



**2024 SUSTAINABILITY REPORT** 

## IMPACT IN MOTION

Reflecting a strategic commitment to operational excellence and environmental stewardship, **Impact In Motion** encapsulates a data-driven approach to integrating advanced environmental, social and governance practices into our business operations. Representing a methodical approach to managing carbon emission, for instance, we opted to optimise resources and work more efficiently, which resulted in measurable progress, enriching environmental performance and economic resilience.

Throughout this report, we share our disciplined pursuit of continuous improvements and technical rigour, a journey to preserve our Financial, Manufacturing, Intellectual, Human, Social and Relationship, and Natural Capitals to drive long-term value creation.



Scan this QR code to view our 2024 Integrated Annual Report, 2024 Audited Financial Statements and 2024 Sustainability Report. Other information on KPS Berhad is also available at www.kps.com.my

# What's Inside

# Chapter 1 Overview

- 3 About This Report
- 5 Who We Are
- 6 Corporate Structure
- 7 Where We Operate
- 8 Value Creation Model
- Message from Managing Director/ Group Chief Executive Officer
- 20 Awards and Recognition
- 22 Review from the Chief Sustainability Officer
- 33 Partnerships and Memberships

# Chapter **2**Sustainability at KPS Berhad

- 36 KPS Berhad's Sustainability
  Governance
- 40 Sustainability Framework
- 42 Sustainability Strategy Roadmap
- 43 Our Journey in Double Materiality
- 47 Stakeholder Engagement

# Chapter 3 Economic Prosperity

- 61 Beyond Growth: Strengthening
  Business Performance and Driving
  Sustainable Value
- 63 Economic Commitment: Driving
  Optimal Business and Operational
  Performance Toward Maximising
  Financial and Non-Financial Value
  Creation

# Chapter 4 Climate Report

- 85 Building Climate Resilience: Redefining Environmental Stewardship
- 86 Environment Commitment 1:
  Reducing Carbon Emissions
  Intensity By 45% and Ultimately
  Pursuing Carbon Neutrality By
  2050
- 108 Environment Commitment 2:
  Continuously Implementing
  Environmentally Responsible
  Manufacturing Practices

# Chapter 5 Social Well-being

- 119 Building a Sustainable Future through Social Responsibility
- 120 Social Commitment 1: Be the Champion in Addressing Socioeconomic Gaps Within The Society
- 148 **Social Commitment 2:** Upholding Labour Rights, Safety, Equality and Diversity throughout Business Operations

## Chapter 6 Governance Ethics

- 174 Fostering Trust Through Good Governance
- 175 Upholding Good Corporate
  Governance

# Chapter **7**Our Aspiration

199 What's Next

#### **Additional Information**

- 200 Independent Assurance Statement
- 202 Bursa Securities Mandatory
  Disclosure Index
- 205 GRI Content Index

KPS Berhad was incorporated 49 years ago, on 11 August 1975.

21 Operating facilities



3,516 dedicated workforce

Overview

## **About This Report** [GRI 2-3]

Sustainability, for Kumpulan Perangsang Selangor Berhad ["KPS Berhad" or "the Company and its subsidiary companies" ("the Group")], is a journey of transformation, resilience and responsibility. As we conclude 2024, we reflect on the milestones achieved and the path forward. This year's Sustainability Report tells the story of our progress, our impact and our vision for a sustainable tomorrow.

#### **Basis of Our Report**

The 2024 Sustainability Report ("2024SR" or "the Report") marks the sixth standalone Sustainability Report for KPS Berhad, reflecting our continuous commitment to responsible and transparent reporting to our stakeholders. This Report provides a detailed account of our efforts in addressing material Economic as well as Environmental, Social and Governance ("ESG") matters and the tangible outcomes of our initiatives.

Each year presents new challenges and opportunities in our sustainability journey. In 2024, we continued to integrate sustainability into our business plan, ensuring that our ESG initiatives create meaningful impacts.

From creating value for shareholders and investors to strengthening community partnerships, our progress underscores our commitment to transparency, accountability and long-term value creation.

Aligned with disclosure guidelines and regulatory requirements, this Report reflects our achievements and serves as a roadmap for the future as we advance towards a more resilient and sustainable corporate ecosystem.

#### **Reporting Boundary**

The 2024SR covers KPS Berhad and its subsidiary companies where KPS Berhad retains equity control. To ensure precision and relevance, specific scopes have been defined for certain material topics, disclosures and indicators.

Where applicable, comparative historical data is included to highlight progress and trends over time. Identified Economic and ESG-related targets and Key Performance Indicators ("KPIs") are closely monitored, with results disclosed as comprehensively as possible.

All data presented in this Report has been sourced internally and verified by the respective business units and Senior Management. Moving forward, KPS Berhad remains committed to continuously enhancing its data collection and analysis processes to further improve accuracy, quality and transparency in our disclosures.

**Sustainability Report** 

### Reporting Period and Scope [GRI 2-2]

Contents in 2024SR have been scoped for the reporting period consistent with KPS Berhad's financial year, commencing from 1 January 2024 to 31 December 2024, also known as the financial year 2024 ("2024").

Data and information presented in 2024SR are scoped to operations, activities and processes of:



#### **Exclusions** [GRI 2-2]

The following entities are excluded from this disclosures:

#### **Subsidiary Companies:**

- Smartpipe Technology Sdn Bhd
- KPS-HCM Sdn Bhd

#### **Associate Company:**

NGC Energy Sdn Bhd

#### Other Investments:

Kaiserkorp Corporation Sdn Bhd



#### **About This Report [GRI 2-3]**

## **Reporting Compliance and Best Practices**

2024SR has been aligned with internationally recognised sustainability frameworks and assessment tools, ensuring that our ESG initiatives are benchmarked against global best practices. These frameworks guide our ESG-related data disclosures, enhance transparency and help us meet stakeholder expectations while addressing critical global challenges.

#### **Global Goals**

- United Nations Sustainability Development Goals ("UNSDGs")
- Paris Agreement (2015)

#### **Reporting Framework**

- Bursa Malaysia Sustainability Reporting Guide Third Edition ("SRG3")
- Global Reporting Initiative ("GRI") Standards
- International Financial Reporting Standards
   S1 General Requirements for Disclosure of
   Sustainability-related Financial Information ("IFRS S1")
- IFRS S2 Climate-related Disclosures ("IFRS S2") (in reference to the Taskforce on Climate-related Financial Disclosures ("TCFD") Framework)

#### **Rating Tools**

Financial Times Stock Exchange ("FTSE") Russell
 -FTSE4Good Bursa Malaysia ("F4GBM") Index

#### **GRI Statement of Use**

The information in 2024SR has been prepared in reference to the GRI Standards Core Option. This aligns with the GRI Content Principles of accuracy, clarity, comparability, reliability, and timeliness, as well as the principles of stakeholder inclusiveness, sustainability context, materiality, completeness and comprehensiveness in disclosure. The GRI content index is provided at the end of this Report.

## **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 provided by the Sustainability Board Committee ("SBC"). The SBC is responsible for ensuring the integrity and quality of the 2024SR, including its content, structure, and level of disclosure. In fulfilling its role, the SBC ensures that the Report aligns with the Group's vision, mission, and corporate objectives, reflecting KPS Berhad's commitment to embed sustainability practices across the organisation.

#### **Assurance** [GRI 2-5]

Credibility and accountability are at the heart of this Report. KPS Berhad has engaged an independent third-party assurance provider to conduct a thorough verification process to ensure its accuracy and integrity.

- SIRIM QAS International Sdn Bhd ("SIRIM QAS") has externally assured the 2024SR, verifying its adherence to materiality, inclusivity, and responsiveness principles.
- The Group's external auditor, Messrs BDO PLT, has assured us of the financial data.

#### Disclaimer

Sustainability reporting presents both opportunities and challenges, requiring precision in data collection and transparency in disclosures. KPS Berhad is committed to ensuring the completeness, accuracy and validity of all information presented, continually refining our methodologies to improve data reliability and reporting standards. Some sustainability data includes estimates and assumptions derived from various measurement methods and available data. Consequently, the figures stated may not add up due to rounding.

#### Feedback and Distribution [GRI 2-25, 2-26]

We continuously strive to enhance our sustainability disclosures and welcome stakeholder feedback. For feedback or inquiries regarding 2024SR or our sustainability initiatives, please contact the office of the Chief Sustainability Officer:

#### **KPS BERHAD**

17<sup>th</sup> Floor, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia

#### +603-5524 8400

irsc@kps.com.my

#### Attention:

Investor Relations, Sustainability & Communications ("IRSC") Department

SR2024 can be downloaded from the KPS Berhad website at https://kps.com.my

KPS Berhad was established on 11 August 1975 as the investment arm of the Selangor state government. With nearly 50 years of experience, KPS Berhad has evolved from managing state assets in Selangor into a dynamic, publicly listed investment holding company with interests in subsidiary companies having global market presence in over 90 countries.

Listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") since 22 July 2003 under the Industrial Products and Services sector, KPS Berhad has core investments in the manufacturing sector, as well as a business in the trading sector.

Today, we integrate ESG principles into our business model, ensuring the alignment of economic success with responsible environmental and social development.

#### **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.

#### **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.

#### **Core Values**

#### **Pride**

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

#### Respect

Recognise the value of other people and accept differences

#### Integrity

Integrity in our conduct is guided by responsibility and accountability.

#### Discipline

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

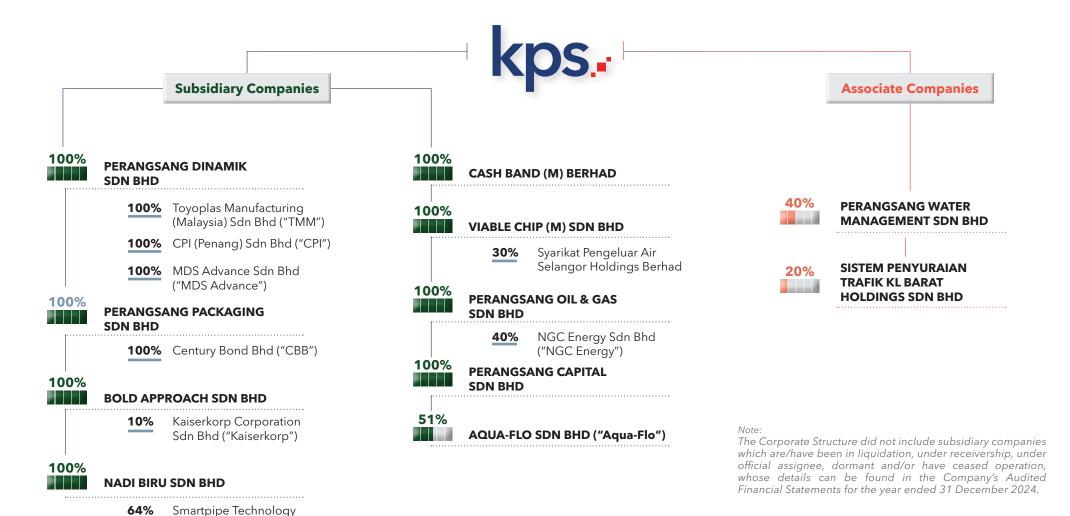
#### **Extra-mile**

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

## Corporate Structure [GRI 2-1] as of 28 March 2025

Sdn Bhd ("Smartpipe")

In pursuing its investment holding business model, KPS Berhad has transitioned from a sector-agnostic to a sector-focused approach. KPS Berhad's investments are mainly focused on companies within the Manufacturing sector. Other subsidiary companies are in the Trading, Infrastructure and Oil & Gas sectors. Specific information on the Group's subsidiary companies is provided in the corporate profile section of 2024 Integrated Annual Report ("2024IAR").





#### Value Creation Model IGRI 2-61

#### **Our Input Capitals**



Managing Risk & Seizing Opportunities

#### **Financial**

- Share Capital: RM537.9 million
- Retained Earnings: RM494.0 million
- Cash and Bank Balances: RM440.6 million Total Equity: RM1.2 billion
- Total Assets: RM2.1 billion

- Total Borrowings: RM466.4 million
- Capital Expenditure: RM35.4 million



#### Manufactured

• A wide range of manufacturing facilities, warehouses, machinery and equipment were employed by all subsidiary companies





© Certification Bodies

#### Intellectual

- · Collective experience, knowledge and expertise of the Board and Management team
- The Group continued implementing its 10-year roadmap, operational and other supporting strategies and internal controls
- Longstanding relationship with stakeholders

#### **Key Investment Criteria**

- Value creation by diversifying revenue stream, improving business viability and reducing cost
- Scalable business with regional growth opportunities
- Matured companies within respective industries with stable financial performance
- Management team with extensive experience and technical know-how

#### **ESG Objective**

- Aiming to be a responsible corporate citizen
- Create long-term value for all its stakeholders via sustainable development practices
- Promoting sustainable business and practices
- Limiting the negative impact of our business to the environment
- Address the sustainability-related risks and opportunities in achieving business and operational excellence



#### Manufactured

• Manufacturing output in terms of products and services offered to both local and international markets



#### **Our Output Capitals**



 Revenue: RM1.1 billion • EBITDA: RM119.8 million

• PBT: RM52.6 million • PAT: RM19.1 million

• Cash and Bank Balances: RM385.6 million

• Total Assets: RM1.6 billion

• Total Borrowings: RM175.1 million

#### Intellectual

- Achieved corporate and project accreditations and awards at both the company and subsidiary levels
- Obtained certifications from key customers
- Improved visibility among stakeholders

Note: \*The figures presented above include only the continuing operations.

#### **Value Creation Model**







**Business Partners & State Entities** 







Vendors & Suppliers





**Local Communities** 



#### Human

- 3,404 dedicated workforce
- Employee training and development programmes
- High-performance culture
- Multiple employee engagement activities

#### **Social and Relationship**

 Proactive engagement with regulators, investors, the media, customers and local communities



#### **Natural**

- Liquefied natural gas ("LNG") consumption: 25,564.6 Metric Million British Thermal Unit ("MMBtu")
- Diesel consumption: 274,295.8 litres
- Petrol consumption: 78,778.2 litres
- Purchased electricity consumption: 49,929,564 kilowatt-hour ("kWh")
- Renewable Energy (Solar Power): 1,936,127 kWh
- Water consumption: 279,819,728 litres
- Material consumption: 30,058.6 tonnes

#### **Our Outcomes**



#### Financial\*

- RM25.3 million paid in taxes
- RM233.8 million paid to employees in wages, benefits, and statutory contributions
- RM291.1 million repaid to financiers
- Market Capitalisation: RM360.0 million as of 31 December 2024
- Return on Capital Employed: 5.7%
- Return on Equity: 1.6%
- Return on Assets: 1.1%
- Gearing Ratio: **0.2 times**
- Shareholders' Equity: RM1.1 billion
- Earnings Per Share: 3.3 sen
- Dividend per Share: 6.5 sen



#### Manufactured

- Introduction of new technologies
- Increased adoption of automation and circular economy
- · Continued improvements in cost, production and operational efficiencies



#### Intellectual

- Increased brand equity leading to growing brand appeal, market share and customer confidence
- Built stronger relationships with stakeholders
- Broadened management expertise in various aspects of the manufacturing business and corporate functions



- Continued development of professional local talents
- Continued replenishment of leadership



#### **Social and Relationship**

- Supported poverty eradication and provided access to education and domestic care
- Uplifted local livelihood
- Positively impacted 115,540 **beneficiaries** in 2024 through various social investment initiatives



- Amount of TCO<sub>2</sub>e offset through solar energy: **1,498.6 TCO**,**e**
- Continuous effort in waste management with 100% conversion of carton trim waste to pulp moulded products by Century Bond Bhd









- 3,516 dedicated workforce
- 78.5% permanent employees
- 21.5% contract employees
- **41.6%** new hires



#### **Social and Relationship**

- · Continued positive, mutually beneficial relationship with stakeholders
- Contributed **RM3.7 million** to various social investment initiatives including the RM2.4 million zakat re-distribution



#### **Natural**

- Solar power accounted for 3.1% of the Group's electricity consumption
- Scope 1 emissions: 2,675.66 TCO<sub>2</sub>e
- Scope 2 emissions: **35,800.65 TCO\_e**
- Scope 3 emissions: **3,245.09 TCO**,**e**
- Total emissions: 41,721.4 TCO,e
- Total waste generated: 2,320.9 tonnes

















Our commitment to integrating ESG practices in KPS Berhad and its subsidiary companies serves as key competitive advantages, fostering long-term value creation for our stakeholders and the communities we support.

