. To mitigate these risks, we ensure full compliance with waste management regulations across all operational jurisdictions.

Beyond compliance, our subsidiary companies continue to strengthen operational practices to reduce landfill waste, increase material recovery, and optimise waste segregation and disposal. Our circular economy principles drive cost efficiency through reduced raw material use, minimised waste and optimised production resource utilisation, reinforcing our commitment to responsible manufacturing practices.

Our Approach [GRI 306-2]

A key aspect of our approach is the progressive integration of circular economy principles across our subsidiary companies. This involves reducing or eliminating waste by keeping materials in use for as long as possible. To advance this effort, our subsidiary companies focus on three core waste management strategies:

Waste Valorisation



From Waste to Products

Waste prevention focuses on reducing waste generation at its source by minimising reliance on single-use materials. We optimise production processes to avoid unnecessary waste. Beyond environmental benefits, this approach also creates opportunities for additional revenue through the repurposing of materials that would otherwise be discarded.

Material Reuse



From Waste to Resources

Material reuse is a key strategy to preserve resources and promote sustainable operations. Subsidiary companies such as MDS Advance integrate reuse initiatives into their production processes by creatively repurposing waste materials, carton boxes and egg trays. These efforts have significantly reduced waste, lowered costs, and supported a more resource-efficient manufacturing ecosystem.

Waste Recycling



From Waste to Value

Among our subsidiary companies, CPI actively prioritises efficient recycling practices through close collaboration with various third-party licensed companies. These partnerships reinforce a shared commitment to resource conservation, ensuring that production waste is recycled wherever possible.

Environmental Commitment 2: Continuously Implementing Environmentally Responsible Manufacturing Practices

[GRI 2-23, 2-24, 3-3]



➤ Hazardous, Scheduled and Other Waste Management

Our subsidiary companies strictly comply with regulatory requirements for waste that cannot be repurposed or recycled, particularly hazardous and scheduled waste. To ensure safe and responsible disposal, we engage licensed third-party waste management companies certified by Malaysia's Department of Environment ("DOE"). These partnerships ensure that all disposal practices meet the highest environmental standards.

➤ Ensuring Environmental Compliance and Assurance

In line with Environmental Impact Assessment ("EIA") approval conditions for selected operating facilities, we conduct annual third-party environmental audits. DOE-registered auditors perform these audits to confirm compliance with all applicable environmental regulations.

To further uphold global standards, these facilities also undergo yearly independent assurance audits to maintain ISO 14001:2015 certification. Demonstrating our commitment to transparency and accuracy, our subsidiary companies engaged dedicated assurance providers in 2025 to perform independent assurance through data verification, affirming our adherence to environmental best practices.

2025 Key Achievements



In line with evolving global standards, we transitioned to ISO 14001:2015. **57%** of our operational sites maintain ISO 14001:2015 certification, underscoring our focus on efficient resource utilisation, pollution prevention and comprehensive waste management.

We recorded no significant spills of waste or effluents in 2025. Hazardous waste disposal remained fully compliant with regulatory requirements, ensuring that all scheduled waste was managed safely and responsibly.

Performance Data [GRI 306-3, 306-4, 306-5]

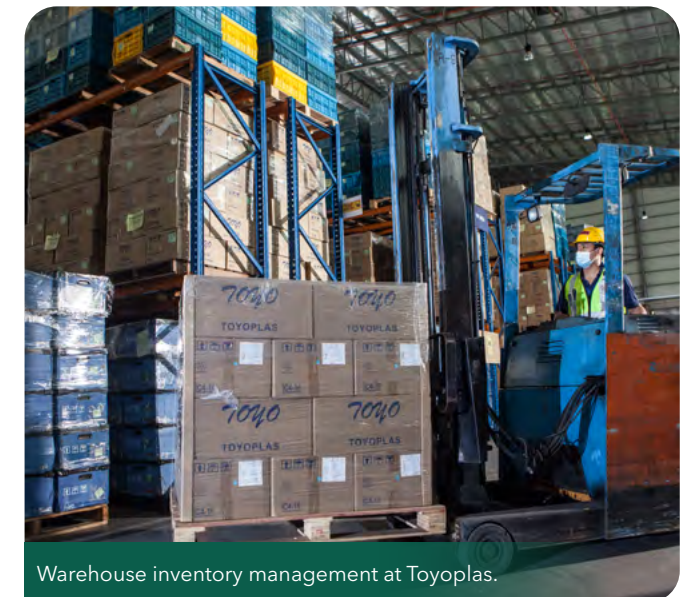
➤ Key Waste Management Disclosures

- ▶ Material consumption
- ▶ Waste directed to disposal
- ▶ Waste diverted from disposal through reuse, recycling, composting and recovery
- ▶ Waste sold to third-party recyclers
- ▶ Hazardous or scheduled waste generated
- ▶ Non-hazardous or non-scheduled waste generated

The Group recorded higher overall waste generation as several operational changes and pilot-scale activities were undertaken, particularly during the project transfer at Toyoplas Manufacturing (Bac Giang). These transition activities led to increase in material consumption, production trials and reject rates, contributing to the rise in total waste. Despite this rise, about 77% waste was channelled into diversion streams, including recovery, reuse, and sales to third-party recyclers, reflecting the Group's continued effort to minimise environmental impact.

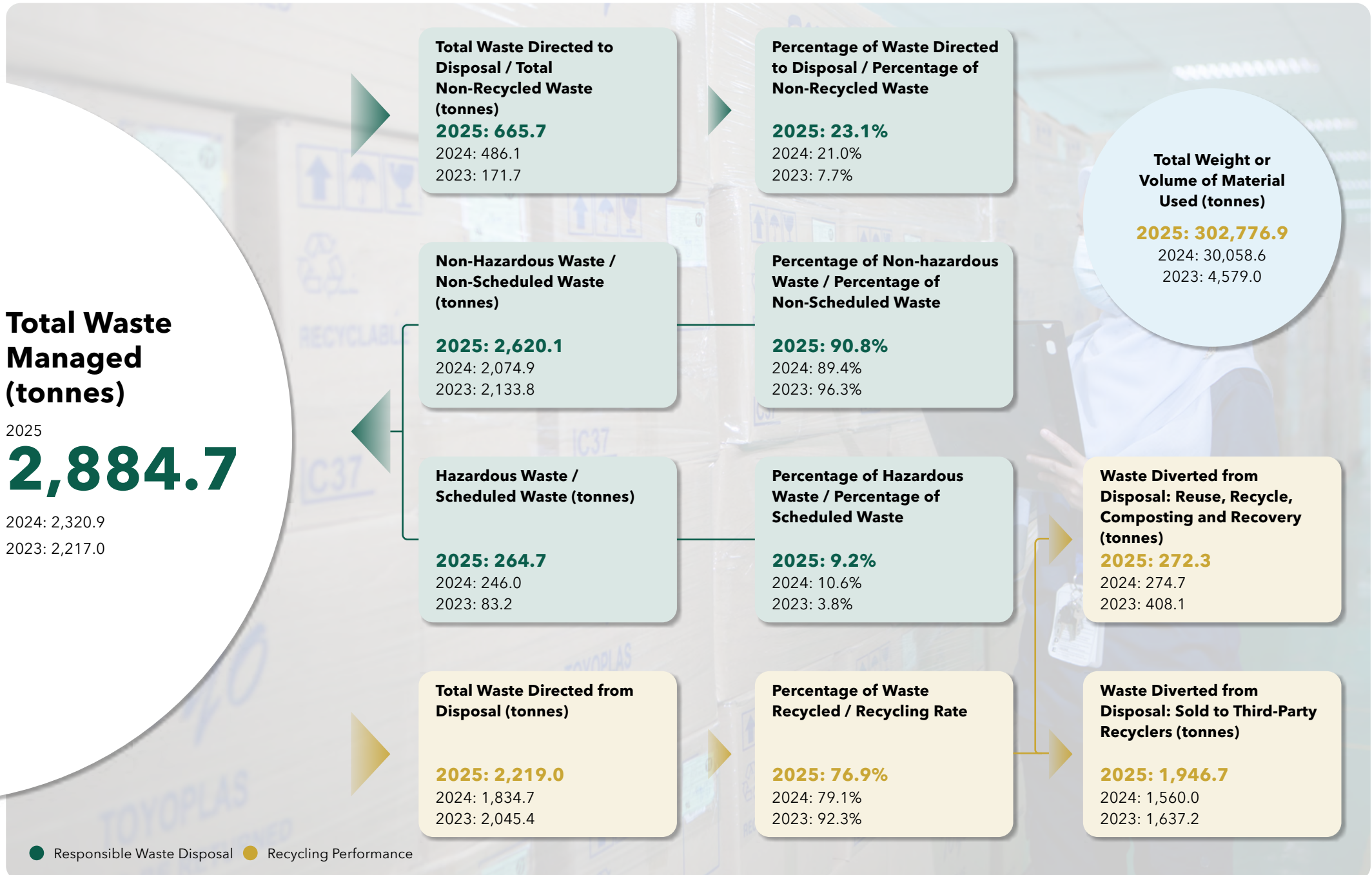
The overall waste diversion rate declined compared with 2024. As total waste generation increased, the Group faced reduced opportunities to further minimise hazardous waste or to increase waste diversion through recycling or reuse initiatives.

2025 was a transitional year marked by unavoidable volume changes. Yet, the Group remained committed to responsible waste management and will continue enhancing process stability across manufacturing facilities to restore better diversion performance.



Environmental Commitment 2: Continuously Implementing Environmentally Responsible Manufacturing Practices

[GRI 2-23, 2-24, 3-3]



Environmental Commitment 2: Continuously Implementing Environmentally Responsible Manufacturing Practices

[GRI 2-23, 2-24, 3-3]



Our Outlook

In 2025, we continued to focus on waste prevention, reuse and recycling to ensure resources are utilised efficiently while minimising environmental impact. Moving forward, we will continue to refine our waste management strategies, with our priorities focused on optimising material use, expanding recycling initiatives and driving incremental innovation in waste management. Through strategic partnerships and collaborations, we strive to achieve environmental goals while creating measurable value for our stakeholders.



Impact Story: Eliminating Single-Use Plastics for a Cleaner, Safer Workplace



Overview

CBB strengthened its commitment towards the environment as a responsible manufacturer by launching the No Single-Use Plastic Campaign at one of its manufacturing facilities in Senai, Malaysia. As one of the pioneers and a recognised packaging manufacturer, CBB recognises the importance of setting the right example, especially in an industry closely linked to material use, waste management, and sustainable production. The campaign aims to foster responsible consumption habits among employees while reducing unnecessary plastic waste within operational areas and office environments.

Initiative

Launched in January 2025, CBB enforced a company-wide directive to eliminate single-use plastics within its premises. The initiative was rolled out through targeted internal engagement activities, including briefings, digital posters, canteen notices and management-led advocacy.

Key actions included:

- ▶ Prohibiting the purchase and use of plastic mineral water bottles for any company event, meeting, or daily office consumption
- ▶ Employees were discouraged from bringing disposable plastic bottles and encouraged to use reusable containers instead
- ▶ Single-use plastic items, such as disposable cups, cutlery and packaging, were removed from offices, pantries and meeting spaces
- ▶ Environmental awareness was embedded into daily routines through internal publicity campaigns, including staff communication channels and visual prompts across production floors

Outcome

Employees have adopted reusable bottles and containers as part of their daily routines, reducing the volume of plastic waste generated at the facilities. The elimination of plastic-bottle purchases has also contributed to operational cost savings and reduced procurement-related waste. More importantly, the initiative has increased employees' awareness of responsible consumption and reinforced CBB's identity as a sustainability-driven manufacturer.



Company-Wide Elimination of Single-Use Plastics

Environmental Commitment 2: Continuously Implementing Environmentally Responsible Manufacturing Practices

[GRI 2-23, 2-24, 3-3]



Impact Story: Waste Valorisation Practices in Pulp Products (From Waste to Product)



Overview

In carton manufacturing, large volumes of trim waste and rejected cartons are often discarded, leading to unnecessary landfill contributions and higher material costs. Additionally, pulp production traditionally depends heavily on municipal water, placing further strain on external resources.

Initiative

To address these environmental impacts, our subsidiary company, CBB introduced an innovative process that transforms carton trim waste into pulp products, effectively reducing raw material dependency. By integrating this method into daily operations, the company achieved a 100% success rate in repurposing what would have been waste into a key raw material.

Total Pulp Products produced in 2025

1,138,116 units

Outcome

CBB's circular economy initiative has successfully reduced waste generated from paper and carton production. Through the reuse of trim carton waste and rejected cartons, the company has effectively lowered raw material costs.



Instead of purchasing Pro Pulp at approximately

RM0.57 per kilogram

from external suppliers, CBB reuses its own discarded materials, minimising landfill impact while maximising resource efficiency.



Impact Story: Material Repurposing (From Waste to Resources)

MDS

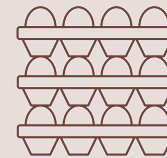
Overview

Manufacturing processes often depend on large quantities of packaging materials and disposable production components, many of which are discarded after a single use. Our subsidiary company, MDS Advance has adopted repurposing methods to extend the lifecycle of packaging materials and disposable components.

Initiative

MDS Advance has embedded material reuse into its daily operations by repurposing used egg trays as part holders for components after the machining process. Instead of being disposed of, these materials are reused to support production and by-product handling during operations. This practice extends the useful life of materials, contributing to lower operational costs while reducing the volume of waste sent to landfills.

Outcome



At MDS Advance, raw material and by-product reuse go hand in hand. The repurposing of **egg trays and carton boxes** improved internal material usage and reduced waste sent to landfill. It **lowered procurement costs associated with disposable packaging**, supporting more resource-efficient manufacturing practices.

Environmental Commitment 2: Continuously Implementing Environmentally Responsible Manufacturing Practices

[GRI 2-23, 2-24, 3-3]

Material Matter: Water Security [GRI 303, 3-3]

Our Commitment

Although our manufacturing processes are not highly water-intensive and do not require an extensive water-management plan, the Group remains committed to reducing water consumption and improving water efficiency wherever feasible, without compromising operational effectiveness.

The Group does not manage water utility assets directly. However, it works with third-party municipal providers to ensure a reliable water supply.

Capitals:



Related Stakeholders:



Material Significance

As water security becomes an increasingly critical global concern, industries are being called to adopt responsible water management practices. Although KPS Berhad's manufacturing processes require moderate water consumption, inefficient management can lead to unnecessary costs, operational risks and potential regulatory non-compliance. With global water regulations becoming more stringent, implementing effective conservation measures to reduce water effluents and wastage and improve water efficiency is imperative. Through water conservation efforts, we aim to achieve the following aspects:

- ▶ Reduce operational costs through lower water consumption and reduced waste treatment expenses
- ▶ Minimise dependency on municipal water supply by implementing rainwater conservation initiatives where feasible
- ▶ Improve compliance with water management regulations and discharge quality standards

Water Withdrawal and Consumption in Water-Stressed Regions

While our operating facilities are not located in water-stressed areas, we remain committed to responsible water management to prevent disruptions, reduce environmental impact and support ongoing sustainability. Our facilities management approach includes minimising leakages, optimising consumption and implementing water conservation strategies to maintain operational efficiency.

Our Approach

Our efforts to safeguard the environment and promote the sustainable use of natural resources are upheld through our subsidiary companies' RBA Policy, which guides the implementation of comprehensive measures to reduce water usage, enhance water efficiency and address water-related issues responsibly. Companies with an RBA policy are expected to implement water management programmes that document, characterise and monitor water sources, usage and discharge; seek opportunities to conserve water; and control channels of contamination.

Our Water Sources

Most of our operations rely on municipal potable water as the primary source of freshwater. Our subsidiary companies operate in regions where municipal water costs remain relatively low. While financial considerations do not drive our water efficiency initiatives, we prioritise conservation as a shared responsibility with local communities.

To mitigate potential supply disruptions, all relevant subsidiary companies maintain reserve water tanks, ensuring minimal to zero interruptions to daily operations. Additionally, our facilities do not require water withdrawal for power generation. Instead, electricity needs are met through rooftop solar panels, reinforcing our commitment to sustainable energy practices.



Environmental Commitment 2: Continuously Implementing Environmentally Responsible Manufacturing Practices

[GRI 2-23, 2-24, 3-3]

Our approach focuses on four key pillars:

- ▶ Monitoring water consumption
- ▶ Identifying opportunities for efficiency improvements
- ▶ Ensure compliance with regulatory standards
- ▶ Implement rainwater harvesting to enable the collection and storage of clean rainwater for daily operations across all manufacturing subsidiary companies

▶ Reducing Reliance on Municipal Water at Toyoplas

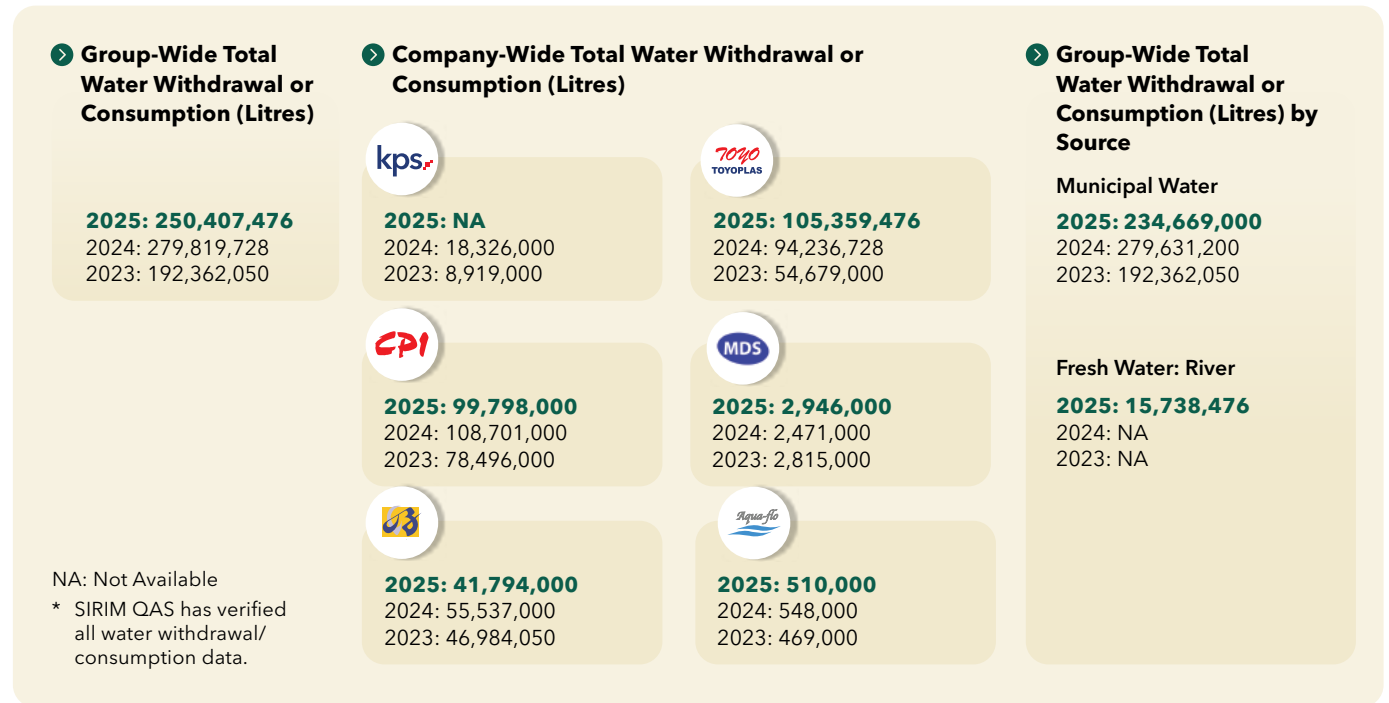
Toyoplas primarily sources its water from local utility providers. In addition, two of its manufacturing facilities utilise surface water from nearby rivers for sanitary and production purposes, namely Sungai Kulai in Johor, Malaysia. This approach helps reduce reliance on municipal water supplies and provides an alternative source, while supporting more efficient water use at the site level.

Water abstraction from the river is managed in accordance with operational requirements and applicable regulatory conditions. The facilities collaborate with a third-party service provider to measure and monitor river water withdrawal volumes. Through this arrangement, water use is managed to avoid excessive abstraction and to support responsible water management practices.

Performance Data [GRI 303-5]

KPS Berhad actively tracks and monitors water consumption across all subsidiary companies to promote responsible water management and maintain operational efficiency. Following the sale of Plaza Perangang in 2024, KPS Berhad has been unable to monitor water consumption for its corporate office, as these utility costs are now included in the rental fees for the leased office space.

The table below provides a consolidated overview of total water consumption for KPS Berhad and its subsidiary companies, covering operating facilities in Malaysia, Indonesia, China and Vietnam. Water consumption or withdrawal data is measured annually with a three-year rolling analysis conducted to track trends and identify opportunities for efficiency improvements.



Our Outlook

As environmental and regulatory expectations continue to evolve, we maintain a structured approach to managing water consumption while minimising operational disruptions. We are focused on improving water efficiency and promoting conservation across all operations.

Currently, we do not measure water discharges; however, efforts are underway to strengthen data collection processes and enhance water management practices throughout our subsidiary companies.

05

Social Well-Being

Our social commitment is anchored in driving meaningful and lasting impact for vulnerable communities, our employees and future generations. Guided by our commitment to social sustainability, we are committed to shared prosperity, safeguard human and labour rights, and cultivate resilient and empowered communities.

As a responsible corporate organisation, we are committed to reducing socio-economic inequalities while promoting an inclusive, fair and progressive society. Through our focus on social investment, human rights protection, fair labour practices, workforce development, and occupational safety and health, we strengthen business resilience and contribute to the long-term well-being of the communities we serve.

Why It Matters?

As a responsible corporate organisation, we are committed to reducing socio-economic inequalities while promoting an inclusive, fair and progressive society. Through our focus on social investment, human rights protection, fair labour practices, workforce development, and occupational safety and health, we strengthen business resilience and contribute to the long-term well-being of the employees and communities we serve.



Our approach is guided by a comprehensive framework of internal and external instruments and policies, notably:

Hotspot-Driven Operational Improvements

- United Nations Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- Ten Principles of the United Nations Global Compact

Internal Human Rights Instruments

- Code of Business Conduct and Ethics
- Anti-Bribery and Anti-Corruption Policy
- Whistleblowing Policy and Guidelines
- Sustainability Policy
- Anti-Harassment Policy
- Talent Management and Succession Planning Policy
- Safety, Health and Environment Policy
- Procurement Policy

Standards

- Supplier Code of Conduct
- Responsible Business Alliance

Social Commitment 1: Being the Champion in Addressing Socio-Economic Gaps within the Society

[GRI 2-23, 2-24, 408, 409, 413, 3-3]

Material Matters [GRI 3-2]

KPS Berhad's Social Commitment 1 is driven by one key matter:



Human Rights

Reducing disparities in access to education, employment opportunities and social mobility.

Material Matter: Human Rights

[GRI 2-23, 407, 408, 413, 3-3]

Our Commitment

While our operations are assessed to pose minimal human rights risks, our commitment extends beyond regulatory compliance. We adopt a proactive approach to engaging employees, local communities, business partners and public institutions to champion responsible business conduct and help reduce socio-economic inequalities.

As part of strengthening our governance and ethical foundation, we align our efforts with globally recognised human rights frameworks, including the United Nations Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, and the Ten Principles of the UN Global Compact. Through this alignment, we reinforce our role as a responsible corporate citizen, committed to delivering long-term social impact and ensuring that our growth contributes meaningfully to a fair, inclusive and sustainable society.

Capitals:



Related Stakeholders:



Material Significance

Without proactive intervention, gaps in access to education, employment opportunities and essential needs can widen, leading to deeper inequalities and slowing social progress. These challenges create tangible business concerns, including declining workforce engagement, reputational issues and shifting regulatory expectations that may affect operational continuity. Addressing such risks is a moral responsibility and a strategic requirement for sustaining competitiveness and strengthening organisational resilience. A consistent focus on social well-being helps us remain future-ready and aligned with the needs of the communities we serve.

Our Approach

We ensure that all human rights initiatives are consistently monitored, evaluated and strengthened by integrating human rights due diligence within our governance structures, enabling continuous improvement and accountable practices across the organisation.

➤ Oversight Responsibility for Human Rights

Ensuring respect for human rights requires active governance and continuous monitoring. Oversight responsibility is shared across multiple levels:

Sustainability Board Committee

Oversees social investment initiatives and community impact programmes.

Board Governance and Risk Committee

Oversees human rights compliance and emerging human rights risks.

Risk Management Department and Legal and Compliance Department

Provide quarterly updates to the BGRC on non-compliance risks to ensure proactive mitigation and regulatory adherence.

Subsidiary Companies

Work closely with local authorities and business partners to fulfil day-to-day responsibilities, ensuring human rights requirements, particularly those related to foreign labour, are met in compliance with regulatory expectations.

Social Commitment 1: Being the Champion in Addressing Socio-Economic Gaps within the Society

[GRI 2-23, 2-24, 408, 409, 413, 3-3]

➤ Commitment to Global Human Rights Principles

KPS Berhad's approach to human rights is grounded in the Ten Principles of the UN Global Compact ("UNGC"), which shape the Group's labour practices, environmental responsibilities, and standards of corporate integrity. These principles provide the foundation for ethical decision-making across all business activities, ensuring that responsible conduct remains central to the organisation's operations and long-term commitments.



Human Rights

Principle 1: Support and respect the protection of internationally proclaimed human rights within sphere of influence

Principle 2: Ensure businesses are not complicit in human rights abuses



Labour

Principle 3: Uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: Eliminate all forms of forced and compulsory labour

Principle 5: Abolish child labour

Principle 6: Eliminate discrimination in respect of employment and occupation



Environment

Principle 7: Support a precautionary approach to environmental challenges

Principle 8: Undertake initiatives to promote greater environmental responsibility

Principle 9: Encourage the development and diffusion of environmentally friendly technologies



Anti-Corruption

Principle 10: Work against all forms of corruption, including extortion and bribery

➤ Adherence to Key Labour and Employment Laws

KPS Berhad aligns its human rights and labour practices with Malaysia's key employment, safety, welfare and governance laws, forming a foundation for the Group's commitment to protecting workers' rights, preventing exploitation, and upholding responsible business conduct in line with national regulations and international principles.

Foundational Labour and Human Rights Compliance

- Employment Act 2023
- Industrial Relations Act 1967
- Occupational Safety and Health (Amendment) Act 2022
- Employees' Minimum Standards of Housing, Accommodation, and Centralised Accommodation Regulations 2020
- Minimum Wage Order 2025

Social Protection and Fair Treatment

- Employees' Social Security Act 1969
- Employment Insurance System Act 2017
- Employees Provident Fund Act 1991
- Minimum Retirement Age Act 2012
- Workman's Compensation Act 1952

Administrative Compliance

- Immigration Act 1959/63
- Personal Data Protection Act 2010
- Income Tax Act 1967
- National Wages Consultative Council Act 2011

Social Commitment 1: Being the Champion in Addressing Socio-Economic Gaps within the Society

[GRI 2-23, 2-24, 408, 409, 413, 3-3]

Ensuring Protection of Rights Across the Spectrum

The Group’s key instruments and policies for upholding human rights include the Code of Business Conduct and Ethics (“COBE”), Sustainability Policy and Whistleblowing Policy and Guidelines. These foundational documents define the Group’s commitments and standards for respecting and protecting human rights across all operations. They are aligned with internationally recognised frameworks such as the United Nations Guiding Principles (“UNGP”) on Business and Human Rights, the Universal Declaration of Human Rights (“UNHR”), the Ten Principles of the UNGC, the International Labour Organisation (“ILO”)’s Fundamental Principles and Rights at Work, as well as all applicable legal and regulatory requirements within the Group’s operating environments.

Code of Conduct and Business Ethics

The COBE serves as KPS Berhad’s principal ethical framework guiding behaviour across the Group. It outlines expectations for all employees and business partners to uphold integrity, professionalism and responsible conduct. The COBE covers:

- Respectful and safe workplace conduct
- Prohibition of discrimination and harassment
- Occupational safety and environmental responsibilities
- Ethical business behaviour, including anti-corruption and compliance
- Responsible engagement with stakeholders

These standards help ensure a culture of respect, fairness and lawful conduct throughout all operations.

Sustainability Policy

The Sustainability Policy provides the overarching principles that guide the Group’s environmental, social and governance commitments. The policy:

- Embeds sustainability into business culture and decision-making
- Aligns with the UNSDGs, Bursa Malaysia’s Sustainability Reporting Guide, GRI Standards, FTSE Russell indicators, and IFRS S1 and S2
- Ensures governance structures (SBC, BGRC, IRSC) monitor sustainability performance
- Aims to create long-term stakeholder value while limiting negative impacts on people and the planet
- Commits the Group to responsible corporate citizenship, innovation and continuous improvement

The policy ensures sustainability is institutionalised and consistently applied across the Group.

Whistleblowing Policy and Guidelines

The Whistleblowing Policy and Guidelines provide a secure mechanism for employees, vendors and external parties to report suspected misconduct, unethical behaviour, or breaches of the COBE or legal requirements. The Group ensures that it:

- Protects whistleblowers’ confidentiality and identity
- Ensures reports are handled with integrity, impartiality, and without retaliation
- Supports early detection of wrongdoing, fraud, abuse of power and non-compliance
- Reinforces transparency and accountability within the organisation

This policy strengthens governance by enabling the proactive identification and management of risks related to ethics and compliance.

Social Commitment 1: Being the Champion in Addressing Socio-Economic Gaps within the Society

[GRI 2-23, 2-24, 408, 409, 413, 3-3]

➤ Human Rights and Labour Rights Risk Assessment

Each subsidiary company is expected to conduct regular audits to identify and address risks related to workers' rights and welfare. KPS Berhad proactively evaluates potential human rights risks, with assessments primarily focused on:

- Foreign labour practices, particularly accommodation and working conditions
- Safety and health standards across the operations of subsidiary companies

In 2025, CPI conducted a dedicated human rights assessment to strengthen oversight and reinforce responsible practices within its operations. Building on this approach, KPS Berhad has integrated human rights and labour-rights risk assessments into all future acquisitions and new projects as part of its due diligence process, ensuring early identification and mitigation of potential risks.

➤ Communicating Human Rights to Employees

KPS Berhad prioritises human rights education for all employees to promote awareness and strengthen alignment across the organisation. The Group works closely with the HRD teams of subsidiary companies to deliver targeted training and awareness sessions covering:

- Prevention of forced labour and unfair treatment
- Updates on relevant laws, stakeholder expectations, and compliance requirements

Communication platforms such as town halls, employee engagement sessions, and policy briefings ensure employees clearly understand their rights and responsibilities. This approach empowers employees to recognise, report and help prevent human rights violations within the organisation and its wider value chain.

➤ Ensuring Ethical Labour Practices across Operations and Supply Chains [GRI 408-1, 409-1, 2-27]

KPS Berhad's human rights commitments extend beyond its direct operations to its subsidiary companies and supply chains, ensuring responsible employment practices at every level. This includes the following measures:

- The Group prohibits child labour and forced labour across its entire workforce and supplier network, including operations overseas
- Compliance with the RBA policy further reinforces ethical labour standards, particularly within subsidiary companies such as Toyoplas, CPI and CBB
- Subsidiary companies conduct regular assessments on contractors, suppliers and vendors to verify that workers are employed voluntarily and treated under fair and safe working conditions



2025 Key Achievements



ZERO

human rights violations were reported during the reporting period, including incidents related to child labour or forced labour, reflecting the effectiveness of the Group's monitoring and compliance processes.

Social Commitment 1: Being the Champion in Addressing Socio-Economic Gaps within the Society

[GRI 2-23, 2-24, 408, 409, 413, 3-3]



Impact Story: Strengthening Human Rights Awareness across the Workplace and Value Chain

Overview

Heightened stakeholder expectations, particularly from regulators and customers, require companies to proactively address human rights risks such as forced labour, unfair treatment, and inadequate worker protections. To ensure employees understand their responsibilities in preventing human rights breaches, KPS Berhad identified the need for a Group-wide capacity-building initiative. This initiative aimed to enhance awareness, strengthen risk identification and ensure consistent implementation of human rights principles across operations and the wider value chain.

Initiative

In 2025, KPS Berhad conducted a dedicated human rights training programme titled "Human Rights in the Business Workplace and Value Chain," delivered by the appointed training provider. Key components of the initiative included:

Primary focus is to guide employees on the identification, management and reporting of human rights risks.

Practical guidance on Malaysia's Employment Act and relevant national frameworks relating to labour and human rights.

Integration of due diligence principles, equipping participants to embed human rights considerations into procurement, supplier screening and day-to-day operations.

Cross-subsidiary company participation, ensuring consistent awareness across different business operations and dynamics.