#### Ahmad Fariz bin Hassan

Managing Director/Group Chief Executive Officer ("MD/GCEO")



#### **Dear Valued Stakeholders,**

Our performance in 2024 highlighted resilience, strategic foresight and gradual progress. We delivered steady financial results driven by a balanced approach to corporate strategy and sustainability. In fact, the financial performance we reported this year was the result of a disciplined strategy that harmonised operational excellence with a growing emphasis on ESG commitments.

Embedding sustainability in our business strategies has fostered the resilience and competitiveness of our businesses, aligning our corporate purpose with the evolving societal expectations. Equally important, it positions us well in navigating the transition in policy regulatory changes and market dynamics, technological shifts and resource availability. In all, it ensures the Group's sustainable value creation.

Good sustainability practices serve as a business enabler in addressing environmental and social aspects of the business. Each year, we strive to outperform the previous years' performance by reviewing and assessing the outcomes of initiatives and programmes.

#### **The Outcome**

Notably, these programmes have contributed towards:

- elevating productivity
- optimising process efficiencies
- reinforcing a more reliable supply chain
  - developing low-carbon products
  - attracting and retaining talent

## **Leveraging Sustainability Principles as Our Strategic Advantage**

In recent years, the economic landscape has become more challenging, and we are facing headwinds that test our resilience and resolve. But here is the thing about headwinds: they are making us stronger. They force us to innovate, adapt and become more efficient.

While external dynamics, particularly those influencing demand for our manufactured products in overseas markets, have posed significant challenges, we steered through these shifts with measured agility. Though the journey was not without its difficulties, our ability to endure and adapt proved our resilience. Within these challenges, we have identified opportunities and emerging positive trends, which we continued to leverage to drive sustainable growth.



The Group's focus on sustainability has evolved into a strategic advantage, enhancing resilience, competitiveness and long-term value creation. Upholding strong social responsibility and governance practices helps strengthen stakeholder confidence and establishes our position as a responsible, forward-thinking organisation.

## **Balancing Economic Challenges and ESG Priorities**

It is in this proactive approach that we have been able to align our focus to manoueuvre through ongoing business challenges. Accelerating sustainability values into corporate culture is no easy task, as each of our core business pursuits involves distinct priorities. This considered, it is challenging to maintain the level of business performance in a complex environment. To remain relevant, resilient and relatable, KPS Berhad has revitalised the strategies to thrive in an increasingly volatile, uncertain, complex and ambiguous ("VUCA") operating environment. Operating in this current environment requires us to maintain a delicate balance between business performance and sustainability commitments as we understand long-term success is not just about financial profitability; it is about creating value for stakeholders through environmental stewardship, social impacts and responsible governance.

Instead of considering ESG as a compliance requirement, KPS Berhad firmly prioritises high-impact ESG KPIs that deliver both financial and non-financial returns. Whether through responsible sourcing or embarking on renewable energies, the Group ensures that its ESG strategies contribute to competitive advantage and business continuity. We have been adopting energy-efficient technologies, actively committing to waste reduction and circular economy models, and accelerating our ESG commitments to primarily reduce our environmental footprint while also driving cost savings.

KPS Berhad has built its success through its people. In recent years, we have been actively cultivating a culture where employees are engaged in sustainability efforts, ensuring that ESG values are embedded in daily operations.

#### Highlight

To further integrate ESG principles into our business strategy in 2024, we conducted three dedicated capacity-building sessions focused on setting high-impact ESG KPIs,

effectively managing human rights risks within the value chain and enhancing knowledge of social sustainability.

[GRI 2-22]

Social sustainability
 Workshop on setting ESG-related KPIs
 ESG in supply chain

As we continue to emphasise ESG principles across our operations, we are witnessing a transformational shift in organisational culture, processes and strategies, reinforcing the role of sustainability as a driver of long-term business and operational success.

Accountability and transparency are the other key aspects of our ESG approach. The Group has strengthened the trust among investors, customers, regulators and other relevant stakeholders by embedding sustainability oversight at the Board level and maintaining transparent ESG reporting. Showcasing how sustainability initiatives contribute to long-term financial stability further reinforces stakeholder confidence, even in times of volatility and uncertainty.

While we have accomplished notable milestones in our efforts, these represent just the beginning, as we remain committed to pushing boundaries and driving meaningful change.

For this, we rally the Group's core values, as it involves a whole-of-Group commitment. From where we started in understanding sustainability fundamentals some seven years ago, we have in hand a cache of innumerable success stories with meaningful impacts across various stakeholder groups. More importantly, how some of the programmes and initiatives have evolved over the years to inspire and empower individuals who contribute to socioeconomic and community enrichment.

## **Accelerating Sustainability for Lasting Impact**

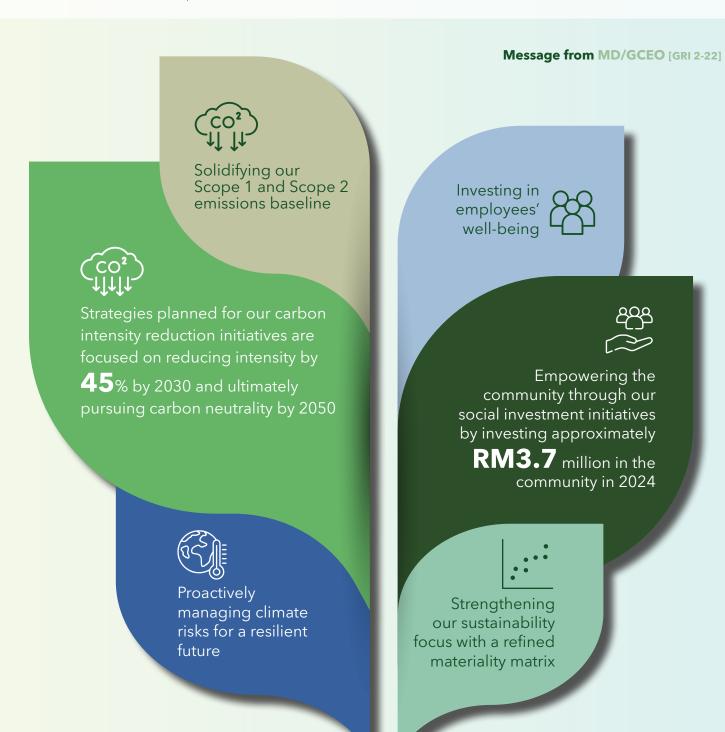
Our 2024SR themed **IMPACT IN MOTION** marks how KPS Berhad has been ratcheting up its ambitions to create lasting impacts on the broader socioeconomic and environmental landscape interconnected with our operations and activities. We have honed our ability to move beyond reactive measures, embracing proactive strategies that ensure we remain aligned with the imperative of sustainability while driving purposeful business growth.

#### **Highlight**

#### **IMPACT IN MOTION**

represents our dedication to delivering on our commitment and setting the stage for sustained action, ensuring that the world we leave behind is one of sustainable progress, conscientious stewardship and shared prosperity.







Economic performance and sustainability have emerged as twin pillars shaping the business landscape in 2024. KPS Berhad navigated a challenging operating environment marked by persistent inflationary pressures that weighed on economic growth. Despite these headwinds, the Group posted a steady revenue, reaching RM1,064.8 million, up from RM1,046.1 million in the previous year.



2023: RM1,046.1 million

Our financial strength was driven by practical and resultsoriented approaches. A key factor has been our focus on sustainable procurement practices, which ensures a stable supply chain and product quality to meet evolving customer expectations and regulatory standards.

#### **Managing Supply Chain Pressures:**

As supply chain pressures intensify and price volatility continues, procurement practices have become increasingly important. To remain competitive, we will have to sharpen procurement levers to achieve the following:

- Securing the in-demand raw materials needed for the operations.
- Establishing future contracts for materials that will ensure continuous supply even when competitors may not.
- Considering cost-escalation risks within the supply chain domain.
- Building circularity into the business model in minimising exposure to rawmaterial price fluctuation.

#### **Operational Excellence:**

The implementation of improved cost structures in Toyoplas reflects our commitment to enhancing operational efficiency. The initiative goes beyond mere cost-cutting; it is a strategic realignment of our operations to meet the demands of a rapidly evolving market.

Case in point, through its diverse machine capabilities, ranging from 30T to 1600T, Toyoplas provides flexibility to meet varied customer demands. It has also made efforts to streamline operations in both Indonesia and China to improve efficiency, optimise resource utilisation and enhance its competitiveness in the global market.





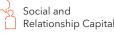








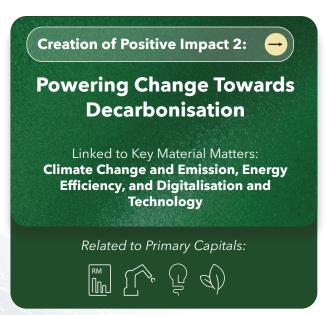






**Highlight** 

#### Message from MD/GCEO [GRI 2-22]



In an era aptly termed "global boiling" by the United Nations, the escalating climate crisis demands immediate action within the scope of our operations. As custodians of both the built and natural environments we directly influence, we are acutely aware of the pressing need to minimise the far-reaching climate change impacts within our areas of responsibility. Our focus extends to making certain that the business ecosystem we operate within remains resilient and adaptive to these challenges.

#### How are we tackling and responding to the difficult, complex work that needs to be done?

At the forefront of our strategic priorities lies accurate and transparent environmental data, which is fundamental to driving meaningful climate action. By closing this gap, we are better equipped to track our carbon footprint and make more informed, responsible decisions that align with global decarbonisation efforts.



















In 2024, we took a significant step forward by solidifying our carbon boundaries, focusing on Scope 1 and Scope 2 emissions across our five subsidiary companies.

The effort expands our data coverage, giving us a clearer picture of our direct and indirect energy consumption across operations in Malaysia, Indonesia, Vietnam and China.

Following this, we set the foundation for the carbon intensity reduction plan in 2024. Our manufacturing arm, a key revenue generator, is spearheading this charge, tackling head-on the substantial energy demands inherent to its operations. Recognising that high electricity consumption is par for the course in manufacturing, we have transformed this challenge into an opportunity for incremental innovation and leadership in sustainable practices.

On a macro level, most of the required climate technologies are available, but scaling them will be crucial. Hence, as a tangible step towards reducing our reliance on fossil fuels, we have harnessed the power of the sun.

Solar panel installations across our CBB and CPI subsidiary companies now generate 3,100 kilowatt-peak ("kWp") of clean energy. This renewable energy ("RE") initiative is more than a symbolic gesture as it is a tangible demonstration of our serious commitment to sustainability.

By tapping into solar power, we have offset 1,498.6 tonnes of carbon dioxide equivalent emissions annually while also realising significant annual cost savings of RM1.01 million in 2024.

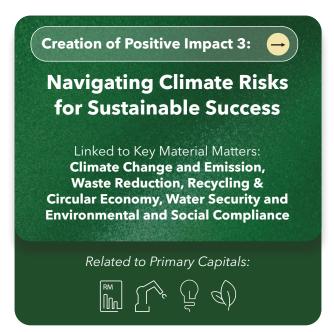
This two-pronged effect underscores the value of transitioning to RE, not only as a tactical investment for the future but also as a catalyst for both environmental responsibility and economic efficiency. It affirms that sustainability initiatives such as this are integral to further unlocking our potential and new opportunities for arowth.

#### **Highlight**

Solar panel installation across our CBB and CPI subsidiary companies now generate 3,100 kWp of clean energy.

Moving forward, we are also expanding our commitment to address Scope 3 emissions at a larger scale. In 2025, we will be taking decisive steps to implement a tracking methodology to measure the emissions generated across our upstream and downstream value chains of Agua-Flo, the company that is heavily involved in trading and distribution activities.

By evaluating and adopting reliable methodologies, we aim to measure performance effectively against our action plans and KPIs, ensuring transparency, accountability and meaningful progress toward our decarbonisation goals.



#### Highlight

In 2024, we took a leap forward by conducting comprehensive **climate risk assessments** across all subsidiary companies.

These assessments allowed us to identify potential risks linked to climate change, like extreme weather events or resource shortages and helped us discover the untapped potential for scaling up. By understanding both sides of this equation, we are better equipped to make informed decisions that benefit everyone involved, from employees and customers to investors and the communities in which we operate.

Moving forward, we expect the insights gleaned from these assessment will be integrated into our Enterprise Risk Management ("ERM") framework. Looking ahead, we are committed to quantifying the potential financial impact of climate-related risks by analysing different Shared Socio-economic Pathways ("SSP") climate scenarios, as recommended in the Climate Change 2023 Synthesis Report published by the Intergovernmental Panel on Climate Change ("IPCC"). This approach will enhance our transparency even further, providing stakeholders with a clear, actionable view of our current standing and the proactive measures we are implementing to drive progress.

#### Phase 1

#### **Establish the Context**

- Form TCFD Committee
- Define the scope of climate risk assessment
- Standardise risk identification and assessment processes

#### Phase 2

#### Identification of Transitional and Physical Risks

 Identify historical, current and potential future climate risks events

#### Phase 3

#### Climate Impact Assessment (Qualitative Disclosure)

- Determine three

   (3) Shared Socioeconomic Pathways climate scenarios from the IPCC

   Synthesis Report 2023
- Assess climate impact using the three (3) climate scenarios
- Conduct impact assessment across short-, mid- and long-term initiatives events

#### Phase 4

#### Value-At-Risk ("VaR") Assessment (Financial Quantification Disclosure)

 Model potential financial impacts across three (3) climate scenarios

#### Phase 4

#### Implementation of Carbon Intensity Reduction Initiatives

- Carbon intensity reduction initiatives will be based on four (4) key strategies:
- ° Operational efficiency
- ° RE
- ° Decarbonisation of operations
- ° Carbon offset mechanisms
- Plan operational expenditure ("OpEx") and capital expenditure ("CapEx") to support implementation











Social and
Relationship Capital



Natural



Developing our human capital remains key to driving KPS Berhad's sustainability agenda. Empowering our people, strengthening leadership and fostering a high performance culture ensures that KPS Berhad remains an employer of choice and a leader in sustainable business practices.

The Human Resource Development Department ("HRD") has pivoted to prioritising initiatives that strengthen KPS Berhad's ability to drive change in leadership culture and employee experience. The HRD is key in this transformation, linking talent development directly to business value. Through targeted training and coaching initiatives, as well as leadership development, we articulate why sustainability cannot exist in silos among individuals and departments.

To enable this shift, our corporate purpose drives ambitious business decisions. "Workforce" evolves into "talent." Traditional hierarchies transform into dynamic networks of teams. Competitors become strategic partners within a broader ecosystem. Companies embrace a more human approach, focused on inspiring collaboration and fostering an employee experience that is both meaningful and rewarding.

#### Highlight

Focusing on employee experience, the Group has implemented various engagement initiatives to develop a motivated and productive workforce.

These initiatives include regular town halls to encourage open communication, structured individual development plans, team-building activities, employee recognition programmes and wellbeing activities such as workplace wellness programmes and flexible work arrangements.

Although our talent management strategy remains essential to our success, we recognise that ethical business practices are equally as important in building a resilient and responsible workforce. Taking compliance a step further, we proactively assess human rights and forced labour risks across our operations, thereby embedding ethical standards into every layer of our business. As a responsible employer of choice, we stand firm by this resolve in respecting our employee rights.

Health and safety are fundamental components of our sustainability framework, where cultivating a safety culture through proactive initiatives, stringent health and safety protocols and continuous risk mitigation effort are embedded into daily operations. We also strive to instil a sense of accountability among employees, emphasising that health and safety are a top priority.

The HRD serves as an enabler, empowering our workforce to achieve their fullest potential, underpinned by our strategic focus on leadership development, employee engagement and well-being, and ethical business practices to engineer the success of our people-centric approach.

















When people gain the right skills and knowledge, they

do not just lift themselves but also pull their families

forward, break cycles of hardship, and stand as proof that

KPS Berhad has always believed that education has

to be extended from classrooms to shape the next

generation into ethical and responsible individuals.

Embracing this philosophy, we are dedicated to nurturing

and empowering young minds through transformative learning experiences, and to building a society grounded

Notably, the A Call to Integrity ("ACT-I) initiative launched

in 2024, emphasised early education through embedding

a culture of integrity and ensuring that ethical values

are instilled from a young age. By nurturing integrity-

driven mindsets within our communities, we are actively

shaping responsible future leaders who will champion

transparency, accountability and ethical decision-making.

Another highlight of our achievements was the

changeover of a traditional mosque into a Green

Mosque, indicating our ongoing commitment to the

environmental, safety and health pillar. This initiative was

about setting a standard, not only for ourselves but for

The positive impact of our programmes are amplified

when communities come together through educational

programmes that promote sustainable practices or

entrepreneurial initiatives that help individuals start their

own businesses. Establishing these connections, KPS

Berhad adds value to the community where everyone is

valued, respected and inspired to drive impactful change.

stability and progress are within reach.

in integrity and accountability.

others to follow.

#### Message from MD/GCEO [GRI 2-22]



KPS Berhad has actively supported the community since its inception in 1975 as a state-owned Government-linked Corporation ("GLC"). Collaborations with various Nongovernmental Organisations ("NGOs") are scrutinised to ensure our initiatives align with the Group's objectives and reach those who need them most, focusing on impactful areas where we can make a real difference. Going beyond short-term aid, we focus on enabling meaningful, sustainable change within the communities we engage with. The true measure of this impact lies not just in individual transformation but in the ripple effects that follow.

Our Social Investment Initiatives are guided by four (4) Key Pillars:



#### **Educational Development**



**Entrepreneurial Development** 



**Community Development** 



#### **Environment, Safety and Health**

Through targeted initiatives education. entrepreneurship and community development, we aim to enhance their quality of life by providing access to skills training, financial support and essential resources. These initiatives align with our commitment to inclusive growth, ensuring that marginalised communities have the opportunities and support needed to achieve sustainable livelihood.

#### **Our Target Communities**





**Students** Underprivileged **Communities** 

The Group's long foray into investing in education allows underprivileged students to access opportunities that they may not be able to tap into, given the hindrance of

being raised in poverty and lack of exposure.





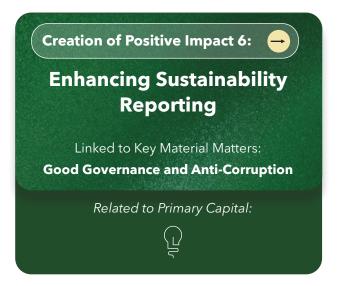












Expanding our sustainability framework not only extols our internal metrics but is a strategic move designed to prepare us to meet evolving regulatory requirements gradually. Anticipating future demands in this area, we will proactively continue improving and extending sustainability disclosures to ascertain our preparedness.

#### Highlight

Capital

Aligning our reporting with the IFRS S1 and S2 standards, we are proactively taking the necessary steps towards transparent reporting. While the pressure to meet requirements is undeniable, we are optimistic that the **forward-thinking approach** ingrained throughout the Group will enable us to address the requirements of the National Sustainability Reporting Framework ("NSRF") effectively.

KPS Berhad will be in a better position to comply with future regulations and also build credibility with investors and stakeholders who increasingly value comprehensive sustainability reporting. From past efforts to current initiatives and plans, we have consistently focused on acquiring in-depth knowledge and carefully evaluating various sustainability aspects with granular detail. We have scrutinised technical data and information, with each decision grounded in a deep understanding of both the challenges and opportunities ahead.

#### **Driving Sustainability with Purpose and Impact**

As we reflect on the past year, we take pride in how KPS Berhad has continued to drive progress in sustainability, transforming challenges into opportunities and commitments into impactful outcomes. 2024 is a year we took deliberate steps to refine and strengthen our sustainability agenda, ensuring that it remains dynamic, relevant and results-driven.

One of the significant milestones was the implementation of our second comprehensive materiality matrix, building upon our foundational assessment from 2019. This updated framework sharpens our focus on 14 key economic and ESG priorities, enabling us to align our sustainability ambition with global imperatives, such as the UNSDGs while remaining deeply rooted in organisational contexts.

As we continue to emphasise ESG principles across our operations, we witness a transformational shift in organisational culture, processes and strategies, reinforcing the role of sustainability as an anchor of long-term business and operational success.



#### Highlight

We significantly expanded our ESG KPIs from 56 in 2023 to 97 in 2024 across the Group. More notably, 88 of these KPIs met or exceeded our targets, demonstrating tangible progress in our sustainability journey. The remaining nine KPIs have been retained with revised expectations for 2025, ensuring a continued focus on operational improvements and enhanced performance.

#### **Ahmad Fariz bin Hassan**

MD/GCEO









## **Awards and Recognition**

Armed with the belief that success is not solely defined by financial performance but also by our impact on stakeholders and communities, we have continued to mature. Each year, as we deepen the integration of sustainability and responsible practices across our operations, our efforts have not gone unnoticed. We have been recognised by industry peers, regulators and independent panels alike. Our series of wins at prestigious awards ceremonies affirm this progress and strengthen our resolve in answering the call to keep striving for excellence.

These accolades reflect the dedication of everyone at KPS Berhad: our employees and leadership team as well as partners, who share a common vision of catalysing sustainable growth. They mirror our commitment to embedding ESG principles into our organisation and taking meaningful steps today for a better tomorrow. While we are proud of these achievements, we remain grounded in the understanding that there is still more to be done. Each recognition is not a destination but a checkpoint of an opportunity to reflect, learn and keep improving.

#### Highlight

We see these awards not as endpoints but as milestones on our journey. Each one reminds us of the progress we have made and the work that still lies ahead. We are inspired by the challenges and opportunities of shaping a more sustainable and inclusive future, and we are determined to continue leading by example. Whether adopting technological advancements, deepening employee engagement or collaborating with industry peers, we aim to build on our successes while staying grounded in our mission.



#### SUSTAINABILITY EXCELLENCE

Awarding Body: Sustainability and CSR Malaysia Awards 2024

- Company of the Year (Investment Holding)
- Overall Sustainability Excellence
   This marks KPS Berhad's sixth consecutive year of clinching this award, underscoring our leadership in integrating sustainability into business operations.
- Personality of the Year
  - Sustainability Leadership Award
    Recognising visionary leadership in driving sustainable practices.
- Personality of the Year
  - CSR and Sustainability Practitioner Award
    This marks KPS Berhad's second consecutive year of
    receiving this accolade, highlighting the exceptional
    contributions of our team members to corporate social
    responsibility.



#### SUSTAINABILITY EXCELLENCE

Awarding Body: Majlis SIRIM Industri ("MSI")

ESG Verification Assurance Recognition
 Acknowledging our adherence to rigorous ESG standards and assurance frameworks.

Awarding Body: United Nations Global Compact Network Malaysia and Brunei ("UNGCMYB")

Sustainability Awareness and Employee
 Engagement Recognition
 Celebrating our efforts to embed sustainability
 principles into workplace culture and foster
 employee engagement.

#### **Awards and Recognition**



#### **CORPORATE GOVERNANCE AND REPORTING**

## Awarding Body: National Annual Corporate Report Awards ("NACRA") 2024

 Platinum Excellence Award (for companies with less than RM2 billion market capitalisation)
 This marks the fifth consecutive year that KPS Berhad has received this award, reaffirming our commitment to transparency, accountability, and high-quality corporate reporting.



#### **EMPLOYER BRANDING AND EMPLOYEE ENGAGEMENT**

#### **Awarding Body: Employer Branding Institute**

Malaysia - Best Employer Brand Awards 2024
 This marks KPS Berhad's second consecutive year of securing this award, recognising our reputation as an employer of choice that prioritises talent development and workplace satisfaction.

#### **Awarding Body: Lembaga Zakat Selangor**

Most Loyal Employer Award
 Highlighting our long-standing commitment to employee welfare and fostering loyalty within the organisation.



#### **TECHNOLOGY AND INNOVATION LEADERSHIP**

#### **Awards and Recognition**

 World CIO 200 Summit Award 2024 (Master Category, Malaysia Edition) Recognising our leadership in leveraging digital transformation to enhance operational efficiency and drive sustainable growth.



# Review from the Chief Sustainability Officer

In 2024, we achieved a significant milestone in our sustainability journey, making decisive progress in strategising our carbon intensity reduction plan and conducting a Group-wide climate risk identification and assessment. Strengthening the commitment to climate action, we advanced the agenda further with the release of our enhanced Climate Report.

Zulkifli bin Mawardi

Chief Sustainability Officer ("CSO")

The **Climate Report** provides a comprehensive view of our climate strategy and environmental performance within our operational landscape. It reflects our commitment towards carbon neutrality and our proactive approach to addressing climate-related risks and opportunities.

Sustainability is a journey of continuous progress, and 2024 marked another key milestone in our commitment to responsible growth. ESG principles are more embedded in the corporate strategy of KPS Berhad, being fundamental drivers of our business decisions.

#### Highlight

In the pages that follow, you will find details of the **strategies** we have implemented, the **milestones** we have reached, and the **goals** we are currently working towards as we strive to build a future that is not only economically viable but also socially just and environmentally responsible.

While leading investment for shared prosperity, our mission is crystal: to cultivate value and create positive impacts for our stakeholders.

## Overview of KPS Berhad's ESG progress (2019-2024)

Our sustainability journey has been one of steady progress, marked by a series of strategic initiatives that have woven ESG principles into the business operations. The journey began in 2019 with the establishment of clear economic and ESG targets alongside the publication of our first stand-alone sustainability report, which was independently assured to enhance credibility. As the years unfolded, we deepened our commitment by cascading these priorities across the Group, embedding them into subsidiary operations and revising its Sustainability Policy to reflect evolving global standards. In 2022, we adopted Bursa Securities' enhanced sustainability reporting framework to align with regional best practices and integrated sustainability risks into our ERM framework.

The year 2023 proved transformative as KPS Berhad took bold steps to address climate-related challenges. A double materiality assessment provided a clearer understanding of the impacts and dependencies, while the Task Force on Climate-related Financial Disclosures ("TCFD") Framework has been implemented to guide decision-making. We also enhanced our greenhouse gas ("GHG") emissions inventory, extending carbon accounting processes to Toyoplas' manufacturing facility in Indonesia.

Concurrently, social responsibility remained an important part of our efforts, with a renewed emphasis on promoting volunteerism and utilising the Social Return on Investment ("SROI") methodology to assess the tangible impact of social investment initiatives. Joining the UNGCMYB further highlighted KPS Berhad's commitment to contributing to broader global sustainability goals.

In 2024, we introduced a refreshed sustainability framework anchored by six key commitments, signalling our determination to lead with purpose and clarity. A comprehensive climate risk and opportunities assessment was rolled out across the Group, paving the way for strategising a plan on carbon intensity reduction initiatives to drive measurable progress.

- » Establishment of Economic and ESG targets to drive performance
- » Published first stand-alone sustainability report
- » Third-party assurance for sustainability report

2020 » Cascading of Economic and ESG agenda Group-wide

#### **Our ESG Progress**

These milestones collectively tell a story of resilience, incremental innovation, and a steadfast commitment to creating long-term value for both our business and the society.



2019

- Development of the carbon baseline
- » First revision of Sustainability Policy

» Embedding Economic and ESG considerations into subsidiary companies

- » Inclusion of sustainability risks into the risk management framework
- » Adopted Bursa Securities' enhanced sustainability reporting framework

2024

2023

» Conducted double materiality assessment

2022

- » Implemented the TCFD Framework
- » Enhanced GHG emissions inventory and carbon accounting
- » Enhanced the application of SROI for social investment initiatives
- » Fostered volunteerism across the Group
- » Became a member of UNGCMYB

» Introduced a new sustainability framework with six key commitments

- Conducted Climate Risk and Opportunities assessment across the Group
- » Set the foundation for carbon intensity reduction framework
- » Enhanced GHG emissions inventory to all overseas manufacturing facilities
- » Second revision of Sustainability Policy

## How Do Our Strategies Translate Into Action?

Far from being a hypothetical scenario, in the past, our efforts to ingrain sustainability into processes and operations have had some results. From product development to sustainable sourcing, extending to supply chain management; from employee development programmes to community engagement initiatives, sustainability considerations have been implemented and integrated into the Group's strategic planning.

It has taken courage and conviction to involve a broad team and set of stakeholders, who have been instrumental in the Group's effort to adapt despite the serious nature of sustainability issues. With rising regulatory requirements, heightened stakeholder expectations, and global sustainability challenges, KPS Berhad went beyond setting commitments to ensure that sustainability is integrated into business strategy, operations, and corporate culture.

#### **Our Commitment Towards Carbon Neutrality**

The challenges posed by climate change and environmental degradation have never been more pressing, and as a responsible corporate entity, we recognise that our role in addressing these issues is critical for both the long-term success of our business and the well-being of the communities in which we operate.

The increasing urgency of climate action has made carbon management a critical priority for our Group. Understanding the complexities of the European Union's Carbon Border Adjustment Mechanism ("CBAM") and the possibilities of the introduction of the Carbon Tax in Malaysia, we recognise their profound implications on our operations, particularly as over 80% of our 2024 revenue was derived from manufacturing activities.

Our products, which support industries such as plastics and packaging, medical, automotive, semiconductor, and chip manufacturing, are primarily supplied to global emerging markets.

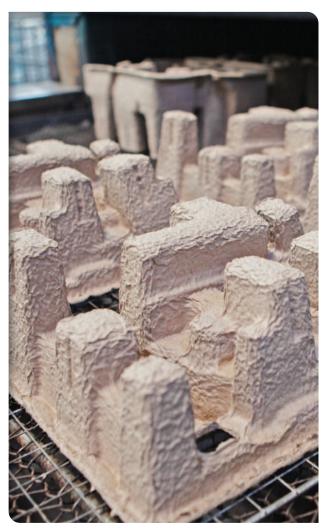
We need to adapt to gain an advantage, reduce the burden of rising costs, and avoid restricted access to markets. The solution clearly directs us toward taking decisive actions to protect our businesses and redefine how we create value in a low-carbon economy.

Carbon accounting is no longer optional, and measurable impact is the determiner of long-term commitment to sustainable growth. In 2024, we have made substantial progress in executing a robust data-driven approach for measuring, monitoring and reporting carbon emissions, energy consumption waste management and water consumption across the Group.

#### Highlight

This realisation has fuelled our commitment to developing a **Group-wide carbon** emissions intensity reduction plan, ultimately pursuing carbon neutrality by 2050.

Building on this momentum, we are already on the go to transition our subsidiary companies to enhance energy efficiency within manufacturing processes, reduce reliance on fossil fuels and transition towards RE sources, notably solar power.



CBB Senai Plant has reduced dependency on fossil fuel derivatives, namely liquefied natural gas as part of energy conservation effort.

#### Highlight

Notably, our manufacturing business prioritised energy-savings and conservation initiatives, reducing dependency on the liquefied natural gas ("LNG") for pulp production at CBB's Carton Division in 2024. Moreover, both CBB and CPI have scaled up solar energy adoption, integrating solar power across three plants to boost energy resilience while driving

down carbon emissions.

**Our Climate Report in Chapter 4** provides a detailed account of our efforts to tackle climate change and manage emissions. While we recognise the complexity and scale of the challenge ahead, we remain confident that by working collaboratively with our subsidiary companies and relevant stakeholders, we can meet these challenges and deliver meaningful, measurable impacts.

#### **Advancing ESG Disclosure and Reporting Practices**

With each passing year, we are inundated with more stringent requirements, standards and compliance practices in all areas of operations, meeting stakeholder expectations.

As such, we navigate this dynamic environment by anchoring our sustainability reporting with globally recognised frameworks, primarily the GRI. This allows us to comprehensively assess our performance across various sustainability dimensions, ensuring our efforts are measurable and impactful.

Now, the introduction of IFRS S1 and IFRS S2, alongside our alignment with the Integrated Reporting Framework, has veered us in the right direction to embed sustainability and integrated thinking more effectively.

While we are still in the early stages of adopting these standards, we aim to expand our reporting scope by placing greater focus on disclosing material sustainability-related risks and opportunities. This includes addressing stakeholder priorities and evaluating the broader implications of sustainability factors on our organisation's long-term trajectory.