Outcome



Employees gained clearer awareness of their rights and responsibilities, enabling them to **recognise early indicators of forced labour, discrimination or unfair treatment.**



The programme reinforced the Group's approach to **conducting human rights and labour rights assessments** across its operations and in upcoming acquisitions.



Employees are now better equipped to **evaluate human rights risks among contractors, suppliers, and migrant labour partners** across the value chain.

Social Commitment 1: Being the Champion in Addressing Socio-Economic Gaps within the Society

[GRI 2-23, 2-24, 408, 409, 413, 3-3]

Empowering Communities and Advancing Sustainable Futures through Social Investment [GRI 413-1]

Our social investment initiatives are designed to empower individuals, uplift communities, and strengthen long-term socio-economic resilience. Through a strategic and forward-looking approach, each initiative delivers lasting improvements in education, economic opportunity, and overall community well-being. In shaping these initiatives, we also consider salient human rights issues, particularly those related to equal access to education, including STEM fields, and poverty-related challenges, that influence livelihoods across communities and industries. These insights enable us to design interventions that are relevant, impactful and responsive to societal needs.

This commitment is guided by a comprehensive Social Investment Framework, shown below, which outlines our key focus areas and ensures that our initiatives deliver meaningful, measurable and sustainable outcomes.

The Framework: Creating Impact



Educational Development



To assist in the development of the talent and skills of targeted stakeholders

- Promoting creativity and a disciplined thought process
- Addressing the gap in the education system today in preparation for future needs



Entrepreneurial Development



To assist in the promotion and enablement of business opportunities

- Enhancing vocational skills and business projects that elevate socio-economic status
- Promoting inclusive economic growth for members of the society



Community Development



To assist in the enhancement of social progress and stakeholders' development

- Embracing social development
- Enriching the progress of communities
- Enhancing inclusive development and well-being



Environment, Safety and Health



To assist in the improvement of the quality of life and care for the environment

- Ensuring environmental sustainability through innovation and partnership
- Promoting and nurturing a safe and healthy lifestyle

Through close collaboration with external stakeholders, particularly non-government organisations and community-based partners, we expand our outreach and enhance the impact of our social investment programmes. Each initiative reflects the Group's core belief that businesses flourish when the communities around them prosper. Our efforts also shed light on sustainability issues such as affordable and clean energy, inclusivity, quality education and economic growth, reinforcing our commitment to creating long-term, meaningful impact.



Highlights

More than
RM3.8 million
was invested in social
investment initiatives

2,852.3
employee volunteer hours
were dedicated to social
causes

260
partnerships were established
with government bodies and
NGOs

214,834
beneficiaries were positively
impacted

Recorded an improved
average SROI of
6.2 times

Social Commitment 1: Being the Champion in Addressing Socio-Economic Gaps within the Society

[GRI 2-23, 2-24, 408, 409, 413, 3-3]

Measuring Social Return on Investment

Since 2022, KPS Berhad has applied the SROI methodology to evaluate the effectiveness and long-term value of its social investment initiatives. By 2025, this approach will have been further embedded across the Group’s flagship and supporting programmes, enabling the Group to measure outcomes beyond traditional metrics such as financial inputs, beneficiary counts, or activity-level reporting.

The SROI methodology provides deeper insight into systemic, indirect and sustained changes, capturing the broader socio-economic value created for communities, beneficiaries and stakeholders. Programmes assessed using the SROI methodology include the KPS Berhad Celik Initiative, Caregiver Programme, ACT-I, and the *Rumah Ibadat Hijau* initiative.

Although the internally validated 2025 SROI assessments provided useful insights into programme impacts, the decisions on sustaining, scaling or refocusing social investments are informed by a broader set of considerations, including business priorities, community needs, emerging social challenges and alignment with the Group’s strategic direction.

As such, SROI serves as an important decision-support tool guiding KPS Berhad’s commitment to pursuing high-impact social investments that generate sustainable, long-term value while strengthening the Group’s responsibility to the communities it serves.



KPS Berhad ACT-I Anti-Corruption Roadshow 2.0 reaches over 5,000 students across Penang, Johor and Selangor.

Social Commitment 1: Being the Champion in Addressing Socio-Economic Gaps within the Society

[GRI 2-23, 2-24, 408, 409, 413, 3-3]



Educational Development

We remain committed to nurturing children’s rights by expanding access to quality education and empowering future generations to reach their full potential. Our initiatives focus on shaping ethical values, improving literacy, developing essential soft skills, enhancing self-esteem and fostering systematic and critical thinking.



Impact Story: KPS Berhad Celik Initiative Empowering Future STEM Leaders

Overview

As Malaysia aims to increase STEM enrolment to 60% to meet the growing demand for talent in science, technology, engineering and mathematics, many students, particularly those from *Asnaf* and underprivileged backgrounds, continue to face significant barriers. Limited exposure, lack of resources, and minimal hands-on learning opportunities often reduce interest in STEM fields, affecting the nation’s ability to develop a future-ready workforce.

KPS Berhad Celik Initiative for Flagship Status

To help bridge this gap, the KPS Berhad Celik Initiative is a structured coaching and training programme designed to spark interest in STEM education among the *Asnaf* and underprivileged secondary school students. As the programme enters its fourth year, key components, such as centralised Internet of Things (“IoT”) and engineering design process workshops, as well as prototype-building challenges, have been incorporated to provide hands-on learning opportunities that encourage students to apply STEM concepts to real-world problems.

Since its inauguration in 2022, the KPS Berhad Celik Initiative has emerged as the strongest contender for designation as the Group’s flagship programme, driven by its ability to deliver measurable social impact, enhance brand visibility, and reinforce KPS Berhad’s long-term social commitments. With an impressive SROI of 1.5 times in 2024, the initiative has clearly demonstrated that every ringgit invested yields significant social value, underscoring its effectiveness and meaningful impact.

In 2025, the programme expanded into an additional four states, bringing its overall coverage to Selangor, Negeri Sembilan, Kedah, Perak, Johor, Terengganu, Pahang, and Pulau Pinang. This expansion positions KPS Berhad as a strong advocate for inclusive, future-ready education while strengthening alignment with the Company’s vision, values, and supported UNSDGs.



By emphasising practical STEM exposure, hands-on learning and critical problem-solving skills among students in under-represented state districts, the KPS Berhad Celik Initiative creates long-term opportunities that enhance academic readiness, build confidence and open pathways to future advancement. This further affirms its role as a signature programme supporting nation-building and societal progress.

Strategic Collaboration

The success of the KPS Berhad Celik Initiative is strengthened by two key strategic partners whose expertise and national presence enhance the programme’s impact.



The Ministry of Education provides guidance and access to schools in under-represented states, ensuring the initiative reaches the communities that need it most.



The science centre delivers high-quality STEM workshops and experiential learning modules that bring the programme’s objectives to life.

Social Commitment 1: Being the Champion in Addressing Socio-Economic Gaps within the Society

[GRI 2-23, 2-24, 408, 409, 413, 3-3]

Programme Implementation

The 2025 KPS Berhad Celik Initiative was implemented through a structured, multi-phase framework designed to ensure broad participation, strong STEM learning outcomes and consistent delivery across eight states. Throughout the programme, students received direct, on-site support, including technical guidance, hands-on mentorship, troubleshooting assistance and motivational encouragement, ensuring continuous, practical and meaningful learning at the school level.

School Identification and Participant Selection	Districts with low STEM participation were identified to enable targeted outreach to under-represented areas. Selected schools submitted proposal ideas, from which 62 teams were shortlisted.
Teachers' Onboarding Session	Established clarity on expectations, timelines, technical modules and school responsibilities. Teachers were equipped to guide and support student teams throughout the programme.
Centralised IoT and Engineering Design Workshops	Centralised workshops involving four students and one teacher per team introduced students to IoT fundamentals, Arduino applications, and engineering design thinking, forming the backbone of the programme's technical learning component.
8-Week Project Development Phase	During this phase, students applied technical concepts to real-world challenges by building and refining IoT-based solutions, marking the transition from guided learning to independent prototype development.
State-Level Semi-Finals (Judging Roadshow)	Semi-final judging was conducted across all eight states. Panels comprising judges from KPS Berhad, the Ministry of Education, and Petrosains ensured credible assessment and standardised evaluation.
Bootcamp and Presentation Clinic	The top nine teams advanced to an intensive bootcamp focused on presentation and pitching skills, helping refine project narratives and prepare teams for the national stage competition.
Grand Finale and Awards Ceremony	The Grand Finale showcased prototypes from the top nine teams, judged by representatives from KPS Berhad, Ministry of Education and Petrosains. Media coverage and stakeholder participation enhanced brand visibility and celebrated student achievements.
Stakeholder Feedback	Feedback highlighted positive perceptions of IoT integration and mentoring support, while identifying opportunities to further strengthen the programme for 2026.

Media Highlight

The 2025 KPS Berhad Celik Initiative has received extensive media visibility across national platforms, strengthening its position as a leading STEM empowerment programme for Malaysians. Coverage across both mainstream and non-mainstream channels highlighted the initiative's commitments, aspirations, execution strategies and the impact it has created. These features also reflect the programme's growing national prominence and its role in nurturing future-ready talent through STEM education.



Radio coverage



Newspaper and online articles



National television coverage



KPS Berhad Celik Initiative empowers lower secondary students to present solutions and prototypes during the Grand Finale.

Social Commitment 1: Being the Champion in Addressing Socio-Economic Gaps within the Society

[GRI 2-23, 2-24, 408, 409, 413, 3-3]



Students demonstrate their prototypes during the KPS Berhad Celik Initiative final showcase.



A KPS Berhad employee provides guidance to students on STEM prototype development.



Key Impacts in 2025

RM620,036

invested in the KPS Berhad Celik Initiative

Encouraged students to pursue science streams in Form 4, **expanding their future opportunities**

Supported academic performance and learning outcomes in STEM-related subjects

Provided a platform for students to test their **creativity, apply skills, and build confidence**

Reached more than **100,000** students

62 teams from **46** secondary schools across eight states participated

62 IoT-related prototypes created

Achieved an SROI of **2.5** times, demonstrating strong value creation

Received national recognition, with the Ministry of Education designating KPS Berhad Celik Initiative as a **National-Level Co-Curricular programme**

Social Commitment 1: Being the Champion in Addressing Socio-Economic Gaps within the Society

[GRI 2-23, 2-24, 408, 409, 413, 3-3]



Impact Story: KPS Berhad ACT-I Instilling Integrity among Future Generations

Overview

Introduced in 2024, the KPS Berhad ACT-I initiative was developed to reinforce high standards of integrity while supporting national efforts to combat bribery and corruption. Recognising the importance of cultivating ethical values early, the programme focuses on nurturing accountability, integrity and responsible citizenship among lower secondary school students.

KPS Berhad ACT-I aligns with Malaysia’s anti-corruption framework, including the Malaysian Anti-Corruption Commission (“MACC”) Act 2009 and the associated Guidelines on Adequate Procedures (Trust, Transparency and Accountability). Through this initiative, KPS Berhad extends the principles of good governance beyond the corporate environment into the school ecosystem, helping to cultivate ethical awareness and integrity among young Malaysians.





Strategic Collaboration

Collaboration is central to the impact of the KPS Berhad ACT-I’s programme. KPS Berhad partnered with Rasuah Busters, a grassroots movement dedicated to combating corruption and advocating ethical conduct in Malaysia.

Programme Implementation

In 2025, KPS Berhad expanded the ACT-I programme to locations where the subsidiary companies operate, engaging five schools in the Klang Valley, two in Penang, and two in Johor. The initiative focused on delivering hands-on activities to strengthen students’ understanding of integrity and reinforce the practical, real-life application of ethical principles.

The programme components included:

-  Interactive learning sessions
-  Knowledge-sharing discussions
-  Integrity-themed quizzes
-  Student integrity pledge

Participated Schools:

Klang Valley

- Sekolah Menengah Kebangsaan (“SMK”) Saujana Utama, Sungai Buloh
- SMK Sultan Salahuddin Abdul Aziz Shah Shah Alam
- SMK Seksyen 18, Shah Alam
- SMK TTDI Jaya Shah Alam
- SMK Subang Utama

Johor

- SMK Bandar Putra 2 Kulai
- SMK Tunku Abdul Rahman Kulai

Penang

- SMK Mutiara Impian
- SMK Raja Tun Uda

Media Highlight

KPS Berhad’s dedication to promoting integrity among Malaysian youth gained national visibility when the KPS Berhad ACT-I initiative was featured on Astro Awani and Sinar Harian. During the segment, representatives from KPS Berhad highlighted the programme’s expansion in 2025 compared to its inaugural implementation in 2024, demonstrating its broader outreach and growing impact. The discussion also emphasised KPS Berhad’s holistic approach to integrity building, extending beyond conventional corporate governance practices towards a community-centric model that engages school communities, civil society partners and young Malaysians in meaningful anti-corruption awareness.



Key Impacts in 2025

RM99,692
invested

Reached **5,202** students and **85** teachers from nine secondary schools across the Klang Valley, Johor and Penang

Achieved SROI of **14.7** times

Social Commitment 1: Being the Champion in Addressing Socio-Economic Gaps within the Society

[GRI 2-23, 2-24, 408, 409, 413, 3-3]



Impact Story: KPS School Aid Initiative Supporting Education through Essential Supplies

Overview

Introduced in 2022, the KPS Berhad School Aid Initiative continued in 2025 to support *Asnaf* and underprivileged students by providing essential educational materials, enabling them to pursue their studies with confidence and dignity. This initiative aims to ease schooling costs for low-income families while promoting a more inclusive and equitable learning environment where no child is left behind.

Strategic Collaboration

In collaboration with Canggih Malaysia, the service provider of school uniforms and essential supplies, KPS Berhad distributed the essential items directly to students through coordinated on-the-ground efforts. The Group also worked with the respective State Education Departments of Selangor, Penang and Johor to identify and select deserving schools within the areas where it operates, ensuring assistance reached those who needed it most.

Programme Implementation

Under this initiative, school uniforms, socks and shoes were distributed to students across six schools in the Klang Valley, two schools in Penang, and two more in Johor, ensuring they were equipped with proper attire for daily learning.

The participating schools included:

Klang Valley

- Sekolah Kebangsaan Taman Sri Muda
- Sekolah Kebangsaan Taman Sri Muda 2
- Sekolah Kebangsaan Bukit Kemuning 2
- Sekolah Kebangsaan Kampung Jawa 2
- Sekolah Jenis Kebangsaan (Cina) Subang
- Sekolah Jenis Kebangsaan (Tamil) HICOM

Johor

- Sekolah Kebangsaan Senai
- Sekolah Kebangsaan Senai 2

Penang

- Sekolah Kebangsaan Tasik Permai
- Sekolah Kebangsaan Permatang Damar Laut



Key Impacts in 2025

RM115,000
invested

Reached **1,000** students
from **10** primary schools in the
Selangor, Johor and Penang states



Students from SK Taman Seri Muda receives school supplies under the KPS Berhad School Aid Initiative.

Social Commitment 1: Being the Champion in Addressing Socio-Economic Gaps within the Society

[GRI 2-23, 2-24, 408, 409, 413, 3-3]



Impact Story: Graduate Attainment Programme and Internship Placement

Overview

Fresh graduates often face challenges in securing meaningful employment due to limited industry exposure and a lack of job-ready skills. To address this challenge, KPS Berhad introduced the Graduate Attainment Programme ("GAP") in 2020, a structured career development initiative designed to equip young graduates with essential competencies while strengthening the Group's talent pipeline.

Programme Implementation

GAP combines hands-on learning with guided mentorship to enhance employability and nurture a skilled, future-ready workforce. The programme comprises two core components:



Industrial Attachment (Internship)

Offers students and fresh graduates the opportunity to gain real-world exposure in professional environments over a period of six months. Through immersive work experience, participants develop foundational skills and gain a clearer understanding of industry expectations.



Industrial Placement (Graduate Attainment Programme)

Designed as a structured career pathway, this component supports selected candidates in developing job-specific competencies. Participants undergo professional development activities over a period of six to 12 months, building the capabilities required for long-term career growth.



Key Impacts in 2025



Industrial Placement (Graduate Attainment Programme)



Social Commitment 1: Being the Champion in Addressing Socio-Economic Gaps within the Society

[GRI 2-23, 2-24, 408, 409, 413, 3-3]



Entrepreneurial Development

Entrepreneurship plays an important role in strengthening communities by creating sustainable income streams and reducing economic dependency. Small business opportunities uplift families and empower unemployed individuals, single mothers and persons with physical challenges to achieve financial independence. Recognising this, we are committed to supporting the development of viable businesses and equipping underprivileged communities with entrepreneurial skills, helping them build sustainable livelihoods while fostering a more inclusive and resilient society.



Impact Story: KPS Berhad Caregiver Developing a Skilled Workforce for Aged Care

Overview

As Malaysians live longer and birth rates decline, the nation is rapidly transitioning into an ageing society. However, support systems, particularly the availability of qualified caregivers, have not kept pace. Many families struggle to provide adequate care for elderly relatives due to urban lifestyles and career demands, making professional caregiving an essential yet underdeveloped sector.

To address this challenge, the KPS Berhad Caregiver Initiative, introduced in 2019, equips underprivileged and *Asnaf* communities with essential skills in elderly and disability care. The programme provides structured professional training to develop a skilled caregiving workforce capable of meeting Malaysia's rising demand for aged-care services.

As more trained caregivers enter the workforce, the availability and quality of aged care continue to improve, providing much-needed support to families, healthcare institutions, and assisted living facilities. At the same time, participants gain sustainable income opportunities, leading to financial independence and long-term career stability.



A KPS Berhad caregiver candidate completes practical training at a welfare home.

Strategic Collaboration

KPS Berhad collaborated with Cality Care Malaysia ("Cality Care"), a professional service provider offering comprehensive training and capacity-building modules for aspiring caregivers. Through this partnership, participants received structured instruction, practical guidance and industry-aligned skills to prepare them for employment in the caregiving sector. In addition, Cality Care works closely with nursing companies and hospitals to facilitate job placements, ensuring that trained caregivers have clear pathways into the workforce.

Programme Implementation

Participants from across Malaysia, including Terengganu, Malacca, Selangor, Sabah, and Sarawak, were selected through interview sessions before undergoing specialised training to prepare them for employment in care settings such as private homes, hospitals and assisted living centres. The programme focused on equipping young participants aged 18 to 35 with essential competencies in elderly care, including basic caregiving skills, medication management, personal hygiene support, nutrition and dementia care.

Conducted in collaboration with Cality Care, the programme further strengthened its credibility by attaining the Sijil Kemahiran Malaysia (SKM) or Malaysian Skills Certificate Level 3 accreditation from the Jabatan Pembangunan Kemahiran (Skills Development Department). This recognition significantly enhances the employability and career prospects of its graduates. To enable the participants to fully commit to their learning journey, KPS Berhad provided comprehensive support covering accommodation, training allowances and daily necessities, allowing trainees to focus on developing their caregiving skills.

Social Commitment 1: Being the Champion in Addressing Socio-Economic Gaps within the Society

[GRI 2-23, 2-24, 408, 409, 413, 3-3]

Media Highlight

The KPS Berhad Caregiver Programme received nationwide news coverage highlighting its expanding impact as a social initiative supporting *Asnaf* and underprivileged communities. Reports also recognised KPS Berhad's proactive role in supporting Malaysia's preparation to become an aged nation by 2030, particularly through developing a locally trained caregiving workforce. The coverage further emphasised the programme's social and economic contributions, including enabling participants to secure meaningful employment, reducing the country's reliance on foreign caregivers, and fostering a more sustainable, community-driven aged-care ecosystem.



Suzila Khairuddin presents a Caregiver Training Completion Certificate to one of the participants.

Key Economic Impacts

Addresses the nationwide shortage of qualified caregivers.

Creates new employment opportunities and improves the socio-economic status of *Asnaf* and underprivileged communities.

Since 2019, 286 candidates (87%) secured jobs earning between RM1,500 and RM2,000 per month, primarily in healthcare service and food and beverage industries.

32 candidates (9.7%) now earn over RM2,000 per month as professional caregivers, working with partners in nursing homes across Klang Valley, Melaka and Penang.

Two participants successfully transitioned into entrepreneurship, establishing their own caregiving services and generating an average monthly income of RM4,500 by coordinating caregiving services.

Key Social Impacts

The programme has maintained a **100%** completion rate each year since 2019, with all **327** participants completing their training.

Increased household income for **245** families.

Over **300** elderly individuals have received professional care through the initiative's annual community service events from 2019 to 2025.



Key Impacts in 2025

RM441,910
invested

All participants earn a monthly income of more than **RM1,500**, with 78 earning between RM1,500 and RM2,000 and four earning over **RM2,000**

Achieved SROI of **4.0** times

Social Commitment 1: Being the Champion in Addressing Socio-Economic Gaps within the Society

[GRI 2-23, 2-24, 408, 409, 413, 3-3]



Community Development

We are committed to strengthening communities by fostering diversity and inclusion through initiatives that enhance quality of life, provide essential support, and create meaningful pathways for social progress. These programmes address multiple facets of community well-being, ranging from strengthening food security for underprivileged families to expanding opportunities for young school athletes through sports and recreational development.



Impact Story: Festive Food Box Aid

Overview

Financial constraints often prevent underprivileged families from fully participating in festive celebrations. To help ease this burden, KPS Berhad collaborates with NGOs to distribute food boxes during major festive seasons, ensuring that *Asnaf* and underprivileged communities, regardless of race or religion, can celebrate with pride and dignity. This support helps reduce financial pressures on vulnerable families, enabling them to allocate their limited resources more effectively to meet ongoing household needs.

Ramadan and Eid al-Fitr (*Hari Raya Aidilfitri*)

During *Ramadan*, KPS Berhad distributed *Bubur Lambuk* (porridge) and food boxes to *Asnaf* and underprivileged communities across mosques, neighbourhoods, and welfare homes, supporting 830 families.

Chinese New Year

In conjunction with the Chinese New Year celebration, KPS Berhad distributed food boxes to 50 vulnerable families in Kerling, Hulu Selangor, easing their festive expenses.

Deepavali

During Deepavali, KPS Berhad distributed 77 food boxes to underprivileged families at Taman Kem, Port Klang, Selangor. The support benefitted Indian households celebrating the Festival of Lights, and families from other racial and religious backgrounds facing financial hardship.



Key Impacts in 2025



Contributed

RM135,000



More than

3,800

 beneficiaries


Post-Deepavali food basket contribution to one of the beneficiaries.

Social Commitment 1: Being the Champion in Addressing Socio-Economic Gaps within the Society

[GRI 2-23, 2-24, 408, 409, 413, 3-3]

Philanthropy and Corporate Donations

Beyond its structured social investment programmes, KPS Berhad also provides philanthropic support through both financial and non-financial contributions, including monetary aid, donations, and employee-led volunteer activities. Beneficiaries range from schools and religious institutions to underprivileged communities and individuals affected by natural disasters.



KPS Berhad employees volunteer during the KPS Berhad School Aid Initiative.

List of One-Off Donations

Education and Youth Development

- *Persatuan Ibu Bapa dan Guru* ("PIBG") SMK Sains Hulu Selangor
- PIBG Sekolah Kebangsaan ("SK") Felda Purun
- PIBG SMK TTDI Jaya
- PIBG Sekolah Sultan Alam Shah
- PIBG Sekolah Jenis Kebangsaan (Tamil) Hicom
- PIBG Taman Sri Muda 2
- SK Bandar Tun Hussein Onn
- Universiti Teknologi MARA
- PIBG SK Sungai Binjai
- PIBG SMK Seksyen 18
- PIBG SK Bandar Baru Bangi
- PIBG Kolej Tingkatan Enam Shah Alam
- Actuarial Case Excellence Competition (ACEC) - Universiti Teknologi MARA
- Persatuan Pendidikan Khas Sepang
- Sekretariat Rukun Negara - Universiti Selangor

Religious, Community Welfare and Social Support

- Mercy Mission Malaysia
- Pertubuhan Sahabat Siap Siaga Malaysia
- Pertubuhan Generasi Keprihatinan Ummah Malaysia
- Lembu Korban - Bendahari Negeri Selangor

Employee Involvement in Social and Religious Activities

KPS Berhad encourages employee-driven social engagement through religious and community activities, fostering workplace unity, well-being, and a shared sense of responsibility towards the communities they serve.



Key Impacts in 2025



Contributed
RM45,359

List of Activities Employees are Involved in:

Qiamullail Perdana 1446H

- 131 staff and family members participated in Mardhiyyah Hotel, Shah Alam

Weekly Tazkirah

Majlis Khatam Al-Quran (Al-Quran completion ceremony)

Majlis Meraikan Bakal Haji (ceremony to celebrate the upcoming haj)

School Aid Support for Children of KPS Berhad Staff

Social Commitment 1: Being the Champion in Addressing Socio-Economic Gaps within the Society

[GRI 2-23, 2-24, 408, 409, 413, 3-3]

Sports Development

Sports play an important role in shaping character, promoting teamwork, and encouraging active lifestyles among young people. Recognising the value of sports in youth development, KPS Berhad supports grassroots programmes that provide opportunities for school children and young athletes across Selangor.

However, many aspiring footballers face limited opportunities to compete at higher levels and gain exposure to professional pathways. Financial constraints also limit the sustainability of grassroots programmes, particularly for youths from underprivileged backgrounds. To support young talent and strengthen the local football ecosystem, KPS Berhad has been a long-standing supporter of two youth tournaments in Selangor:



Piala DYT M Raja Muda Selangor

A state-level football competition for primary school students held in honour of His Royal Highness Sultan Sharafuddin Idris Shah. The tournament develops promising under-12 players, many of whom progress to represent Selangor and the nation at higher competitive levels.



Piala Dato' Mokhtar Dahari

A tournament for under-18 secondary school players that provides a crucial progression point into professional clubs and football academies.

Key Social Impacts

Young athletes develop discipline, resilience and teamwork skills that benefit them academically and personally.

Scouts from clubs and academies regularly attend to identify promising players and create pathways for professional development.

Schools and communities come together, strengthening local unity through participation in state-level competitions.



SMK Meru wins the 2025 Piala Dato' Mokhtar Dahari Cup at Stadium MBPJ.



SK Seksyen 20 and SK Seri Pristana compete in the Piala DYT M Raja Muda Selangor final.



Key Impacts in 2025

Piala DYT M Raja Muda Selangor

RM100,000
contributed

RM1,000,000
cumulative contribution since 2014

640 players from **32** qualified schools participated in the Under-12 tournament

Piala Dato' Mokhtar Dahari

RM125,000
contributed

RM1.4 million
cumulative contribution since 2014

640 players from **32** secondary school teams competed in the Under-18 championship

Social Commitment 1: Being the Champion in Addressing Socio-Economic Gaps within the Society

[GRI 2-23, 2-24, 408, 409, 413, 3-3]



Environment, Safety and Health

We recognise environment, safety and health (“ESH”) as core pillars guiding our operational practices and community contributions. We remain committed to advancing environmental stewardship, nurturing spiritual and emotional well-being, and promoting healthier lifestyle practices. Through these efforts, we aim to cultivate a safer, more sustainable and holistic living environment for individuals and communities.



Impact Story: KPS Berhad's *Rumah Ibadat Hijau* Initiative

Overview

In 2025, KPS Berhad participated in the *Rumah Ibadat Hijau* programme, an initiative to improve environmental practices at a local mosque in Selangor through energy efficiency, water conservation and responsible waste management.

As spaces of worship, learning and community interaction, mosques play an important role in local communities. Through this initiative, KPS Berhad supports efforts to promote environmental awareness and practical sustainability practices among congregants and surrounding communities. In Malaysia, mosques play an important social role but often face issues such as:

- High utility costs
- Underutilised community spaces
- Limited access to renewable energy solutions

This initiative focuses on educating the mosque community on environmental stewardship through awareness and practical actions, including:

- Adopting energy-saving habits
- Practising responsible domestic waste management
- Conserving water in daily routines
- Supporting eco-friendly products and green consumption habits

Strategic Collaboration

The initiative was implemented through collaboration with key stakeholders, including NGOs, the Department of Environment (“DOE”), the Malaysian Green Technology Corporation (“MGTC”), and the Ministry of Natural Resources and Environmental Sustainability (“NRES”). These partnerships provided technical guidance and ensured that the project aligned with national sustainability goals.

KPS Berhad also worked closely with a public university, a specialised farming department, and a professional service provider to execute the initiative effectively. This multi-disciplinary collaboration brought together expertise in green technology, sustainable agriculture, environmental management and community development, enabling practical, measurable and long-lasting benefits for the mosque and the surrounding community.



One of the community activities held around Masjid Al-Awwabin, Bestari Jaya.

Social Commitment 1: Being the Champion in Addressing Socio-Economic Gaps within the Society

[GRI 2-23, 2-24, 408, 409, 413, 3-3]

Programme Implementation

For 2025, KPS Berhad selected *Masjid Al-Awwabin*, Bestari Jaya, for the Sustainable Place of Worship and Community initiative. The mosque was upgraded through a structured, multi-phase approach that included technical upgrades, environmental initiatives, and community engagement. The programme combined infrastructure improvements with educational and sustainability-driven programmes, enabling the mosque to serve as a practical model for environmental stewardship and community empowerment.

Sustainability-Driven Infrastructure Upgrades	Key Activities
Solar PV System Installation	<ul style="list-style-type: none"> 20 units of solar panels installed Operational training for mosque committee members
Rainwater Harvesting System	<ul style="list-style-type: none"> Two tanks, totalling 4,546 litres installed Water channelled for community garden and general mosque use
Greenhouse / Rain Shelter Farm	<ul style="list-style-type: none"> A 40ft x 100ft hydroponic greenhouse constructed Capacity for 816 hydroponic plant pots
Water and Energy Efficiency Upgrades	<ul style="list-style-type: none"> Installation of 45 water-efficient taps Replacement with 54 LED lights

Sustainability-Driven Programmes	Key Activities
Capacity Building and Awareness	<ul style="list-style-type: none"> Sustainable development orientation session Workshops on recycling, energy saving and water conservation
Agricultural Training	<ul style="list-style-type: none"> Practical hydroponic farming training Seedling workshop for Golden Melon cultivation
Social Support Activities	<ul style="list-style-type: none"> "Back to School" assistance for low-income households Composting workshops STEM-related activities for children
Gotong-Royong and Volunteer Activities	<ul style="list-style-type: none"> Mosque cleaning Repainting of mosque walls <i>Kutip Sampah Sambil Riadah</i> (K.U.D.A.H) or Recycling walk

After the project was completed, it entered a structured monitoring and evaluation phase to measure its effectiveness and long-term impact. Monthly tracking was conducted to assess energy savings resulting from the solar installation and efficiency upgrades, while the hydroponic greenhouse's productivity was monitored on a cycle-by-cycle basis to evaluate agricultural output. In addition, both the social and economic outcomes of the initiative were reviewed, ensuring that the project not only delivered environmental benefits but also strengthened community well-being and generated sustainable livelihood opportunities.

Media Highlight

The initiative gained national attention through coverage on Astro Awani, highlighting KPS Berhad's leadership in environmental stewardship and community development. The feature showcased how the project successfully transformed the mosque into a sustainability hub through the installation of solar panels, efficient water management systems, and a hydroponic farming facility. The coverage emphasised the project's impact in reducing operational costs, generating local economic opportunities, and enhancing environmental awareness among the community.

Future Focus

Following the successful implementation of the *Rumah Ibadat Hijau* initiative, KPS Berhad has concluded the programme as part of a strategic realignment of the Group's social investment priorities. This realignment enables the Group to focus on initiatives that deliver more direct, measurable and scalable impact aligned with the UNSDGs, particularly SDGs 8 (decent work and economic growth), 12 (responsible consumption and production) and 13 (climate action).

Moving forward, KPS Berhad will prioritise programmes that support key communities, particularly *Asnaf* and underprivileged groups, where targeted interventions can generate impactful socio-economic outcomes. Established flagship programmes such as the KPS Berhad Celik Initiative will continue, while new initiatives under the Environment, Safety and Health pillar will be evaluated to ensure alignment with community needs and long-term impact. This strategic shift enables the Group to optimise resources, strengthen social value creation, and enhance the effectiveness of its community investments.

Social Commitment 1: Being the Champion in Addressing Socio-Economic Gaps within the Society

[GRI 2-23, 2-24, 408, 409, 413, 3-3]

Key Economic Impacts

The implementation of energy-efficient systems enabled the mosque to reduce its electricity bills by **35%**, significantly lowering operational costs.

Community farming initiatives are expected to generate new income streams of approximately **RM56,160**, which can directly benefit the mosque.

Training in sustainable farming equipped **80 underprivileged individuals** with practical skills, empowering them to explore opportunities in agricultural entrepreneurship.



Melon farming initiatives support mosque activities and contribute to income generation within the local community.

Key Environmental Impacts



Installation of solar panels at Masjid Al-Awwabin.

The installation of solar panels significantly **reduced the mosque's reliance on electricity** from the **conventional grid**, lowering consumption of carbon-intensive (brown) energy and promoting renewable energy use.

The implementation of a rainwater harvesting system helped conserve **2,273 litres of water**, particularly supporting agricultural activities within the mosque's community garden.

The development of the greenhouse enabled sustainable agriculture through a hydroponic and fertigation system accommodating **816 planting pots**, significantly expanding the mosque's capacity for community-based food production.

Key Social Impacts

The programme successfully mobilised the local community through various activities, including sustainability workshops, mosque gotong-royong (cooperative activities), recycling campaigns, STEM activities, and farming training sessions.

Participation reached:

- **200 participants** during the open house of Al-Awwabin
- **600 visitors** recorded as part of the mosque's RIH engagement figures

The programme provided hands-on hydroponic and fertigation training to **youth community**, equipping them with new livelihood skills, notably in small-scale agribusiness and community-based farming.

The programme delivered structured education and awareness sessions on **reducing plastic waste, conserving water and electricity, recycling practices, composting and sustainable agriculture**.



Key Impacts in 2025

RM260,000 invested

More than **3,500** beneficiaries

Recorded SROI of **3.9** times

Social Commitment 1: Being the Champion in Addressing Socio-Economic Gaps within the Society

[GRI 2-23, 2-24, 408, 409, 413, 3-3]

Contribution of Our Subsidiary Companies in Serving Communities Where We Operate

Notable Employee Volunteerism Initiatives

Employee-Led Blood Donation Initiatives by Toyoplas and CBB



Toyoplas employees contributed **43.0** volunteer hours, with **86** employees



CBB employees contributed **27.5** volunteer hours, with **55** employees

Toyoplas' Participation in the 2025 World Cleaning Day Celebration



Toyoplas employees contributed **260.0** volunteer hours, with **40** employees

Toyoplas' Visit to Kompleks Raudhatul Maryam Orphanage, Taman Universiti, Johor



Toyoplas employees contributed **112.5** volunteer hours, with **30** employees

Toyoplas Volunteers Support Zoo Johor Cleaning Effort



Toyoplas employees contributed **260.0** volunteer hours, with **40** employees

Performance Data

Through these social investment initiatives, KPS Berhad has effectively implemented its broader social investment strategy, cultivating champions of collective responsibility, purposeful service, and long-term community impact.

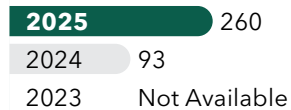
Total Amount Invested in the Community (RM million)



Total Number of Beneficiaries



Number of Partnerships



Social Commitment 1: Being the Champion in Addressing Socio-Economic Gaps within the Society

[GRI 2-23, 2-24, 408, 409, 413, 3-3]

Employee Volunteerism

We nurture a strong culture of employee volunteerism, encouraging our people to play an active role in community-focused initiatives that create meaningful social value. Through our social investment initiatives, employees are empowered to contribute their time, expertise and energy to causes that uplift communities, reinforcing our shared values of compassion, accountability and service.

Mechanism to Engage Employees in Embracing Volunteerism

1 Mechanism Coordinator

We embed volunteerism within our “Creating Impact” framework, anchoring long-term and meaningful contributions across the four key social pillars. To support smooth and effective participation, the IRSC department plays a central coordination role by identifying volunteer initiatives that align with both corporate priorities and community needs. Through internal communication channels, primarily email and WhatsApp, employees receive timely updates on upcoming activities, enabling better coordination and encouraging participation in initiatives aligned with employees’ interests and the organisation’s targeted impact areas.

2 Integrating Volunteerism into Official Working Time

To further institutionalise volunteerism within our corporate culture, volunteering hours are recognised as part of official working time. Employees who participate in volunteer activities during weekends are granted additional leave.

3 Measuring Volunteerism through Specific KPIs

Participation in volunteer-driven programmes is integrated into employee KPI appraisals, reinforcing that community contribution is both encouraged and recognised as part of employee development and appreciation.

We have established two measurable targets to monitor volunteer engagement, with progress tracked annually across the Group. Below is the progress against the KPIs and targets:

Initiative	KPI	Progress in 2023	Progress in 2024	Progress in 2025
Tracking participation rates across all employee levels	Volunteer participation spans all levels of the organisation	Not Specified	Not Specified	Participation from all levels, including members of the Board of Directors
Total volunteerism hours	> 1,000	1,089	1,721.50	2,852.3

Performance and Progress

In 2025, the Group set a KPI to contribute 1,700 volunteer hours, taking into consideration the dynamic business conditions across its subsidiary companies. The Group recorded a total of 2,852.3 volunteer hours, exceeding the target by 68%.

Senior Management also introduced a KPI to encourage volunteer participation across all employee levels, from non-executives to Senior Management. This inclusive approach resulted in active participation recorded across the organisation, including participation from members of the Board.



Volunteers take part in the KPS Berhad School Aid Initiative.



Our Outlook

Building on our commitment to creating meaningful social impact, we will continue to strengthen initiatives across our four social investment pillars. The SROI methodology will remain central in how we evaluate progress, supporting continuous improvement and enhancing the overall effectiveness of each initiative.




Moving forward, we will also explore collaboration with new service partners to expand new initiatives and deepen impact, with the aim of fostering resilience, economic empowerment and improved quality of life within underserved communities.

Social Commitment 2: Upholding Labour Rights, Safety, Equality and Diversity throughout Business Operations

[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]

Material Matters [GRI 3-2]

KPS Berhad’s Social Commitment 2 is driven by three key matters:

- 
Occupational Safety and Health
 Ensuring a secure and conducive work environment that safeguards the physical and mental well-being of employees.
- 
Employee Training and Career Development
 Investing in continuous learning and upskilling to foster professional growth and career progression.
- 
Labour Standards
 Upholding ethical employment practices, ensuring fair treatment, and protecting workforce rights in accordance with international best practices.

Material Matter: Occupational Safety and Health [GRI 3-3, 403]

Our Commitment

Workplace safety is a fundamental priority for KPS Berhad, given its critical role in protecting our workforce, supporting operational efficiency, and fulfilling stakeholder expectations. We recognise that occupational injuries, work-related illnesses, and fatalities can have a profound and lasting impact on employees, their families, and overall business performance. Accordingly, we are firmly committed to providing a safe and healthy working environment to achieve a zero-accident and zero-fatality target across all operations.

Our strong focus on occupational safety and health (“OSH”) management, emergency preparedness, and effective hazard management processes reflects this commitment and enables us to proactively manage workplace risks in support of global sustainability goals.

We foster a culture in which safety is a shared responsibility, encouraging employees at all levels to actively uphold safe working practices. We continue to enhance our safety strategies by integrating appropriate solutions and promoting a mindset that places workplace well-being on par with business performance.

Capitals:



Related Stakeholders:



Material Significance

KPS Berhad implements comprehensive OSH policies and frameworks across all subsidiary companies to mitigate risks and prevent workplace incidents. The Board provides strategic oversight and ensures that OSH considerations are integrated into the Group’s corporate governance structure. Compliance standards established by relevant regulatory authorities guide the implementation of these practices.

A robust safety culture fosters employee confidence, contributing to improved morale, retention and productivity. When employees feel safe and valued, engagement levels increase, with positive effects on operational performance. A proactive approach to safety management and regulatory compliance also reduces exposure to legal and financial risks. Failure to maintain safe working conditions may result in injuries, fatalities, and operational disruptions. Unsafe working conditions can increase absenteeism and reduce productivity, while regulatory non-compliance may lead to penalties and liabilities. In addition, inadequate attention to workplace safety may adversely affect talent retention, reputation and long-term organisational growth.

Beyond risk mitigation, workplace safety contributes to operational excellence. Investing in safety measures, enhancing training programmes, and clear accountability strengthens the Group’s resilience and sustainable performance.

Summary of Key Risk Areas of Occupational Safety and Health

Crisis Response Risk: Workplace accidents or incidents

Financial Implications

Increase in injuries and fatalities, which may cause operational disruptions and reputational damage

Mitigation Plans

- Strengthening safety and health measures
- Enhancing adherence to occupational safety standards

Our Approach [403-1, 403-8]

KPS Berhad strengthens its OSH performance through proactive risk management, regular safety training, and ongoing audits and inspections. These measures safeguard employees while supporting operational continuity by reducing workplace disruptions and maintaining a safe working environment.

Although none of the Group’s subsidiary companies currently holds ISO 45001 certification (formerly OHSAS 18001 certification), KPS Berhad has implemented Group-wide safety, health and environment (“SHE”) Policies that provide the overarching framework for managing occupational safety and health. The policy sets out stringent safety protocols for employees, contractors and suppliers. Each subsidiary supplements this framework with its own SHE policy, tailored to address specific operational risks and regulatory requirements relevant to its business activities.

Social Commitment 2: Upholding Labour Rights, Safety, Equality and Diversity throughout Business Operations

[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]

1 Governance in OSH

OSH governance at KPS Berhad is overseen by the Board of Directors, supported by the SBC and BGRC. These committees set OSH objectives and targets and provide guidance to subsidiary companies. The Chairpersons of both the SBC and the BGRC provide OSH recommendations to the Board for approval, reinforcing oversight.

At the management level, the RMD identifies and assesses safety and health risks across all subsidiary companies. Each subsidiary appoints an OSH Officer or Coordinator, supported by respective HRDs, to manage day-to-day safety matters and ensure compliance.

To facilitate worker participation and support continuous improvement, all subsidiary companies have established employer-employee OSH Committees. These committees meet monthly or quarterly, depending on operational requirements, and function as a formal platform for employees to contribute to the development, implementation and evaluation of OSH systems.

Each subsidiary company complies with applicable safety and health legislation, including the Occupational Safety and Health (Amendment) Act 2022. With a clear commitment, the Group applies safety and health-related KPIs and targets, including zero incidents, zero accidents, zero lost-time injuries ("LTI"), and zero fatalities. All subsidiary companies report OSH performance and incidents to the Sustainability Unit and the RMD. These departments consolidate updates and submit regular reports to the SBC and BGRC, and subsequently, the Board of Directors.

In line with the Group's SHE policies and practices, the following focus areas are prioritised to maintain safe and healthy workplaces:

Leadership Commitment

Leadership at KPS Berhad and its subsidiary companies demonstrates commitment to OSH excellence by integrating safety and health considerations into the Group's activities, setting clear expectations, and reinforcing a culture where safety is prioritised at all levels.

Expanding OSH Training Initiatives

Employees receive role-specific safety training, with emphasis on hazard identification, risk awareness, and effective response protocols.

Competence

The Group provides its workforce with the necessary knowledge, skills and competencies to maintain safety standards and champion continuous improvement in OSH practices across its operations.

Stepping Up Workplace Inspections

Subsidiary companies conduct regular site inspections and safety audits to ensure continuous compliance with OSH best practices and regulatory requirements.

Enhancing Incident Reporting Mechanisms

Improved and streamlined reporting channels enable timely response, intervention and corrective actions, reducing the likelihood of recurring safety issues.

Investing in Protective Equipment and Safety Protocols

Additional protective gear and updated safety protocols have been introduced to reduce exposure to workplace hazards and strengthen overall safety performance.

Communication

OSH Committees engage employee representatives through regular discussions on OSH matters, inculcating a shared culture of safety, awareness and accountability across all levels of the organisation.

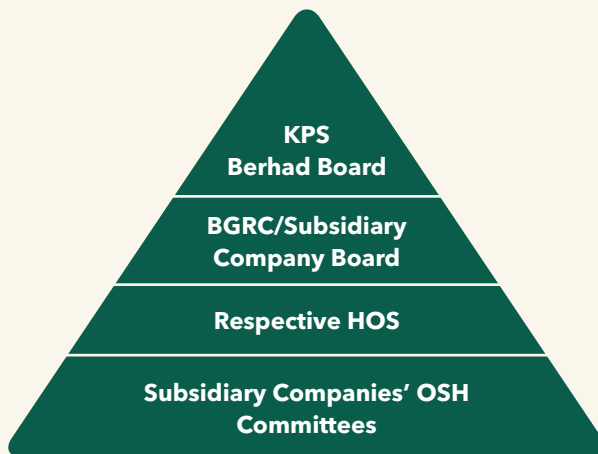
Social Commitment 2: Upholding Labour Rights, Safety, Equality and Diversity throughout Business Operations

[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]

2 Collaborative and Systematic OSH Management

The OSH committee at each subsidiary company is overseen by the respective Head of Subsidiary Company, who reports directly to the MD/GCEO through subsidiary company board meetings. OSH-related matters are reported to the Sustainability Unit and RMD of KPS Berhad. Significant issues are deliberated at the BGRC, with recommendations and critical matters escalated to the Board.

The MD/GCEO serves as a member of both the BGRC and the Board, providing oversight and ensuring alignment and continuity in OSH decision-making across the Group. This reporting structure facilitates transparent, two-way communication and ensures a coordinated approach to identifying and addressing OSH challenges across the Group. Although KPS Berhad does not maintain a formal Group-wide OSH management structure, the diagram below outlines the governance approach adopted across the organisation.



To ensure oversight and effective management of OSH risks, each subsidiary company within the Group has established an OSH committee. Each OSH committee develops policies and procedures tailored to its operational environment. These committees are generally responsible for:

- ▶ Ensuring timely reporting, investigation and response to all SHE incidents, supported by monitoring and performance reviews for continuous improvement
- ▶ Reducing risks to the safety, health and welfare of all employees, contractors or suppliers and visitors and other persons who may be affected by its business operations
- ▶ Ensuring full compliance with all applicable regulations
- ▶ Educating employees on job-related quality standards, environmental aspects, hazards and risk awareness, safe operation procedures and the impact of individual actions on the company's OSH performance
- ▶ Implementing effective OSH training and awareness programmes

The OSH committees convene regular meetings at subsidiary companies to address operationally relevant OSH issues. Each committee comprises balanced representation from management and employees to ensure effective consultation and collaborative decision-making. Employees from diverse job scopes, work areas and genders are provided the opportunity to participate in OSH committee meetings at their respective subsidiary companies, fostering inclusiveness and shared responsibility.



Employees participate in comprehensive health screenings with expert healthcare partners.

Social Commitment 2: Upholding Labour Rights, Safety, Equality and Diversity throughout Business Operations

[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]

3 Nurturing a Proactive OSH Culture [403-3, 403-4, 403-5, 403-6]

Given the diversity of the Group’s workforce and operational environments across multiple geographical locations, KPS Berhad embeds OSH awareness and best practices into its employees’ mindset and behaviours. OSH is positioned as a shared responsibility of employees and contractors, reinforcing ownership at all levels and embedding safety considerations into routine decision-making and actions. Every individual, beyond designated safety leads, is expected to uphold OSH requirements across operating facilities. This approach supports the consistent application of safety standards throughout the Group.

To reinforce this culture of safety, the Group implements structured training and awareness programmes, provides occupational and non-occupational health services, and establishes defined KPIs that set targets and guide performance. These initiatives are organised around three key focus areas, forming the backbone of the Group’s approach to strengthening OSH practices across the organisation.

OSH Training and Safety-Related Employee Engagement Programmes

KPS Berhad places emphasis on equipping employees with the knowledge and skills required to maintain a safe and healthy work environment. Each subsidiary company conducts OSH induction training covering hazard identification, incident reporting and other fundamental safety practices to promote awareness and encourage a proactive safety culture across the organisation.

The OSH Committees of each subsidiary company drive the implementation of these initiatives to strengthen workplace safety awareness and engagement. Through training sessions, programmes and related activities, the committees promote OSH culture among employees and contractors.

Employees are encouraged to provide feedback and engage directly with the OSH committees, particularly during safety and health awareness sessions. This open communication channel supports employee participation, reinforces accountability, promotes shared responsibility for safety outcomes, and supports continuous improvement in OSH practices across the Group.

Examples of initiatives spearheaded by the OSH Committees include:

Safety-Related Awareness Sessions

- ▶ *Kursus Penyelaras Keselamatan dan Kesihatan Pekerjaan* (OSH Coordinator Course)
- ▶ Emergency Response Team (ERT) In-House Training
- ▶ Chemical Exposure Monitoring Presentation
- ▶ Monorail Crane Safety Training
- ▶ Safe Chemical Handling Training
- ▶ HIRARC Refresher Training
- ▶ Hearing Conservation
- ▶ Safe Forklift Operation
- ▶ Annual Inspection by the Department of Safety and Health

In addition to safety training programmes, in 2025 the Group engaged employees through a variety of health-related initiatives, including:

Health-Related Awareness Sessions

- ▶ Health Talk: “Cancer: Two Patients, Different Outcomes: Why and How”
- ▶ Mental Health Talk and Screening: “*Kesihatan Mental Yang Sihat, Asas Pasukan Yang Hebat*” (Strong Mental Health, the Foundation of a Great Team)
- ▶ Health Talk: “Postural Awareness”
- ▶ Pre-Ramadan Programme: “KPS Berhad Health and Wellness Day 2025”



Social Commitment 2: Upholding Labour Rights, Safety, Equality and Diversity throughout Business Operations

[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]

In 2025, KPS Berhad and its subsidiary companies conducted training programmes covering both general and specialised OSH topics, ensuring that employees at all levels received relevant and up-to-date safety training. To support transparency, consistency and continuous improvements, KPS Berhad maintained records of employee attendance at safety and health-related training and programmes. As of 2025, 2,340 (70%) of employees had completed health and/or safety training, marking a significant milestone in the Group’s ongoing efforts to enhance workplace safety.



Safety awareness briefing at CBB strengthens and reinforces the safety culture.

Occupational and Non-Occupational Health Services

KPS Berhad is committed to supporting the overall well-being of its employees by addressing both occupational and non-occupational health needs. The HRD plays a central role in implementing employee well-being initiatives, focusing on supporting physical and mental health in the workplace.

Health services provided to employees include:

- ▶ Pre-employment medical examinations
- ▶ Health screening benefits
- ▶ Employee emergency assistance programme
- ▶ Optical benefits
- ▶ Dental benefits

Through these initiatives, KPS Berhad continues to build a workplace that prioritises safety and employee well-being, reinforcing the Group’s commitment to maintaining a healthy and productive workforce.

Driving Safety Excellence through Group-Wide OSH KPIs

KPS Berhad strengthens its safety and health standards by implementing annual OSH-related KPIs across its subsidiary companies, supporting consistent monitoring and evaluation. Each subsidiary company establishes KPIs aligned with its operational activities, which are monitored by the respective HRD and OSH Committees. Performance results are reported to the SBC, providing visibility and oversight of Group-wide OSH performance. As KPIs vary across subsidiary companies based on operational dynamics, KPS Berhad has established the following general OSH-related initiatives to guide consistent safety practices across the Group:

KPI	Initiated by Companies					
	kps.	7090 TOYOPLAS	CPI	MDS	3B	Aqua-Flu
Minimum number of safety and health awareness programmes and campaigns	✓	✓	✓	✓	✓	✓
Achieve targets of zero accidents and fatalities	NS	✓	✓	✓	NS	✓

NS: Not Specified

	Number of Staff Trained on Safety-Related Standards	Number of Staff Trained on Health-Related Standards
kps.	13	59
7090 TOYOPLAS	1,183	0
CPI	752	22
3B	249	157
MDS	32	0
Aqua-Flu	18	9
Total	2,247	247

Note: Separate data for employees trained on safety and health-related standards were not specified in prior years.

Social Commitment 2: Upholding Labour Rights, Safety, Equality and Diversity throughout Business Operations

[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]

4 Ensuring Compliance through OSH Audits [403-7]

KPS Berhad adopts a structured approach to maintain compliance with relevant OSH regulations and standards. As part of this approach, the Group incorporates several key focus areas into its OSH audit process, which include:







- ▶ Evaluation of workplace safety protocols, health protection measures, and adherence to established safety practices
- ▶ Review of compliance with applicable statutory OSH requirements and internal safety policies and standards
- ▶ Employee emergency assistance programme
- ▶ Assessment of emergency response preparedness, including incident reporting, investigation and management frameworks
- ▶ Review of training, competency development and awareness programmes to ensure proper implementation and knowledge retention across the workforce



Employees attend a safety awareness briefing at CBB.

These considerations are applied across existing operations and incorporated into the due diligence process for potential acquisitions and new operations, where relevant.

In line with the Group’s commitment to internationally recognised OSH standards, subsidiary companies undergo annual audits to maintain their certifications. These audits assess whether management systems remain effective and aligned with evolving industry requirements and best practices.

Companies and Location		Audit Conducted in 2025
 KPS Berhad	Shah Alam	☑
	Toyoplas	
	Toyoplas Senai, Johor, Malaysia	☑
	Toyoplas Muar, Johor, Malaysia	☑
	Toyoplas Indonesia	☑
	Toyoplas Vietnam	☑
	Toyoplas China	☑
 CPI	ETP, Penang, Malaysia	☑
	EMS, Penang, Malaysia	☑
 MDS	Penang, Malaysia	☑
 CBB	Office Senai, Johor (PLO 96), Malaysia	☑
	Prestige Packages Senai (PLO 98), Johor, Malaysia	☑
	Polyplus Packages Senai (PLO 98), Johor, Malaysia	☑
	Multiview Senai (PLO 99), Johor, Malaysia	☑
	Macro Senai, Johor (PLO 77), Malaysia	☑
	Taspack Industrial, Ulu Tiram, Johor, Malaysia	☑
	Centoz Industries PT18126, Pusing Perak, Perak, Malaysia	☑
	Polyplus Packages (PLO 156), Penang, Malaysia	☑
	PT. Prestige Packages, Medan, Indonesia	☑
	 Aqua-Flo	Sungai Buloh, Selangor
Port Klang, Selangor		☑
Aqua-Flo, Damansara, Selangor		☑

Social Commitment 2: Upholding Labour Rights, Safety, Equality and Diversity throughout Business Operations

[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]

5 **Managing Work-Related Hazards and Safety Risks** [403-2]

KPS Berhad adopts a structured approach to managing work-related hazards and safety risks, in line with regulatory requirements and applicable industry standards. Recognising that employees, facilities and the surrounding environment may be exposed to various physical, chemical and biological hazards, the Group applies a range of risk assessment tools to identify, evaluate, control and mitigate these risks. This includes specialised assessments tailored to specific operational exposures, such as chemical and health-related hazards, which are conducted in accordance with relevant regulatory guidelines.

Each subsidiary company applies the Hazard Identification, Risk Assessment and Risk Control (“HIRARC”) framework in accordance with the guidelines issued by the Department of Occupational Safety and Health (“DOSH”) and the requirements of the Occupational Safety and Health (Amendment) Act 2022. OSH risk assessments are conducted across operational locations using inputs from accident statistics, site inspections, quarterly evaluations, and employee feedback to identify potential hazards.

For new operations, projects or acquisitions, KPS Berhad, through RMD, LCD and HRD, conducts preliminary OSH risk assessment as part of the due diligence process. This ensures occupational safety and health considerations are assessed early, enabling the identification of potential exposures and the implementation of appropriate controls prior to integration into Group operations.



Fire drill and workplace safety awareness exercise at CBB.

Through this approach, the Group identifies and manages occupational health hazards across its operational environments. Based on these assessments, several key OSH risk categories have been identified across the Group’s activities:

- ▶ Working in hot environments
- ▶ Improper use of sharp objects
- ▶ Electrical shock risks due to exposed or damaged cables
- ▶ Exposure to excessive noise levels
- ▶ Exposure to chemicals, paint fumes, or strong odours
- ▶ Chemical spillages
- ▶ Contact with moving conveyor or machine parts during setup

Insights from these assessments guide the development of control measures to mitigate identified health risks and strengthen workplace protection. To support the effectiveness of this process, the Group provides training to ensure employees are well-equipped and competent in conducting OSH risk assessments, enabling consistent and accurate evaluation of safety and health risks across operations.

6 **Investigation of Accidents and Incidents**

KPS Berhad maintains a structured incident reporting approach to ensure accountability and transparency. All Lost Time Injury (“LTI”) cases are promptly reported to the relevant authorities and escalated through the Group’s internal reporting structure, from line managers to the Heads of Subsidiary Company, and subsequently to the BGRC and the Board. This process supports timely oversight and intervention at the appropriate levels.

Incident investigations focus on identifying root causes. Each subsidiary conducts a root cause analysis to determine underlying factors contributing to the incident, with participation from relevant internal stakeholders. Findings from these investigations inform decision-making and drive the implementation of corrective and preventive actions to address identified gaps and improve safety performance across operations.

In the event of an incident or accident, subsidiary companies are required to manage the cases in accordance with the following steps:

- 1 Immediate notification of incidents to OSH personnel to ensure timely response and initial containment measures.
- 2 Review of OSH accident and incident performance by the RMD, BGRC and respective subsidiary company board through established risk management and compliance reporting channels.
- 3 Adherence to the SOP for Accident and Incident Investigation and Reporting, to ensure consistency and alignment with Group-wide safety standards.
- 4 Mandatory reporting of all LTI cases to the DOSH in accordance with national OSH legislation.

Social Commitment 2: Upholding Labour Rights, Safety, Equality and Diversity throughout Business Operations

[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]

2025 Key Achievements



LTIc reduced to **6** in 2025 from 15 in 2024, following the implementation of enhanced OSH controls, proactive risk mitigation measures and improved hazard response practices across the Group.



LTIR reduced to **0.14** in 2025 from 0.37 in 2024.

Performance Data [GRI 403-9, 403-10]

Number of Lost Time Incidents ("LTIc")

The total number of incidents that resulted in medical treatments.

Lost Time Incidents Rate ("LTIR")

The rate of lost-time incidents is calculated as the number of lost-time incidents during the reporting period relative to the total number of hours worked.

A standardised value of 200,000 hours is used to represent the total number of hours worked by employees.

Lost Time Injury ("LTI")

An injury that results in an employee being unable to perform their normal work duties for at least one full workday or shift following the day of the incident.

Lost Time Injuries Frequency Rate ("LTIFR")

The number of lost-time injuries per standard number of hours worked during the reporting period.

A standardised value of 1,000,000 hours is used to represent the total hours worked by employees.







One of KPS Berhad's key OSH objectives is to achieve zero workplace incidents and maintain the highest safety standards across all operations. While this remains an ongoing priority, the Group recorded a reduction in LTI to 2 cases in 2025 from 10 cases in 2024.

Social Commitment 2: Upholding Labour Rights, Safety, Equality and Diversity throughout Business Operations

[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]


➤ Performance and Progress against Previously Set OSH Targets

The Group maintains a target of zero incidents or accidents, with performance monitored annually across all subsidiary companies. In 2025, progress against this target was reviewed to assess improvements, identify challenges, and evaluate the effectiveness of ongoing mitigation measures.

Key OSH Target (LTIC)	Subsidiary Companies	2023	2024	2025
Zero Incident Cases		0	0	0
		0	3	4
		0	0	0
		0	0	0
		11	11	2
		0	1	0
	Total		11	15

1 Work-Related Ill Health [GRI 403-10]


All Employees



Number of Fatalities as a Result of Work-Related Ill Health

2025

0




Number of Recordable Cases of Work-Related Ill Health

2025

2


All Contractors



Number of Fatalities as a Result of Work-Related Ill Health

2025

0



Number of Recordable Cases of Work-Related Ill Health

2025

0

Social Commitment 2: Upholding Labour Rights, Safety, Equality and Diversity throughout Business Operations

[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]

2 Employees and Contractors Work-Related Incidents and Accidents [GRI 403-9]

*SIRIM QAS has verified all safety and health data.

● Employees ● Contractors

LTIC	
2025	2025
6	0
2024: 15	2024: 0
2023: 11	2023: 0

LTIR	
2025	2025
0.1	0
2024: 0.4	2024: 0
2023: 0.4	2023: 0

LTI	
2025	2025
2	0
2024: 10	2024: 0
2023: 11	2023: 0

LTIFR	
2025	2025
0.2	0
2024: 1.2	2024: 0
2023: 2.0	2023: 0

Number of Work-Related Employee Fatalities	
2025	2025
0	0
2024: 0	2024: 0
2023: 0	2023: 0

kps		LTIC	LTIR	LTI	LTIFR	Number of Work-Related Fatalities
2025	2025	0	0	0	0	0
2024	2024	0	0	0	0	0
2023	2023	0	0	0	0	0

7040 TOYOPLAS		LTIC	LTIR	LTI	LTIFR	Number of Work-Related Fatalities
2025	2025	4	0.2	0	0	0
2024	2024	3	0.1	3	0.7	0
2023	2023	0	0	0	0	0

CPI		LTIC	LTIR	LTI	LTIFR	Number of Work-Related Fatalities
2025	2025	0	0	0	0	0
2024	2024	0	0	0	0	0
2023	2023	0	0	0	0	0

MDS		LTIC	LTIR	LTI	LTIFR	Number of Work-Related Fatalities
2025	2025	0	0	0	0	0
2024	2024	0	0	0	0	0
2023	2023	0	0	0	0	0

[Logo]		LTIC	LTIR	LTI	LTIFR	Number of Work-Related Fatalities
2025	2025	2	0.4	2	1.8	0
2024	2024	11	1.3	7	4.3	0
2023	2023	11	2.2	11	10.9	0

Aqua-fo		LTIC	LTIR	LTI	LTIFR	Number of Work-Related Fatalities
2025	2025	0	0	0	0	0
2024	2024	1	6.3	0	0	0
2023	2023	0	0	0	0	0

Social Commitment 2: Upholding Labour Rights, Safety, Equality and Diversity throughout Business Operations

[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]

In 2025, the number of serious accident cases requiring more than four days of medical leave declined to two, down from 2024, indicating improvements in risk mitigation and response to workplace hazards. However, KPS Berhad continues to address workplace accidents through the ongoing strengthening of targeted mitigation measures, including:

Expanding OSH Training Initiatives

Provide more comprehensive safety training tailored to specific job functions, with increased emphasis on hazard identification, safe work practices and emergency response protocols.

Increasing Workplace Inspections

Increase the frequency of site inspections and safety audits to ensure continuous compliance with OSH best practices and regulatory standards, to enable early identification and mitigation of potential risks.

Enhancing Incident Reporting Mechanisms

Strengthening reporting structures to enable timely intervention, corrective action and follow-up, reducing the likelihood of recurring safety incidents.

Investing in Protective Equipment and Safety Protocols

Provide additional safety equipment and enhanced safety protocols to reduce employee exposure to workplace hazards, reinforcing workplace safety.



Our Outlook

Building on its progress in OSH, KPS Berhad remains focused on strengthening its safety frameworks, training programmes and risk-mitigation measures to further reduce workplace incidents. Enhancing compliance mechanisms and improving hazard identification processes will remain key priorities to ensure employees operate in safe and well-managed environments.

KPS Berhad will also continue to expand its employee well-being initiatives, with attention on both physical and mental health. The Group remains dedicated to fostering proactive risk management, supporting ongoing training, and nurturing a strong safety culture across the organisation.



Impact Story: Safeguarding Safety and Health Standards Beyond Employees

Overview

At CBB, OSH extends beyond employees to include contractors and visitors who enter the company's premises. Management observed that some contractors and visitors were unfamiliar with site-specific hazards, operational risks and emergency protocols. Although no incidents or injuries involving contractors or visitors were recorded, this observation highlighted the need for a standardised and effective approach to communicate CBB's safety requirements before any activity begins on site.

Initiative

Recognising that contractors and visitors may access operational areas where risks are present, CBB introduced a mandatory safety and health briefing video. This initiative ensures that OSH expectations are communicated clearly and consistently across all contractors prior to site entry. The video provides guidance on safe work practices, site rules, emergency procedures and hazard awareness.

Completion and acknowledgement of the briefing are mandatory for site access. Contractors and visitors must complete the briefing before entering the premises.

Following its implementation, contractors arrived on site with a clearer understanding of safety requirements, reducing the need for supervisors to repeat basic instructions. The initiative also helped contractors feel better prepared for on-site activities, supporting smoother operations, fewer disruptions and improved workplace safety.

Outcome

The introduction of the mandatory safety and health briefing video has strengthened CBB's safety culture and improved overall operational preparedness among contractors and visitors. The standardised briefing ensures that all external personnel enter the premises with a consistent understanding of site rules, hazard controls and emergency protocols. As a result, supervisors spend less time reiterating basic safety instructions and can focus on higher-risk activities and safety monitoring.

Contractors are better informed and prepared before commencing work, contributing to smoother coordination and fewer operational delays. Early observations also indicate improved compliance with personal protective equipment requirements, safer movement within operational zones, and more consistent adherence to safety signage and instructions. These improvements support safer site operations and reinforce CBB's commitment to maintaining a secure working environment for everyone on site.



Employees participate in fire drill training to strengthen safety and health preparedness.

Social Commitment 2: Upholding Labour Rights, Safety, Equality and Diversity throughout Business Operations

[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]

Material Matter: Employee Training and Career Development [GRI 3-3, 404]

Our Commitment

We are committed to developing a skilled, adaptable and future-ready workforce through structured and continuous learning. We invest in training programmes that strengthen employee capabilities, support career progression and encourage professional development. Guided by the third-edition KPS Berhad Training Policy and supported by dedicated annual training budgets, we prioritise access to quality learning opportunities, including programmes accredited by the Human Resource Development Corporation (“HRDC”), ensuring employees benefit from recognised and relevant development pathways.