#### Highlight



We benchmark our ESG initiatives against FTSE Russell rating indicators, strengthening our commitment to global sustainability standards. As a business classified under 'diversified industries' by FTSE Russell, we achieved a rating of 3.3 in 2024 from 2.6 in the previous year. While this is a commendable score, KPS Berhad remains dedicated to continuously enhancing our ESG initiatives, ensuring our efforts align with global expectations and drive meaningful progress within our operations.

We have deepened our understanding of how each of the six capitals influences our business. While financial reporting is historically grounded, providing a higher degree of accuracy, assessing the interconnections between all capitals remains an evolving practice.

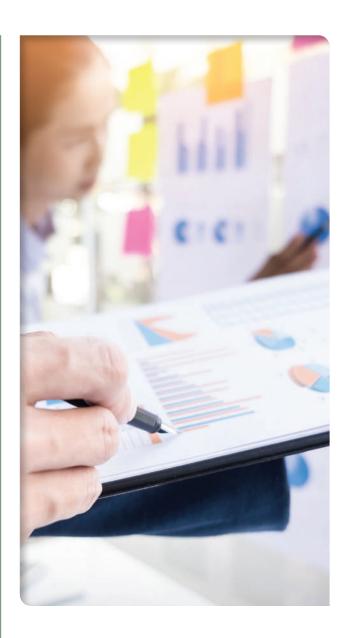
As we continue refining our data approach, we are shifting focus toward prioritising the six capitals in our reporting, distinguishing the Group's most significant impacts more clearly. Building confidence in a longer-term perspective of value creation will be an ongoing, experience-driven effort.

#### **Strengthening Our Sustainable Value Chain**

As we reflect on the advancements in our sustainability disclosure and our ambitious increase in ESG KPIs, 2024 was the year when we extended ESG practices to enhance our supply chain activities with our suppliers on the following topics:

- Risk Assessment: CPI has initiated a risk assessment
  of our suppliers, focusing on their ESG practices.
   Supplier ESG Assessment Questionnaires were
  disseminated, enabling the company to identify
  and mitigate potential risks associated with their
  operations.
- Integrity and Transparency: Furthermore, the Group is promoting the importance of integrity and transparency within our supply chain. By requiring our suppliers to pledge their commitment to ethical practices, we aim to inculcate a culture of accountability and good governance.

Overall, we aim to achieve greater connectivity with our suppliers, contractors and vendors. By integrating ESG considerations into our procurement processes, we establish ourselves as leaders in responsible business practices committed to enhancing long-term value for our stakeholders and contributing to sustainable socioeconomic development.





The Deputy Chief Executive Officer Finance and Corporate Services ("DCEOFCS") provides closing remarks and commentary during the awards ceremony at the Grand Finale of 2024 KPS Berhad Celik Initiative.

#### **Enriching Lives Through Community Empowerment**

Since the start of KPS Berhad's involvement in social investment, we have deliberated the choice to create a lasting impact. Throughout the year, we have actively sought to bridge gaps in education, economic opportunity and community well-being.

To ensure a strategic and impactful approach, KPS Berhad integrates the SROI framework into the key initiatives, enabling us to systematically measure and enhance the effectiveness of our social initiatives. Through SROI, we go beyond conventional social investments, focusing on creating measurable, sustainable outcomes that drive real value for the communities we support.

#### **SROI**

#### **Educational Development**





#### **Entrepreneurial Development**





#### **Environment, Safety and Health**

3.69 times

KPS Berhad

"Rumah Ibadat Hijau"

and Sustainable Community Project

RM3.7 million was earmarked for social investment initiatives in 2024, marking a 32% increase from the previous year (2023: RM2.8 million). This funding has directly benefitted approximately 115,540 individuals in efforts to make a tangible difference in society. Our employees dedicated 1,721.5 volunteer hours to social investment initiatives, directly supporting those in need. Going beyond participation to drive real impact, we are equipping individuals and communities with the resources to improve their lives.

#### Highlight

**Social Investment** 

RM3.7 million

2023: RM2.8 million



32%

This funding has directly benefitted over

115,540 individuals

Beyond financial support, we mobilise our employees to actively volunteer, turning intention into action. Each initiative directly responds to real challenges, reinforcing our role as a valued corporate citizen investing in philanthropy and sustainable progress, especially within underserved communities.

#### Highlight

Our employees dedicated

1,721.5 volunteer

hours to social investment initiatives

## **Strengthening Governance Through Policy Enhancements**

KPS Berhad undertook a comprehensive review of company policies to ensure they remain relevant, effective and aligned with evolving internal and external factors. This revision also reflects our commitment to meet discerning stakeholder expectations while strengthening operational efficiency and governance.

Key drivers for these policy updates include:

Adapting to industry shifts

Aligning with evolving standards and best practices to maintain competitiveness and efficiency.

Enhancing clarity and enforceability

Ensuring policies are practical, transparent and consistently applied across the organisation.

Strengthening compliance and risk management

Updating policies to mitigate legal and regulatory risks while upholding corporate integrity.



#### **Sustainability Performance Dashboard**

Through this lens, we have increased our ESG KPIs for 2024 based on how we have seen benefits over time. The number has risen from 56 in 2023 to reach 97, encompassing a broad spectrum of metrics:









These KPIs were aligned with 14 material matters that were most significant to our operations across our business value chain, ensuring a comprehensive and relevant approach to sustainability management. This expanded set of KPIs serves as a roadmap for continuous improvement in our sustainability practices. By focusing on measurable, impactful action, we have streamlined our ESG initiatives, focusing on creating tangible change in our communities and environments.

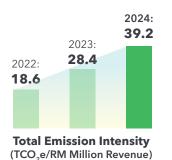
Our data-driven approach empowers us to make informed decisions that can channel our efforts to create social and environmental consciousness amongst our stakeholders.

#### Highlight

In 2024, we met and exceeded targets of 88 ESG KPIs, which has again proved we are committed to creating long-lasting sustainability impacts while delivering measurable progress across ESG pillars.

#### **ENVIRONMENTAL**

#### **Carbon Emissions Profile**



38% from 2023

Solar Power Generation

2024: 1,936,127 kWh 2023: 1,121,409kWh

Contributed **3.1%** to the Group's energy consumption.

Liquefied Natural Gas Emissions:

2024: 1,738 TCO<sub>a</sub>e 2023: 2,937 TCO<sub>2</sub>e

Reduction by 41%



Instances of environmental non-compliance in 2024.

#### **Expansion of Emissions Boundary**









Malaysia Indonesia

China

Vietnam

#### **SOCIAL**



#### RM3.7 million

Invested in social investment initiatives, benefitting more than 115,540 beneficiaries.



#### Conducted 3 ESG-related **Capacity Building**

in June, September & November 2024.

#### Won 3 Awards & 2 **Recognitions**

- 3 Sustainability & **CSR Malaysia Awards**
- 1 SIRIM Recognition
- 1 Sustainability Awareness & Employee **Engagement Recognition**



Conducted 2 awareness sessions on Human **Rights & Labour** Standards.



## Zero

Reported child or forced labour cases within the Group's operations or supply chains.



## Zero

Instances of human rights or labour rights violation in 2024.



#### **KPS Berhad SCoPP**

Average monthly income generated by each beneficiary is **RM3,019.** 



#### **KPS Berhad** ACT - I

Created integrity awareness for over 3,000 secondary students across 5 schools in Selangor.



#### **KPS Berhad Celik Initiative**

Involved 320 students directly and 21,680 indirectly, across 20 schools in 4 states.



#### **KPS Berhad Caregiver**

25 candidates earn between RM2,000 -RM4,500 monthly.



#### **KPS Berhad School Aid**

Directly supported around 1,100 deserving students by providing essential school supplies.



#### **Volunteerism** Hours

1,721.5 hours across the Group.

#### **ECONOMIC**

#### Customer Satisfaction Score

TMM	90%
СРІ	85%
MDS Advance	87%
Aqua-Flo	91%

#### **GOVERNANCE**

**Adoption of Revised** 

#### Sustainability **Policy**

across **5** subsidiary companies.

Cascaded Data **Protection** Framework

to **5** subsidiary companies.

Adoption of

#### **Anti-Harassment Policy**

across **5** subsidiary companies.





**Bribery &** corruption cases recorded across the Group.

#### **Contribution Towards 6 UNSDGs**

KPS Berhad remains committed to advancing global sustainability efforts by aligning our strategies with the UNSDGs. Through targeted initiatives and responsible business practices, we continue to drive positive environmental and social impact, contributing meaningfully towards a more sustainable future.

We created **245** caregivers since 2019, **45** in 2024

Avoided **1,498.56** TCO<sub>2</sub>e in 2024 as we progress towards carbon neutrality by 2050





RM400,000 through the KPS Berhad Celik Initiative and KPS Berhad School Aid, which benefitted more than 20,000 underprevilaged and B40 students

We invested over

12 RESPONSIBLE CONSIDERITION AND PRODUCTION CONTINUE CONTI

**10,496** training hours allocated for employees

Food box aid distributed to 6,750 beneficiaries

State sports development involving over **1,600** primary and secondary school students

Supported **12** agro entreprenuers

## **Ensuring Impact to Realise Our Sustainability Goals**

KPS Berhad's sustainability journey is one of continuous progress, strategic transformation, and enduring commitment to responsible business practices. As we reflect on the milestones achieved from 2019 to 2024, ESG principles have been a core driver of our corporate strategy, operational decisions, and stakeholder engagement.

Through decisive actions, ranging from carbon neutrality commitments and enhanced ESG disclosures to sustainable value chain improvements and impactful social investment initiatives, we have strengthened our sustainability practices and have also positioned ourselves as a forward-thinking business in an evolving global landscape.

By embedding sustainability deeper into our corporate culture, we will continue to adapt, grow, and lead with purpose. We remained passionate to creating positive IMPACT for our stakeholders, contributing to global sustainability goals, and shaping a future where our business success and sustainability go hand in hand, ensuring shared prosperity.

Zulkifli bin Mawardi

**CSO** 

operations.

and continuous learning.

standards. These collaborations provide valuable insights into policy shifts, best practices and incremental

innovative solutions, which we incorporate into our

Besides acquiring valuable insights, these engagements also allow us to contribute to broader industry progress, promote sustainable practices and develop local talent. Our "we invest in better" brand promise guided these efforts, reminding us of the importance of shared growth

## Partnerships and Memberships [GRI 2-28]

Partnerships and memberships facilitated KPS Berhad is an active member of several industry associations and sustainability networks, including: sustainability journey in 2024. By engaging with industry associations, regulatory bodies and sustainability networks, we access a wealth of knowledge that enables us to stay ahead of emerging trends and evolving

**UNGCMYB** 

Driving corporate sustainability leadership.

Malaysian Institute of Accountants ("MIA") Strengthening ESG financial reporting and governance.



Federation of Malaysian Manufacturers ("FMM") Promoting industry-wide sustainability standards.



Malaysian Corrugated Carton Manufacturers' Association ("MCCMA") Supporting sustainable packaging solutions.

Malaysian Institute of Chemistry Advancing responsible chemical management and innovation.



Malaysia Water Association Advocating sustainable water management practices.

#### Partnerships and Memberships [GRI 2-28]

#### **KPS Berhad's Thought Leadership Collaborations**

Our active involvement in industry associations and sustainability networks strengthened our internal practices and positioned us as a source of thought leadership within the broader sustainability landscape.

This active engagement was not just about showcasing achievement but also about fostering collaboration and driving collective progress. From moderating forums, exchanging knowledge with industry peers, or mentoring future leaders, KPS Berhad has demonstrated that leadership lies in empowering others. In doing so, we strengthened our internal practices and cemented our role as a catalyst for change in corporate sustainability.

Knowledge
Sharing and
Industry
Collaboration

KPS Berhad's ESG Journey
 Knowledge sharing session
 with Sedania Innovator Berhad

 Success Story of KPS Berhad's Sustainability Journey
 Knowledge sharing session with the HSE Group

 Navigating Sustainability in Corporate Strategy
 Othman Yeop Abdullah

Othman Yeop Abdullah Graduate School of Business BizTalk at Universiti Utara Malaysia KL

 Beyond Compliance: Leveraging Governance for Sustainable Value Creation

Our Sustainability
Manager, second from
right moderating at
My ESG Forums

Advancing Sustainability in Corporate Strategy



Empowering Future

Leaders

through

Education

- Challenges and Career Opportunities in Industry Universiti Pertahanan Nasional Malaysia ("UPNM")
- Knowledge Sharing Session: Being Agile Final Year Students of Universiti Teknologi MARA, Selangor



# Chapter

Sustainability at KPS Berhad

[GRI 2-23 2-24

At KPS Berhad, sustainability governance is a strategic priority that ensures accountability, long-term value creation and resilience. Our governance framework integrates all levels of the organisation, aligning the Board, Board Committees, Senior Management and key personnel within subsidiary companies, ensuring that ESG principles are embedded in decision-making processes.

**The Board** is central to defining and driving the Group's sustainability agenda. They are responsible for overseeing the development and implementation of sustainability strategies and monitoring progress towards our sustainability goals. The Board Committees, including the SBC, work closely with the Board to provide specialised oversight and guidance on specific sustainability matters. This structure allows for in-depth analysis and informed decision-making on complex sustainability issues that may impact the Group's long-term success.

Senior Management and key personnel within KPS Berhad and its subsidiary companies are tasked with translating the Board's sustainability vision into actionable plans and initiatives. They are responsible for integrating sustainability considerations into business operations, risk management processes and performance metrics. This cascading approach ensures that sustainability is not siloed but becomes integral to our corporate culture and business practices.

#### **Our Newly Revised Sustainability Policy**

The Sustainability Policy ("the Policy") was established on 29 November 2018 and was revised in 27 August 2019, following the best practices outlined in the Malaysian Code on Corporate Governance ("MCCG").

To keep pace with evolving business landscapes and stakeholder expectations, KPS Berhad has revised its Sustainability Policy in 2024. The revision strengthened the Group's ability to effectively integrate sustainability into operations while addressing current objectives and challenges.



As indicated in the revised Policy, in upholding our commitments to sustainability practices, KPS Berhad Group shall:

- Develop and implement impactful Economic and ESG action plans and initiatives, as well as commit to measuring and monitoring the said initiatives
- Adhere to approved business plans and strategic directions, as well as to all applicable laws, regulations and standards
- Address environmental challenges and opportunities in our business activities
- Strengthen social well-being and community relationships
- Provide a conducive working environment and operate in a healthy, safe and efficient manner
- Maintain effective engagement with all stakeholders
- Implement effectual governance structure and practices for sustainable development

#### **Sustainability Governance Structure**

The Board holds ultimate responsibility for governing sustainability across the Group. Its direct and active involvement reinforces the Group's commitment to sustainability, ensuring its integration into business strategy and operations at all levels.

To stay ahead of evolving sustainability challenges, the Board continuously enhances its knowledge of climate-related risks, health and safety, human rights and social investment initatives. The Board members undergo regular refresher and training conducted by industry experts to strengthen their ability to provide strategic counsel on Economic and ESG matters. Their contributions to sustainability governance are also evaluated as part of the Board's performance assessment.

The SBC plays a critical oversight role, ensuring sustainability initiatives are effectively implemented across the Group. It is responsible for:





Providing recommendations to the Board to drive sustainability performance.

The Board has appointed the CSO to strengthen sustainability management further. The CSO is dedicated to:



Ensuring sustainability considerations are embedded into subsidiary operations.

Overseeing the implementation of the Sustainability Policy, programmes and statutory reporting.