Capitals:



Related Stakeholders:



Material Significance

The Group’s focus on talent development programmes, supported by competitive employee benefits, helps attract and retain skilled professionals while fostering a high-performance culture. By strengthening employee capabilities and supporting professional development, build a strong pipeline of future leaders across the organisation. Structured career pathways also facilitate succession planning, helping to ensure leadership continuity and long-term organisational stability.

In contrast, the absence of comprehensive training and clear career advancement opportunities may lead to lower employee engagement and limited workforce capability, potentially affecting productivity and organisational performance. Limited professional growth prospects may also contribute to higher employee turnover rates and challenges in retaining skilled and experienced talent.

Summary of Key Risk Area of Employee Training and Career Development

Succession Planning Risk:

Insufficient career growth opportunities for employees

► Financial Implications

Loss of critical talent and institutional knowledge

► Mitigation Plans

- Maintain succession plans for critical roles
- Implement a formal mentor-mentee and leadership coaching programme for mid-management and high-potential employees

Our Approach [GRI 404-2]

We adopt a structured approach to employee training and development to strengthen workforce capabilities, encourage career progression, and support continuous professional growth. We invest in learning programmes designed to equip employees with the skills and competencies required to succeed in their roles and contribute to the Group’s long-term success. Supported by integrated people management practices, our approach also aims to attract, develop, motivate and retain high-performing employees.

We align professional development opportunities with individual career aspirations, identified through annual performance appraisals, conducted jointly by the HRD and the Heads of Department (“HODs”). Through this process, employees work with their line managers and HRD to select training programmes that support their current responsibilities and long-term career objectives. To ensure effective planning and implementation of training initiatives, HRD prepares the annual Training Plan and Budget for all employees.

1 Leadership Coaching Programme

As part of our approach to strengthen organisational leadership and ensure long-term business resilience, our MD/GCEO completed a two-year Leadership Coaching Programme facilitated by an external certified executive coach from 2024 to 2025. The structured programme was designed to enhance the strategic leadership capabilities required to guide the Group’s growth in an increasingly complex and competitive environment.

The coaching programme focused on strengthening the MD/GCEO’s strategic thinking and foresight capabilities, equipping him with the knowledge and soft skills needed to anticipate emerging challenges, navigate uncertainties, and identify opportunities for sustainable growth.

Key areas of development included:

Strategic Visioning

Strengthening the ability to shape the long-term direction of KPS Berhad within Selangor, across Malaysia, and in markets beyond national borders.

Forward-Looking Decision-Making

Enhancing the capacity to foresee industry shifts, assess potential disruptions and prepare the organisation for future challenges.

Scenario Planning and Organisational Readiness

Integrating anticipated challenges and emerging trends into corporate, business and value creation strategies to ensure strategic alignment and operational preparedness.

Risk Oversight and Exposure Assessment

Improving oversight competencies in identifying, analysing and managing key business risks, including current exposures and long-term strategic risks that may affect the Group’s business performance.

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[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]

Beyond strategic competencies, the programme also supported personal development. Through periodic one-to-one coaching sessions, the MD/GCEO gained deeper insights into his leadership motivations and areas for development, strengthening his confidence and effectiveness as the Group’s principal leader. The continued development of the MD/GCEO’s leadership capabilities contributes to stronger strategic execution and organisational performance, helping to position KPS Berhad to pursue long-term growth.



2 Succession Planning and Diagnostics Report

We launched the Succession Planning and Diagnostics Programme as a pilot initiative in 2025 to strengthen our leadership pipeline and prepare future leaders for critical roles within KPS Berhad. Under this programme, each HOD is paired with a member of the BOD who serves as a mentor. This mentoring structure enables direct knowledge transfer, leadership exposure and strategic guidance, supporting the development of high-potential talents for future leadership positions within the Group.

A key feature of the programme is the Succession Diagnostics Process, where mentors assess mentees’ competencies, leadership readiness, and development areas. Mentors identify skill gaps and behavioural strengths and provide a diagnostic report to the HRD.

The programme also serves as an important feedback channel for mentees to share operational challenges, risks and improvement opportunities within the organisation to the Board and Management. This engagement strengthens two-way communication, improves governance oversight, and supports continuous organisational improvement.

Based on the diagnostic findings, HRD will design targeted development programmes that may include leadership training, executive coaching, job rotation, strategic project involvement, and functional upskilling. The Succession Planning and Diagnostics Programme represents a proactive and strategic approach to talent development, ensuring leadership continuity while enhancing individual performance and organisational resilience. Insights from the 2025 pilot will inform further refinement of the framework prior to full-scale implementation across the Group.

Board of Directors as Mentor

- Identify and analyse key competency gaps and development priorities
- Recommend training, coaching or exposure programmes
- Provide guidance on potential career pathways and succession readiness

Senior Management and HODs as Mentee

- Highlight real-time operational challenges
- Shares insights on critical operational risks
- Identify potential business improvements and opportunities

HRD

Design targeted personal and professional individual development programmes

Social Commitment 2: Upholding Labour Rights, Safety, Equality and Diversity throughout Business Operations

[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]


3 Building a Culture of Learning through Individual Development Points

We promote continuous learning through the implementation of an Individual Development Points (“IDP”) system, a structured and performance-linked framework that encourages employees to actively participate in training and development activities. This initiative represents one of our pioneering approaches to strengthening employee development through measurable learning outcomes.

Under this approach, every employee is required to accumulate a minimum number of IDP points annually as part of their KPIs. Employees are required to earn at least 15 IDP points per year by participating in training and development programmes. Each training programme is assigned a pre-determined IDP value based on its duration, content and learning intensity, with longer or more intensive programmes contributing more IDP points.

Employees are encouraged to participate in a wide range of training programmes, including those related to their current responsibilities and broader professional development. This flexibility supports a culture of lifelong learning and enables employees to continuously build their knowledge, skills and competencies for both personal growth and future career development.

The IDP requirement is embedded into our performance management system with the following KPI thresholds:



Threshold KPI
15 IDP points

Agreed KPI
20 IDP points

Stretch KPI
25 IDP points

This structure is designed to promote accountability for personal development while encouraging employees to go beyond the minimum learning requirements and actively pursue continuous skills enhancement. We believe that linking learning outcomes directly to performance evaluations strengthens a culture of learning across the organisation and supports the Company’s long-term talent development and succession planning objectives.

Notable training and development programmes attended by employees in 2025:

List of Training	Type of Training
How to Prevent / Manage Workplace Harassment (Incorporating the Latest Amendments to Malaysia’s Penal Code)	Classroom training
HRD Awareness and Refresher Session 2025	On-the-Job training
Executive Coaching Programme for MD/GCEO	On-the-Job training
Championing the KPS Berhad Culture with PRIDE	Classroom training
Termination of Employment and its Practical Steps under the Employment Act	Classroom training
Understanding the Employment Act, Regulations and Orders	Classroom training



KPS Berhad conducts an Employment Act termination workshop to strengthen Group-wide compliance.







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[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]


4 Measuring Group-Wide Training and Development Initiatives


Another key approach adopted by KPS Berhad to strengthen training and development is the establishment of standardised training and development programmes to ensure consistent monitoring and performance tracking of learning initiatives across all subsidiary companies.

While not all subsidiary companies have implemented these initiatives in 2025, the Group continues to provide guidance and support to facilitate adoption. Moving forward, KPS Berhad expects all subsidiary companies to align with these standardised initiatives to ensure consistency, comparability and effective Group-level oversight of training and development performance.


KPI	Initiated by Companies					
						
To implement annual employee capacity-building programmes	✓	✓	✓	✓	No specific KPI established	✓
To track the average training hours achieved per employee	No specific KPI established	✓	✓	✓	✓	✓

Under this approach, KPS Berhad and its subsidiary companies are expected to establish annual training and development initiatives to be implemented within the year. While the specific KPIs, programmes and delivery methods may vary by company’s operational requirements and business dynamics, the overall initiative remains standardised to strengthen accountability and reinforce a continuous learning culture across the Group.

2025 Key Achievements




Total training hours increased by **155.2%** in 2025 compared with 2024.



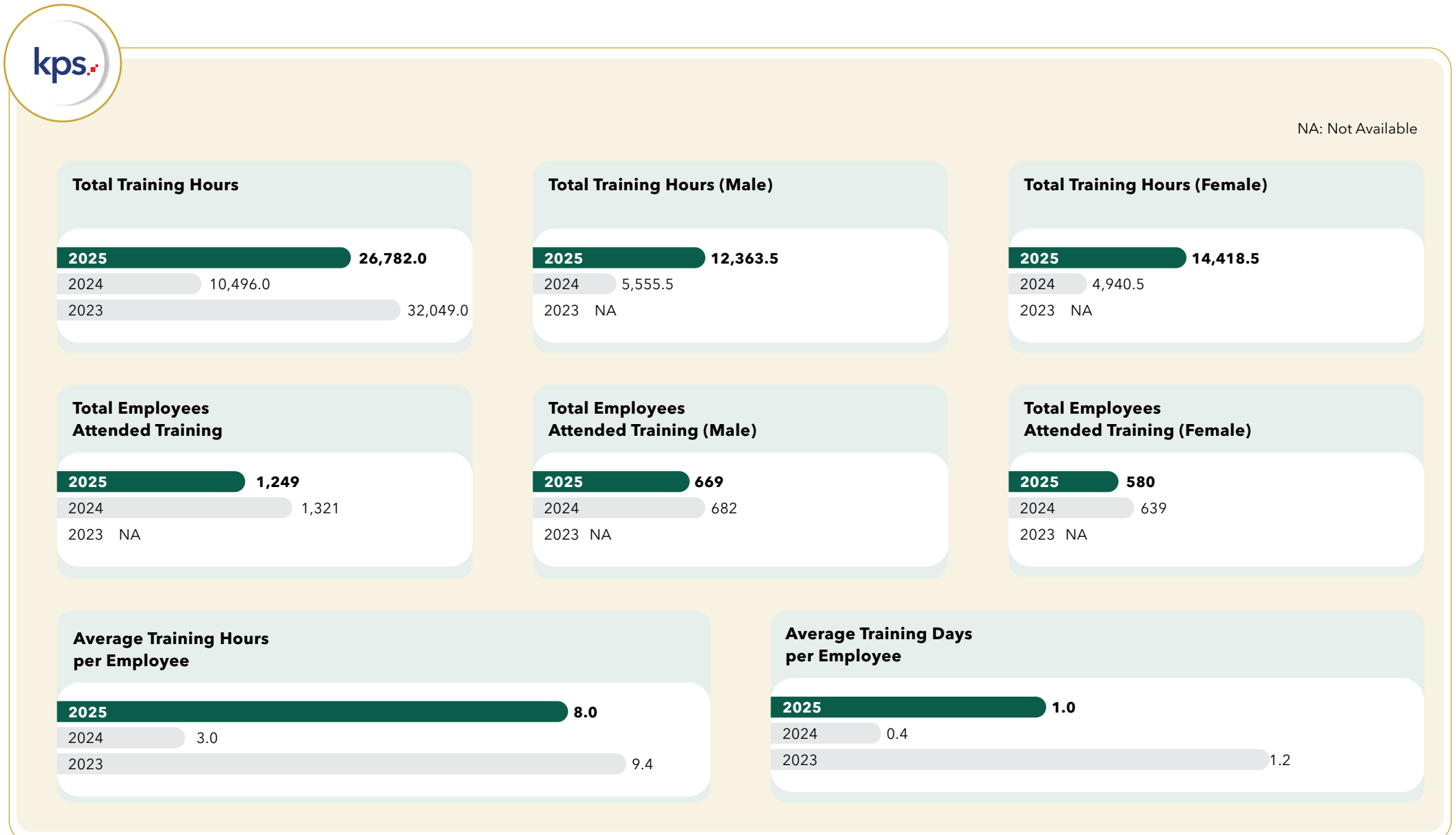
Average training hours per employee increased by **166.8%** in 2025 compared with 2024.

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[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]

Performance Data [GRI 404-1, 404-3]

As part of our commitment to investing in workforce training and upskilling, the table below presents the total training hours completed by employees in 2025, disaggregated by gender and employee category.

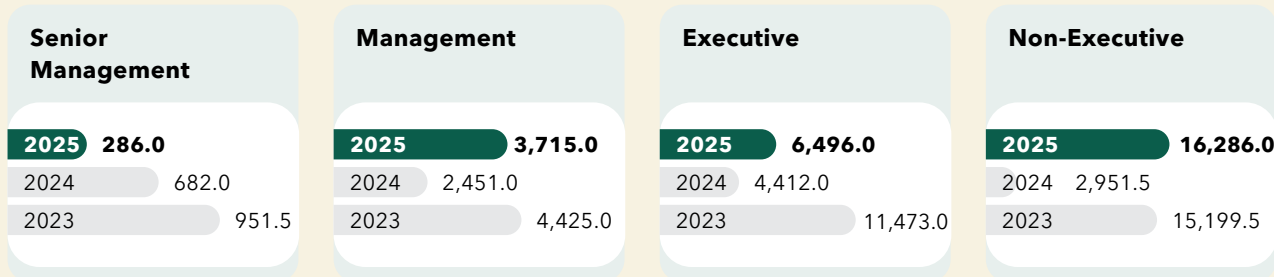


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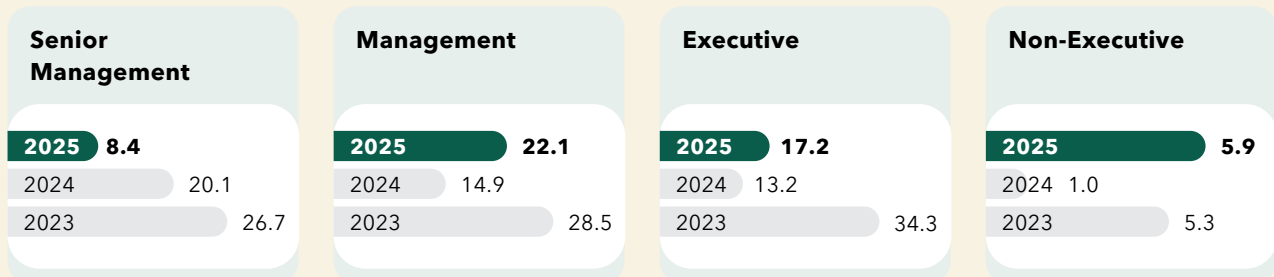
[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]



Total Training Hours by Employee Category



Average Training Hours by Employee Category



Performance and Career Development Reviews by Gender

Percentage of Employees who Received Performance and Career Development Reviews

99.6%

2024: ND 2023: ND

ND: Data Not Disclosed



Our Outlook

Building on the progress achieved in 2025, we will continue refining our training strategies to strengthen employee development and support long-term organisational growth. We recognise that a future-ready workforce requires continuous learning, clear career progression pathways and adaptive skills that respond to evolving industry demands.

As part of this forward-looking approach, we plan to pilot a gamified, team-based learning and performance monitoring framework designed to encourage cross-functional collaboration and shared accountability. Under this model, employees will be grouped into multi-departmental teams, with individual milestones, improvement plans, KPIs and role-specific expectations contributing to an overall team performance score. Progress will be tracked transparently, enabling team members to monitor collective achievements and gain visibility into colleagues' responsibilities and performance drivers across different functional areas.

This approach aims to encourage healthy competition while strengthening teamwork, knowledge-sharing and organisational integration. Team members will play an active role in supporting progress, monitoring deliverables, and developing a broader understanding of cross-departmental workflows, thereby reducing operational silos and enhancing organisational agility.

We will pilot this initiative at KPS Berhad before refining the framework and, where appropriate, replicating it across our subsidiary companies. Lessons learned and best practices from the pilot programme will be consolidated and shared across the Group to ensure consistent implementation and continuous improvement.

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[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]



Impact Story: Nurturing Leadership through Problem-Solving

Overview

To remain competitive in a rapidly evolving business landscape, KPS Berhad requires a workforce capable of thinking critically, analysing complex issues and solving problems with precision. Recognising this need, Senior Management identified an opportunity to strengthen these competencies by equipping employees with structured and practical approaches to critical thinking.

In response, KPS Berhad introduced a hands-on problem-solving initiative to empower employees to identify and address pressing business and operational challenges within the Company or across the Group. Through this approach, employees are encouraged to apply structured problem-solving techniques to real business problems, supporting continuous improvement and contributing meaningfully to the Group's long-term operational excellence.



Head of IT at KPS Berhad shares insights on potential AI-driven improvements at the Future CIO Conference Malaysia 2025.

Initiative

KPS Berhad implemented the Business Challenge Programme, a structured initiative designed to engage employees in identifying and addressing operational inefficiencies. The programme provides a practical platform for employees to apply critical thinking, data analysis and collaborative problem-solving skills to real business challenges.

In 2025, employees from diverse professional and functional backgrounds were grouped into cross-functional teams, each led by HODs. The teams participated in structured workshops and brainstorming sessions to identify process gaps, operational bottlenecks and improvement opportunities arising from day-to-day business operations. Under the guidance of departmental leadership, teams developed proposals to improve productivity, cost efficiency, and service quality.

Potential case studies and business improvement opportunities were identified during the initial phase of the programme, enabling teams to focus on practical and high-impact operational challenges. Following positive engagement and the quality of solutions generated, the Business Challenge Programme has been structured as a two-year execution cycle, with implementation and monitoring of selected initiatives continuing through 2026.

Through this structured approach, KPS Berhad aims to strengthen a culture of systematic problem-solving, accountability and innovation, while strengthening leadership capabilities and cross-functional collaboration across the organisation.

Outcome

Although the Business Challenge Programme is still underway, several promising outcomes are already emerging. Employees participating in the initiative are demonstrating analytical thinking, greater ownership of problem-solving, and improved collaboration across departments. Teams are showing greater initiative in identifying inefficiencies and proposing practical, data-driven solutions.

As the programme progresses into its second year, these capabilities are expected to contribute measurable improvements in operational efficiency, cost optimisation and service quality. The structured two-year cycle also supports the development of a more resilient leadership pipeline by enabling managers and high-potential employees to develop stronger decision-making skills and cross-functional understanding.

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[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]

Material Matter: Labour Standards

[GRI 3-3, 401, 407]

Our Commitment

We are committed to upholding strong labour standards across the Group by maintaining transparent policies, fair employment practices, and strict adherence to applicable labour laws. We emphasise building an inclusive and respectful work environment, where recruitment, remuneration and workplace interactions are conducted without discrimination and guided by principles of equality and integrity.

This material matter directly affects key stakeholders, particularly employees who depend on ethical and equitable labour practices in their engagements with the Group. It is also monitored by regulators responsible for enforcing national labour requirements and safeguarding workers' rights. Through these commitments, we seek to safeguard employee welfare while strengthening organisational trust and accountability, reinforcing our position as a principled and responsible employer.

Capitals:



Related Stakeholders:



As part of our commitment to fair and responsible employment practices, we maintain active membership in the MEF. MEF advocates for private-sector employers in Malaysia, serving as the employer representative to the ILO and promoting compliance with international labour standards, regulatory reforms, and responsible industrial relations. Our engagement with MEF supports the HRD's efforts to uphold ethical employment practices, ensure labour governance, and manage workforce-related risks across the operations.

Material Significance

Ethical employment practices play an important role in protecting employee well-being, ensuring regulatory compliance, and supporting long-term business performance. Although labour standards within the Group are considered stable and well-managed, with no significant risk exposures identified as material matters, we remain committed to complying with national labour regulations and aligning with global best practices.

Our Board also emphasises the importance of promoting inclusivity, fairness and equitable workplace practices across the Group. Weak or poorly defined labour policies may create risks, including workplace discrimination, inconsistent treatment of employees and potential breaches of regulatory requirements. These situations may affect employee morale and could result in legal repercussions and reputational consequences.

Strong labour standards also present opportunities for organisational advancement. By championing responsible employment practices, we are better positioned to attract and retain skilled talent, support a motivated workforce and foster a positive corporate culture. Consistent adherence to labour laws and industry standards also enhances trust among regulators and other stakeholders, strengthening the Group's credibility, resilience and reputation. Sustaining progress in this area requires the continuous refinement of employment policies, monitoring systems and compliance practices.

Our Approach

Our approach focuses on cultivating a positive, equitable and supportive work environment where employees feel respected, supported, and empowered to pursue professional growth. Through this approach, we seek to ensure that fair and ethical treatment of employees is upheld across the Group.

A key element of this approach is our adherence to established labour standards aligned with the legal and regulatory frameworks of Malaysia, Vietnam, China and Indonesia. This alignment ensures consistent and responsible employment practices across all operating jurisdictions.

We adopt a merit-based approach to employee management, guided by the provisions outlined in the Company's Employee Handbook. Decisions relating to recruitment, promotions, performance assessment, compensation, and training are made objectively based on employees' skills, contributions, aptitude, and overall performance.

We also uphold the principle of equal pay for equal work and prohibit discrimination based on ethnicity, gender, religion, marital status, age, seniority or any other socio-demographic characteristics. This commitment reinforces an inclusive and equitable workplace where all employees are treated fairly and empowered to succeed.

➤ Clear and Enforced Policies to Ensure Fair and Non-Discriminatory Treatment

KPS Berhad upholds a zero-tolerance policy against any form of unlawful discrimination based on race, religion, gender, age, disability or nationality in the workplace or during the hiring process. These practices fully comply with applicable Malaysian laws and are reinforced through the Group's COBE across all subsidiary companies.

In alignment with the COBE, no individual is subjected to discrimination in any employment or hiring decision. This includes any form of bias based on characteristics unrelated to an individual's merit or the requirements of the job. While upholding a strict non-discriminatory approach, the Group also places importance on developing and prioritising local talent within its operating regions.

Social Commitment 2: Upholding Labour Rights, Safety, Equality and Diversity throughout Business Operations

[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]

In addition to the COBE, KPS Berhad has established a comprehensive set of employee-related policies that guide fair and responsible employment practices across the Group. These policies outline expectations for workplace conduct, performance, development, and employee welfare, ensuring consistency, transparency, accountability and a work environment free from harassment. Below are the key policies established by KPS Berhad:

- ▶ Anti-Harassment Policy
- ▶ Talent Management and Succession Planning Policy
- ▶ KPS Berhad Training Policy
- ▶ Senior Management Remuneration Policy
- ▶ Whistleblowing Policy and Guidelines

▶ Commitment to Fair and Competitive Merit-Based Remuneration [GRI 2-19]

KPS Berhad is committed to fostering a high-performance culture through a fair and merit-based remuneration framework. Our rewards philosophy is designed to attract, develop, retain and motivate a diverse talent pool while fostering an inclusive and supportive work environment. This approach ensures that every employee has equal opportunities to grow, excel and be recognised based on their performance, contributions and professional conduct.

Our merit-based remuneration system is anchored on four key evaluation components that collectively determine an employee's overall performance standing:

Job Competency Assessment

Conducted jointly by employees and their respective supervisors to evaluate skills, behavioural attributes, and functional capabilities.

360-Degree Peer Assessment

Provides holistic insights into collaboration, teamwork, and interpersonal effectiveness.

Year-End KPI Achievement Review

Measures employees' progress against their agreed performance indicators and annual targets.

Job Success Factors Evaluation

Assess the quality, timeliness, and effectiveness of work delivered throughout the year.

▶ Competitive Employee Benefits and Support [GRI 401-2]

We are committed to providing employees with competitive remuneration and benefits that comply with the Employment Act 2023 and the Minimum Wage Order 2025. In many cases, the Group's remuneration packages exceed statutory requirements, showcasing our commitment to fair compensation and the principle of equal pay for equal work.

Remuneration levels are determined based on factors such as tenure, seniority, job responsibilities and professional expertise. Employees who have served the organisation for more than five consecutive years receive an additional 4% employer contribution to the Employees Provident Fund ("EPF"), in addition to the standard 12% to 13% contribution rate.

Non-executive employees are eligible for overtime payments in accordance with the Employment Act, ensuring fair compensation for additional working hours. These measures help maintain a competitive and equitable pay structure that supports employee well-being, promotes retention, and reinforces our commitment to responsible employment practices.

The following are additional key employee benefits provided by KPS Berhad to support the well-being, financial security, and overall needs of our workforce:

- ✔ Annual subscription/membership fees for recognised professional bodies
- ✔ Medical assistance, including hospitalisation and surgical and medical outpatient coverage for employees, spouses and dependents below 21 years (single and full-time students)
- ✔ Service awards for employees who have served 10 years or more
- ✔ Group Term Takaful Insurance for all employees
- ✔ Group personal accident insurance for all employees
- ✔ Academic achievement awards for employees' children who excel in public examinations



MD/GCEO delivers a briefing during one of the townhall session.

Social Commitment 2: Upholding Labour Rights, Safety, Equality and Diversity throughout Business Operations

[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]

➤ Promoting Equal Transparency through Accessible Policies

KPS Berhad prioritises fair and transparent access to policy documents, ensuring that employees can readily obtain and understand the Group’s guidelines and procedures. Key employee-related policies, including the COBE, are accessible through the KPS Berhad SharePoint platform and the corporate website. These documents are available to the entire workforce, supporting clarity, consistency and a shared understanding of the Group’s expectations.

➤ Collective Bargaining [2-30]

KPS Berhad respects the rights of employees across all subsidiary companies to engage in collective bargaining and to raise employment-related matters directly with their respective management teams. At Toyoplas Indonesia, a formal collective bargaining agreement is established through a recognised employee union representing eligible workers. As of the end of 2025, 80% of Toyoplas Indonesia’s workforce (385 employees) were union members.

Other subsidiary companies within the Group do not have formal collective bargaining agreements. However, employees retain the right to form representative bodies, either formally or informally, to collectively discuss and negotiate matters with management. To ensure employees remain aware of these rights, the Group provides periodic reminders through both formal and informal internal communication channels.

➤ Freedom of Association

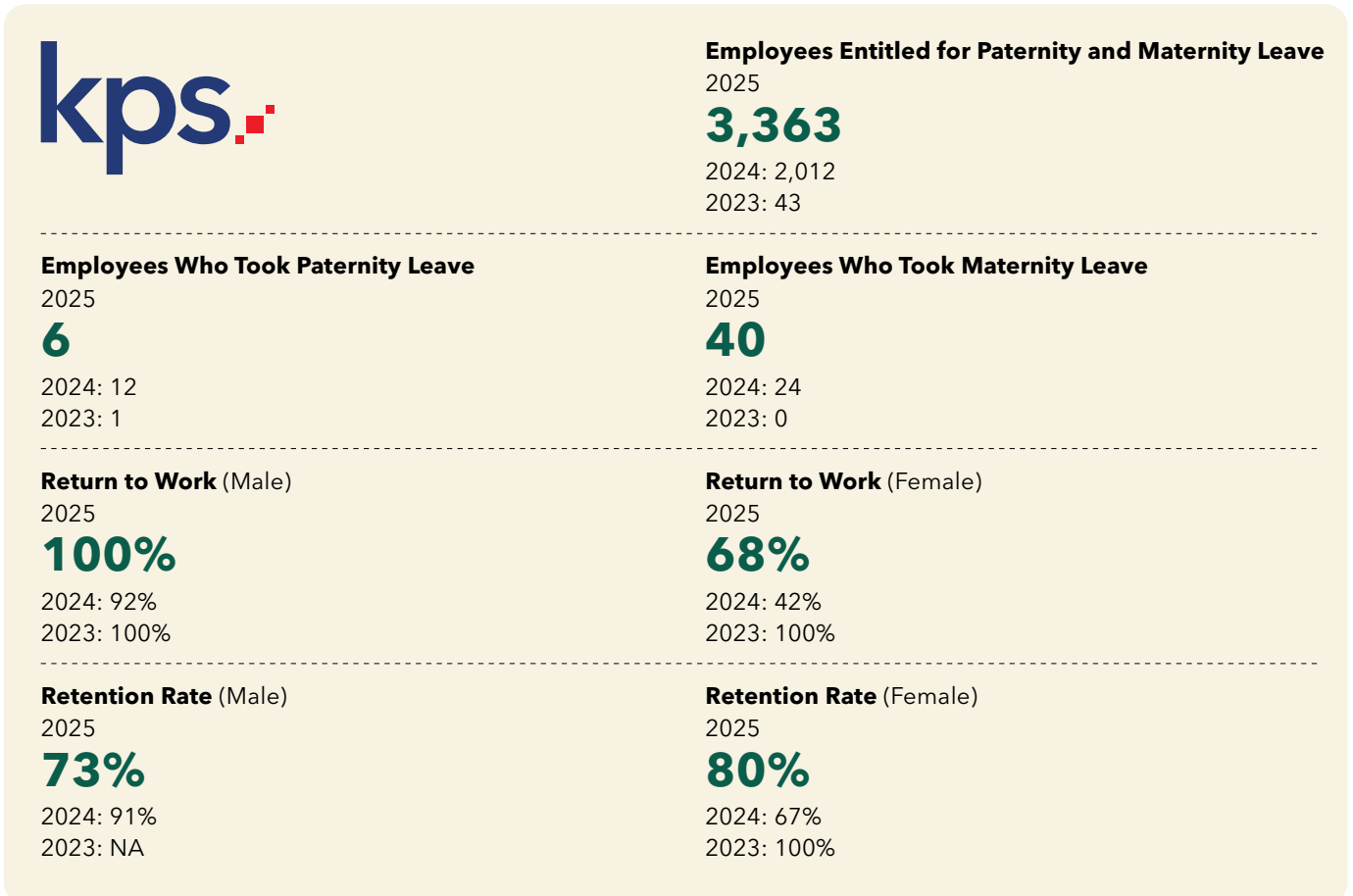
KPS Berhad acknowledges and upholds the fundamental right to freedom of association, supporting a fair, inclusive and collaborative workplace culture. Employees are free to join any social, political or professional organisation of their choice, provided these organisations operate within the legal frameworks of the countries in which the Group operates.

Employees also have the right to organise, participate in representation, and express their views without fear of discrimination or retaliation. KPS Berhad supports these rights by maintaining an open, respectful and supportive corporate culture. This principle aligns with the Group’s broader objective of cultivating a sustainable, engaged and motivated workforce that contributes to long-term organisational sustainability.

➤ Parental Leave Support

KPS Berhad supports employees with family responsibilities by fully adhering to parental leave requirements, which include 98 days of maternity leave and 7 days of paternity leave for eligible parents. The Group also monitors return-to-work and retention rates following parental leave to ensure that employees receive adequate support in balancing their work commitments with family needs.

Return to Work Rates and Retention Data for Parental Leave



Social Commitment 2: Upholding Labour Rights, Safety, Equality and Diversity throughout Business Operations

[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]

Continuous Awareness Programme on Labour Rights

KPS Berhad places emphasis on ensuring employees remain well-informed about their workplace rights. To reinforce this commitment, the HRD conducts an annual awareness programme that covers key provisions in the Employee Handbook. In 2025, the programme aimed to refresh employees' understanding of their fundamental rights, company policies, and workplace regulations. To strengthen engagement, the session incorporated an interactive Question-and-Answer segment using a gamified approach. This method enabled employees to test their knowledge while reinforcing their understanding of key employment policies and practices.

Developing Local Talent

Hiring and developing local talent remain key elements of KPS Berhad's workforce strategy. Regardless of race, religion, gender, or disability, the Group prioritises local recruitment across all levels of the organisation, ranging from non-executive roles to senior leadership positions, including the MD/GCEO and the Board, based strictly on merit. Beyond recruitment, KPS Berhad promotes continuous learning at every stage of the employee journey, from onboarding to career progression. While there is no formal policy mandating this approach, it is a widely practised standard across the Group to ensure that local talents are prepared to fill critical roles as well as equipped with the skills and capabilities they need to grow and excel within the Group.

Subsidiary Companies	Local Employees	Foreign Employees
KPS Berhad	57	0
Toyoplas	394	1,447
CPI	429	346
MDS Advance	45	23
CBB	343	261
Aqua-Flo	18	0
Total Employees by Category	1,286	2,077
Percentage of Employees by Category	38.2%	61.8%

Definition:

Local Employees: Employees who are citizens or permanent residents of the country in which the operating facility is located.

Foreign Employees: Employees who are not citizens or permanent residents of the country in which the operating facility is located.

Fostering a Diverse, Equitable, and Inclusive Workforce

We embrace diversity, equity and inclusivity ("DEI") as important components of our workplace culture. We are committed to ensuring that employment practices reflect the nation's multi-racial landscape while complying with applicable laws and regulations. This commitment is reinforced through the Employee Handbook, specifically Clause 2.2 on Employment Composition, which emphasises the importance of cultivating a workforce that represents a broad spectrum of backgrounds, experiences and perspectives. By fostering diversity within the organisation, we seek to encourage varied viewpoints, constructive discussions and broader perspectives in decision-making, supporting more informed and balanced organisational outcomes.