# Sustainability Governance Structure HIGHEST GOVERNANCE BODY OVERSIGHT BOARD COMMITTEE OVERSIGHT MANAGEMENT OVERSIGHT SUSTAINABILITY WORKING TEAMS

# Board of Directors

- Provides strategic oversight on sustainability policies and initiatives
- Ensures sustainability is embedded into business strategy
- Approves the sustainability budget and report

SBC

- Recommends sustainability strategies and initiatives for the Board's approval
- Oversees the Group's sustainability initiatives
- Reviews and recommends the Sustainability Report and Sustainability Statement for the Board's approval
- Monitors sustainability-related risks and opportunities

Board Governance and Risk Committee ("BGRC")

- Institutionalises sustainability-related risk management practices across business units
- Ensures effectiveness of risk management policies and processes
- Reviews material risks, including sustainability-related risks
- Escalates key risk matters, including sustainability risks, to the Board

Corporate
Sustainability
Champion
("CSC")

- Reviews implementation of sustainability initiatives
- Identifies significant sustainability-related risks and opportunities
- Recommends appropriate ESG KPIs to address material sustainability issues

Sustainability
Unit of KPS
Berhad and
Sustainability
Representatives
of Subsidiary
Companies

- Collaborates with business units to integrate sustainability practices
- Ensures compliance with ESG disclosure requirements
- Coordinates ESG data collection, analysis, and interpretation for reporting
- Implements the Sustainability Policy and strategy to address sustainability risks and opportunities
- Acts as the central point of contact for stakeholder engagements on sustainability matters
- Prepares budgets for sustainability initiatives

# **Remuneration and Sustainability Targets** [GRI 2-20]

ESG KPIs have been integrated across all employee levels, including Senior Management, with a particular focus on the MD/GCEO to drive leadership accountability in sustainability performance.

#### Highlight

The KPIs and targets have been disseminated across subsidiary companies and integrated into individual employee scorecards to align performance with sustainability objectives.

Where Group-level ESG KPIs and targets are not directly applicable, subsidiary companies are required to establish their own ESG KPIs tailored to their unique operational context. For instance, Toyoplas and CPI are expected to develop KPIs related to energy consumption, while CBB is expected to establish KPIs focused on waste reduction. However, these KPIs must remain aligned with the Group's sustainability framework to ensure consistency in strategic direction. The scope of these KPIs includes climate action, employee skill development and social investment initiatives.

Linking remuneration to ESG KPIs embeds sustainability into leadership decision-making and operational execution, fostering accountability at all levels. This approach drives measurable action, reinforces a culture of responsible business practices and ensures that ESG priorities receive the necessary focus and commitment from internal stakeholders.

#### 2024 ESG KPIs of MD/GCEO

The Group's ESG KPIs	Status	
Establishing the double materiality matrix for the Group	Approved and established the double materiality matrix with 14 matters for the Group	Achieved
Coordinating capacity-building programmes (training/workshops) to integrate environmental and climate agendas across all subsidiary companies	<ul> <li>Conducted three capacity building programmes:</li> <li>Social sustainability</li> <li>Workshop on setting ESG-related KPIs</li> <li>ESG in supply chain</li> </ul>	Achieved
Identifying climate risks and opportunities for all subsidiary companies in line with IFRS S2 requirements by 2024	Completed the climate risk identifications and impact assessments in all subsidiary companies	Achieved
Strengthening the boundary of the existing Scope 1 and Scope 2 emissions at subsidiary companies	Incorporated monitoring and recording of emissions for all operating locations (Malaysia, Indonesia, China & Vietnam)	Achieved

# **Sustainability Framework**

KPS Berhad ensures that its business operations create economic, environmental and social value while upholding strong governance. To achieve this, KPS Berhad continuously strengthens its Sustainability Framework, which guides the Group in integrating responsible business practices into all aspects of its operations.

Recognising the importance of aligning with global standards, KPS Berhad's Sustainability Framework is centred around six UNSDGs, highlighting the Group's role in nation-building and fostering a better future. These selected UNSDGs form the basis of KPS Berhad's strategic sustainability commitments, ensuring that sustainability is integrated into decision-making, operations and stakeholder engagement.

KPS Berhad's Sustainability Framework bridges the Group's sustainability aspirations with market and operational realities. The Framework provides clarity on key Economic and ESG materiality matters, highlighting how addressing these areas contributes meaningfully to the six UNSDGs.

The Group's commitments are structured into six key pillars, each designed to drive impact in specific areas:

- 1 Creating and enhancing economic value
- 2 Addressing climate change
- Promoting environmentally responsible manufacturing
- Driving positive societal impacts through strategic social investments
- Safeguarding human and labour rights
- 6 Fostering strong corporate governance

Turning these commitments into action, KPS Berhad prioritises material issues that are most significant to its operations and stakeholders.

#### Highlight

In 2024, the Group identified 14 material issues, applying a double materiality perspective to align with global best practices. Each material issue is directly linked to ESG KPIs, which are embedded in the Group's sustainability strategy.

The Group evaluates its performance annually against these ESG KPIs, ensuring alignment with stakeholder expectations while addressing environmental risks, community empowerment and governance integrity. As sustainability challenges continue to evolve, KPS Berhad remains committed to proactively managing risks and opportunities, reinforcing its long-term value creation strategy.

#### **Sustainability Framework**

The sustainability commitments and materiality matters align with the Group's sustainability strategy and global standards and goals, including the UNSDGs. The Sustainability Framework serves as the foundation of KPS Berhad's commitment to responsible and sustainable business growth. With a clear focus on material issues, performance measurement and continuous improvement, KPS Berhad is well-positioned to navigate emerging sustainability challenges while fostering positive economic, environmental and social impact.



#### **SUSTAINABILITY COMMITMENT**

# Economic Commitment:

Driving optimal business and operational performance towards maximising financial and non-financial value creation.

# **Environmental Commitment 1:**

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

# **Environmental Commitment 2:**

Continuously implementing environmentally responsible manufacturing practices.

# Social Commitment 1:

Be the champion in addressing socioeconomic gaps within the society.

# Social Commitment 2:

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

# Governance Commitment:

Upholding Good Corporate Governance.

#### **MATERIALITY MATTERS**

- Economic and Business Performance
- Quality Control and Customer Satisfaction
- Sustainable Procurement and Local Sourcing
- Climate Change and Emissions
- Energy Efficiency
- Waste Reduction, Recycling and the Circular Economy
- Water Security
- Human Rights
- Occupational Health and Safety
- Employee Training and Career Development
- Labour Standards
- Digitalisation and Technology
- Environmental and Social Compliance
- Good Governance and Anti-corruption

# **Sustainability Strategy Roadmap**

2

Phase

KPS Berhad's Sustainability Strategy Roadmap is our structured pathway for integrating sustainability across the Group's operations. Guided by its Vision and Mission, the roadmap outlines a phased approach toward achieving long-term sustainability goals, with specific milestones set through 2035. The strategy progresses through five key phases, each building upon the previous stage to advance sustainability leadership and drive meaningful impact.

#### **Completed**

#### 2022 - 2024

#### FOSTERING SUSTAINABLE DEVELOPMENT IN KPS BERHAD

- Sustainability as part of thought process in business strategy, culture, due diligence and risk framework.
- Efforts were concentrated on internalising thesustainability agenda throughout all departments and subsidiary companies.
- Exploring short-term and medium-term sustainability initiatives.
- Identifying climaterelated risks and opportunities of the Group.

#### 2024 - 2026

#### ENHANCING SUSTAINABLE VALUE CREATION

- Navigating from operational focus to value chain and external effort.
- High-impact sustainability targets and goals.
- Accelerating progress on decarbonisation initiatives.

#### 2026 - 2028

#### ACCELERATING SUSTAINABILITY AGENDA

- Increasing collaboration to influence and drive sustainability innovation.
- Incorporating green investment and embrace a green economy.
- Measuring the Group's VaR in relation to climate-related considerations.

ന

#### 2028 - 2031

# STAYING AHEAD OF THE CURVE

- Bold sustainability Transformational vision, including advancing circular economy.
- Building sustainability solutions into our services and products.

#### 2031 - 2035

#### BUSINESS SUSTAINABILITY

- Embracing systemic change and championing sustainability at scale
- Progressing further towards carbon neutrality.
- Continuing to adopt innovations to enhance the sustainability process.

 Supportinf climate reduction target and low-carbon growth economy.

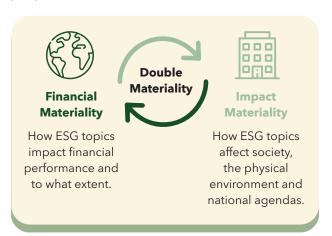
**Phase 1 (2022-2024)** focused on embedding sustainability into business strategy, corporate culture and risk management framework. This phase emphasised internalising sustainability across all departments and subsidiary companies as well as strengthening governance frameworks. Additionally, we explored climate-related risks to ensure long-term business resilience. This foundational phase sets the stage for the transition towards value chain-driven sustainability in Phase 2.

As the Group advances into **Phase 2 (2024-2026)**, the focus shifts from internal alignment to value chain integration, decarbonisation and high-impact sustainability targets. These efforts position KPS Berhad to adapt and mitigate climate change and create long-term impact across our value chain.

## Our Journey in Double Materiality [GRI 2-16, 3-1]

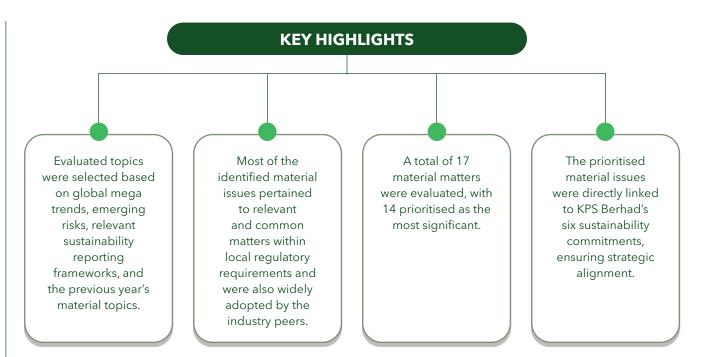
In 2024, KPS Berhad transitioned from its first materiality matrix (introduced in 2018) to a new, refined materiality matrix developed through a comprehensive double materiality assessment. This reassessment enables the Group to prioritise and determine its most significant material topics, ensuring a clearer and more updated perspective on sustainability priorities.

The double materiality approach considers two key perspectives:



The prioritised topics were then refined based on feedback from the Management team, ensuring alignment with the Group's strategic direction and operational realities.

This reassessment follows post-pandemic shifts in the business and regulatory landscape, aligning with the SRG3 requirements. As per the SRG3, listed companies should undertake a full-scale materiality assessment every three to five years or in response to significant changes in business models or operating contexts.



#### **Identification of Material Matters**

**Key Factor Considerations in Identification of Materiality Issues** 

# Internal Context

- KPS Berhad's Six Sustainability Commitments
- Business dynamics of KPS Berhad's Subsidiary Companies

# **External Context**

- UNSGDs
- Industry Peers
- Global Trends

Regulations

Reporting Framework, Guidelines and Standards

**ESG** Rating Tools

#### ✓ Regulators

Since 2019, KPS Berhad has consistently published sustainability disclosures in compliance with Bursa Securities' mandatory requirements. In 2022, Bursa Securities introduced enhanced sustainability reporting requirements under the Main Market Listing Requirements ("MMLR"), outlining 11 common sustainability matters. To date, KPS Berhad has fully aligned its disclosures to ensure compliance with these evolving regulations.

#### ✓ Sustainability-related Risks and Opportunities

The sustainability-related risk category been identified as one of the corporate risks through our ERM framework, which falls under the oversight of the BRGC.

#### ✓ Global Trends Benchmarking

KPS Berhad conducted a global trend analysis to anticipate market shifts, regulatory developments and sustainability benchmarks that may impact business performance. This proactive approach helps the Group stay ahead of emerging risks and opportunities, including:

- Climate change policies and regulations
- Technological advancements and digital transformation
- Geopolitical risks and supply chain disruptions
- Evolving customer expectations and industry standards

#### ✓ Stakeholder Engagements

Stakeholder feedback is gathered through both formal and informal communication channels, ensuring meaningful engagement with key stakeholders.

Various communication mediums are used depending on the stakeholder group. An online survey was one of the key formal engagement tools for the double materiality assessment, providing valuable insights into material sustainability topics.

#### **Our Considerations on the List of Material Matters**

KPS Berhad evaluated material topics using a multi-framework approach, aligning with Bursa Securities, FTSE Russell indicators, and the GRI standards to ensure a comprehensive and balanced materiality assessment. These frameworks provided structured guidance on Economic and ESG factors, ensuring that the Group's sustainability efforts continue to remain strategic, relevant, and aligned with industry best practices.

Each framework addresses different dimensions of materiality:

- Bursa Securities focuses on regulatory compliance and market expectations.
- FTSE Russell indicators integrates global sustainability benchmarks and ESG performance standards.
- GRI ensures transparency in economic impact, leadership development, corporate culture and brand reputation.

Through a rigorous materiality assessment, KPS Berhad has systematically identified and evaluated 17 material matters for the Group and its stakeholders.

The next step involved assessing and prioritising them based on their financial and impact materiality perspectives. This ensures that sustainability efforts are effectively targeted to drive long-term value creation for both the business and society.

#### **Prioritisation of the Material Matters**

Assessment Approach and Methodology on Double Materiality

#### ✓ Defining Double Materiality

To determine double materiality, topics were assessed based on stakeholders' perceptions of:

#### • Enterprise Value Creation:

How the topic influences financial performance and long-term business success.

#### • Business Model and Impact:

How the topic shapes the organisation's management approach, business model and ability to create environmental and social impact.

#### √ Stakeholder-Centric Materiality Assessment

A targeted materiality assessment was conducted across all stakeholder groups of KPS Berhad to ensure that the most relevant sustainability topics were prioritised with accuracy and inclusivity.

#### ✓ Tailored Online Surveys For Stakeholder Input

To gather insights, two distinct online surveys were designed with varying levels of complexity:

#### Advanced Survey:

Distributed to the Board members, Senior Management, institutional investors and specific financial stakeholders, including fund managers and financial analysts.

#### • Simplified Survey:

Distributed to broader stakeholder groups, including media, customers and suppliers, ensuring wider participation and comprehensive feedback.

# Our Journey in Double Materiality [GRI 2-16, 3-1]

# Review, Validation and Endorsement of Results

#### ✓ Stakeholder Participation in the Assessment

The double materiality assessment gathered responses from 160 participants, representing all stakeholder groups.

#### √ Management and Board Endorsement

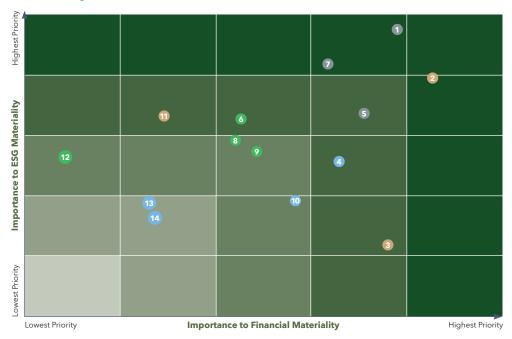
The provisional results and materiality matrix, encompassing 14 material matters, were first presented to Management for deliberation and approval. Following this, the final results and findings were reviewed by the SBC before being submitted for endorsement by the Board.

#### ✓ Integration with Risk Management

Moving forward, KPS Berhad shall further strengthen its risk management process by integrating the risks and opportunities of all the material matters. This will ensure that potential sustainability-related risks are effectively identified and managed, enhancing business readiness and resilience.

#### Our Journey in Double Materiality [GRI 2-16, 3-1]

#### Our Materiality Matrix [GRI 3-2]



#### Economic

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



#### **Environmental**

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



#### **Social**

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



#### Governance

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

To provide a clear and structured view of the Group's most significant material topics, KPS Berhad developed a Materiality Matrix, mapping 14 prioritised material issues across two key dimensions:

- **Y-Axis: Importance to ESG Materiality** (Impact on society, environment and stakeholders).
- X-Axis: Importance to Financial Materiality (Impact on business performance and enterprise value).

The **Materiality Matrix** categorises these **14 material topics** into four key focus areas:

#### • Economic:

Ensuring sustainable business performance, high-quality customer service and responsible procurement practices.

#### • Environmental:

Addressing climate change, energy efficiency, waste reduction, and water security to mitigate ecological impact.

#### • Social:

Prioritising employee well-being, training, career development and human rights to foster a responsible workplace.

#### Governance:

Strengthening digitalisation, compliance, good governance and anti-corruption to reinforce business integrity.

The new matrix provides a structured prioritisation of material issues, guiding KPS Berhad's sustainability strategy and Economic and ESG performance measurement.

As stakeholder capitalism continues to rise, maintaining strong relationships is key to sustainable growth in a complex and dynamic environment. Stakeholders' concerns are becoming more diverse, sometimes with competing interests, but they play a crucial role in shaping our business and refining our strategies.