Town Hall Gathering

Our town hall sessions provide employees with direct access to timely updates on business performance, operational strategies and plans. These engagements promote clear communication between Management and employees, ensuring accurate information flow and reducing the risk of misinterpretation. The inclusive format allows employees to voice concerns, seek clarification and participate in discussions on the Group's direction.

During these sessions, employees are encouraged to discuss career development matters and engagement programmes directly with the Management, while gaining clearer insights into the Group's strategic priorities. Management leverages this platform to communicate expectations and address employee feedback in a transparent manner.

2025 Women's Day Celebration

We celebrated International Women's Day 2025 by recognising the dedication and achievements of our women employees. To honour their contributions, the Deputy Chief Executive Officer (Finance and Corporate Services) personally distributed tokens of appreciation to all women across the organisation, reinforcing our commitment to gender inclusivity and a supportive, empowering workplace culture.



2025 Key Achievements



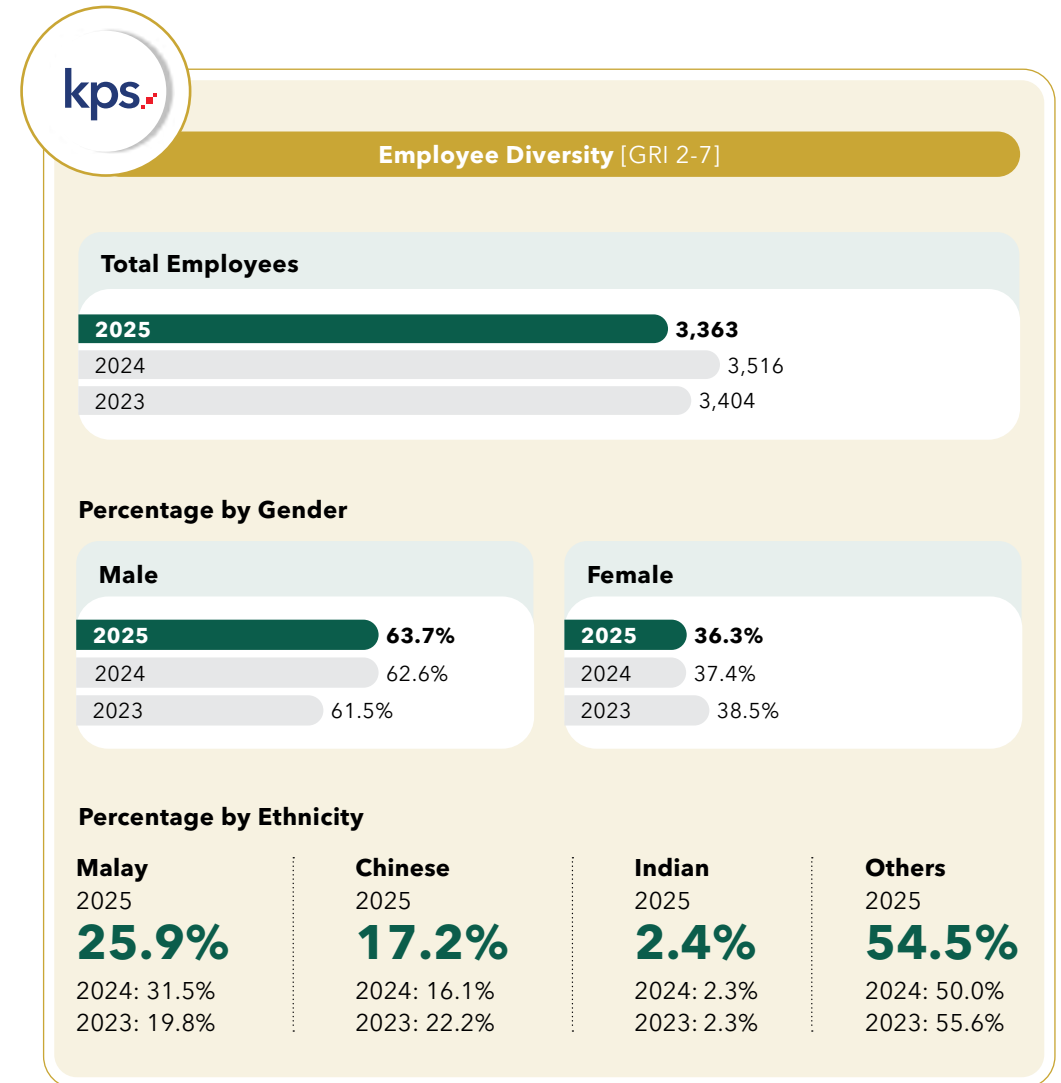
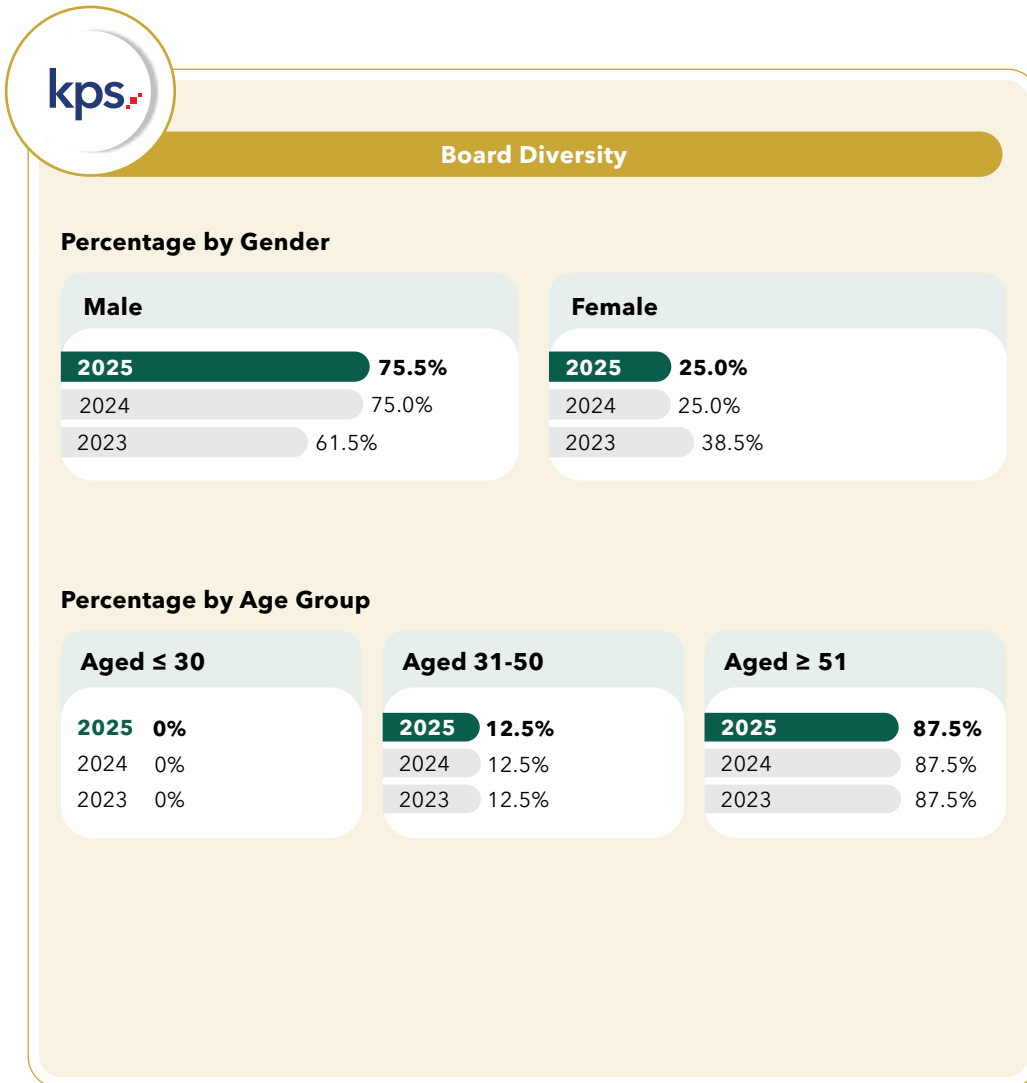
ZERO reported cases of discrimination across the Group, upholding KPS Berhad's commitment to a fair and inclusive workplace.

Social Commitment 2: Upholding Labour Rights, Safety, Equality and Diversity throughout Business Operations

[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]

Performance Data

KPS Berhad continuously reviews its labour practices through systematic data monitoring to ensure alignment with fair and responsible employment standards. The data-driven approach enables the Group to strengthen its labour policies and refine initiatives to better support its workforce.



Workforce demographics indicate that women comprise 37% of the Group's total workforce. However, the gender distribution is more balanced at the KPS Berhad Headquarters in Shah Alam, where women represent 49% of employees.

Social Commitment 2: Upholding Labour Rights, Safety, Equality and Diversity throughout Business Operations

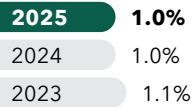
[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]



Employee Diversity [GRI 2-7]

Percentage by Category

Senior Management



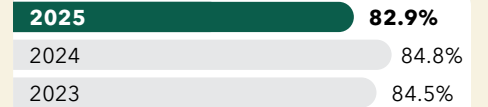
Management



Executive



Non-Executive



Percentage by Gender (Male)

Senior Management



Management



Executive



Non-Executive



Percentage by Gender (Female)

Senior Management



Management



Executive



Non-Executive



Social Commitment 2: Upholding Labour Rights, Safety, Equality and Diversity throughout Business Operations

[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]



Employee Diversity [GRI 2-7]

Percentage by Age Group (Aged ≤ 30)

Senior Management

2025 0%
2024 0%
2023 0%

Management

2025 2.4%
2024 2.4%
2023 1.3%

Executive

2025 26.3%
2024 29.0%
2023 20.9%

Non-Executive

2025 40.2%
2024 44.8%
2023 41.9%

Overview of Percentage by Age Group

Aged ≤ 30

2025 36.4%
2024 40.9%
2023 37.5%

Percentage by Age Group (Aged 31-50)

Senior Management

2025 44.1%
2024 41.2%
2023 51.4%

Management

2025 63.1%
2024 63.6%
2023 60.9%

Executive

2025 63.7%
2024 61.1%
2023 64.1%

Non-Executive

2025 54.7%
2024 50.4%
2023 54.5%

Aged 31-50

2025 56.0%
2024 51.9%
2023 55.7%

Percentage by Age Group (Aged ≥ 51)

Senior Management

2025 55.9%
2024 58.8%
2023 48.7%

Management

2025 34.5%
2024 34.0%
2023 37.8%

Executive

2025 10.1%
2024 9.9%
2023 14.9%

Non-Executive

2025 5.1%
2024 4.8%
2023 3.7%

Aged ≥ 51

2025 7.6%
2024 7.2%
2023 6.8%

Social Commitment 2: Upholding Labour Rights, Safety, Equality and Diversity throughout Business Operations

[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]



Employee Diversity [GRI 2-7]

Percentage of Global Employee Disability

2025
0%
2024: 0% 2023: 0%

Percentage of Employment Type

Permanent
2025
78.1%
2024: 78.5% 2023: 72.0%

Contract
2025
21.9%
2024: 21.5% 2023: 28.0%

Percentage of New Hires

2025
42.2%
2024: 41.6% 2023: 26.0%

Total Number of Employee Turnover

2025
1,510
2024: 1,348 2023: 943

Percentage of Employee Turnover

2025
23.6%
2024: NA 2023: 27.0%

Total Number of Employee Turnover by Category

Senior Management

2025
1
2024: 6 2023: 9

Management

2025
27
2024: 23 2023: 46

Executive

2025
88
2024: 119 2023: 84

Non-Executive

2025
1,394
2024: 1200 2023: 804



Our Outlook

Building on the progress achieved in 2025, we will continue refining our policies to promote inclusivity, strengthen employee representation, and ensure alignment with evolving regulatory requirements.

Going forward, we aim to strengthen our initiatives that support employee well-being, professional development, and workplace inclusivity. Continued improvements in employee engagement and ethical labour practices will help cultivate a resilient, adaptable workforce prepared to meet future organisational challenges.



KPS Berhad's Director of HRD delivers a briefing on the GAP.

Social Commitment 2: Upholding Labour Rights, Safety, Equality and Diversity throughout Business Operations

[GRI 2-23, 2-24, 401, 403, 404, 407, 3-3]



Impact Story: Fostering Connection through Group-Wide Team Building

Overview

With business units operating across diverse locations and functions, fostering collaboration and a strong sense of belonging remains a key priority for KPS Berhad. The Group therefore places emphasis on strengthening teamwork and building connections among employees from different subsidiary companies.

Initiative

To deepen cross-functional interaction and strengthen cross-company unity, KPS Berhad organised the KPS Group Teambuilding 2025 in Pulau Pinang and Johor. Employees from KPS Berhad, Toyoplas, CPI, MDS Advance, CBB and Aqua-Flo participated in a series of team-building activities designed to promote trust, teamwork and collaboration. The programme featured futsal, netball and badminton games that encouraged employees to connect beyond their daily work routines.

Importantly, the event brought together a diverse mix of participants, including local employees of various races and foreign employees from countries such as Nepal, Bangladesh and many more. This inclusivity strengthened cross-cultural understanding, reinforced mutual respect, and provided a meaningful platform for networking, camaraderie and shared experiences, helping to build a unified corporate identity across all subsidiary companies.

Outcome

The team-building events are expected to strengthen relationships across subsidiary companies, creating a more connected and collaborative workforce. Early feedback indicates that employees feel more engaged, more comfortable interacting with colleagues from other business units, and more aware of the Group's shared identity. These activities also improved communication, reduced departmental silos, and enhanced a sense of unity across diverse functions and locations.

As cross-cultural interactions increase, employees are expected to develop deeper mutual understanding and respect, contributing to a more inclusive workplace environment. Over time, these strengthened relationships can support smoother collaboration on inter-company projects, foster higher morale, and reinforce a shared sense of belonging across the Group.



KPS Berhad Group teambuilding brings together subsidiary companies across Selangor, Johor and Penang.

06

Governance Ethics

The Group's governance structure integrates Board oversight with dedicated Board Committees that oversee sustainability, nomination and remuneration, investment review, audit, and risk management processes. This structure ensures robust oversight and accountability in the Group's governance and sustainability practices.


Central to this framework is the COBE, which is subject to explicit oversight by the Board and it serves as the Group's ethical code guiding decision-making and behaviour across the Group. The COBE outlines the Group's expectations and standards in key areas, including anti-corruption, conflict of interest, stakeholder engagement, employee well-being and investor interests. It is communicated to the Board, Management and employees to ensure consistent adherence to its principles.

 *The Group's COBE can be viewed here: <https://kps.com.my/code-of-business-conduct-ethics-cobe-inner>*

In parallel, KPS Berhad has a Code of Conduct for Directors that outlines the ethical expectations and responsibilities of the Directors, reinforcing accountability and professionalism at the highest level of leadership.

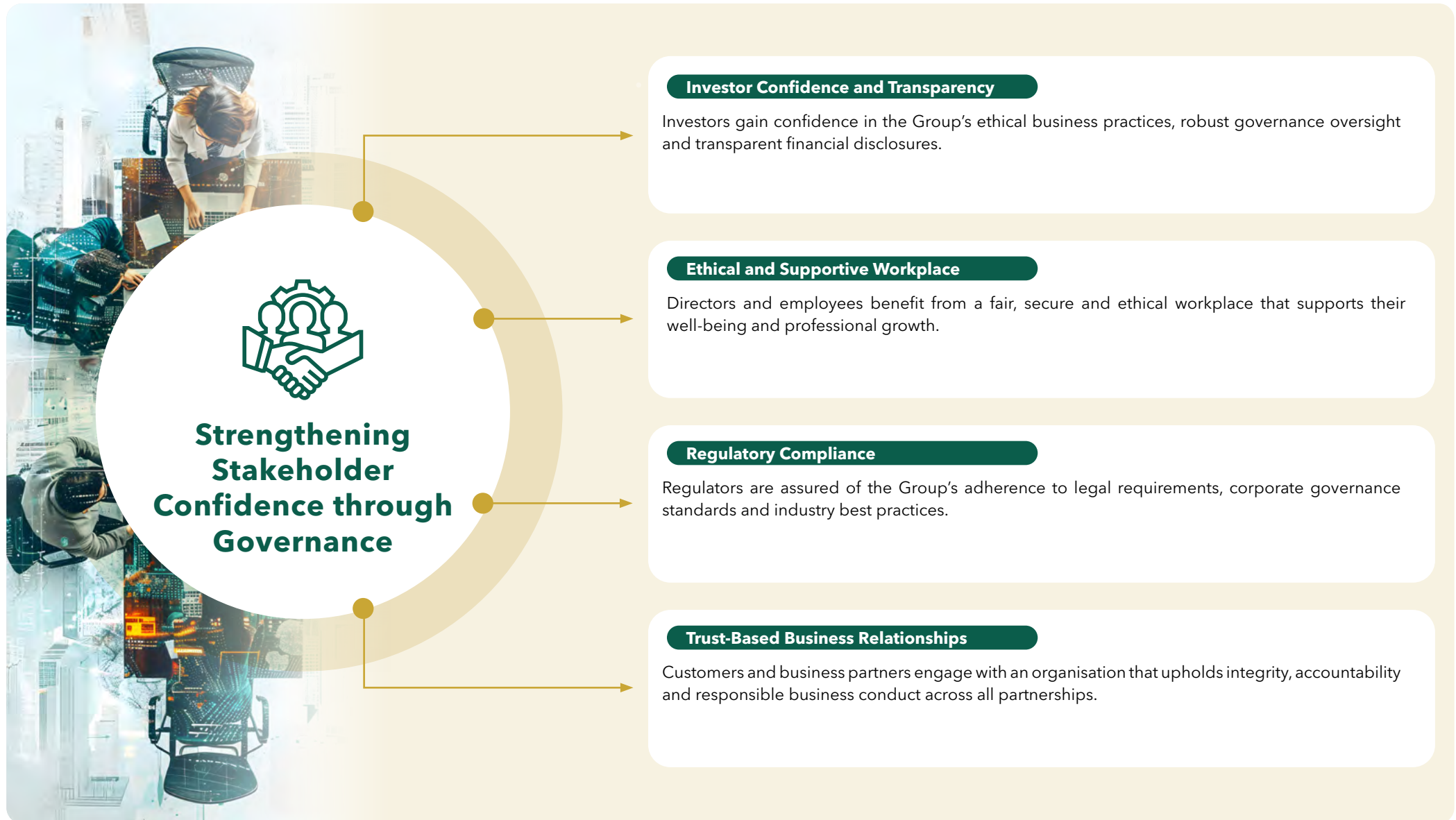
 *The Directors' Code of Conduct can be viewed here: <https://kps.com.my/index.php/investor-relations/corporate-governance/item/code-of-conduct-for-directors>*

Meanwhile, KPS Berhad continues to demonstrate its strong alignment with the MCCG, having adopted and applied the majority of its recommended practices. Details on how the Group implement these practices are disclosed in the 2023 Corporate Governance Report, available through KPS Berhad's Investor Relations portal.

 *The report can be accessed here: <https://kps.com.my/index.php/investor-relations/reports>*

Why It Matters?

The governance framework, policies and approaches adopted by KPS Berhad ensure that all business activities are conducted with integrity and in alignment with the highest regulatory and ethical standards. This commitment strengthens stakeholder trust and reinforces the Group's long-term resilience, as reflected in the table below:



Upholding Good Corporate Governance

[GRI 2-23, 2-24, 102, 205, 303, 306, 415, 418, 3-3]

Material Matters [GRI 3-2]

Three material matters drive KPS Berhad’s governance commitment:

- 
Good Governance and Anti-Corruption
 Promoting ethical business practices, integrity and regulatory compliance.

- 
Environmental and Social Compliance
 Ensuring operations comply with applicable environmental and social regulatory frameworks and requirements.


- 
Digitalisation and Technology
 Leveraging digital technologies to drive automation, governance efficiency and mitigate digital risks.

Material Matter: Good Governance and Anti-Corruption [GRI 2-26, 2-27, 205, 415, 3-3]

Our Commitment

Strengthening our governance structures, policies and ethical frameworks enables us to prevent bribery and corruption, safeguard business continuity and uphold stakeholder trust. We maintain a zero-tolerance stance on bribery and corruption, committing to the highest standards of business ethics and aligning with best practices. This commitment ensures that every business interaction reflects integrity and accountability.

Leadership at the highest levels drives this dedication across the Group. We also extend our expectation of ethical conduct to our stakeholders, embedding integrity as a core value throughout the Group.

Capitals: 

Related Stakeholders: 

Material Significance

A well-governed organisation operates with accountability, nurtures ethical leadership, and embeds a strong culture of compliance across the Group. Without strong ethical governance and anti-corruption practices, risks extend far beyond legal non-compliance. Weak oversight can erode stakeholder trust, threaten financial stability, and reduce market competitiveness.

Summary of Key Risk Area of Good Governance and Anti-Corruption

Risks	Financial Implications	Mitigation Plans
Non-Compliance Risk Potential legal, financial, operational and reputational exposures associated with relationships with external entities such as contractors, suppliers, vendors, consultants, joint venture partners, government intermediaries and public authorities.	Corruption or governance failures can severely erode trust among employees, regulators, business partners and customers.	Implementation of robust anti-corruption measures and periodic awareness sessions to prevent fraud and financial misconduct and bribery.

Our Approach

KPS Berhad’s governance approach serves as a foundation for the Board, management teams, employees and business partners, ensuring accountability, ethical conduct and responsible decision-making across the organisation.

1 Board Committees for Oversight and Policy






A well-defined governance structure places compliance and ethical leadership at the core of KPS Berhad’s operations. The Group’s governance policies are aligned with the MCCG, the Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries (“GCD”), and Section 17A of the MACC Act, ensuring full adherence to national regulatory requirements and ethical standards. The Board plays a pivotal role in overseeing governance matters, supported by dedicated Board Committees that provide specialised guidance on risk management, financial controls, sustainability and ethical business conduct.

To further reinforce accountability, any suspected misconduct, including corruption, bribery, fraud or any unethical behaviour, can be reported directly to the Chairman of the BGRC through established whistleblowing channels. These structures collectively reinforce accountability and uphold the Group’s commitment to responsible and transparent operations.

Upholding Good Corporate Governance

[GRI 2-23, 2-24, 3-3]

Below are the Board Committees that provide governance oversight across the Group:

<p>Sustainability Board Committee</p> 	<p>Oversees the processes, standards and strategies that manage sustainability agendas, ensuring alignment with KPS Berhad’s sustainability priorities and operational needs.</p>
<p>Board Audit Committee</p> 	<p>Oversees the financial reporting process, audit functions, internal control systems and compliance with applicable laws and regulations.</p>
<p>Nomination and Remuneration Committee</p> 	<p>Ensures the Board and its committees maintain an appropriate composition and are fairly remunerated to support KPS Berhad’s strategic objectives and values. Reviews the Group’s performances and employee benefits.</p>
<p>Board Governance and Risk Committee</p> 	<p>Provides oversight and advisory support on current and emerging risk exposures, risk strategy, risk tolerance, compliance risk management and integrity and governance management across the Group.</p>
<p>Board Investment Review Committee</p> 	<p>Oversees KPS Berhad’s investment programmes and investment funds, including their governance, portfolio composition and performance delivery.</p>

2 Aligning with Global Standards

In 2025, KPS Berhad strengthened its Selangor-state-level commitment to the Organisation Anti-Corruption Plan 2023–2026 (“OACP”), reinforcing the Group’s dedication to maintaining a corruption-free workplace and ensuring ethical and transparent engagement with all stakeholders. Guided by the OACP, KPS Berhad continued its involvement in state and industry integrity initiatives, including collaboration with Menteri Besar Incorporated (“MBI”) Selangor and other institutional partners to support anti-corruption awareness programmes, capacity-building efforts, and the continuous enhancement of integrity practices across the Group’s operations.

Building on the OACP established since 2023, the Group further strengthened its anti-corruption management approach across key functions, including procurement, governance and human capital, to reinforce resilience against evolving integrity risks. Throughout 2025, KPS Berhad remained focused on identifying potential vulnerabilities, implementing targeted mitigation strategies, and nurturing a workplace culture rooted in transparency, integrity and accountability. The OACP continued to serve as the Group’s strategic framework, ensuring adherence to the highest ethical standards while strengthening preventive mechanisms against bribery and corruption.



3 Key Policies in Place

KPS Berhad has established a comprehensive set of governance policies to uphold high ethical and operational standards across the Group. These policies are reviewed and updated regularly to remain aligned with evolving legal, regulatory and business requirements. Under the Internal Document Policy, all governance-related documents undergo a mandatory review at least once every three years, or earlier when necessary.

Board Policies

- Directors’ Remuneration Policy
- Independent Directors’ Tenure Policy
- Dividend Policy
- Dividend Policy for Subsidiary
- Board Diversity Policy
- Policy for Board Representation in Kumpulan Perangsang Selangor Berhad Subsidiaries and Associates
- Head of Subsidiary Appointment
- Senior Management Remuneration Policy

Other Key Corporate Policies

Governance Oversight Policies

- Conflict of Interest Policy
- Related Party Transactions Policy and Procedures
- External Auditors Assessment Policy
- Policy on Appointment of External Auditors
- Investor Relations Policy

Other Key Corporate Policies

Risk Management and Compliance Policies

- Compliance Policy
- Enterprise Risk Management Policy
- Business Continuity Management
- Personal Data Protection Policy
- Anti-Harassment Policy

Financial and Treasury Management

- Credit Policy
- Treasury Policy
- Dividend Policy for Subsidiary Company
- Foreign Exchange Policy and Guidelines
- Delegation of Authority Policy and Limit of Authority

Human Capital Policies

- Talent Management and Succession Planning Policy
- Performance Management Framework Policy

Operational and Administrative Policies

- Internal Document Policy
- Procurement Policy
- Entertainment and Gift Policy
- Information Technology Policy

Sustainability, Safety and Environmental Management Policies

- Quality, Safety, Health, and Environmental Policy
- Sustainability Policy

Upholding Good Corporate Governance


[GRI 2-23, 2-24, 3-3]

4 Zero-Tolerance Commitment to Bribery and Corruption

KPS Berhad upholds a strict zero-tolerance stance on bribery and corruption across all operations, reinforcing integrity and accountability throughout the Group. This commitment aligns with Section 17A of the MACC Act and reflects industry best practices to ensure corruption-free business processes and decision-making.

The Group has implemented a comprehensive Anti-Bribery and Corruption (“ABC”) Policy, applicable to all employees, Board members and external stakeholders. The policy outlines firm measures to prevent corrupt practices, covering:

- ▶ Bribery, kickbacks and money laundering
- ▶ Abuse of power, fraud and embezzlement
- ▶ Corporate facilitation payments and donations
- ▶ Conflicts of interest and improper political contributions

 The full ABC Policy is available here: <https://kps.com.my/anti-bribery-and-corruption-policy-inner>

Upholding Good Corporate Governance

[GRI 2-23, 2-24, 3-3]

Policies and Guidelines Supporting Anti-Bribery and Corruption Efforts

- Anti-Bribery and Corruption Policy
- Whistleblowing Policy and Guidelines
- Entertainment and Gift Policy
- Organisation Anti-Corruption Plan
- Corruption Risk Management Framework
- Code of Business Conduct and Ethics
- Conflict of Interest Policy
- Conflict of Interest Policy for Board of Directors
- Annual Declaration on Conflict of Interest
- SOP on Tender Process
- SOP on Quotation Process
- Supplier Integrity Pledge



5 Strong Stance against Money Laundering

KPS Berhad maintains strict compliance with anti-money laundering regulations through comprehensive counterparty due diligence. This includes:

- ▶ Understanding the background and business profile of prospective counterparties
- ▶ Verifying the origin and destination of funds, property and services involved in transactions
- ▶ Applying stringent SOPs that define expected standards and professional conduct in all business dealings

This due diligence process applies to all external engagements, including customers, contractors, suppliers, consultants, agents, joint venture partners and other business associates.

6 Guidance on Gift Giving and Receiving

KPS Berhad's Entertainment and Gift Policy provides clear guidance on the giving and receiving of gifts or gratuities from both internal and external parties. This policy promotes transparency, prevents conflicts of interest, and supports a culture of integrity across all engagements.

The Group also extends its zero-corruption commitment to the supply chain. Suppliers, vendors and contractors are required to sign the Supplier Integrity Pledge, affirming their responsibility to maintain corruption-free and ethically sound business practices in all dealings with KPS Berhad.

7 Strengthening Corporate Defences through ERM

KPS Berhad's risk management practices align with ISO 31000:2018, a globally recognised standard that guides the systematic identification, assessment and mitigation of risks. Through the ERM framework, the Group provides regular risk disclosures to internal stakeholders, detailing risk exposures, mitigation strategies and compliance measures to support informed governance oversight.

To strengthen financial stability, enhance operational efficiency, safeguard business operations and protect the Group's reputation, KPS Berhad's ERM framework includes the following components:

1 A regularly updated risk register

Ensures continuous monitoring of potential governance risks.

2 A triple-tier risk identification approach

Enables early detection of risks at the operational level before escalation.

3 Stringent oversight systems and operational controls

Promote shared accountability, transparency and responsible decision-making across the Group.

Upholding Good Corporate Governance

[GRI 2-23, 2-24, 3-3]

8 Risk Assessment and Due Diligence Practices

KPS Berhad has established an SOP to guide due diligence and risk management when engaging with stakeholders. This process applies to existing operations as well as potential acquisitions or new business ventures. The assessment covers the following areas:

 <p>Identification of non-compliance risks</p>	 <p>Evaluation of HSE compliance</p>
 <p>Third-party integrity assessments</p>	 <p>Promotion of adherence to anti-bribery and corruption requirements</p>

9 Strengthening Compliance through the Integrity Governance Unit

The Integrity and Governance Unit ("IGU"), led by the Chief Integrity and Governance Officer ("CIGO"), plays a pivotal role in embedding integrity and anti-bribery and corruption principles throughout the Group. The IGU ensures that ethical conduct is upheld across day-to-day operations and strategic decision-making. Reporting directly to the Board and Senior Management, the IGU reinforces strong governance oversight as a core priority across all business units.

The IGU strengthens the Group's internal control ecosystem through the following key functions:


Highlights



Regular review of the ABC Policy and related SOPs to ensure alignment with legislative changes.



Regular Corruption Risk Assessments.



Ethics and anti-corruption awareness programmes.



Monitoring and reviewing all anti-bribery and corruption-related data to achieve compliance.

10 Supporting Whistleblowing

KPS Berhad upholds a Whistleblowing Policy and Guidelines that encourages employees and external stakeholders to report any unethical, unlawful or non-compliant practices, including human rights and labour-related concerns across the supply chain. The policy provides strong protection for whistleblowers in line with the Whistleblower Protection Act 2020 (Act 711), ensuring that all disclosures are treated confidentially and that individuals are safeguarded from retaliation, victimisation or adverse employment consequences.

Whistleblowing concerns can be submitted through multiple secure channels, enabling accessible and confidential reporting for all stakeholders:

In person at the Integrity and Governance Unit

By letter to:

Chief Integrity and Governance Officer
Integrity and Governance Unit

Kumpulan Perangsang Selangor Berhad
Level 17th Plaza Perangsang
Persiaran Perbandaran
40000 Shah Alam, Selangor Darul Ehsan

By email to:

integrity@kps.com.my or
chairmanbgre@kps.com.my

By completing the whistleblowing form at:

<https://kps.com.my/index.php/whistleblowing>

Whistleblowing hotline (landline):

+603-5524 8448

Upholding Good Corporate Governance

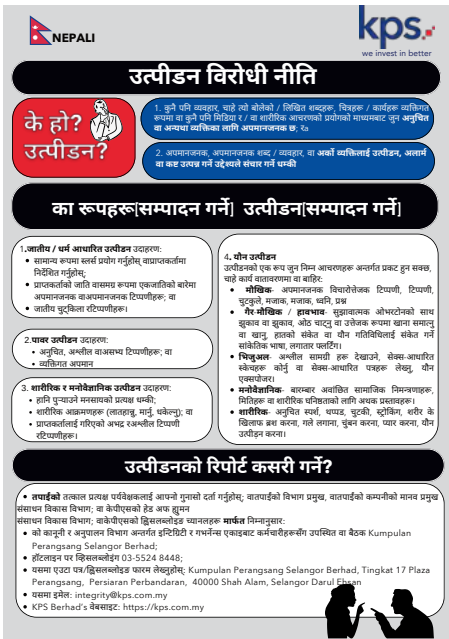
[GRI 2-23, 2-24, 3-3]

Creating Awareness through Communication

Multilingual Communication

As part of its ongoing commitment to fostering a strong culture of compliance, KPS Berhad requires all employees and external business partners to formally acknowledge their obligation to remain free from bribery, corruption and any form of misconduct. To enhance accessibility and promote understanding among employees of diverse backgrounds and nationalities, KPS Berhad has translated key governance policies, including the Whistleblowing Policy and Guidelines, Anti-Harassment Policy, and COBE, into Bahasa Malaysia, Bengali, Vietnamese, Nepalese, and Burmese.