KPS Berhad has a strong track record in multi-stakeholder engagement. We are committed to engaging openly and transparently, ensuring our decisions consider stakeholders' perspectives. Guided by ethics, transparency, and compliance, we prioritise continuous and constructive engagement to create shared value.

#### Highlight

structured stakeholder management
strategy, including regular forums for
discussions and collaboration. Insights from
these engagements help us address concerns
and identify opportunities for mutual benefit.
We also ensure ethical engagement across our
supply chain through due diligence, ensuring
our partners align with responsible business
practices. Additionally, we invest in training
our teams on best practices in stakeholder
engagement and sustainability to stay ahead of
industry trends and regulations.

To strengthen relationships, we have a

The following sections detail:



The stakeholder groups KPS Berhad engages with.



The key sustainability priorities identified through engagement.



The notable stakeholder interactions conducted during the reporting period.



#### **Stakeholder Groups**

KPS Berhad interacts with a diverse range of stakeholders, each playing a vital role in shaping the Group's business direction, sustainability commitments and corporate governance practices. Recognising that different stakeholder groups have unique interests and expectations, the Group ensures proactive, transparent and two-way communication to address concerns, foster collaboration and build long-term trust.

#### Highlight

The stakeholder engagement is designed to:

- Identify key stakeholder groups that influence or are influenced by KPS Berhad'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.

The table below provides an overview of KPS Berhad's key stakeholder groups, detailing their areas of interest and engagement channels used to maintain effective communication.

GROUPS	WHY ARE THEY IMPORTANT	MATERIAL MATTERS LINKED	OUR ENGAGEMENT CHANNELS	FREQUENCY OF ENGAGEMENT
Board of Directors	<ul> <li>Provide strategic guidance, corporate oversight, and risk management</li> <li>Represent shareholder interests while ensuring an independent and accountable governance structure</li> <li>Drive long-term business sustainability through sound decision-making and policysetting</li> </ul>	<ul> <li>Economic and Business Performance</li> <li>Climate Change and Emissions</li> <li>Occupational Health and Safety</li> <li>Good Governance and Anti-Corruption</li> <li>Environmental and Social Compliance</li> </ul>	<ul> <li>Annual General Meeting ('AGM")</li> <li>KPS Berhad Board Committee Meetings</li> <li>Board briefings and training sessions</li> </ul>	Annually Throughout the year (for ongoing oversight and strategic discussions)
Employees	<ul> <li>An empowered, forward-thinking and innovative workforce is critical to our business success</li> <li>Employees drive operational efficiency, innovation and sustainable growth</li> </ul>	<ul> <li>Economic and Business Performance</li> <li>Human Rights</li> <li>Labour Standards</li> <li>Employee Training and Career Development</li> <li>Occupational Health and Safety</li> <li>Digitalisation and Technology</li> <li>Good Governance and Anti-Corruption</li> </ul>	<ul> <li>Training and development programmes</li> <li>Employee well-being and engagement activities</li> <li>Performance evaluations</li> <li>Internal communication platforms</li> </ul>	Throughout the year
Certification Bodies	<ul> <li>Ensure compliance with international and national standards, reinforcing operational excellence and risk mitigation</li> <li>Enhance credibility and trust with customers and regulators</li> </ul>	<ul> <li>Climate Change and Emissions</li> <li>Energy Efficiency</li> <li>Waste Reduction, Recycling and Circular Economy</li> <li>Employee Training and Career Development</li> </ul>	<ul> <li>Regular on-site inspections and audit exercises</li> <li>Scheduled site visits for compliance verification</li> <li>Certification renewals and accreditation processes</li> </ul>	Periodically, based on certification timelines and regulatory requirements
Investors and Shareholders	<ul> <li>Provide financial capital for business expansion and long-term growth</li> <li>Require transparency, accountability and strong governance</li> </ul>	<ul> <li>Economic and Business Performance</li> <li>Good Governance and Anti-Corruption</li> </ul>	<ul> <li>AGM</li> <li>Analyst engagement sessions</li> <li>Site visits</li> <li>Social media updates and investor relations portal</li> </ul>	Annually Throughout the year
Business Partners and State Entities	Facilitate regulatory compliance, strategic collaborations and access to capital and resources, ensuring smooth operations and business growth	<ul><li>Economic and Business Performance</li><li>Human Rights</li></ul>	<ul><li>Social investment initiatives</li><li>Site visits</li></ul>	Throughout the year

GROUPS	WHY ARE THEY IMPORTANT	MATERIAL MATTERS LINKED	OUR ENGAGEMENT CHANNELS	FREQUENCY OF ENGAGEMENT
Regulators	<ul> <li>Ensure compliance with laws, policie and industry standards</li> <li>Regulatory alignment supports business continuity</li> </ul>	<ul> <li>Climate Change and Emissions</li> <li>Energy Efficiency</li> <li>Waste Reduction, Recycling and Circular Economy</li> <li>Water Security</li> <li>Labour Standards</li> <li>Occupational Health and Safety</li> <li>Good Governance and Anti-corruption</li> <li>Environmental and Social Compliance</li> </ul>	<ul> <li>Report submissions</li> <li>Regulatory discussions and meetings with authorities</li> <li>Public consultations</li> <li>On-site inspections and audit exercises</li> <li>Seminars, briefings and training sessions</li> </ul>	Throughout the year
Customers	Ensuring reliable, high-quality products is crucial for customer satisfaction, brand reputation and long-term business success	<ul> <li>Quality Control and Customer Satisfaction</li> <li>Sustainable Procurement and Local Sourcing</li> <li>Digitalisation and Technology</li> </ul>	<ul> <li>Marketing and promotional content</li> <li>Events and roadshows</li> <li>Site visits</li> <li>Customer feedback surveys</li> </ul>	Throughout the year  Annually
Vendors and Suppliers	<ul> <li>Ensure smooth supply chain operations</li> <li>Contribute to product quality, service delivery, and regulatory compliance</li> <li>Strengthen the Group's sustainability efforts by adopting responsible sourcing and ethical business practices</li> </ul>	<ul> <li>Good Governance and Anti-Corruption</li> <li>Quality Control and Customer Satisfaction</li> <li>Sustainable Procurement and Local Sourcing</li> <li>Occupational Health and Safety</li> </ul>	<ul> <li>Site visits and on-ground inspections</li> <li>Supplier Code of Conduct enforcement</li> <li>Supplier and vendor audits and assessments</li> </ul>	Throughout the year  Annually
Media	<ul> <li>A key channel for communicating KPS     Berhad's corporate direction, achievements     and sustainability initiatives to the public     and investors</li> <li>Enhance corporate reputation and     stakeholder confidence through     transparent and timely information</li> </ul>	<ul> <li>Economic and Business Performance</li> <li>Human Rights</li> </ul>	<ul> <li>Media briefings and press releases</li> <li>Social investment initiatives</li> </ul>	Throughout the year
Local Communities	Elevate the socioeconomic status of beneficiaries through targeted initiatives	<ul><li>Economic and Business Performance</li><li>Human Rights</li></ul>	<ul> <li>Social investment initiatives</li> <li>Community development programmes</li> <li>Media briefings and press releases</li> </ul>	Throughout the year



## **Addressing Stakeholders' Priorities**

The table below outlines the primary concerns raised by each stakeholder group, along with how KPS Berhad responds to these priorities through targeted initiatives and strategic actions. This ensures a balanced approach to meeting stakeholder needs while advancing the Group's broader sustainability and business objectives.

OUR SUSTAINABILITY COMMITMENTS	MATERIAL ISSUES	RISKS	OPPORTUNITIES	IMPORTANCE	OUR RESPONSES	STAKEHOLDERS IMPACTED	UNSDGS
Economic Commitment:  Driving optimal business and operational performance towards maximising financial and non-financial value creation	Economic and Business Performance	<ul> <li>Economic uncertainties and geopolitical tensions pose significant risks to business performance</li> <li>Weak financial performance can threaten business continuity and lead to missed investment opportunities</li> <li>Shifting investor preferences and evolving market dynamics could deter interest from stakeholders if ESG performance is inadequate</li> <li>A downturn in global economic growth and lower-than-expected customer demand could impact financial and operational stability</li> </ul>	<ul> <li>Ongoing market analysis enhances the Group's ability to identify expansion opportunities in strategic locations</li> <li>Strong financial performance attracts investors and ensures long-term value for all stakeholders</li> </ul>	<ul> <li>Achieving consistent and stable financial results while meeting fiscal targets</li> <li>Identifying and managing risks to protect operational and financial performance</li> <li>Implementing cost control measures and proactive capital management strategies</li> <li>Providing transparent financial communication to maintain investor confidence</li> <li>Strengthening investor relations through proactive engagement with the investment community</li> </ul>	<ul> <li>Conduct continuous market analysis to identify geographic and sector-specific growth opportunities</li> <li>Maintain strong financial performance to attract investors and ensure long-term stakeholder value</li> <li>Integrate sustainable business practices to meet ESG requirements, reducing legal and reputational risks</li> <li>Strengthen risk management strategies to safeguard operations and financial performance</li> <li>Implement cost control measures and proactive capital management to optimise resource allocation</li> <li>Align business strategy with global economic trends to remain competitive in evolving markets</li> <li>Maintain transparent communication with investors and stakeholders on financial performance and sustainability progress</li> <li>Foster investor relationships through engagement with the investment community, ensuring alignment on strategic goals</li> </ul>	<ul> <li>Board of Directors</li> <li>Employees</li> <li>Local Communities</li> <li>Investors and Shareholders</li> <li>Business Partners and State Entities</li> </ul>	8

OUR SUSTAINABILITY COMMITMENTS	MATERIAL ISSUES	RISKS	OPPORTUNITIES	IMPORTANCE	OUR RESPONSES	STAKEHOLDERS IMPACTED	UNSDGS
Economic Commitment:  Driving optimal business and operational performance towards maximising financial and non-financial value creation	Quality Control and Customer Satisfaction	<ul> <li>Increased competition may impact market positioning</li> <li>Failure to meet quality standards risks, reputational damage and market loss</li> <li>Non-compliance with regulations may result in penalties</li> </ul>	<ul> <li>Strengthened quality control builds customer trust and brand loyalty</li> <li>Improved standards enhance operational efficiency and compliance</li> </ul>	<ul> <li>Ensures compliance with industry and regulatory standards</li> <li>Maintains customer confidence and brand reputation</li> <li>Supports responsible production and waste reduction</li> </ul>	<ul> <li>Enforced strict quality assurance protocols across operations</li> <li>Conducted regular audits and inspections to ensure compliance</li> <li>Integrated sustainability into quality control and sourcing</li> </ul>	<ul> <li>Customers</li> <li>Vendors and Suppliers</li> </ul>	12 mm.
	Sustainable Procurement and Local Sourcing	<ul> <li>Supply chain disruptions from geopolitical events, natural disastersor global crises</li> <li>Evolving regulations may create compliance challenges, affecting costs and operations</li> <li>Supplier non-compliance with ethical, environmental or safety standards may cause reputational and operational risks</li> </ul>	<ul> <li>Building resilient supply chains reduces risks and ensures business continuity</li> <li>Supporting local suppliers enhances speed, quality control and economic impact</li> <li>Sustainable procurement practices improve compliance, reduce environmental impact and strengthen brand reputation</li> </ul>	<ul> <li>Enhances operational stability by reducing supply chain risks</li> <li>Supports local economies and strengthens supplier relationships</li> </ul>	<ul> <li>Enhanced the Procurement Policy and SOPs to integrate sustainability</li> <li>Enforced a Supplier Code of Conduct to ensure compliance with ESG standards</li> <li>Strengthened supplier audits and assessments to maintain quality and ethics</li> <li>Increased local sourcing for better supply chain resilience and sustainability</li> </ul>	<ul> <li>Customers</li> <li>Vendors and Suppliers</li> </ul>	8 ************************************

Chapter 1:
Overview

OUR SUSTAINABILITY COMMITMENTS	MATERIAL ISSUES	RISKS	OPPORTUNITIES	IMPORTANCE	OUR RESPONSES	STAKEHOLDERS IMPACTED	UNSDGS
Environmental Commitment 1:  Reducing carbon emissions intensity by 45% by 2030 and ultimately pursuing carbon neutrality by 2050.	Climate Change and Emissions	<ul> <li>Flash floods and rising temperatures may damage assets, disrupt operations and increase costs</li> <li>Stricter climate policies require greater compliance efforts and could impact financial performance</li> <li>Investors and consumers may favour businesses with strong climate action plans, creating pressure to transition</li> </ul>	<ul> <li>Decarbonisation roadmap supports long-term business resilience and cost savings</li> <li>Proactive climate action strengthens investor confidence and market positioning</li> <li>Incremental innovation (e.g., automation) enhances operational efficiency and regulatory compliance</li> </ul>	Climate-related risks impact business continuity, supply chains and operational costs Regulatory alignment ensures compliance and mitigates potential penalties	<ul> <li>Strategised a carbon intensity reduction plan to cut emissions by 45% by 2030 and achieve carbon neutrality by 2050</li> <li>Conducted climate risk assessments for subsidiary companies in line with IFRS S2 requirements</li> <li>Strengthened Scope 1 and Scope 2 emissions tracking for better accountability</li> <li>Integrated climate-related risks and opportunities into business strategy and sustainability reporting</li> </ul>	<ul> <li>Board of Directors</li> <li>Regulators</li> <li>Certification Bodies</li> </ul>	12 ===== CO
	Energy Efficiency	<ul> <li>Rising energy costs increase operational expenses and reduce competitiveness</li> <li>Regulatory requirements on energy use may impose compliance costs and penalties</li> <li>High energy consumption contributes to carbon emissions, affecting sustainability targets</li> </ul>	<ul> <li>Enhancing energy efficiency reduces costs and improves financial performance</li> <li>Investments in RE lower environmental impact and align with sustainability goals</li> <li>Optimising energy use enhances operational resilience and resource management</li> </ul>	<ul> <li>Reducing energy consumption lowers costs and mitigates environmental impact</li> <li>Compliance with regulatory energy standards ensures business continuity</li> </ul>	<ul> <li>Adopted energy-saving measures to optimise consumption and minimise waste</li> <li>Invested in RE to reduce reliance on fossil fuels</li> <li>Enhanced energy monitoring systems for real-time efficiency tracking</li> <li>Integrated energy efficiency goals into operational and strategic planning</li> </ul>	<ul> <li>Regulators</li> <li>Certification Bodies</li> </ul>	12 ===== CO

OUR SUSTAINABILITY COMMITMENTS	MATERIAL ISSUES	RISKS	OPPORTUNITIES	IMPORTANCE	OUR RESPONSES	STAKEHOLDERS IMPACTED	UNSDGS
Environmental Commitment 2:  Continuously implementing environmentally responsible manufacturing practices.	Waste Reduction, Recycling and Circular Economy	Inefficient waste management increases environmental pollution and regulatory risks  Non-compliance with waste disposal laws may lead to fines or legal action  High waste generation raises operational costs and impacts sustainability goals	Resource efficiency reduces costs     Circular economy initiatives create new revenue streams from waste recovery	Reducing waste minimises environmental impact and regulatory risks      Enhances operational efficiency through better resource management	<ul> <li>Optimised waste management systems to minimise landfill disposal</li> <li>Expanded recycling initiatives to recover materials</li> <li>Integrated circular economy principles into production processes</li> <li>Ensured compliance with environmental waste regulations</li> </ul>	<ul> <li>Regulators</li> <li>Certification Bodies</li> </ul>	12 ===== CO
	Water Security	<ul> <li>Water shortages may disrupt operations and increase costs</li> <li>Non-compliance with water usage regulations could lead to fines or restrictions</li> <li>Poor water management can result in environmental and reputational risks</li> </ul>	<ul> <li>Efficient water         use reduces         operational costs         and environmental         impact</li> <li>Proactive water         management         improves regulatory         compliance and         resilience</li> </ul>	<ul> <li>Ensures long-term         water availability for         operations</li> <li>Reduces         dependence on         municipal water         supplies</li> </ul>	<ul> <li>Implemented water-saving practices across operations</li> <li>Ensured compliance with water regulations</li> </ul>	• Regulators	12 ===== CO

Chapter 1:
Overview

OUR SUSTAINABILITY COMMITMENTS	MATERIAL ISSUES	RISKS	OPPORTUNITIES	IMPORTANCE	OUR RESPONSES	STAKEHOLDERS IMPACTED	UNSDGS
Social Commitment 1:  Be the champion in addressing socioeconomic gaps within the society.	Human Rights	<ul> <li>Human rights         violations may lead         to legal penalties         and reputational         damage</li> <li>Poor workplace         conditions impact         employee retention         and productivity</li> <li>Non-compliance         with labour laws can         result in regulatory         sanctions and         financial losses</li> </ul>	<ul> <li>Strong human rights policies enhance brand reputation and stakeholder trust</li> <li>Ethical business practices attract responsible investors and partners</li> <li>Inclusive work environments improve employee engagement and retention</li> </ul>	<ul> <li>Ensures compliance with global human rights standards</li> <li>Promotes fair and ethical treatment of employees and communities</li> </ul>	<ul> <li>Zero-tolerance policy on discrimination, forced labour and exploitation</li> <li>Implemented human rights due diligence across operations</li> <li>Enhanced grievance mechanisms for employees and stakeholders</li> <li>Continuous monitoring and training on human rights compliance</li> </ul>	<ul> <li>Employees</li> <li>Business Partners and State Entities</li> <li>Local Communities</li> <li>Media</li> </ul>	3 mentus  -//  4 men  8 menus  10 me
Upholding labour rights, safety, equality and diversity throughout business operations.	Occupational Health and Safety	<ul> <li>Workplace incidents may lead to injuries, fatalities and operational disruptions</li> <li>Non-compliance with safety regulations could result in fines and legal action</li> <li>Unsafe working conditions impact employee morale, retention, and productivity</li> </ul>	<ul> <li>A strong safety culture improves employee well-being and operational efficiency</li> <li>Proactive risk management reduces accidents and liabilities</li> <li>Adherence to safety standards enhances regulatory compliance and brand reputation</li> </ul>	<ul> <li>Ensures a safe and healthy work environment for all employees</li> <li>Supports compliance with occupational health and safety laws</li> <li>Reduces workplace incidents, ensuring business continuity</li> </ul>	<ul> <li>Comprehensive Safety, Health and Environment Policy to guide workplace safety</li> <li>Regular safety training and awareness programmes for employees</li> <li>Incident reporting and risk assessment mechanisms to prevent accidents</li> <li>Continuous improvement of safety measures through audits and compliance checks</li> </ul>	<ul> <li>Board of Directors</li> <li>Employees</li> <li>Regulators</li> <li>Vendors and Suppliers</li> </ul>	3 mentum —//

OUR SUSTAINABILITY COMMITMENTS	MATERIAL ISSUES	RISKS	OPPORTUNITIES	IMPORTANCE	OUR RESPONSES	STAKEHOLDERS IMPACTED	UNSDGS
Upholding labour rights, safety, equality and diversity throughout business operations.	Employee Training and Career Development	<ul> <li>Lack of employee development leads to skill gaps and reduced productivity</li> <li>Insufficient career growth opportunities may result in high turnover rates</li> <li>Failure to upskill workforce can impact competitiveness in a changing market</li> </ul>	<ul> <li>Continuous learning programmes enhance employee capabilities</li> <li>Strong career pathways improve retention and attract top talent</li> <li>Upskilling and reskilling initiatives future-proof the workforce against industry shifts</li> </ul>	<ul> <li>Builds a high-performance workforce aligned with business goals</li> <li>Strengthens employee engagement, retention, and job satisfaction</li> <li>Supports compliance with industry standards and professional development requirements</li> </ul>	<ul> <li>Regular training programmes tailored to employees' roles and career aspirations</li> <li>Leadership and skills development initiatives for long-term career growth</li> <li>Performance assessments to identify training needs and career progression</li> <li>Succession planning strategies to develop future leaders</li> </ul>	<ul> <li>Employees</li> <li>Certification Bodies</li> </ul>	3 mentale.
	Labour Standards	<ul> <li>Non-compliance with labour laws may lead to legal penalties and reputational damage</li> <li>Unfair labour practices can result in low employee morale and high turnover</li> </ul>	Good labour practices enhance employer reputation and workforce stability      Fair wages and ethical treatment improve employee engagement and retention      Labour rights compliance fosters responsible business practices and investor confidence	<ul> <li>Ensures compliance with national and international labour laws</li> <li>Strengthens employee well-being and organisational culture</li> </ul>	<ul> <li>Implemented fair labour policies to uphold worker rights and protections</li> <li>Regular audits and compliance checks to ensure ethical labour practices</li> <li>Initiated due diligence measures to prevent labour exploitation</li> <li>Ongoing employee engagement to address workplace concerns</li> </ul>	• Employees • Regulators	**************************************

OUR SUSTAINABILITY COMMITMENTS	MATERIAL ISSUES	RISKS	OPPORTUNITIES	IMPORTANCE	OUR RESPONSES	STAKEHOLDERS IMPACTED	UNSDGS
Governance Commitment:  Upholding Good Corporate Governance	Good Governance and Anti-Corruption	Bribery and corruption incidents could result in legal action, financial penalties and reputational damage     Weak governance structures may lead to unethical business practices and mismanagement     Non-compliance with regulations can impact investor confidence and business continuity	<ul> <li>Strong governance frameworks enhance transparency and stakeholder trust</li> <li>Robust anti-corruption measures prevent fraud and financial misconduct</li> <li>Ethical business practices attract responsible investors and business partners</li> </ul>	<ul> <li>Ensures regulatory compliance and corporate integrity</li> <li>Strengthens stakeholder confidence and organisational stability</li> </ul>	<ul> <li>Enforced a zero-tolerance policy on corruption and unethical practices</li> <li>Strengthened governance frameworks to enhance oversight and accountability</li> <li>Implemented whistleblowing mechanisms for reporting misconduct</li> <li>Regular governance training and risk assessments to ensure compliance</li> </ul>	<ul> <li>Board of Directors</li> <li>Employees</li> <li>Investors and Shareholders</li> <li>Regulators</li> <li>Vendors and Suppliers</li> </ul>	3
	Environmental and Social Compliance	Non-compliance with environmental and social regulations may result in legal penalties, fines or operational shutdowns  Failure to meet ESG requirements can lead to reputational damage and loss of investor confidence  Inadequate waste management or labour practices could trigger community and stakeholder concerns	<ul> <li>Proactive compliance strengthens regulatory relationships and business resilience</li> <li>Enhanced monitoring systems ensure long- term environmental and social responsibility</li> </ul>	<ul> <li>Ensures alignment with local and global sustainability regulations</li> <li>Reduces environmental and social risks across operations</li> <li>Supports corporate accountability and ethical business conduct</li> </ul>	<ul> <li>Strengthened compliance frameworks to meet regulatory and ESG standards</li> <li>Regular audits and assessments to monitor environmental and social impact</li> <li>Integrated ESG considerations into corporate policies and decision-making</li> <li>Engaged stakeholders and regulators to ensure best compliance practices</li> </ul>	Board of Directors     Regulators	8 ====================================

OUR SUSTAINABILITY COMMITMENTS	MATERIAL ISSUES	RISKS	OPPORTUNITIES	IMPORTANCE	OUR RESPONSES	STAKEHOLDERS IMPACTED	UNSDGS
Governance Commitment:  Upholding Good Corporate Governance	Digitalisation and Technology	<ul> <li>Poor technology adoption may result in inefficiencies and loss of competitive advantage</li> <li>Cybersecurity threats pose risks to data integrity and business operations</li> <li>High implementation costs for new technologies could strain financial resources</li> </ul>	<ul> <li>Process automation improves efficiency and reduces operational costs</li> <li>Advanced data analytics enhance decision-making and business insights</li> <li>Digital transformation strengthens market positioning and customer engagement</li> </ul>	<ul> <li>Enabling sustainable and smart operations</li> <li>Enhances customer experience and business agility in a digital economy</li> </ul>	<ul> <li>Implemented digitalisation initiatives to streamline operations</li> <li>Enhanced cybersecurity measures to protect data and business continuity</li> <li>Adopted automation for efficiency and incremental innovation</li> <li>Ongoing tech investments to future-proof business processes</li> </ul>	• Employees • Customers	8 married (12 marr



#### **Our Notable Stakeholder Engagements**

Continuous engagement with stakeholders is central to strengthening our sustainability journey. We actively collaborate with industry experts, NGOs, regulatory bodies, and sustainability-driven organisations to refine our practices, address emerging challenges and drive impactful progress.

The table below highlights key stakeholder engagements that have shaped our approach:

- 1 SIRIM QAS
  ESG Verification and Assurance Provider
- Business School at Universiti Utara
  Malaysia ("OYAGSB UUM")

  Biztalk programme with Master of Business
  Administration and Doctor of Business
  Administration postgraduates
- CIC Capital Consultancy and the University of Malaya
  MY ESG Forums
- 4 Universiti Teknologi MARA ("UiTM"), Puncak Alam, Selangor Human Resource Knowledge Sharing
- 5 UPNM Human Resource Knowledge Sharing
- 6 Sedania Innovator Berhad ESG Knowledge Sharing

- **GEES Group (or also known as "HSE Group")**ESG Knowledge Sharing
- Malaysia Green Technology and Climate Change Centre ("MGTC")
  Green Mosque Initiative
- Pusat Sains Negara and Petrosains
  KPS Berhad Celik Initiative for Science,
  Technology, Engineering, and Mathematics
  ("STEM") education and workshop
- Employees Provident Fund ("EPF")
  Importance of retirement savings for a secure and sustainable future
- Agensi Kredit Dan Pengurusan Kredit
  ("AKPK")

  Talk on prudently managing personal finances
- Jabatan Pendidikan Negeri Selangor
  KPS Berhad School Aid event series

of employees





KPS Berhad remains committed to embedding sustainability across its governance, strategy, and operations. Through robust policies, a structured sustainability framework and continuous stakeholder engagement, we are proactively addressing ESG challenges while seizing opportunities for long-term value creation.

As we move forward, our focus extends beyond governance and materiality assessments to concrete economic contributions. In Chapter 3: Economic Commitment, we will explore how KPS Berhad integrates sustainability into its financial and operational strategies, driving business resilience, responsible growth and long-term economic value for all stakeholders.

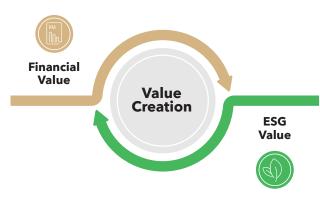




Economic Prosperity

# **Beyond Growth: Strengthening Business Performance and Driving Sustainable Value**

Our financial strength supports our sustainability strategy. Our ability to have strong financial performance has seen us become more resilient through strategic expansion in targeted core business, resulting in real value for our stakeholders. With ESG principles ingrained into our business model, we proactively manage risks and capitalises on new opportunities to ensure we remain relevant in securing our market position.





# Integrating Economic Sustainability into Business Strategy

Achieving economic sustainability requires innovating with accountability and foresight to ensure that progress benefits our business, stakeholders and the wider community. The strategic steps we have outlined aim to drive tangible value creation:

#### Achieving Long-Term Financial Stability through ESG Principles

Aligning economic performance with ESG priorities enhances resilience against market disruptions, regulatory changes and investor expectations to strengthen financial stability while advancing ESG objectives.

# Improving Product Quality and Customer Trust Enhancing quality control measures ensures our products meet evolving customer and regulatory expectations, sustaining brand credibility and strengthening customer confidence.

#### • Enhancing Resource Efficiency

Utilising sustainable practices and technology optimises energy consumption, minimises waste and improves cost efficiencies across operations.

### Strengthening Supply Chain Resilience

Implementing responsible procurement policies and ethical sourcing practices mitigates supply chain risks and ensures business continuity.

#### • Contributing to Local Economic Development

Supporting local businesses and communities through sustainable procurement, job creation and strategic partnerships drives long-term socioeconomic benefits.



# Integrating Six Capitals for Sustainable Growth

Long-term success requires integrating the six interconnected capitals - **Financial**, **Manufactured**, **Intellectual**, **Human**, **Social and Relationship**, and **Natural** - into our operations. Financial capital is pivotal, funding essential investments in infrastructure and technology to ensure business continuity. Equally, strong relationships with employees, customers and business partners are vital for effective collaboration and driving growth.

Integrating knowledge, expertise and incremental innovation into our operations enhances process efficiency and elevates product and service quality. Concurrently, we implement sustainable practices to reduce environmental impact and contribute positively to the communities we serve.

and public trust.

#### **Beyond Growth: Strengthening Business Performance and Driving Sustainable Value**

#### **Advancing Economic Strategies**



#### Material Matters (GRI 3-31

KPS Berhad's Economic Commitment is driven by three material matters, each playing a key role in our long-term growth strategy:



#### **Economic and Business Performance**

Focused on revenue growth, cost efficiency and operational excellence to maintain a strong financial foundation.



# Sustainable Procurement and Local

Ensuring ethical supply chains, responsible sourcing, and active contributions to local economies.



#### **Quality Control and Customer Satisfaction**

Upholding product excellence to build trust, meet evolving customer expectations, and maintain regulatory compliance.



Legend

Financial Capital

Manufactured

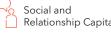
☐ Intellectual Capital













#### **Material Matter:**

**Economic and Business Performance** [GRI 3-3]

#### Highlight

This Material Matter: **Economic and Business Performance** reflects its essential role in ensuring financial stability, operational excellence and long-term stakeholder value.

shifts, which have also impacted Malaysia, KPS Berhad's solid fundamentals, including its sound financial standing, skilled workforce and capability to pilot through demanding conditions, have strengthened its business operations and sustained growth.

> **Material Matter Priority Medium Priority**

**Primary Stakeholders Impacted** 

Board of Directors Investors and Shareholders **Employees** 

Business Partners and State Entities

**Local Communities** 

Media

While global factors continue to drive rapid economic

Our financial performance has reinforced our commitment to continue delivering tangible benefits across our stakeholder spectrum.



Investors and Shareholders: We provide sustainable returns through strategic growth and financial stability.



Employees: Our commitment includes job security, continuous professional development and competitive remuneration to support career progression.



**Business Partners and State Entities:** Enhanced collaborations and strict regulatory compliance open avenues for market expansion, strengthening our corporate ecosystem.



Vendors and Suppliers: We uphold ethical and transparent procurement processes, cultivating trust and reliability.



Customers: Our focus remains on delivering high-quality products and dependable services that align with market demands.



Local Communities: We drive economic progress through job creation, business development opportunities and communitydriven investments that stimulate economic progress and uplift community welfare.

This strategic approach underpins our dedication to creating value for all stakeholders while ensuring sustainable business practices.

#### Highlight

Recognised as a medium priority in the Materiality Matrix, it remains fundamental in ensuring financial and operational excellence while advancing sustainability imperatives. **The Significance:** 

**Ensuring Sustainable Economic Resilience** 

√ Strategic Importance of Economic Performance

To uphold economic sustainability, KPS Berhad prioritises several key initiatives:

(1)

Achieving steady financial results while aligning with fiscal targets. 2

Identifying and managing risks proactively to safeguard operational and financial

performance.

3

Implementing
cost control
measures
and capital
management
strategies to
optimise resource
allocation.

4

Integrating global market trends into business planning to enhance adaptability and resilience. 5

Ensuring

transparent

financial communication to strengthen investor trust and stakeholder confidence. -(6

Fostering investor relations through continuous engagement with the financial community to reinforce corporate credibility.

# Our Approach: Our Business Model

Profitability and sustainability are mutually reinforcing drivers of long-term success. By embedding financial stability, responsible business practices and ESG principles into our operational framework, we establish a business model that ensures enduring economic resilience and delivers value to stakeholders.

Guided by our 10-Year Roadmap, we prioritise long-term value creation over short-term gains, steering strategic decision-making and investment allocation. This framework aligns our core business strategies while incorporating ESG objectives, placing sustainability at the heart of our operations.

#### ✓ Our Key Investment Criteria

#### **Diversification of Revenue Streams**

Identifying new opportunities across industries and geographies to enhance business resilience.

#### **Enhancing Business Viability and Cost Efficiency**

 Streamlining operations and adopting innovative solutions to drive efficiency.