This initiative ensures that all employees, particularly foreign workers, can fully comprehend their rights, responsibilities and the Group's governance standards, thereby supporting consistent and informed adherence across the organisation.



Integrity Alerts and Updates

The LCD promotes integrity awareness through regular newsletters and email alerts circulated to all compliance officers and employees of KPS Berhad. These communications provide updates on the latest developments in laws and regulations, as well as evolving stakeholder expectations relating to integrity, anti-bribery and corruption practices.

The newsletters and alerts are issued on an as-needed basis whenever new or relevant developments arise, ensuring that employees remain informed of regulatory changes and emerging integrity-related expectations.

2025 Key Achievements

In 2025, ZERO whistleblowing cases were reported across the Group.



Performance Data

KPS Berhad continuously monitors and evaluates its governance and anti-corruption initiatives to ensure compliance with regulatory requirements and to strengthen the Group's internal control environment. This structured approach to tracking governance performance supports proactive risk mitigation, informed decision-making and consistent enhancement of corporate integrity practices across all business units.

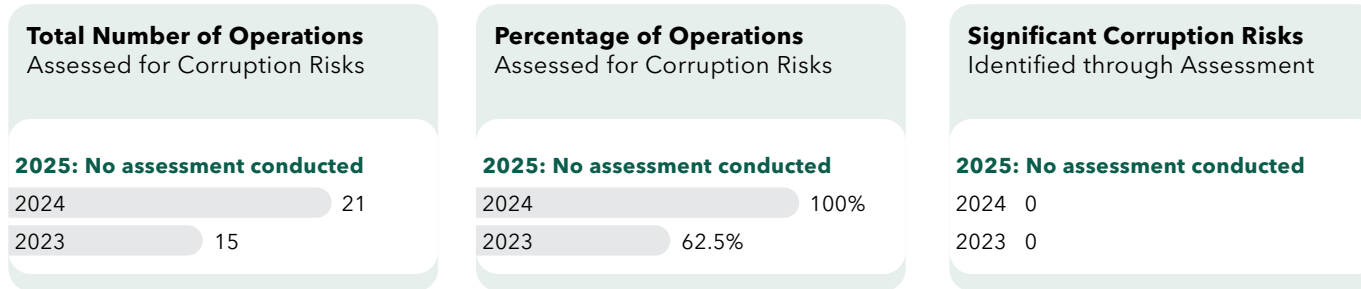
Anti-Corruption Audit and Assessments [GRI 205-1]

In 2024, KPS Berhad conducted a comprehensive Corruption Risk Assessment ("CRA") across the Group, covering all subsidiary companies and operating facilities. The assessment included an in-depth review of governance processes, internal controls and operational practices to identify potential vulnerabilities that could give rise to corruption or bribery risks. The assessment concluded that all operating units demonstrated low exposure to corruption risks, supported by internal controls, established preventive measures, and effective governance oversight. Notably, no incidents of corruption or bribery were reported during the assessment period.

In view of the existing corruption risk profile and the absence of corruption-related cases, no additional mitigation measures were deemed necessary beyond the existing control framework. Consistent with Section 17A of the MACC Act: Adequate Procedures - Best Practice Handbook (February 2022), paragraph 4.2.2, which recommends that a comprehensive CRA be conducted every three years, with interim assessments undertaken when warranted by changes in risk exposure, KPS Berhad has determined that the next Group-wide CRA will be conducted by 2027.

Upholding Good Corporate Governance
[GRI 2-23, 2-24, 3-3]

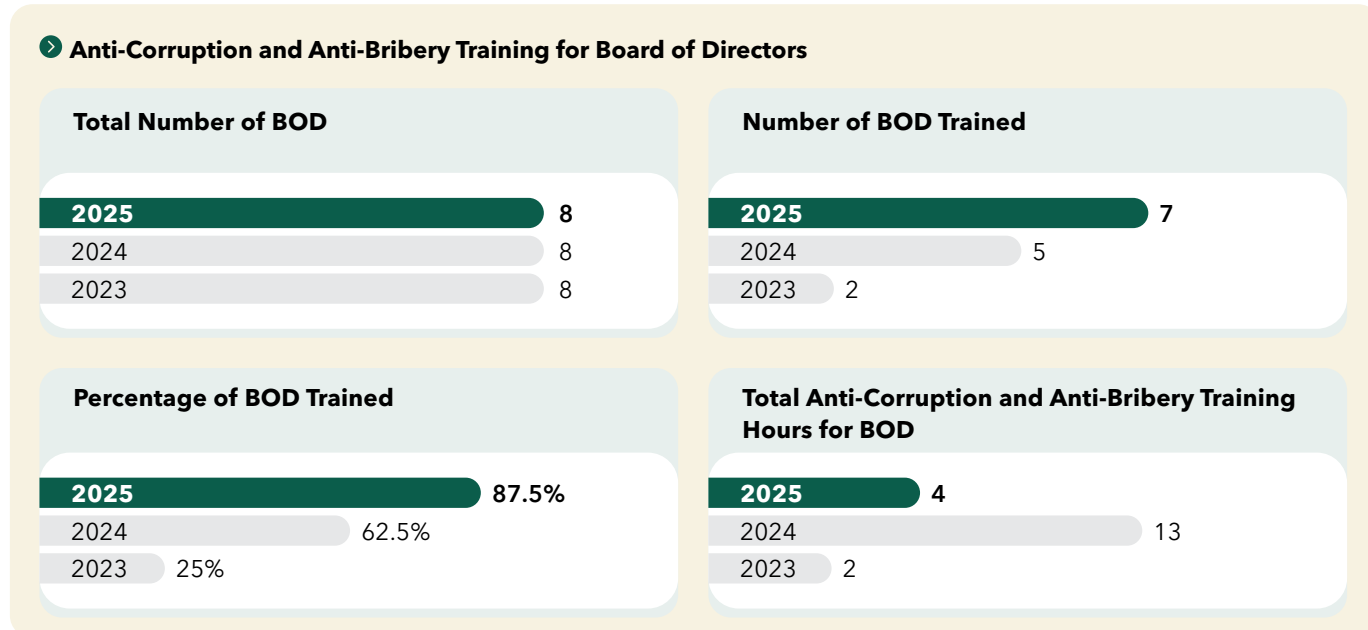
Corruption Risk Assessment



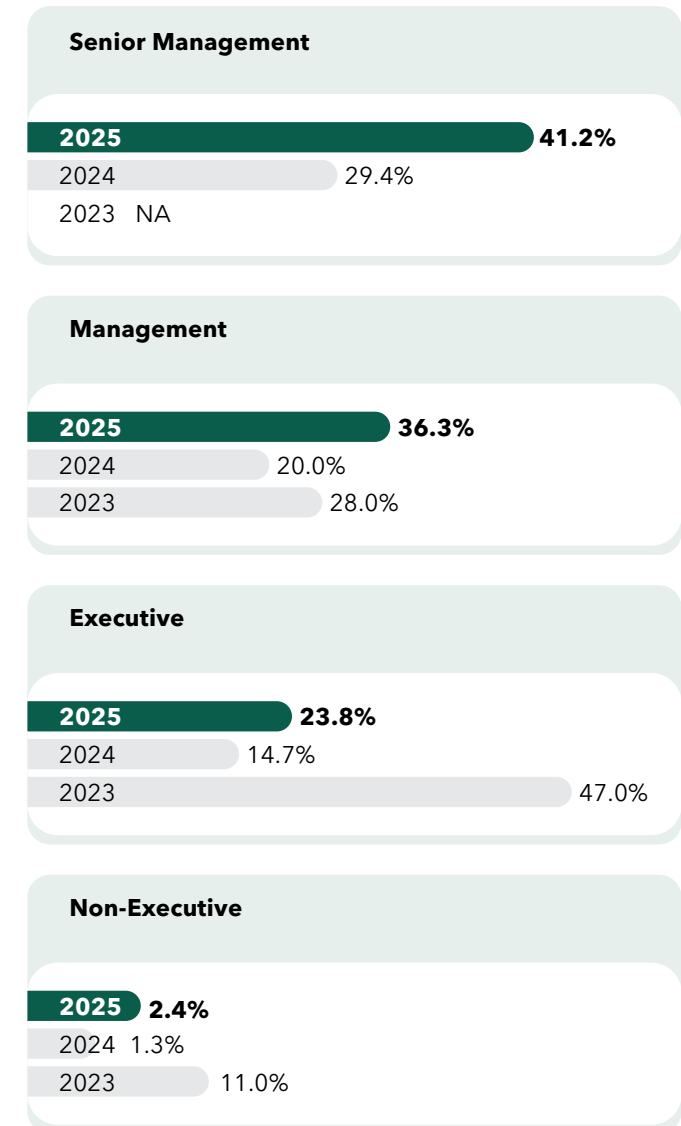
Anti-Corruption Training and Awareness [GRI 205-2]

KPS Berhad conducts regular anti-corruption compliance training to ensure all employees understand the Group’s ethical expectations and governance requirements. These sessions cover key topics such as bribery and corruption risks, corporate ethics, whistleblowing protections and the responsibilities outlined in the Group’s governance policies.

Anti-corruption training is mandatory for all personnel, from executive leadership to operational staff, to ensure consistent awareness and adherence to compliance standards. In 2025, training programmes were delivered to the Board members, Senior Management and employees across all subsidiary companies.



Percentage of Anti-Corruption and Anti-Bribery Training for Employees by Category



Upholding Good Corporate Governance

[GRI 2-23, 2-24, 3-3]

Notable Anti-Corruption and Anti-Bribery Training and Awareness Programmes

- ▶ ISO37001:2025 Anti-bribery Management Systems Awareness
- ▶ The Power of NO: Effective Strategies to Reject Corruption
- ▶ Strengthening Corporate Integrity with the Board of Directors of KPS Berhad
- ▶ KPS Berhad Act-I "Jelajah Anti-Rasuah 2.0" (Anti-Corruption Journey 2.0)
- ▶ Hari Integrity MBI Selangor (Integrity Day)
- ▶ Symposium Chief Integrity Governance Officer ("CIGO") Year 2025
- ▶ Ceramah Nilai Integriti dalam Islam: Hari Hati Ke Tindakan (Lecture on the Value Integrity in Islam: From Heart to Action)

Monitoring Corruption Incidents and Compliance Performance [GRI 205-3, 415-1]

KPS Berhad maintains strict compliance monitoring across all operations, with governance policies consistently enforced throughout the Group. In 2025, the Group recorded zero confirmed incidents of corruption, reflecting the effectiveness of its preventive measures, internal controls, and ongoing integrity initiatives.

No employees, suppliers or third-party contractors were dismissed, disciplined or had their contracts terminated due to corruption-related violations during the year. In addition, the Group did not incur any financial penalties, settlements or regulatory fines linked to anti-corruption breaches.

▶ Anti-Corruption and Anti-Bribery related Disclosures

Total Number of Confirmed Incidents of Corruption or Bribery

2025 0
2024 0
2023 0

Actions Taken in Dealing with Confirmed Incidence(s) of Corruption or Bribery in the Company (If Any)

2025 0
2024 0
2023 0

Total Number of Confirmed Incidents in which Employees were Dismissed or Disciplined for Corruption or Bribery (If Any)

2025 0
2024 0
2023 0

Contractors were Terminated or Not Renewed due to Violations Related to Corruption or Bribery (If Any)

2025 0
2024 0
2023 0

Cost of Fines, Penalties or Settlements in Relation to Corruption or Bribery (RM)

2025 0
2024 0
2023 0

Total Amount of Political Contribution (RM)

2025 0
2024 0
2023 0

Upholding Good Corporate Governance

[GRI 2-23, 2-24, 3-3]



Impact Story: Awareness Video for Everyday Integrity

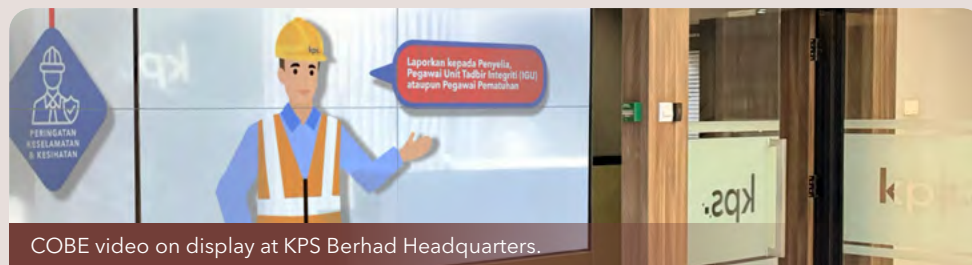
Overview

To foster a safer, more ethical and respectful workplace over the long-term, the LCD introduced an animated video as a continuous reminder for employees on matters related to anti-corruption and bribery, integrity and safety and health. The initiative aims to strengthen employees' understanding of safety, ethics and integrity in daily operations, while supporting compliance with applicable laws and promoting respectful conduct among employees and stakeholders.

Recognising the diversity of the workforce, the video is delivered in the Malay language to ensure accessibility and effective communication, particularly for foreign workers, enabling consistent understanding across the Group.

Initiative

To maximise visibility and impact, the LCD circulates the video to compliance officers at subsidiary companies for deployment at locations with high employee footfall, such as locker areas, canteens, reception and entrance points, and other relevant common areas.



The video emphasises key messages, including:

Integrity in conduct, reinforcing expectations for both internal and external stakeholders.

Alignment with laws and regulations, highlighting the importance of compliance in daily work.

Constructive handling of workplace conflicts, encouraging respectful and professional interactions.

Mutual respect among employees, supporting a positive and inclusive working environment.

Outcome

The use of a common language and an accessible visual format helps ensure that messages are consistently understood across different employee groups, including foreign workers. As a result, integrity, ethics and safety messages are delivered consistently and visibly across daily work environments, increasing the likelihood that employees are reminded of expected standards during routine activities.

Repeated exposure to clear, accessible messages supports greater awareness of lawful and ethical conduct, appropriate workplace behaviour and respectful interactions among employees and all stakeholders.



Our Outlook

In 2025, the Group continued to strengthen its compliance structures, enhanced anti-corruption measures, and improved risk oversight, reinforcing a more transparent and accountable operating environment aligned with regulatory expectations and stakeholder confidence.

Looking ahead, KPS Berhad will continue refining its governance strategies to remain responsive to an evolving business landscape. Ethical leadership, proactive risk management, and disciplined decision-making will remain central focus areas. With a governance framework that adapts to emerging risks and industry expectations, the Group remains committed to sustaining a culture of integrity that supports long-term value creation for all stakeholders.

Upholding Good Corporate Governance

[GRI 2-23, 2-24, 3-3]

Material Matter: Environmental and Social Compliance [GRI 2-27, 413, 418, 3-3]

Our Commitment

KPS Berhad is firmly committed to upholding the highest standards of environmental and social compliance across all operations. The Group strives to operate responsibly by minimising its environmental footprint, safeguarding natural resources and adhering to all applicable environmental laws, regulations and industry best practices.

The Group also prioritises social responsibility by respecting human rights, investing in communities it serves, promoting fair labour practices, ensuring safe and healthy working conditions, and fostering inclusive and equitable workplaces. Ethical conduct is upheld throughout the value chain, with close collaboration among employees, suppliers, business partners and local communities to ensure that social risks are effectively identified, managed and mitigated.

Transparency in environmental and social compliance reporting, as well as grievance management, will continue to be a top priority for KPS Berhad. As regulatory requirements evolve, the Group will further strengthen its governance framework to uphold ethical conduct across all operations.

Capitals:



Related Stakeholders:



Material Significance

A well-governed organisation operates with accountability, nurtures ethical leadership, and embeds a strong culture of compliance across all levels of the Group. Without strong governance and anti-corruption practices, risks extend far beyond legal non-compliance. Weak oversight can erode stakeholder trust, threaten financial stability, and reduce market competitiveness. Robust governance structures and anti-corruption safeguards enable businesses to:

- ▶ Protect the organisation from legal and financial repercussions arising from non-compliance with environmental and social regulations
- ▶ Drive operational efficiency by reducing environmental risks and improving resource management across business operations
- ▶ Strengthen business resilience through proactive risk management and sustainability-driven decision-making that supports long-term value creation
- ▶ Avoid operational disruptions resulting from environmental hazards or social concerns
- ▶ Build stakeholder trust and brand reputation by demonstrating responsible and ethical corporate behaviour aligned with national and global sustainability expectations
- ▶ Improve access to sustainable financing, investment opportunities, and strategic partnerships that prioritise sustainability performance

Summary of Key Risk Area of Environmental and Social Compliance

Risks	Financial Implications	Mitigation Plans
Non-Compliance Risk Arising from failure to comply with applicable laws, regulations, industry standards or internal policies.	Regulatory fines and penalties, legal consequences and remediation costs.	Implement and continuously review risk-based compliance controls.

Upholding Good Corporate Governance

[GRI 2-23, 2-24, 3-3]

Our Approach [GRI 413-2]

KPS Berhad adopts proactive and structured approaches to environmental and social compliance by integrating regulatory requirements and industry best practices into daily operations. Compliance is monitored across all subsidiary companies and business units, including within supply chains, ensuring that ethical and sustainable practices are consistently upheld.

➤ Oversight and Response to Non-Compliance

The BGRC and the Board play a central role in overseeing compliance and ensuring that all business activities align with applicable laws and regulations. This oversight is strengthened through continuous monitoring and leadership commitment to ethical and responsible operations.

KPS Berhad has implemented a Group-wide system for managing non-compliance, enabling thorough assessment and response to confirm regulatory breaches or grievances. All verified cases undergo rigorous investigation, followed by corrective and preventive actions. Confirmed claims or regulatory breaches are investigated thoroughly, and appropriate remedial actions are implemented.

➤ Zero Non-Compliance Commitment

KPS Berhad is committed to full adherence to environmental and social regulations, upholding high standards across its operations. This includes compliance with labour laws, human rights protections and environmental requirements.

Continuous education forms a key part of this commitment. In 2025, the Group organised talks, briefings, training sessions and email circulations to reinforce legal and compliance awareness among internal teams and external partners. Any compliance-related concerns are escalated to the Board for prompt review and action.

➤ Grievance and Complaints Mechanisms

KPS Berhad provides structured and confidential channels for employees and stakeholders to raise concerns. Complaints may be submitted through:

- ▶ Internal reporting lines, including immediate supervisors or the HRD department
- ▶ The Group's formal whistleblowing channels for further escalation

The grievance mechanism supports the reporting of issues such as:

- Workplace misconduct, discrimination or harassment
- Labour and human rights violations
- Breaches of employment contracts or unfair practices
- Corruption, bribery or unethical conduct
- Safety and health or accommodation concerns

All grievance reports are handled professionally and investigated thoroughly. Each report is managed with strict confidentiality and, where requested, anonymity. Confirmed cases lead to appropriate recommendations and actions by the MD/GCEO and relevant internal stakeholders, as guided by the Employee Handbook and Anti-Harassment Policy.

➤ Oversight of Environmental and Social Compliance

KPS Berhad maintains robust oversight mechanisms to prevent regulatory breaches by implementing the following measures:

- ▶ Compliance officers at all subsidiary companies oversee environmental and social requirements

- ▶ Periodic audits and reviews assess adherence to sustainability-related regulations
- ▶ Regular reporting and engagement with subsidiary companies ensure each business unit aligns with stakeholder expectations

2025 Key Achievements



Track records of **ZERO** reported cases in 2025:

- Environmental non-compliance
- Human rights violations
- Child or forced labour
- Workplace harassment
- Bribery and corruption



Reported cases in 2025:

- Number of grievance cases: **ZERO**
- Complaints received through established whistleblowing channels (email, letter or phone call): **ZERO**



Our Outlook

Through ongoing training and regular compliance assessments, KPS Berhad ensures that all subsidiary companies remain aligned with evolving regulatory expectations, supporting responsible operations and long-term business growth. The Group will continue strengthening environmental and social compliance by reinforcing oversight mechanisms and broadening compliance awareness across all subsidiary companies.

Upholding Good Corporate Governance

[GRI 2-23, 2-24, 3-3]

Material Matter: Digitalisation and Technology

[GRI 418, 3-3]

Our Commitment

Digitalisation and technology are becoming increasingly important to ensuring business continuity, operational efficiency and data security. As industries evolve and reliance on digital systems intensifies, we recognise the need to stay ahead by integrating secure and innovative technologies across our operations.

With rising digital threats, safeguarding sensitive corporate and customer data remains a top priority. We are committed to investing in secure and advanced technologies that enhance operations, strengthen decision-making and streamline internal processes. Our digital transformation efforts focus on leveraging digital solutions that drive workflow efficiency, improve organisational performance and enable seamless business operations across all subsidiary companies.

Capitals:



Related Stakeholders:



KPS Berhad employees explore AI to drive smarter, faster and impactful decisions.

Material Significance

Digitalisation has fundamentally reshaped business operations by enabling greater efficiency, seamless connectivity and data-driven decision-making. However, rapid technological advancement also introduces heightened cybersecurity threats, stricter regulatory requirements, and an increasing need for robust digital governance to safeguard systems, data and business continuity. We recognise the importance of staying ahead by embedding robust digital governance across our operations.

With a well-structured digital framework, we can:

- ▶ Improved resilience through advanced cybersecurity controls and strengthened digital risk management
- ▶ Enhanced operational efficiency by adopting secure cloud solutions and AI-driven automation

As digital threats continue to grow in sophistication, we must proactively safeguard our information systems to protect sensitive corporate and customer data. Failure to do so may lead to legal liabilities, operational disruptions and a loss of stakeholder trust.

Summary of Key Risk Area of Digitalisation and Technology

Risks	Financial Implications	Mitigation Plans
Cybersecurity Risk Arising from increased exposure to threats affecting the confidentiality and security of the Group's assets, IT systems, data integrity, financial transactions and potential cyberattacks.	Financial penalties and reputational harm, particularly as data protection and cybersecurity requirements become more stringent.	Periodic Vulnerability Assessment and Penetration Testing for internet-facing and high-risk systems.

Our Approach

As industries shift towards digital-first solutions, we continue to refine our digital strategies to enhance productivity, meet evolving customer expectations and optimise cost efficiency. With operations spanning multiple sectors and geographies, our subsidiary companies are managing significant volumes of proprietary data and customer information. This environment demands a proactive and structured approach to safeguarding critical digital assets while leveraging technology to improve processes, strengthen governance and support sustainable business growth.

Upholding Good Corporate Governance

[GRI 2-23, 2-24, 3-3]

Cybersecurity and Data Protection Framework

As cyber threats grow in scale and complexity, safeguarding business and customer data remains a top priority for us. Our Information Technology (“IT”) department has implemented a comprehensive cybersecurity strategy guided by the KPS Berhad Data Protection Framework, which includes:

- ▶ Data encryption protocols to secure sensitive information
- ▶ Multiple Next-Generation Firewall and layered network security to prevent unauthorised access
- ▶ Restricted user access controls to safeguard internal systems
- ▶ Proactive system monitoring for early detection and rapid response to cyber threats

Risk Management through Vulnerability Assessment and Penetration Testing

Our cybersecurity posture is strengthened through continuous assessments and active incident monitoring. To proactively identify and address potential vulnerabilities, we conduct regular Periodic Vulnerability Assessment and Penetration Testing (VAPT). These measures play a critical role in:

- ▶ Protecting Sensitive Information by securing critical business and personal data
- ▶ Safeguarding employees from cyber threats
- ▶ Ensuring alignment with cybersecurity regulations and industry standards
- ▶ Enhancing cyber defences and strengthening overall governance

Leveraging Cloud Migration

As part of our digital transformation strategy, we have migrated several key systems to cloud-based platforms to strengthen security, improve compliance and enhance operational efficiency. Investments in cloud solutions, including:

1 Improved Compliance

Human Resource Management System (HRMS) and Enterprise Resource Planning (ERP) to cloud based environments to strengthen our system accessibility, disaster recovery, business continuity security posture, enhance regulatory compliance, and improve overall operational efficiency.

2 Enhanced Data Security

Cloud service providers employ advanced security protocols, such as encryption, intrusion detection and multi-layered access controls, to safeguard sensitive employee and corporate data from unauthorised access.

Fostering a Digitalisation and Cybersecurity-Aware Workplace [GRI 418-1]

Alongside implementing robust technical controls, we prioritise cultivating a culture of cyber risk awareness and data protection across all business operations. Employees are encouraged to remain vigilant and promptly report any suspicious activity or security concerns to the Group’s IT department.

Through continuous education programmes and awareness sessions, we equip employees with knowledge of digitalisation and potential cyber threats, and the steps needed to mitigate them. Embedding security-conscious behaviours into daily operations strengthens our overall cyber resilience and supports a safer and more secure digital work environment.

List of Significant Digitalisation and Cybersecurity Awareness Sessions in 2025

- Artificial Intelligence - Copilot Enhancement Workshop
- An Analytical Journey with Microsoft Power BI
- Artificial Intelligence and the Dark Web
- Optimising Microsoft Teams

2025 Key Achievements



In 2025, the Group recorded **ZERO** substantiated data breaches across KPS Berhad, reflecting the effectiveness of the Group’s cybersecurity measures, data protection controls, and proactive risk management practices.



Our Outlook

We will continue strengthening our cybersecurity framework and expanding digital initiatives to safeguard business continuity. As cyber threats evolve, we remain committed to reinforcing data protection measures, enhancing risk management strategies and fostering greater digital security awareness among employees. Investments in secure cloud technologies and automated systems will further support operational efficiency while ensuring compliance with industry regulations.

Looking ahead, we will prioritise strengthening cyber resilience by integrating advanced threat-detection capabilities, enhancing digital governance policies and adopting more robust security controls. As part of our long-term strategy, we will also explore emerging technologies that improve sustainability performance and optimise resource utilisation.

Upholding Good Corporate Governance

[GRI 2-23, 2-24, 3-3]



Impact Story: Advancing Cyber Awareness through Digital Learning

Overview

As KPS Berhad remains committed to safeguarding its assets and information, strengthening employees' understanding of cyber risks is critical to enhancing the Group's overall security posture. Amid accelerating digital transformation across the business, the IT department took proactive steps to embed cybersecurity awareness into the Group's culture. This commitment culminated in the launch of a comprehensive digital training initiative, delivered through an online learning platform.

Initiative

In early 2025, the IT department introduced the online learning platform to standardise and streamline IT-related training across KPS Berhad. The core objective of this initiative was to deliver continuous cybersecurity awareness education through an accessible, engaging and scalable digital solution. Through this platform, KPS Berhad ensured that learning remains flexible, relevant and aligned with the needs of a modern and digitally enabled workforce.



Email reminder from IT department on cyber security awareness.

Key features of the training platform included:

Automated Reminders: All employees received periodic notifications prompting them to complete assigned training modules via the platform.


Interactive Learning: Courses covered topics such as phishing detection, password security, safe browsing and data protection best practices.

Tracking and Reporting: The IT team monitored participation rates and completion analytics to evaluate engagement and identify areas for improvement.

Continuous Awareness: Monthly refresher modules reinforced cybersecurity knowledge and helped adapt to emerging threat trends.

Outcome

This initiative has transformed cybersecurity awareness from a compliance-driven exercise into an ongoing, Group-wide commitment, reinforcing the shared responsibility of every employee in safeguarding KPS Berhad's digital future. As a result, the digitalisation of IT training through the e-learning platform has delivered measurable benefits across the Group, including the following outcomes:

 <p>Improved Engagement and Compliance</p>	<p>With automated reminders and easy access to courses, participation rates increased significantly. Compliance with mandatory cybersecurity training reached over 90% within the first quarter of implementation.</p>
<p>Improved Risk Mitigation</p>	<p>KPS Berhad reduced critical vulnerabilities arising from human error by elevating awareness and building practical cybersecurity skills across the workforce.</p>
<p>Positive Cultural Shift</p>	<p>Beyond strengthening technical knowledge, the initiative fostered a culture of shared responsibility for cybersecurity. Employees increasingly initiated peer discussions on cybersecurity best practices, particularly during the RGWC meetings, contributing to a more resilient organisational mindset.</p>

CHAPTER

07

Our Aspiration

As KPS Berhad moves into 2026, the Group continues to advance its sustainability journey by moving beyond disclosure-driven reporting towards integrating sustainability into core business and risk management processes. This transition also marks progress towards the final stage of Phase 2 of the Group's Sustainability Strategy Roadmap, which focuses on enhancing sustainable value creation across its business. Sustainability considerations are increasingly integrated into the Group's risk management and strategic decision-making processes, strengthening the linkage between sustainability, governance and long-term business performance.

What's Next

Standardisation of economic and ESG KPIs

To support this transition, economic and ESG KPIs have been standardised across subsidiary companies, with additional indicators introduced to address selected material sustainability and climate-related risks. These KPIs are aligned to enterprise risks and strategic priorities, enabling sustainability performance to be monitored alongside business outcomes. This approach reflects a shift from standalone sustainability reporting towards integrating ESG considerations into the Group's operations and performance management.

Advancing IFRS S1 and S2 Implementation

While earlier efforts focused on readiness and framework alignment, 2026 marks a shift towards implementing the requirements of IFRS S1 and S2. Sustainability and climate-related risks will be further integrated into the ERM framework, enhancing Board-level visibility and oversight.

Subsidiary companies are undertaking efforts to assess the financial implications of sustainability and climate-related risks and opportunities, strengthening the linkage between ESG risks and economic performance. These initiatives support more informed decision-making and position the Group to meet emerging mandatory climate-related financial disclosure requirements.

Continuous Expansion of Scope 3 Management

The Group continues to expand Scope 3 emissions disclosures to include waste generated in operations and downstream transportation and distribution categories, in line with expectations under the NSRF. These efforts complement ongoing initiatives to reduce carbon emissions intensity and support the Group's ambition of achieving a 45% reduction in carbon emissions intensity by 2030, while progressing towards carbon neutrality by 2050.

Strengthening Supply Chain Resilience

To strengthen supply chain resilience and uphold responsible business practices, KPS Berhad is expanding its supplier screening processes to incorporate ESG-related considerations. This approach was initiated in 2025 at CPI and will be progressively extended to other subsidiary companies.

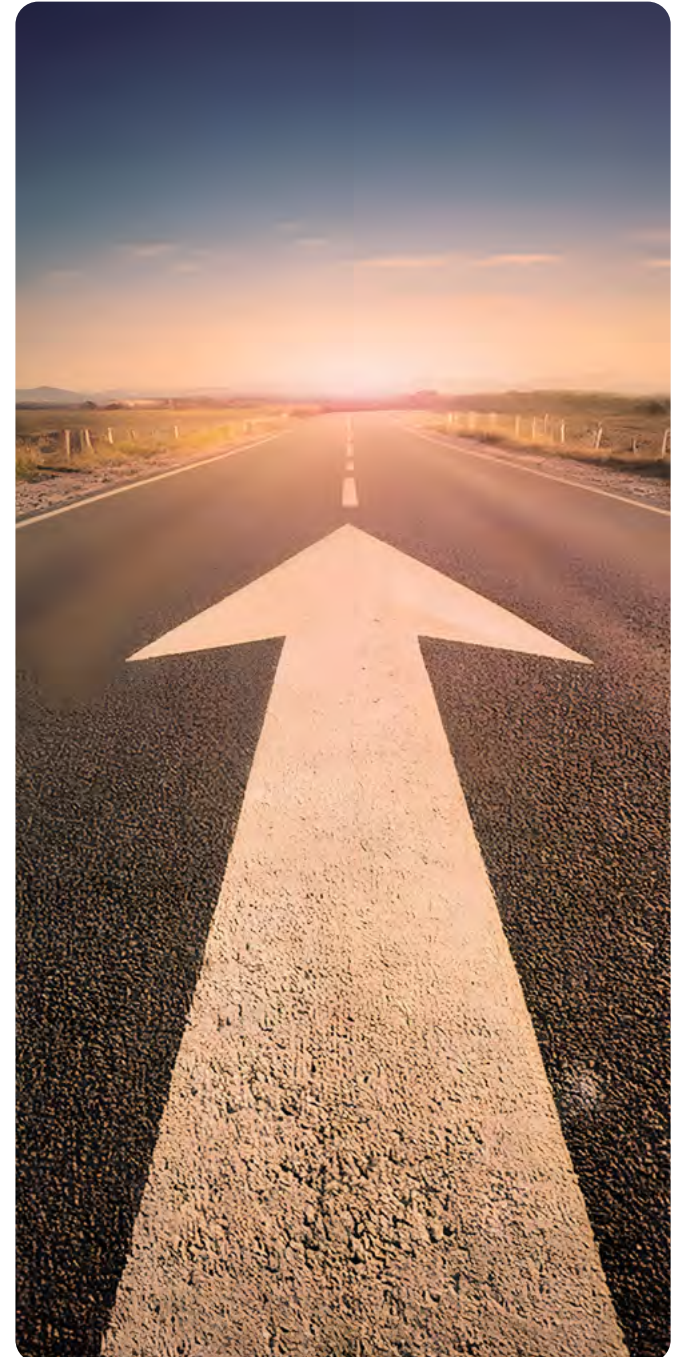
The screening enables the Group to identify and manage potential ESG risks within its supply chain, supporting more informed supplier selection and engagement. Over time, this approach is expected to improve risk visibility and alignment with the Group's sustainability and governance standards.

Enhancement of Social Investment Initiatives

In 2026, the Group continues to adopt a strategic approach to social investment, focusing on initiatives that deliver lasting impact. Flagship programmes, such as the KPS Berhad Celik Initiative, remain aligned with its education priorities. Meanwhile, the Group will explore new initiatives under the entrepreneurship development and community development pillars, aligned with its selected UNSDGs, with particular focus on communities facing pressing socio-economic challenges. Through these efforts, the Group aims to further strengthen its contribution to inclusive community development and sustainable social progress.

Looking Ahead

As sustainability expectations continue to evolve, KPS Berhad remains committed to strengthening governance and accountability across the Group. Looking ahead, the focus will be on further embedding ESG considerations into business strategy, strengthening climate resilience, enhancing data quality and maintaining high standards of integrity and responsible business practices.



Centralised Sustainability Intelligence Platform by Bursa Malaysia

Kumpulan Perangsang Selangor Berhad BMLR Transition Period

Date & Time: 2026-03-18_17:07:26

FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Sustainable Procurement and Local Sourcing	Total Procurement Spending	Amount (RM million)	511.1	—	External (Limited)	
Sustainable Procurement and Local Sourcing	Total Local Procurement Spending	Amount (RM million)	372.9	—	External (Limited)	
Sustainable Procurement and Local Sourcing	Proportion of Spending on Local Suppliers	Percent	73.0	—	External (Limited)	
Sustainable Procurement and Local Sourcing	Total Number of Suppliers	Number	1,607	—	External (Limited)	
Sustainable Procurement and Local Sourcing	Total Number of Local Suppliers	Number	1,399	—	External (Limited)	
Sustainable Procurement and Local Sourcing	Percentage of Local Suppliers	Percent	87.1	—	External (Limited)	
Sustainable Procurement and Local Sourcing	Total Number of Suppliers/- Vendors Pledged Their Commitment to Anti-Bribery & Corruption Policy	Number	1,146	—	External (Limited)	
Climate Change and Emissions	Scope 1	tCO2e	2,154.5	—	No assurance	
Climate Change and Emissions	Scope 2	tCO2e	35,987.5	—	No assurance	
Climate Change and Emissions	Total Scope 1 and Scope 2	tCO2e	38,142.1	—	No assurance	
Climate Change and Emissions	Total Emissions Intensity Scope 1 and Scope 2	tCO2e/RM million	36.6	20.2	No assurance	
Climate Change and Emissions	Absolute Emissions Avoided through Solar Energy	tCO2e	3,989.3	—	No assurance	
Climate Change and Emissions	Total Scope 3 Emissions	tCO2e	2,570.3	—	No assurance	
Climate Change and Emissions	Total Scope 3 Emissions (Business Travel)	tCO2e	98.6	—	No assurance	
Climate Change and Emissions	Total Scope 3 Emissions (Employee Commuting)	tCO2e	1,543.7	—	No assurance	

Centralised Sustainability Intelligence Platform by Bursa Malaysia

Kumpulan Perangsang Selangor Berhad

BMLR Transition Period

Date & Time: 2026-03-18_17:07:26

FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Climate Change and Emissions	Total Scope 3 Emissions (Upstream Transportation and Distribution)	tCO2e	928.0	—	No assurance	
Climate Change and Emissions	Total Emission (Scope 1, 2 and 3)	tCO2e	40,712.4	—	No assurance	
Climate Change and Emissions	Total Emission Intensity (Scope 1, 2 and 3)	tCO2e/RM million	39.0	—	No assurance	
Energy Efficiency	Scope 1 Stationary and Mobile Fuel Consumption	MWh	8,825.5	—	External (Limited)	
Energy Efficiency	Scope 2 Purchased Electricity	MWh	49,123.6	—	External (Limited)	
Energy Efficiency	Total Scope 1 and Scope 2 Energy Consumption	MWh	57,949.1	—	External (Limited)	
Energy Efficiency	Scope 1 Stationary and Mobile Fuel Consumption	MJ	32,128,038.6	—	External (Limited)	
Energy Efficiency	Scope 2 Purchased Electricity	MJ	176,844,977.5	—	External (Limited)	
Energy Efficiency	Total Scope 1 and Scope 2 Energy Consumption	MJ	208,973,016.0	—	External (Limited)	
Energy Efficiency	Group's Total Solar Photovoltaic Energy Capacity	kWp	4,025.0	—	External (Limited)	
Energy Efficiency	Group's Total Solar Photovoltaic Energy Generation	MWh	5,154.2	—	External (Limited)	
Waste Reduction, Recycling and Circular Economy	Total Waste Generated	tonnes	2,884.7	—	External (Limited)	
Waste Reduction, Recycling and Circular Economy	Non-hazardous Waste / Non-scheduled Waste	tonnes	2,620.1	—	External (Limited)	
Waste Reduction, Recycling and Circular Economy	Hazardous Waste Generation (Scheduled Waste)	tonnes	264.7	—	External (Limited)	

Kumpulan Perangsang Selangor Berhad
BMLR Transition Period

Date & Time: 2026-03-18_17:07:26

FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Waste Reduction, Recycling and Circular Economy	Total Waste Directed to Disposal / Total Non-recycled Waste Generation	tonnes	665.7	—	External (Limited)	
Waste Reduction, Recycling and Circular Economy	Waste Directed to Disposal / Non-recycled Waste Generation	Percent	23.1	—	External (Limited)	
Waste Reduction, Recycling and Circular Economy	Total Waste Directed from Disposal	tonnes	2,219.0	—	External (Limited)	
Waste Reduction, Recycling and Circular Economy	Waste Recycled / Recycling Rate	Percent	76.9	—	External (Limited)	
Waste Reduction, Recycling and Circular Economy	Waste Diverted from Disposal: Reuse, Recycle, Composting and Recovery	tonnes	272.3	—	External (Limited)	
Waste Reduction, Recycling and Circular Economy	Waste Diverted from Disposal: Sold to Third-Party Recyclers	tonnes	1,946.7	—	External (Limited)	
Water Security	Group-wide Total Water Withdrawal or Consumption	Litres	250,407,476	—	External (Limited)	
Water Security	Group-wide Total Water Withdrawal or Consumption by Source: Municipal Water	Litres	234,669,000	—	External (Limited)	
Water Security	Group-wide Total Water Withdrawal or Consumption by Source: Fresh Water: River	Litres	15,738,476	—	External (Limited)	
Human Rights	Amount invested in the community	Amount (RM million)	3.8	—	External (Limited)	
Human Rights	Number of beneficiaries	Number	214,834	—	External (Limited)	

Centralised Sustainability Intelligence Platform by Bursa Malaysia

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BMLR Transition Period

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FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Human Rights	Number of partnerships with government bodies and NGOs	Number	260	—	External (Limited)	
Human Rights	Social Return on Investment ("SROI")	Times	6.2	—	External (Limited)	
Human Rights	Volunteer Hours	Hours	2,852.3	—	External (Limited)	
Occupational Safety and Health	Number of staff trained on Safety-related standards	Number	2,247	—	External (Limited)	
Occupational Safety and Health	Number of staff trained on health-related standards	Number	247	—	External (Limited)	
Occupational Safety and Health	Employee attendance at safety- and health-related training and programme	Number	2,340	—	External (Limited)	
Occupational Safety and Health	Number of Lost Time Incidents (LTic) - Employee	Number	6	0	External (Limited)	
Occupational Safety and Health	Number of Lost Time Incidents (LTic) - Contractor	Number	0	0	External (Limited)	
Occupational Safety and Health	Lost Time Incidents Rate (LTIR) - Employee	Rate	0.1	0	External (Limited)	
Occupational Safety and Health	Lost Time Incidents Rate (LTIR) - Contractor	Number	0	0	External (Limited)	
Occupational Safety and Health	Lost Time Injury (LTI) - Employee	Number	2	0	External (Limited)	
Occupational Safety and Health	Lost Time Injury (LTI) - Contractor	Number	0	0	External (Limited)	
Occupational Safety and Health	Lost Time Injuries Frequency Rate (LTIFR) - Employee	Rate	0.2	0	External (Limited)	
Occupational Safety and Health	Lost Time Injuries Frequency Rate (LTIFR) - Contractor	Rate	0	0	External (Limited)	

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Occupational Safety and Health	Work-Related Employee Fatalities - Employee	Number	0	0	External (Limited)	
Occupational Safety and Health	Work-Related Employee Fatalities - Contractor	Number	0	0	External (Limited)	
Employee Training and Career Development	Total Training Hours	Hours	26,782	—	External (Limited)	
Employee Training and Career Development	Total Training Hours (Male)	Hours	12,363.5	—	External (Limited)	
Employee Training and Career Development	Total Training Hours (Female)	Hours	14,418.5	—	External (Limited)	
Employee Training and Career Development	Total Employees Attended Training	Number	1,249	—	External (Limited)	
Employee Training and Career Development	Total Employees Attended Training (Male)	Number	669	—	External (Limited)	
Employee Training and Career Development	Total Employees Attended Training (Female)	Number	580	—	External (Limited)	
Employee Training and Career Development	Average Training Hours per Employee	Hours/Number of Employees	8.0	—	External (Limited)	
Employee Training and Career Development	Average Training Days per Employee	Days/Number of Employees	1.0	—	External (Limited)	
Employee Training and Career Development	Total Training Hours by Employee Category (Senior Management)	Hours	286.0	—	External (Limited)	
Employee Training and Career Development	Total Training Hours by Employee Category (Management)	Hours	3,715.0	—	External (Limited)	
Employee Training and Career Development	Total Training Hours by Employee Category (Executive)	Hours	6,496.0	—	External (Limited)	

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Employee Training and Career Development	Total Training Hours by Employee Category (Non-Executive)	Hours	16,286.0	—	External (Limited)	
Employee Training and Career Development	Average Training Hours by Employee Category (Senior Management)	Hours/Number of Employees	8.4	—	External (Limited)	
Employee Training and Career Development	Average Training Hours by Employee Category (Management)	Hours/Number of Employees	22.1	—	External (Limited)	
Employee Training and Career Development	Average Training Hours by Employee Category (Executive)	Hours/Number of Employees	172	—	External (Limited)	
Employee Training and Career Development	Average Training Hours by Employee Category (Non-Executive)	Hours/Number of Employees	5.9	—	External (Limited)	
Employee Training and Career Development	Employees who Received Performance and Career Development Reviews	Percent	99.6	—	External (Limited)	
Labour Standards	Employees Entitled for Paternity and Maternity Leave	Number	3,363	—	External (Limited)	
Labour Standards	Employees Who Took Paternity Leave	Number	6	—	External (Limited)	
Labour Standards	Employees Who Took Maternity Leave	Number	40	—	External (Limited)	
Labour Standards	Return to Work (Male)	Percent	100	—	External (Limited)	
Labour Standards	Return to Work (Female)	Percent	68	—	External (Limited)	
Labour Standards	Retention Rate (Male)	Percent	73	—	External (Limited)	
Labour Standards	Retention Rate (Female)	Percent	80	—	External (Limited)	
Labour Standards	Local Employees	Number	1,286	—	External (Limited)	

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Labour Standards	Foreign Employees	Number	2,077	—	External (Limited)	
Labour Standards	Local Employees	Percent	38	—	External (Limited)	
Labour Standards	Foreign Employees	Percent	62	—	External (Limited)	
Labour Standards	Board Diversity (Gender - Male)	Percent	75	—	External (Limited)	
Labour Standards	Board Diversity (Gender - Female)	Percent	25	—	External (Limited)	
Labour Standards	Board Diversity (Age Group - Aged ≤ 30)	Percent	0	—	External (Limited)	
Labour Standards	Board Diversity (Age Group - Aged 31-50)	Percent	12.5	—	External (Limited)	
Labour Standards	Board Diversity (Age Group - Aged ≥ 51)	Percent	875	—	External (Limited)	
Labour Standards	Employee Diversity (Total Employees)	Number	3,363	—	External (Limited)	
Labour Standards	Employee Diversity (Gender - Male)	Percent	63.7	—	External (Limited)	
Labour Standards	Employee Diversity (Gender - Female)	Percent	36.3	—	External (Limited)	
Labour Standards	Employee Diversity (Ethnicity - Malay)	Percent	25.9	—	External (Limited)	
Labour Standards	Employee Diversity (Ethnicity - Chinese)	Percent	172	—	External (Limited)	
Labour Standards	Employee Diversity (Ethnicity - Indian)	Percent	2.4	—	External (Limited)	
Labour Standards	Employee Diversity (Ethnicity - Others)	Percent	54.5	—	External (Limited)	

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Labour Standards	Employee Diversity (Category - Senior Management)	Percent	1.0	—	External (Limited)	
Labour Standards	Employee Diversity (Category - Management)	Percent	5.0	—	External (Limited)	
Labour Standards	Employee Diversity (Category - Executive)	Percent	11.1	—	External (Limited)	
Labour Standards	Employee Diversity (Category - Non-Executive)	Percent	82.9	—	External (Limited)	
Labour Standards	Employee Diversity (Category - Male - Senior Management)	Percent	85.3	—	External (Limited)	
Labour Standards	Employee Diversity (Category - Male - Management)	Percent	68.5	—	External (Limited)	
Labour Standards	Employee Diversity (Category - Male - Executive)	Percent	46.0	—	External (Limited)	
Labour Standards	Employee Diversity (Category - Male - Non-Executive)	Percent	65.6	—	External (Limited)	
Labour Standards	Employee Diversity (Category - Female - Senior Management)	Percent	14.7	—	External (Limited)	
Labour Standards	Employee Diversity (Category - Female - Management)	Percent	31.6	—	External (Limited)	
Labour Standards	Employee Diversity (Category - Female - Executive)	Percent	54.0	—	External (Limited)	
Labour Standards	Employee Diversity (Category - Female - Non-Executive)	Percent	34.5	—	External (Limited)	
Labour Standards	Employee Diversity (Age Group - Aged ≤ 30 - Senior Management)	Percent	0	—	External (Limited)	

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Labour Standards	Employee Diversity (Age Group - Aged ≤ 30 - Management)	Percent	2.4	—	External (Limited)	
Labour Standards	Employee Diversity (Age Group - Aged ≤ 30 - Executive)	Percent	26.3	—	External (Limited)	
Labour Standards	Employee Diversity (Age Group - Aged ≤ 30 - Non-Executive)	Percent	40.2	—	External (Limited)	
Labour Standards	Employee Diversity (Age Group - Aged 31-50 - Senior Management)	Percent	44.1	—	External (Limited)	
Labour Standards	Employee Diversity (Age Group - Aged 31-50 - Management)	Percent	63.1	—	External (Limited)	
Labour Standards	Employee Diversity (Age Group - Aged 31-50 - Executive)	Percent	63.7	—	External (Limited)	
Labour Standards	Employee Diversity (Age Group - Aged 31-50 - Non-Executive)	Percent	54.7	—	External (Limited)	
Labour Standards	Employee Diversity (Age Group - Aged ≥ 51 - Senior Management)	Percent	55.9	—	External (Limited)	
Labour Standards	Employee Diversity (Age Group - Aged ≥ 51 - Management)	Percent	34.5	—	External (Limited)	
Labour Standards	Employee Diversity (Age Group - Aged ≥ 51 - Executive)	Percent	10.1	—	External (Limited)	
Labour Standards	Employee Diversity (Age Group - Aged ≥ 51 - Non-Executive)	Percent	5.1	—	External (Limited)	

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Labour Standards	Global Employee Disability	Percent	0	—	External (Limited)	
Labour Standards	New Hires	Percent	42.2	—	External (Limited)	
Labour Standards	Employee Turnover	Number	1,510	—	External (Limited)	
Labour Standards	Employee Turnover	Percent	23.6	—	External (Limited)	
Labour Standards	Employee Turnover by Category - Senior Management	Number	1	—	External (Limited)	
Labour Standards	Employee Turnover by Category - Management	Number	27	—	External (Limited)	
Labour Standards	Employee Turnover by Category - Executive	Number	88	—	External (Limited)	
Labour Standards	Employee Turnover by Category - Non-Executive	Number	1,394	—	External (Limited)	
Good Governance and Anti-Corruption	Operations Assessed for Corruption Risks	Number	0	—	External (Limited)	No assessment conducted in 2025
Good Governance and Anti-Corruption	Operations Assessed for Corruption Risks	Percent	0	—	External (Limited)	No assessment conducted in 2025
Good Governance and Anti-Corruption	Significant Corruption Risks Identified through Risk Assessment	Number	0	—	External (Limited)	No assessment conducted in 2025
Good Governance and Anti-Corruption	Anti-Corruption Training for Board of Directors - Total Number of BOD	Number	8	—	External (Limited)	
Good Governance and Anti-Corruption	Anti-Corruption Training for Board of Directors - Number of BOD Trained	Number	7	—	External (Limited)	
Good Governance and Anti-Corruption	Anti-Corruption Training for Board of Directors - Percentage of BOD Trained	Percent	875	—	External (Limited)	

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Good Governance and Anti-Corruption	Anti-Corruption Training for Board of Directors - Percentage of BOD Trained	Hours	4	—	External (Limited)	
Good Governance and Anti-Corruption	Anti-Corruption Training for Employees by Category - Senior Management	Percent	41.2	—	External (Limited)	
Good Governance and Anti-Corruption	Anti-Corruption Training for Employees by Category - Management	Percent	36.3	—	External (Limited)	
Good Governance and Anti-Corruption	Anti-Corruption Training for Employees by Category - Executive	Percent	23.8	—	External (Limited)	
Good Governance and Anti-Corruption	Anti-Corruption Training for Employees by Category - Non-Executive	Percent	2.4	—	External (Limited)	
Good Governance and Anti-Corruption	Whistleblowing cases	Number	0	—	External (Limited)	
Good Governance and Anti-Corruption	Confirmed Incidents of Corruption or Bribery	Number	0	0	External (Limited)	
Good Governance and Anti-Corruption	Actions Taken in Dealing with Confirmed Incidence(s) of Corruption or Bribery in the Company (If Any)	Number	0	—	External (Limited)	
Good Governance and Anti-Corruption	Confirmed Incidents in which Employees were Dismissed or Disciplined for Corruption or Bribery (If Any)	Number	0	—	External (Limited)	
Good Governance and Anti-Corruption	Contractors were Terminated or Not Renewed due to Violations Related to Corruption or Bribery	Number	0	—	External (Limited)	

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Good Governance and Anti-Corruption	Cost of Fines, Penalties or Settlements in Relation to Corruption or Bribery	Amount (RM)	0	0	External (Limited)	
Good Governance and Anti-Corruption	Political Contribution	Amount (RM)	0	0	External (Limited)	
Environmental and Social Compliance	Non-compliance cases	Number	0	0	External (Limited)	
Digitalisation and Technology	Substantiated data breaches complaints	Number	0	0	External (Limited)	

Independent Assurance Statement



SIRIM QAS INTERNATIONAL SDN BHD INDEPENDENT ASSURANCE STATEMENT

To Board of Directors, Stakeholders, and Interested Parties,

SIRIM QAS International Sdn. Bhd. was engaged by the KPS Berhad to perform an independent verification and provide assurance of the KPS Berhad Sustainability Report 2025. The main objective of the verification process is to provide assurance to KPS Berhad and its stakeholders on the accuracy and reliability of the information as presented in this statement. The verification by SIRIM QAS International pertains to sustainable performance information (subject matter) within the assurance scope which is included in KPS Berhad Sustainability Report 2025.

The management of KPS Berhad was responsible for the preparation of the Sustainability Report. The objective and impartiality of this statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of KPS Berhad's Sustainability Report and Integrated Annual Report 2025.

The assurance engagement was designed to provide limited assurance in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and BURSA Sustainability Reporting Guide, irrespective of the organization's ability to achieve its objectives, targets or expectations on their subject matter and sustainability-related issues. The assurance activity evaluates the adequacy of KPS Berhad Sustainability Report and its overall presentation against respective frameworks such as UN-SDGs, GRI Standards requirement, IFRS S1 & S2 requirements and other relevant frameworks. The assurance process involves verification of applicable subject matter as presented in the report through these chapters i.e., Sustainability Approach, Economic Prosperity, Climate Disclosure, Social Well-being, and Governance Ethics. In addition to this, we also review and verify the sustainability indicators outlined by Bursa Malaysia to ensure the accuracy, completeness, and reliability of the reported information. The results of this verification process have been systematically tabulated in Appendix 1, Appendix 2 and the Report to Management, with further details provided therein.

The verification was carried out by SIRIM QAS International between February and March 2026, with the following methodologies:

- Reviewing and verifying the traceability, consistency and accuracy of information collected from various sources; internal and external documentation made available during the assessment.
- Verifying the data presented in the Sustainability Report, which includes a detailed review of the sampled data.
- Interviewing key personnel responsible for collating information and developing various sections of the report to substantiate the veracity of the claims.

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of other information reported in the KPS Berhad's Integrated Annual Report 2025.
- The review excluded all financial-related data, as these are subjected to the company's financial audit.
- The scope of this review excludes GHG emissions and all associated data, including energy and waste management data contributing to Scope 1, Scope 2 and Scope 3 emissions, and any information relating to KPS Berhad's GHG accounting and reporting.

- As part of this assurance engagement, the verification team visited KPS Berhad's corporate office at Plaza Perangsang, Shah Alam. However, the verification process did not include physical inspections of any of KPS Berhad's assets and operations.
- The verification team did not assess or verify any data related to contractors or third parties.

Conclusion

SIRIM QAS International, the Conformity Assessment Body (CAB) in Malaysia, is accredited to ISO/IEC 17021-1:2015 and ISO/IEC 17065:2012 for the provision of management system certification, product certification, and testing services across its full scope of operational activities. Building on this foundation, SIRIM QAS International is accredited as a Validation and Verification Body (VVB) under ISO/IEC 17029:2019 and ISO 14065:2020, enabling it to provide independent, impartial, and technically robust validation and verification services in accordance with internationally recognized standards. The appointed assessors performing the assurance engagement were selected appropriately based on our internal qualifications, training and experience. The verification process is reviewed by management to ensure that the approach and assurance are strictly followed and operated transparently. During the verification process, issues were raised, and clarifications were sought from the management of KPS Berhad relating to the accuracy of some of the information contained in the report. In response to the findings, the Sustainability Report was subsequently reviewed and revised by KPS Berhad. It is confirmed that changes that have been incorporated into the final version of the report have addressed all issues. Based on the scope of the assessment process and evidence obtained, nothing has come to our attention that causes us to believe that KPS Berhad has not complied, in all material respects, with the referred assurance standard and guide. The following represents SIRIM QAS International's opinion:

- The level of data accuracy included in KPS Berhad Sustainability Report 2025 is fairly stated;
- The level of disclosure of the specific sustainability performance information presented in the report was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the report;
- The Sustainability Report 2025 presents a reasonable and balanced view of KPS Berhad's sustainability performance.

List of Assessors.

1)	Ms. Aernida Abdul Kadir	:	Team Leader
2)	Ms. Kamini Sooriamorthy	:	Team Member
3)	Ms. Suzalina Kamaralarifin	:	Team Member
4)	Ms. Farhanah Ahmad Shah	:	Team Member
5)	Ms. Hazwani Yob	:	Team Member
6)	Ms. Aine Jamaliah Mohd Zain	:	Team Member
7)	Ms. Evelyn Liew	:	Team Member

Statement Prepared by:

AERNIDA BINTI ABDUL KADIR

Team Leader
Management System Certification Department
SIRIM QAS International Sdn. Bhd.

Date: 1 April 2026

Statement Approved by:

WAN SHARIMA BINTI MIOR AHMED SHAHIMI

General Manager
Management System Certification Department
SIRIM QAS International Sdn. Bhd.

Date: 6 April 2026

Note: This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd does not express an opinion on, nor guarantees the integrity and/or accuracy of the information provided with the view that the conclusion was conducted post verification assessment, hence not verified. SIRIM QAS International shall not be responsible for any changes or additions made after the referred date (1 April 2026).

Independent Assurance Statement

Appendix 1 - BURSA Performance Data	Measurement Unit	2025
Indicator		
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	286
Management	Hours	3,715
Executive	Hours	6,496
Non-Executive	Hours	16,286
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	1
Management	Number	27
Executive	Number	88
Non-Executive	Number	1,394
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	MWh	57,949.1
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	41.20
Management	Percentage	36.30
Executive	Percentage	23.80
Non-Executive	Percentage	2.40
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Waste management)		
Bursa C10(a) Total waste generated	Metric tonnes	2,884.7
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	2,219.0
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	665.7
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.10
Bursa C5(c) Number of employees trained on health and safety standards		
Number of staff trained on safety-related standards	Number	2,247
Number of staff trained on health-related standards	Number	247
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	73.0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Litres	250,407,476
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management 30 and below	Percentage	0.0
Senior Management 31-50	Percentage	44.1
Senior Management 51 and above	Percentage	55.9
Management 30 and below	Percentage	2.4
Management 31-50	Percentage	63.1
Management 51 and above	Percentage	34.5
Executive 30 and below	Percentage	26.3
Executive 31-50	Percentage	63.7
Executive 51 and above	Percentage	10.1
Non-Executive 30 and below	Percentage	40.2
Non-Executive 31-50	Percentage	54.7
Non-Executive 51 and above	Percentage	5.1
Gender Group by Employee Category		
Senior Management Male	Percentage	85.3
Senior Management Female	Percentage	14.7
Management Male	Percentage	68.5
Management Female	Percentage	31.6
Executive Male	Percentage	46.0
Executive Female	Percentage	54.0
Non-Executive Male	Percentage	65.6
Non-Executive Female	Percentage	34.5
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	75.0
Female	Percentage	25.0
30 and below	Percentage	0.0
31-50	Percentage	12.5
51 and above	Percentage	87.5
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR (million)	3.8
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	214,834

Appendix 2 The topics and information covered in this assessment are tabulated below:		CLASSIFICATION OF DATA			
		HIGH	MEDIUM	LOW	UN SUBSTANTIATED
Sustainability Approach	Sustainability Framework				
	Governance in Sustainability and Climate Resilience				
	Leadership Remuneration to Sustainability and Climate Action				
	Stakeholder Engagement				
	Material Matter				
	Partnerships and Memberships				
Economic Prosperity	Economic Commitment: Driving Sustainable Values				
	Sustainable Procurement and Local Sourcing				
	Quality Control and Customer Satisfaction				
Climate Disclosures	Environment Commitment 1				
	Climate Change and Emissions				
	↳ Performance Data – Scope 1,2,3 Emissions Data	EXCLUDED FROM THE ASSESSMENT SCOPE			
	Energy Efficiency				
	Environment Commitment 2				
	Waste Reduction, Recycling and Circular Economy				
Social Well-being	Water Security				
	Social Commitment 1				
	Human Rights				
	Social Commitment 2				
	Occupational Safety and Health				
	Employee Training and Career Development				
Governance Ethics	Labour Standards				
	Upholding Good Corporate Governance				
	Good Governance and Anti-Corruption				
	Environmental and Social Compliance				
Digitalization and Technology					

Note 1:
This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd shall not be responsible for any changes or additions made after the referred date (1 April 2026).

Note 2:
The assurance involves activity aims to obtain sufficient appropriate evidence to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party, about the subject matter information. It comprises of activities carried out to assess the quality and credibility of the qualitative and quantitative information reported by the organization. This assurance is different from activities used to assess or validate the organization's performance, such as compliance assessments or the issuing of certifications against specific standards.

Note 3:
Definition of HIGH, MEDIUM, LOW and UNSUBSTANTIATED Classification of Data in the Report to Management.
HIGH: The data and information reviewed has been confirmed with the direct owners. The source of the data origin was provided during the conduct of the assessment.
MEDIUM: Data and information have been confirmed with the direct owners. However, the source of the data has been based on secondary data, where the data origin is not accessible by the verifiers during the conduct of the assessment.
LOW: Data and information reviewed has been based on information endorsed by the data owners. Verifiers did not have access to the source of the data origin. It has been identified as one of the limitations during the conduct of the assessment.
UNSUBSTANTIATED: The sources of data and information disclosed were not made available during the assessment review period due to reasons like confidentiality, unattainable data source and unavailable data owner. It has been identified as one of the limitations during the conduct of the assessment.

GRI Content Index

Statement of use : Kumpulan Perangsang Selangor Berhad has reported the information cited in this GRI content index for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards.

GRI 1 used : GRI 1: Foundation 2021

Pillar	GRI Standard	GRI Code	GRI Disclosure	Material Matter	F4GBM Alignment	UNSDG Alignment	UNGC Alignment	Page Reference and Reasons for Omissions, if Applicable
Organisational Overview	GRI 2: General Disclosures 2021	2-1	Organisational details					Who We Are (Page 4)
		2-2	Entities included in the organization's sustainability reporting					Reporting Period and Scope; Exclusions (Page 2)
		2-3	Reporting period, frequency and contact point					Reporting Period and Scope; Exclusions (Page 2)
		2-4	Restatements of information					None
		2-5	External assurance Assurance					Assurance (Page 3)
		2-6	Activities, value chain and other business relationships					About KPS Berhad (Page 4)
		2-7	Employees	Labour Standards	Labour Standards	SDG 5, 8	Principle 6	Performance Data (Page 132-135)
		2-8	Workers who are not employees					Performance Data (Page 135)
Sustainability Governance	GRI 2: General Disclosures 2021	2-9	Governance structure and composition					Governance in Sustainability and Climate Resilience (Page 21); Refer to IAR2025: Our Leadership (Page 91-110)
		2-10	Nomination and selection of the highest governance body					Refer to IAR2025: Board Appointments & Sourcing of Candidates (Page 128)
		2-11	Chair of the highest governance body					Refer to IAR2025: Our Leadership (Page 91-110)
		2-12	Role of the highest governance body in overseeing the management of impacts	-	Corporate Governance	SDG 16, 17	Principle 10	Governance in Sustainability and Climate Resilience (Page 21)
		2-13	Delegation of responsibility for managing impacts					Governance in Sustainability and Climate Resilience (Page 21)
		2-14	Role of the highest governance body in sustainability reporting					Governance in Sustainability and Climate Resilience (Page 21)
Corporate Governance	GRI 2: General Disclosures 2021	2-15	Conflicts of interest					Refer to IAR2025: Board of Directors' Profile (Page 93-100); Corporate Governance Overview Statement (Page 122 & 140); Board Audit Committee Report (Page 147-148)
		2-16	Communication of critical concerns					Supporting Whistleblowing (Page 143); Refer to IAR2025: Corporate Governance Overview Statement (Page 111-144)
		2-17	Collective knowledge of the highest governance body	-	Corporate Governance	SDG 16, 17	Principle 10	Refer to IAR2025: Our Leadership (Page 93-100); Corporate Governance Overview Statement (Page 126-127)
		2-18	Evaluation of the performance of the highest governance body					Refer to IAR2025: Annual Board Evaluation (Page 132-137)
		2-19	Remuneration policies					Linking Leadership Remuneration to Sustainability and Climate Action (Page 22)
		2-20	Process to determine remuneration					Refer to IAR2025: Remuneration (Page 130-132)

GRI Content Index

Pillar	GRI Standard	GRI Code	GRI Disclosure	Material Matter	F4GBM Alignment	UNSDG Alignment	UNGC Alignment	Page Reference and Reasons for Omissions, If Applicable	
Corporate Governance	GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy					Message from Managing Director/Group Chief Executive Officer (Page 5-10); Sustainability Progress Report by the Chief Sustainability Officer (Page 12-15)	
		2-23	Policy commitments					Sustainability Framework (Page 20); KPS Berhad Procurement Policy (Page 41); Ensuring Protection of Rights Across the Spectrum (Page 89); Zero-Tolerance Commitment to Bribery and Corruption (Page 141); Guidance on Gift Giving and Receiving (Page 142); Supporting Whistleblowing (Page 143)	
		2-24	Embedding policy commitments	Risk Management; Human Rights & Community				Principle 1, 2, 3, 7, 10	Chapter 2 to Chapter 6 (Page 20-152); Economic Commitment (Page 35-48); Environment Commitment 1 (Page 51-77); Environment Commitment 2 (Page 78-84); Social Commitment 1 (Page 87-109); Social Commitment 1 (Page 110-136); Governance Commitment (Page 139-152)
		2-25	Processes to remediate negative impacts						Feedback Channel (Page 3); Grievance and Complaints Mechanisms (Page 149); Supporting Whistleblowing (Page 143)
		2-26	Mechanisms for seeking advice and raising concerns						
		2-27	Compliance with laws and regulations	Quality Control and Customer Satisfaction; Good Governance and Anti-Corruption					Integrity through Quality and Safety Compliance (Page 48); Ensuring Ethical Labour Practices across Operations and Supply Chains (Page 90); Zero-Tolerance Commitment to Bribery and Corruption (Page 141)
					Environmental and Social Compliance				Oversight of Environmental and Social Compliance (Page 148-149)
Stakeholder	GRI 2: General Disclosures 2021	2-28	Membership associations					Partnerships and Memberships (Page 34)	
		2-29	Approach to stakeholder engagement					Stakeholder Engagement (Page 23-27)	
		2-30	Collective bargaining agreements Labour Standards		Labour Standards			Collective Bargaining (Page 130)	
Materiality	GRI 3: Material Topics 2021	3-1	Process to determine material topics					Stakeholder Engagement (Page 23-27); Material Matter (Page 28-33)	
		3-2	List of material topics						
		3-3	Management of material topics					Economic Commitment (Page 35-48); Environment Commitment 1 (Page 51-77); Environment Commitment 2 (Page 78-84); Social Commitment 1 (Page 87-109); Social Commitment 1 (Page 110-136); Governance Commitment (Page 139-152)	

GRI Content Index

Pillar	GRI Standard	GRI Code	GRI Disclosure	Material Matter	F4GBM Alignment	UNSDG Alignment	UNGC Alignment	Page Reference and Reasons for Omissions, If Applicable
Economic	GRI 201: Economic Performance 2016	3-3	Management of material topics	Economic and Business Performance	-	SDG 8	-	Material Matter: Economic and Business Performance (Page 37-40)
		201-1	Direct economic value generated and distributed					Performance Data (Page 40)
		201-2	Financial implications and other risks and opportunities due to climate change					Summary of Key Risk Areas of Economic and Business Performance (Page 38)
		201-3	Defined benefit plan obligations and other retirement plans					Omission: Confidentiality Constraints
		201-4	Financial assistance received from government					Omission: Not Applicable
	GRI 204: Procurement Practices 2016	3-3	Management of material topics	Sustainable Procurement and Local Sourcing	-	SDG 8, 12	-	Material Matter: Sustainable Procurement and Local Sourcing (Page 40-44)
		204-1	Proportion of spending on local suppliers					Performance Data (Page 43)
	GRI 416: Customer Safety and Health 2016	3-3	Management of material topics	Quality Control and Customer Satisfaction	-	SDG 12	-	Material Matter: Quality Control and Customer Satisfaction (Page 46-48)
		416-1	Assessment of the safety and health impacts of product and service categories					Integrity Through Quality and Safety Compliance (Page 48)
	Environmental	GRI 102: Climate Change 2025	3-3	Management of material topics	Climate Change and Emission	Climate Change	SDG 13	Principle 7, 8, 9
102-1			Transition plan for climate change mitigation	Our Four Strategies (Page 60)				
102-2			Climate change adaptation plan	Adapting to and Mitigating Physical Risks (Page 65)				
102-3			Just transition	Climate Change and Emissions (Page 56-64)				
102-4			GHG emissions reduction targets and progress	Measuring Progress Against Climate Goals (Page 65)				
102-5			Scope 1 GHG emissions	Performance Data (Page 66)				
102-6			Scope 2 GHG emissions	Performance Data (Page 66)				
102-7			Scope 3 GHG emissions	Performance Data (Page 68)				
102-8			GHG emissions intensity	Performance Data (Page 67-68)				
102-9			GHG removals in the value chain	Performance Data (Page 67)				
102-10	Carbon credits	Our Four Strategies (Page 60)						

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Pillar	GRI Standard	GRI Code	GRI Disclosure	Material Matter	F4GBM Alignment	UNSDG Alignment	UNGC Alignment	Page Reference and Reasons for Omissions, If Applicable	
Environmental	GRI 103: Energy 2025	3-3	Management of material topics					Climate Change and Emissions (Page 55); Energy Efficiency (Page 72);	
		103-1	Energy policies and commitments					Climate Change and Emissions (Page 55); Energy Efficiency (Page 72);	
		103-2	Energy consumption and self-generation within the organisation	"Energy Efficiency; Climate Change and Emissions"	Climate Change	SDG 7, 12, 13	Principle 7, 8, 9	Performance Data (Page 73 and 76)	
		103-3	Upstream and downstream energy consumption					Not Available	
		103-4	Energy intensity					Performance Data (Page 73)	
		103-5	Reduction in energy consumption					Impact Story: Accelerating Decarbonisation by Solar Energy Adoption (Page 77)	
	GRI 303: Water and Effluents 2018	3-3	Management of material topics					Water Security (Page 83-84)	
		303-1	Interactions with water as a shared resource					Water Security (Page 83-84)	
		303-2	Management of water discharge-related impacts	Water Security	Water Security	SDG 6, 12	Principle 7, 8, 9	Not Available	
		303-3	Water withdrawal					Performance Data (Page 84)	
		303-4	Water discharge					Not Available	
		303-5	Water consumption					Performance Data (Page 84)	
	GRI 306: Waste 2020	3-3	Management of material topics					Waste Reduction, Recycling and Circular Economy (Page 78-79)	
		306-1	Waste generation and significant waste-related impacts	Waste Reduction, Recycling and Circular Economy	Water Use Pollution and Resources	SDG 12	Principle 7, 8, 9	Waste Reduction, Recycling and Circular Economy (Page 78-79)	
		306-2	Management of significant waste-related impacts					Our Approach (Page 78-79)	
		306-3	Waste generated					Performance Data (Page 80)	
		306-4	Waste diverted from disposal					Performance Data (Page 80)	
		306-5	Waste directed to disposal					Performance Data (Page 80)	
	Social	GRI 401: Employment 2016	3-3	Management of material topics					Labour Standard (Page (128-131))
			401-1	New employee hires and employee turnover					Performance Data (Page 135)
401-2			Benefits provided to full-time employees that are not provided to temporary or part-time employees	Labour Standards	Labour Standards	SDG 5, 8	Principle 6	Competitive Employee Benefits and Support (Page 129)	
401-3			Parental leave					Parental Leave Support (Page 130)	
GRI 403: Occupational Safety and Health 2018		3-3	Management of material topics	Occupational Safety and Health	Safety and Health	SDG 3, 8, 10	-	Occupational Safety and Health (Page 110-116)	
		403-1	Occupational safety and health management system					Our Approach (Page 110-112)	

GRI Content Index

Pillar	GRI Standard	GRI Code	GRI Disclosure	Material Matter	F4GBM Alignment	UNSDG Alignment	UNGC Alignment	Page Reference and Reasons for Omissions, If Applicable
Social	GRI 403: Occupational Safety and Health 2018	403-2	Hazard identification, risk assessment, and incident investigation	Occupational Safety and Health	Safety and Health	SDG 3, 8, 10	-	Managing Work-Related Hazards and Safety Risks (Page 116)
		403-3	Occupational health services					Nurturing a Proactive OSH Culture (Page 113-114)
		403-4	"Worker participation, consultation, and communication on occupational safety and health"					Nurturing a Proactive OSH Culture (Page 113-114)
		403-5	Worker training on occupational safety and health					Nurturing a Proactive OSH Culture (Page 113-114)
		403-6	Promotion of worker health					Nurturing a Proactive OSH Culture (Page 113-114)
		403-7	Prevention and mitigation of occupational safety and health impacts directly linked by business relationships					Ensuring Compliance through OSH Audits (Page 115)
		403-8	Workers covered by an occupational safety and health management system					Our Approach (Page 110-112)
		403-9	Work-related injuries					Performance Data (Page 119)
		403-10	Work-related ill health					Performance Data (Page 118)
		GRI 404: Training and Education 2016	3-3					Management of material topics
	404-1		Average hours of training per year per employee	Performance Data (Page 125)				
	404-2		Programs for upgrading employee skills and transition assistance programs	Our Approach (Page 121-123)				
	404-3		Percentage of employees receiving regular performance and career development reviews	Performance Data (Page 126)				
	GRI 407: Freedom of Association and Collective Bargaining 2016	3-3	Management of material topics	Human Rights	Human Rights and Community; Supply Chain (Social)	SDG 8, 10, 16	Principle 1, 2, 3	Human Rights (Page 87-90)
		407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk					Human Rights (Page 90)
	GRI 408: Child Labor 2016	3-3	Management of material topics	Human Rights	Human Rights and Community	SDG 8, 10, 16	Principle 1, 2, 5	Human Rights (Page 87-90)
		408-1	Operations and suppliers at significant risk for incidents of child labor					Human Rights (Page 87-90)
	GRI 409: Forced or Compulsory Labor 2016	3-3	Management of material topics	Human Rights	Human Rights and Community; Supply Chain (Social)	SDG 8, 10, 16	Principle 1, 2, 4	Human Rights (Page 87-90)
		409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor					Human Rights (Page 87-90)

GRI Content Index

Pillar	GRI Standard	GRI Code	GRI Disclosure	Material Matter	F4GBM Alignment	UNSDG Alignment	UNGC Alignment	Page Reference and Reasons for Omissions, If Applicable
Social	GRI 413: Local Communities 2016	3-3	Management of material topics	Human Rights	Human Rights and Community	SDG 1, 2, 4, 8, 10, 16, 17	Principle 1, 2	Human Rights (Page 87-90)
		413-1	Operations with local community engagement, impact assessments, and development programs					Our Approach (Page 90-107)
		413-2	Operations with significant actual and potential negative impacts on local communities	Human Rights; Environmental and Social Compliance				Our Approach (Page 90-107); Our Approach (Page 149)
Governance	GRI 205: Anti-Corruption 2016	3-3	Management of material topics	Good Governance and Anti-Corruption	Anti-Corruption	SDG 16	Principle 10	Good Governance and Anti-Corruption (Page 139-147)
		205-1	Operations assessed for risks related to corruption					Anti-Corruption Audit and Assessments (Page 144-145)
		205-2	Communication and training about anti-corruption policies and procedures					Anti-Corruption Training and Awareness (Page 145-146)
		205-3	Confirmed incidents of corruption and actions taken					Monitoring Corruption Incidents and Compliance Performance (Page 146)
	GRI 415: Public Policy 2016	3-3	Management of material topics	Good Governance and Anti-Corruption	Anti-Corruption	SDG 16	Principle 10	Good Governance and Anti-Corruption (Page 139-147)
		415-1	Political contributions					Monitoring Corruption Incidents and Compliance Performance (Page 146)
	GRI 418: Customer Privacy 2016	3-3	Management of material topics	Digitalisation and Technology	-	SDG 16	-	Digitalisation and Technology (Page 150-152)
418-1		Substantiated complaints concerning breaches of customer privacy and losses of customer data	Fostering a Digitalisation and Cybersecurity-Aware Workplace (Page 151)					

International Financial Reporting Standards (IFRS) S1 Content Index

IFRS S1 Indicator	Description	Page Reference
Governance		
27(a)(i)	The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of sustainability-related risks and opportunities. Specifically, the entity shall identify that body(s) or individual(s) and disclose information about: how responsibilities for sustainability-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s);	Governance in Sustainability and Climate Resilience (Page 21); Refer to IAR2025: Statement on Risk Management and Internal Control (Page 149)
27(a)(ii)	How the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to sustainability-related risks and opportunities;	Refer to IAR2025: Board Composition (Page 125-127)
27(a)(iii)	How and how often the body(s) or individual(s) is informed about sustainability-related risks and opportunities;	Governance in Sustainability and Climate Resilience (Page 21); Linking Leadership Remuneration to Sustainability and Climate Action (Page 22)
27(a)(iv)	How the body(s) or individual(s) takes into account sustainability-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	Governance in Sustainability and Climate Resilience (Page 21) Our Risk Management Practices (Page 57-58)
27(a)(v)	How the body(s) or individual(s) oversees the setting of targets related to sustainability-related risks and opportunities, and monitors progress towards those targets (see paragraph 51), including whether and how related performance metrics are included in remuneration policies.	Governance in Sustainability and Climate Resilience (Page 21); Our Approach (Page 51-56)
27(b)(i)	Management's role in the governance processes, controls and procedures used to monitor, manage and oversee sustainability-related risks and opportunities, including information about: whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	Sustainability Progress Report by the Chief Sustainability Officer (Page 14); Designated Management Oversight for Sustainability and Climate-Related Matters (Page 54)
27(b)(ii)	Whether management uses controls and procedures to support the oversight of sustainability-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	Refer to IAR2025: Statement on Risk Management and Internal Control (Page 149-151)
Strategy		
29(a)	The sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects	Material Matter (Page 30-33)
29(b)	The current and anticipated effects of those sustainability-related risks and opportunities on the entity's business model and value chain (see paragraph 32);	Material Matter (Page 30-33); Summary of the Climate Risks and Opportunities and Associated Impacts (Page 61-64)

International Financial Reporting Standards (IFRS) S1 Content Index

IFRS S1 Indicator	Description	Page Reference
Strategy (Cont'd)		
29(c)	The effects of those sustainability-related risks and opportunities on the entity's strategy and decision-making (see paragraph 33);	Summary of Key Risk Areas of Economic and Business Performance (Page 38); Summary of Key Risk Areas of Sustainable Procurement and Local Sourcing (Page 41); Summary of the Climate Risks and Opportunities and Associated Impacts (Page 61-64) Summary of Key Risk Areas of Energy Efficiency (Page 72); Summary of Key Risk Areas of Occupational Safety and Health (Page 110); Summary of Key Risk Area of Employee Training and Career Development (Page 121); Summary of Key Risk Area of Good Governance and Anti-Corruption (Page 139); Summary of Key Risk Area of Environmental and Social Compliance (Page 148); Summary of Key Risk Area of Digitalisation and Technology (Page 150)
29(e)	The resilience of the entity's strategy and its business model to those sustainability-related risks (see paragraphs 41-42).	KPS Berhad Business Model (Page 39)
30(a)	Describe sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects;	Material Matter (Page 30-33); Refer to IAR2025: Operating Environment, Risks and Opportunities (Page 35-40)
30(b)	Specify the time horizons – short-, medium- or long-term – over which the effects of each of those sustainability-related risks and opportunities could reasonably be expected to occur;	Summary of the Climate Risks and Opportunities and Associated Impacts (Page 61-64)
30(c)	Explain how the entity defines 'short-term', 'medium-term' and 'long-term' and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.	Our Risk Management Practices (Page 58)

International Financial Reporting Standards (IFRS) S1 Content Index

IFRS S1 Indicator	Description	Page Reference
Strategy (Cont'd)		
32(a)	An entity shall disclose information that enables users of general purpose financial reports to understand the current and anticipated effects of sustainability-related risks and opportunities on the entity's business model and value chain. Specifically, the entity shall disclose: a description of the current and anticipated effects of sustainability-related risks and opportunities on the entity's business model and value chain; and	Summary of Key Risk Areas of Economic and Business Performance (Page 38); Summary of Key Risk Areas of Sustainable Procurement and Local Sourcing (Page 41); Summary of the Climate Risks and Opportunities and Associated Impacts (Page 61-64) Summary of Key Risk Areas of Energy Efficiency (Page 72); Summary of Key Risk Areas of Occupational Safety and Health (Page 110); Summary of Key Risk Area of Employee Training and Career Development (Page 121); Summary of Key Risk Area of Good Governance and Anti-Corruption (Page 139); Summary of Key Risk Area of Environmental and Social Compliance (Page 148); Summary of Key Risk Area of Digitalisation and Technology (Page 150)
32(b)	A description of where in the entity's business model and value chain sustainability-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	Assessment of Climate-Related Risks via Scenario Analysis
33(a)	An entity shall disclose information that enables users of general purpose financial reports to understand the effects of sustainability-related risks and opportunities on its strategy and decision-making. Specifically, the entity shall disclose information about: how the entity has responded to, and plans to respond to, sustainability-related risks and opportunities in its strategy and decision-making;	Material Matter (Page 30-33)
33(b)	The progress against plans the entity has disclosed in previous reporting periods, including quantitative and qualitative information; and	Measuring Progress Against Climate Goals (Page 65)
Risk Management		
44(a)(i)	The processes and related policies the entity uses to identify, assess, prioritise and monitor sustainability-related risks, including information about: the inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes);	Our Risk Management Practices (Page 57-59); Refer to IAR2025: Statement on Risk Management and Internal Control (Page 149-158)
44(a)(ii)	Whether and how the entity uses scenario analysis to inform its identification of sustainability-related risks;	Our Risk Management Practices (Page 58-59)
44(a)(iii)	How the entity assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria)	Sustainability Progress Report by the Chief Sustainability Officer (Page 14); Our Risk Management Practices (Page 58-59)

International Financial Reporting Standards (IFRS) S1 Content Index

IFRS S1 Indicator	Description	Page Reference
Risk Management (Cont'd)		
44(a)(iv)	Whether and how the entity prioritises sustainability-related risks relative to other types of risk	Refer to IAR2025: Statement on Risk Management and Internal Control (Page 149-158)
44(a)(v)	How the entity monitors sustainability-related risks	Governance in Sustainability and Climate Resilience (Page 21); Refer to IAR2025: Statement on Risk Management and Internal Control (Page 149-158)
44(b)	The processes the entity uses to identify, assess, prioritise and monitor sustainability-related opportunities	Refer to IAR2025: Statement on Risk Management and Internal Control (Page 149-158)
44(c)	The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring sustainability-related risks and opportunities are integrated into and inform the entity's overall risk management process.	Refer to IAR2025: Statement on Risk Management and Internal Control (Page 149-158)
Metrics and Target		
46(a)	An entity shall disclose, for each sustainability-related risk and opportunity that could reasonably be expected to affect the entity's prospects: metrics required by an applicable IFRS Sustainability Disclosure Standard	Sustainability Progress Report by the Chief Sustainability Officer (Page 14); Material Matter (Page 30-33)
46(b)(i)	Metrics the entity uses to measure and monitor that sustainability-related risk or opportunity	Performance Data (Page 40); Performance Data (Page 43); Performance Data (Page 66-68); Performance Data (Page 73-76); Performance Data (Page 117-119); Performance Data (Page 125-126); Performance Data (Page 144-146)

International Financial Reporting Standards (IFRS) S1 Content Index

IFRS S1 Indicator	Description	Page Reference
Metrics and Target (Cont'd)		
46(b)(ii)	Its performance in relation to that sustainability-related risk or opportunity, including progress towards any targets the entity has set, and any targets it is required to meet by law or regulation.	Message from Managing Director/Group Chief Executive Officer (Page 6); 2025 Sustainability Performance Dashboard (Page 16-17) Setting High-Impact Climate-Related KPIs (Page 54); Measuring Progress against Climate Goals (Page 65 and 67); Measuring Progress against Environmental-related KPIs (Page 65); Measuring Volunteerism through Specific KPIs (Page 109); Performance and Progress against Previously Set OSH Targets (Page 118)
50(a)	How the metric is defined, including whether it is derived by adjusting a metric taken from a source other than IFRS Sustainability Disclosure Standards and, if so, which source and how the metric disclosed by the entity differs from the metric specified in that source;	Sustainability Progress Report by the Chief Sustainability Officer (Page 14); Governance in Sustainability and Climate Resilience (Page 21); Linking Leadership Remuneration to Sustainability and Climate Action (Page 22)
50(b)	Whether the metric is an absolute measure, a measure expressed in relation to another metric or a qualitative measure (such as a red, amber, green—or RAG—status);	Summary of the Climate Risks and Opportunities and Associated Impacts (Page 61-64)
50(c)	Whether the metric is validated by a third party and, if so, which party	Independent Assurance Statement (Page 157-160)
51(a)	An entity shall disclose information about the targets it has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation. For each target, the entity shall disclose: the metric used to set the target and to monitor progress towards reaching the target	2025 Sustainability Performance Dashboard (Page 16-17) Setting High-Impact Climate-Related KPIs (Page 54); Measuring Progress against Climate Goals (Page 65 and 67); Measuring Progress against Environmental-related KPIs (Page 65); Measuring Volunteerism through Specific KPIs (Page 109); Performance and Progress against Previously Set OSH Targets (Page 118)

International Financial Reporting Standards (IFRS) S1 Content Index

IFRS S1 Indicator	Description	Page Reference
Metrics and Target (Cont'd)		
51(b)	The specific quantitative or qualitative target the entity has set or is required to meet;	2025 Sustainability Performance Dashboard (Page 16-17) Setting High-Impact Climate-Related KPIs (Page 54); Measuring Progress against Climate Goals (Page 65 and 67); Measuring Progress against Environmental-related KPIs (Page 65); Measuring Volunteerism through Specific KPIs (Page 109); Performance and Progress against Previously Set OSH Targets (Page 118)
51(c)	The period over which the target applies	Group-wide Climate Ambition (Page 52); Driven by Short-Term Carbon Emissions Intensity Targets (Page 53); Accelerating Decarbonisation through Climate Strategy (Page 56); Measuring Progress against Climate Goals (Page 65); Measuring Progress against Environmental-related KPIs (Page 65)
51(d)	The base period from which progress is measured;	Performance Data (Page 67); Performance Data (Page 73)
51(e)	Any milestones and interim targets	Group-wide Climate Ambition (Page 52); Driven by Short-Term Carbon Emissions Intensity Targets (Page 53); Accelerating Decarbonisation through Climate Strategy (Page 56);
51(f)	Performance against each target and an analysis of trends or changes in the entity's performance	Measuring Progress against Climate Goals (Page 65); Measuring Progress against Environmental-related KPIs (Page 65); Performance Data (Page 117); Measuring Group-wide Training and Development Initiatives (Page 124)

International Financial Reporting Standards (IFRS) S2 Content Index

IFRS S2 Indicator	Description	Page Reference
Governance		
6(a)(i)	The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the entity shall identify that body(s) or individual(s) and disclose information about: how responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s)	Governance in Sustainability and Climate Resilience (Page 21) Refer to IAR2025: Statement on Risk Management and Internal Control (Page 149)
6(a)(ii)	How the body(s) or individual(s) determine whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities	Refer to IAR2025: Board Composition (Page 125-127)
6(a)(iii)	How and how often the body(s) or individual(s) is informed about climate-related risks and opportunities	Governance in Sustainability and Climate Resilience (Page 21); Linking Leadership Remuneration to Sustainability and Climate Action (Page 22); Our Approach (Page 51-54)
6(a)(iv)	How the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities	Governance in Sustainability and Climate Resilience (Page 21) Our Risk Management Practices (Page 57-58)
6(a)(v)	How the body(s) or individual(s) oversees the setting of targets related to climate-related risks and opportunities, and monitors progress towards those targets (see paragraphs 33-36), including whether and how related performance metrics are included in remuneration policies (see paragraph 29(g)).	Governance in Sustainability and Climate Resilience (Page 21); Our Approach (Page 51-56)
6(b)(i)	Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about: whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee	Sustainability Progress Report by the Chief Sustainability Officer (Page 14); Designated Management Oversight for Sustainability and Climate-Related Matters (Page 54)
6(b)(ii)	Whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions	Refer to IAR2025: Statement on Risk Management and Internal Control (Page 149-151); Our Approach (Page 51-60)
Strategy		
9(a)	The climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects	Summary of the Climate Risks and Opportunities and Associated Impacts (Page 61-64)
9(b)	The current and anticipated effects of those climate-related risks and opportunities on the entity's business model and value chain (see paragraph 13);	Summary of the Climate Risks and Opportunities and Associated Impacts (Page 61-63)
9(c)	The effects of those climate-related risks and opportunities on the entity's strategy and decision-making, including information about its climate-related transition plan	Summary of the Climate Risks and Opportunities and Associated Impacts (Page 61-63)

International Financial Reporting Standards (IFRS) S2 Content Index

IFRS S2 Indicator	Description	Page Reference
Strategy (Cont'd)		
9(d)	The effects of those climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, and their anticipated effects on the entity's financial position, financial performance and cash flows over the short-, medium- and long-term, taking into consideration how those climate-related risks and opportunities have been factored into the entity's financial planning	Summary of the Climate Risks and Opportunities and Associated Impacts (Page 61-63)
9(e)	The climate resilience of the entity's strategy and its business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities	Accelerating Decarbonisation through Climate Strategy (Page 56); Our Four Strategies (Page 60); Adapting to and Mitigating Physical Risks (Page 65)
10(a)	Describe climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects	Summary of the Climate Risks and Opportunities and Associated Impacts (Page 61-64)
10(b)	Explain, for each climate-related risk the entity has identified, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk	Summary of the Climate Risks and Opportunities and Associated Impacts (Page 61-64)
10(c)	Specify, for each climate-related risk and opportunity the entity has identified, over which time horizons – short-, medium- or long-term – the effects of each climate-related risk and opportunity could reasonably be expected to occur	Summary of the Climate Risks and Opportunities and Associated Impacts (Page 61-64)
10(d)	Explain how the entity defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the entity for strategic decision-making	Our Risk Management Practices (Page 58)
13(a)	An entity shall disclose information that enables users of general purpose financial reports to understand the current and anticipated effects of climaterelated risks and opportunities on the entity's business model and value chain. Specifically, the entity shall disclose: a description of the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain	Summary of the Climate Risks and Opportunities and Associated Impacts (Page 61-63)
13(b)	A description of where in the entity's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	Summary of the Climate Risks and Opportunities and Associated Impacts (Page 64)
14(a)(i)	Information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the entity shall disclose information about: current and anticipated changes to the entity's business model, including its resource allocation, to address climate-related risks and opportunities (for example, these changes could include plans to manage or decommission carbon-, energy- or water-intensive operations; resource allocations resulting from demand or supply-chain changes; resource allocations arising from business development through capital expenditure or additional expenditure on research and development; and acquisitions or divestments);	Summary of the Climate Risks and Opportunities and Associated Impacts (Page 61-63)
14(a)(ii)	Current and anticipated direct mitigation and adaptation efforts (for example, through changes in production processes or equipment, relocation of facilities, workforce adjustments, and changes in product specifications	Summary of the Climate Risks and Opportunities and Associated Impacts (Page 61-63)

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IFRS S2 Indicator	Description	Page Reference
Strategy (Cont'd)		
14(a)(iii)	Current and anticipated indirect mitigation and adaptation efforts (for example, through working with customers and supply chains)	Summary of the Climate Risks and Opportunities and Associated Impacts (Page 61-63)
14(a)(iv)	Any climate-related transition plan the entity has, including information about key assumptions used in developing its transition plan, and dependencies on which the entity's transition plan relies	Accelerating Decarbonisation through Climate Strategy (Page 56); Our Four Strategies (Page 60)
14(a)(v)	How the entity plans to achieve any climate-related targets, including any greenhouse gas emissions targets, described in accordance with paragraphs 33-36.	Accelerating Decarbonisation through Climate Strategy (Page 56); Our Four Strategies (Page 60)
15(a)	An entity shall disclose information that enables users of general purpose financial reports to understand: the effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period (current financial effects); and	Summary of the Climate Risks and Opportunities and Associated Impacts (Page 61-63)
15(b)	The anticipated effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows over the short-, medium- and long-term, taking into consideration how climate-related risks and opportunities are included in the entity's financial planning (anticipated financial effects)	Summary of the Climate Risks and Opportunities and Associated Impacts (Page 61-63)
16(a)	Specifically, an entity shall disclose quantitative and qualitative information about: how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period;	Summary of the Climate Risks and Opportunities and Associated Impacts (Page 61-63)
22(b)(i)(1)	How and when the climate-related scenario analysis was carried out, including: information about the inputs the entity used, including: which climate-related scenarios the entity used for the analysis and the sources of those scenarios	Scenario Analysis and Assumptions (Page 58-59)
22(b)(i)(3)	Whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks	Scenario Analysis and Assumptions (Page 58-59)
22(b)(i)(4)	Whether the entity used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change	Scenario Analysis and Assumptions (Page 58-59)
22(b)(i)(5)	Why the entity decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;	Scenario Analysis and Assumptions (Page 58-59); Assessment of Climate-Related Risks via Scenario Analysis (Page 63)
22(b)(i)(6)	The time horizons the entity used in the analysis;	Enhancement of Sustainability and Climate-Related Risk Integration into ERM (Page 58)
22(b)(i)(7)	What scope of operations the entity used in the analysis (for example, the operating the operating locations and business units used in the analysis)	Summary of the Climate Risks and Opportunities and Associated Impacts (Page 64)
22(b)(ii)(1)	The key assumptions the entity made in the analysis, including assumptions about: climate-related policies in the jurisdictions in which the entity operates	Scenario Analysis and Assumptions (Page 58-59)

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IFRS S2 Indicator	Description	Page Reference
Strategy (Cont'd)		
22(b)(ii)(5)	Developments in technology	Scenario Analysis and Assumptions (Page 58-59)
22(b)(iii)	The reporting period in which the climate-related scenario analysis was carried out	Scenario Analysis and Assumptions (Page 58)
25(a)(i)	The processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks, including information about: the inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes);	Our Risk Management Practices (Page 57-59); Refer to IAR2025: Statement on Risk Management and Internal Control (Page 149-158)
25(a)(ii)	Whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks	Our Risk Management Practices (Page 58-59)
25(a)(iii)	How the entity assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria)	Message from Managing Director/Group Chief Executive Officer (Page 8); Sustainability Progress Report by the Chief Sustainability Officer (Page 14); Our Risk Management Practices (Page 58-59)
25(a)(iv)	How the entity monitors climate-related risks	Governance in Sustainability and Climate Resilience (Page 21); Refer to IAR2025: Statement on Risk Management and Internal Control (Page 149-158)
25(b)	The processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities	Refer to IAR2025: Statement on Risk Management and Internal Control (Page 149-158)
25(c)	The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.	Refer to IAR2025: Statement on Risk Management and Internal Control (Page 149-158)
Metrics and Targets		
29(a)(i)(1)	An entity shall disclose information relevant to the cross-industry metric categories of: greenhouse gases – the entity shall: disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tonnes of CO ₂ equivalent (see paragraphs B19-B22), classified as: Scope 1 greenhouse gas emissions;	2025 Sustainability Performance Dashboard (Page 16); Performance Data (Page 66-67)
29(a)(i)(2)	Scope 2 greenhouse gas emissions	2025 Sustainability Performance Dashboard (Page 16); Performance Data (Page 66-67)
29(a)(i)(3)	Scope 3 greenhouse gas emissions	2025 Sustainability Performance Dashboard (Page 16); Performance Data (Page 67-68)

International Financial Reporting Standards (IFRS) S2 Content Index

IFRS S2 Indicator	Description	Page Reference
Metrics and Targets (Cont'd)		
29(a)(ii)	Measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or an exchange on which the entity is listed to use a different method for measuring its greenhouse gas emissions (see paragraphs B23-B25)	Performance Data (Page 67)
29(a)(iii)(1)	The measurement approach, inputs and assumptions the entity uses to measure its greenhouse gas emissions;	Performance Data (Page 67-68)
29(a)(v)	For Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(2), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to inform users' understanding of the entity's Scope 2 greenhouse gas emissions (see paragraphs B30-B31)	Assessment of Climate-Related Risks via Scenario Analysis (Page 64); Performance Data (Page 66)
29(a)(vi)(1)	Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(3), and with reference to paragraphs B32-B57 (1) the categories included within the entity's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)	Performance Data (Page 67-68)
29(g)(i)	Remuneration—the entity shall disclose: a description of whether and how climate-related considerations are factored into executive remuneration (see also paragraph 6(a)(v)); and	Linking Leadership Remuneration to Sustainability and Climate Action (Page 22)
33(a)	An entity shall disclose the quantitative and qualitative climate-related targets it has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the entity shall disclose: the metric used to set the target (see paragraphs B66-B67);	Accelerating Decarbonisation through Climate Strategy
33(b)	The objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives)	Strengthening Climate Governance (Page 51-56)
33(c)	The part of the entity to which the target applies (for example, whether the target applies to the entity in its entirety or only a part of the entity, such as a specific business unit or specific geographical region);	Strengthening Climate Governance (Page 51-56)
33(d)	The period over which the target applies;	Strengthening Climate Governance (Page 51-56)
33(e)	The base period from which progress is measured;	Strengthening Climate Governance (Page 53)
33(f)	Any milestones and interim targets;	Strengthening Climate Governance (Page 52-53)
33(g)	If the target is quantitative, whether it is an absolute target or an intensity target	Strengthening Climate Governance (Page 52-54)
36(b)	Whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target.	Strengthening Climate Governance (Page 52-53); Measuring Progress against Climate Goals (Page 65)
36e(i)	The entity's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits the entity shall disclose information including, and with reference to paragraphs B70-B71: the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;	Our Four Strategies (Page 60)

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Kumpulan Perangsang Selangor Berhad

Registration No. 197501002218 (23737-K)

**17th Floor, Plaza Perangsang,
Persiaran Perbandaran 40000 Shah Alam,
Selangor Darul Ehsan, Malaysia.**

T: +603-5524 8400

www.kps.com.my

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