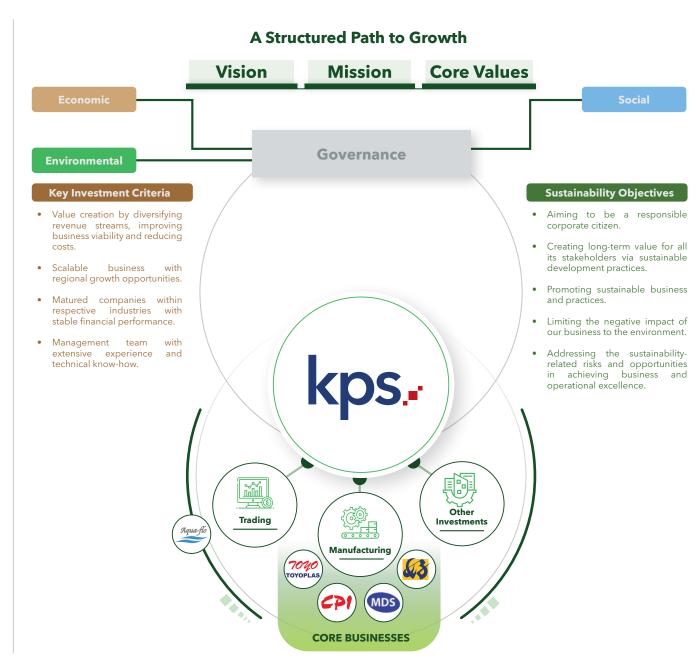
#### Scalable Business Models with Regional Growth Potential

Expanding into new markets while ensuring adaptability to regulatory and environmental changes.

#### **Targeting Matured Companies**

 Investing in businesses with a proven track record and stable financial performance.

# **Strengthening Management Teams with Deep Expertise**Leveraging industry knowledge and strategic leadership to optimise business operations.



# ✓ Guided by Core Business Strategies and ESG Objectives

Firmly focused on the manufacturing segment, KPS Berhad integrates environmental and social considerations into its business framework through a comprehensive ESG approach.

#### **Responsible Corporate Citizen**

Balances profit-making with a commitment to social and environmental good, ensuring long-term sustainability.

#### **Create Long-term Value via Sustainable Development Practices**

Investing in social initiatives and workforce development to drive economic inclusivity.

#### **Promoting Sustainable Business and Practices**

Collaborating with stakeholders to foster long-term growth and sustainable business practices.

#### **Limiting Negative Impact on the Environment**

Identifying and assessing ESG risks that may pose financial and non-financial implications on business performance.

#### **Addressing Sustainability Risks and Opportunities**

Adapting to environmental risks and opportunities by implementing sustainable production practices.

# Our Data Performance: Delivering Lasting Economic Value [GRI 201-1]

As a GLC of the State of Selangor, KPS Berhad discloses the total economic value generated and distributed by the Group during the financial year as part of our commitment to transparency and inclusive value creation. This disclosure underlines our integrated approach to value creation which ensures our financial success translates into positive outcomes for employees, communities, governments, investors and other stakeholders.

KPS Berhad channels resources to ensure equitable value distribution among stakeholders. Our long-term focus drives sustainable returns for investors while supporting our workforce through fair wages, continuous skill development and competitive benefits.

Robust partnerships with suppliers and local enterprises further strengthen our supply chain and contribute to community progress. At the same time, the Group meets its obligations by making timely tax payments and adhering to sound corporate governance practices.

#### ✓ Economic Value Generated

During the year, the Group generated RM1.20 billion in total economic value. This reflects our steady operational performance and ability to create financial and non-financial value through our integrated business model, despite a dynamic and competitive external environment.

Most of the value was derived from revenue ge nerated through our core operations across the manufacturing and trading businesses, which remained resilient in a complex and uncertain market environment. This was supported by steady customer demand, improved operational efficiency and enhanced delivery capabilities across our global footprint.

Other income, such as interest income, foreign exchange gain and impairment reversal, further contributed to the economic value generated. We also recognised the share of profits from associate companies, reflecting the strategic importance of other investments in businesses that complement our core activities.

A notable contributor to the value in 2024 was the gain on the divestment of Kaiserkorp Corporation Sdn Bhd, a strategic decision that unlocked significant shareholder value and allowed for portfolio rebalancing.

The transaction also led to a favourable gain on the translation reserve, arising from the reclassification of foreign currency differences previously recorded in equity, thus further enhancing total economic value.

#### √ Economic Value Distributed

Of the RM1.20 billion economic value generated, RM1.15 billion was distributed to various stakeholders. Most of the distributed value was directed toward operating costs, including procurement of raw materials, logistics, administrative functions, and marketing. These investments supported a broad base of suppliers, created indirect employment, and ensured the continuity and quality of our offerings to customers.

Employees received a fair share of the value created through wages, salaries, and employee benefits, which reflects our ongoing investment in human capital. Payments to providers of capital, including interest to lenders and dividends to shareholders, reinforced our commitment to responsible financial management.

We contributed to public finances through tax payments at national and local levels, enabling the delivery of essential public services and infrastructure.

Furthermore, our Social Investment Initiatives, or Corporate Social Responsibility programmes, support education, entrepreneurial development, environmental sustainability and community development programmes in our areas of operations.

The wealth generated was equitably distributed across key stakeholder groups, contributing to both financial and socio-economic development

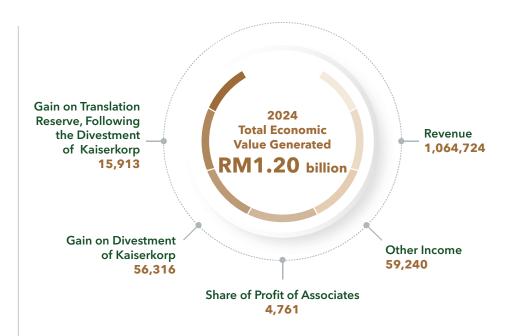
#### **Our Outlook:**

#### **Sustaining Growth through Resilience**

Articulating a clear and forward-looking approach that addresses opportunities and challenges, we will build on our 2024 achievements, reinforcing our core business fundamentals and implementing agile strategies.

Our economic performance this year reflects more than just financial outcomes. It demonstrates our commitment to creating long-term, shared value for all stakeholders. The economic value generated and distributed underscores our role in enabling inclusive growth, supporting livelihoods, and reinvesting in sustainability and future value creation.

As we continue to align our business strategies with environmental and social priorities, we remain focused on generating resilient economic value that supports sustainable development and impact, contributing to a just transition.





#### Highlight

#### Retained for Future Value Creation

Emphasising incremental innovation, effective risk management and strategic partnerships, approximately,

RM50 million of the economic value generated was retained to support the Group's future investments and long-term growth.



#### **Material Matter: Sustainable Procurement and** Local Sourcing [GRI 3-3]

#### Highlight

This Material Matter, Sustainable **Procurement and Local Sourcing ranked** medium priority in the Materiality Matrix, highlighting the Group's commitment to responsible supply chain management, ethical sourcing and strengthening local economies.

Reliance on a competent and resilient supply chain is a key component in KPS Berhad's manufacturing and trading operations. Our strategic emphasis on sustainable procurement and local sourcing balances environmental stewardship with critical business imperatives that directly influence our operational efficiency and market competitiveness.



The Significance: **Ensuring Supply Chain Resilience and Local Empowerment** 

Over the years, we have been improving and integrating sustainable procurement practices to ensure that our suppliers adhere to stringent environmental and social governance standards. This alignment mitigates risks associated with supply chain disruptions and enhances product quality, thereby reinforcing our brand's reputation for reliability and ethical responsibility. We are cognisant that operational cost savings can be realised through sustainable sourcing efficiency improvements, underscoring the financial prudence of such initiatives.

Local sourcing further reduces lead times and transportation costs, stimulating economic development within our operational regions and enhancing our agility in responding to market demands. This approach not only supports small and medium-sized enterprises ("SMEs") but also strengthens community ties, contributing to regional economic resilience. Apart from cost savings, sustainable procurement practices can lead to improved brand perception and optimised resource utilisation, all of which are vital to our long-term success.

KPS Berhad's seasoned experience in managing supply chain complexities has led us to implement comprehensive strategies for supplier identification, evaluation and retention. We enhanced our due diligence processes, ensuring that our suppliers meet our rigorous standards for quality, sustainability and ethical conduct. This strategic focus on sustainable procurement and local sourcing is integral to our commitment to operational excellence, stakeholder value creation and environmental stewardship.

Our Approach: Strengthening Supply Chain Integrity and **Sustainable Sourcing** 

KPS Berhad's approach to sustainable procurement and local sourcing is rooted in corporate governance, operational excellence, and ESG integration. Our strategy ensures that we uphold the highest ethical, environmental and social standards in our supply chain while optimising cost efficiency and business resilience. The procurement approach is driven by a dual governance structure, ensuring a balance between policy-driven oversight and on-the-ground operational assessment.

#### Highlight

Sourcing materials and services responsibly ensures logistical efficiency, reduced environmental footprint and enhanced supplier relationships while also supporting local economies and SMEs.

KPS Berhad is committed to striking a balance between cost-effectiveness. ethical sourcing, and sustainable business practices, reinforcing the company's ESG agenda in procurement decision-making.











Social and Relationship Capital



#### ✓ Governance Framework: Strengthening Group Policy and Compliance

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

# ✓ Prioritising Local Procurement for Economic and Environmental Benefits

KPS Berhad prioritises local suppliers whenever feasible to support economic empowerment, reduce carbon footprints and strengthen domestic supply chain networks.



Key governance measures include:

Supplier Supplier **Standard Due Diligence** Code of Operating Conduct and **Procedures** ensures that Compliance ensure partners Review procurement efficiency and uphold ensure alignment labour rights, with legal accountability workplace and ethical are maintained. safety and requirements. environmental responsibility.

#### Enhancing Sustainable Sourcing and Supplier Engagement

KPS Berhad's Procurement Policy ensures that supplier selection and contract bidding adhere to high standards of transparency, accountability and efficiency. The procurement process includes:

**Supplier Performance Assessments** to evaluate service quality, compliance and sustainability commitments.

**Competitive Pricing and Cost Efficiency Reviews** to ensure financial viability and market competitiveness.

**Local Sourcing Prioritisation** with a preference for local businesses to enhance supply chain resilience and reduce environmental footprint.

#### Upholding Accountability and Ethical Sourcing

KPS Berhad has implemented stringent supplier governance mechanisms, reinforcing compliance with anti-corruption policies, ethical labour standards and environmental responsibility.

Key initiatives include:

**Supplier Integrity Pledge** ensuring vendor alignment with anti-bribery and ethical business conduct policies.

**Third-Party Declarations** 785 suppliers committed to adhere to anti-bribery policies in 2024, promoting transparency and governance.

**Supplier Code of Conduct** outlines compliance standards in labour practices, safety and environmental sustainability.

#### Risk Management and Supplier Assessment

KPS Berhad's supplier selection process incorporates multi-dimensional risk assessment.

Evaluation 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.

#### √ Ensuring Sustainability in Procurement Activities

Beyond the Procurement Policy, KPS Berhad ensures the effectiveness of procurement strategies through supplier performance assessments, audits and capacity-building initiatives. We actively engage with our vendors to inculcate a culture of sustainability, fair business practices and supply chain resilience.



Key operational strategies include:

Regular Supplier Performance Audits measure compliance with quality, sustainability and ethical benchmarks. Risk
Assessments
evaluate
geopolitical,
environmental
and compliance
risks in the
supply chain.

Supplier Training and Engagement strengthen sustainability practices across procurement networks.

#### **Boosting Local Businesses and SMEs**

Providing opportunities for regional suppliers to participate in major contracts.

#### **Reducing Supply Chain Risks**

Mitigating geopolitical disruptions and climate-related transport delays through proximity sourcing.

#### **Lowering Environmental Impact**

Reducing emissions associated with international logistics and long-haul transportation.



Our Data Performance:

Measuring Sustainable Procurement Impact
[GRI 204-1]

KPS Berhad's commitment to sustainable procurement is reflected in its efforts to enhance the economic value generated, supply chain transparency, prioritise local sourcing and uphold ethical business practices. In 2024, KPS Berhad continued strengthening its procurement framework through supplier assessments, risk management, and responsible sourcing policies.

Our next step is to expand ESG criteria into our procurement processes. By expanding ESG-based supplier evaluations, we ensure that procurement decisions uphold environmental stewardship and social responsibility. Strategic partnerships, risk mitigation and sustainability-driven procurement practices will enable us to promote ethical sourcing, reduce supply chain vulnerabilities and strengthen local economic development.



Total Procurement Spending (RM) 2024: 523,023,166

2023: 462,444,736 2022: 353,591,658



Total Local Procurement Spending (RM) 2024: 372,821,678

2023: 318,162,057 2022: 276,215,295



Proportion of Spending on Local Suppliers (%) 2024: 71

2023: 69 2022: 78



**Total Number of Suppliers** 

**2024: 1,215** 2023:1,376

2022: 677



**Total Number of Local Suppliers** 

**2024: 1,041** 2023: 1,168

2022: 533



Percentage of Local Suppliers (%) 2024: 81

2023: 85 2022: 79

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

**2024: 785** 2023: 825 2022: NA

NA: Not Available



**Total Procurement** 

Spending exceeded

RM523 million

reflecting increased sourcing requirements.



**Local Procurement Spending** grew to

RM373 million

strengthening domestic supplier partnerships.



Proportion of Spending on Local Suppliers

remained strong at

**71**%

deepening economic inclusivity.



Local Suppliers
Constituted

81%

reflecting our preference for supporting local businesses.

# ADVANCING SUSTAINABLE PROCUREMENT PRACTICES



# IMPACT STORY 1 Strengthening Sustainable Sourcing and Operational Efficiency

CPI faced procurement challenges due to fluctuating raw material costs, supplier reliability concerns and increasing pressure to align with ESG requirements. The company recognised that without an optimised and sustainable supply chain, operational efficiency and long-term resilience would be at risk.

#### √ The Initiative

CPI adopted a sustainable procurement strategy, incorporating the following key measures:

- Supplier Risk Assessment Framework
   Implementing a structured assessment process
   to ensure suppliers adhere to ESG compliance,
   quality standards and ethical sourcing policies.
- Strategic Local Sourcing

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

• Optimising Supplier Partnerships

Engaging in long-term agreements with trusted suppliers, ensuring consistent quality, competitive pricing and operational efficiency. Additionally, CPI has implemented a Supplier ESG Assessment Questionnaire which evaluates suppliers based on six key criteria:

- Elimination of bribery and corruption, enhancing accountability and commitment to sustainability.
- Regulatory compliance with all relevant laws, practices, and guidelines related to ethical and legal employment, environmental performance, and health and safety.
- Consideration for engagement and impacts on local communities.
- Employee-focused themes such as talent management, fair labour practices, diversity and inclusivity.
- Environmental sustainability through waste reduction, energy efficiency, pollution monitoring and adoption of RE.
- Reduction of GHG emissions to support climate action initiatives.

CPI also encourages suppliers to perform a Supplier Quality Management Checklist self-assessment, covering:





#### ✓ Supplier Performance and Audit Measures

CPI conducts half-yearly performance reviews for direct suppliers and 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 carries out physical audits, inspections and supplier meetings to ensure compliance.

- The Quality Management System ("QMS") audit conducted in 2024 was applied to all:
  - New supplier assessments.
  - Existing suppliers with new product introductions.
- 17 The Process Audit conducted in 2024 was applicable to:
  - Quality issues or complaints.
  - New project requirements.

23
Supplier Audits
Conducted in
2024

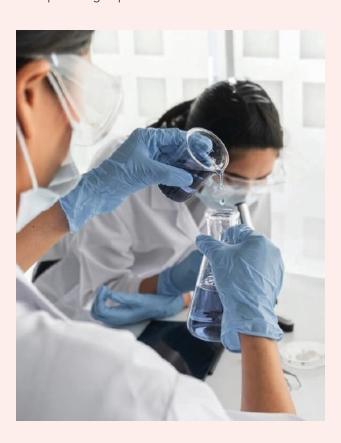
#### The Outcome

- CPI achieved greater cost stability by reducing dependency on volatile external markets.
- The company increased its local procurement spending, reinforcing partnerships with domestic suppliers.
- In 2024, Zero environmental or social impacts were identified within the Group's supply chain.

# ADVANCING SUSTAINABLE PROCUREMENT PRACTICES



Aqua-Flo recognised that sustainable procurement is essential to maintain supplier integrity, minimise risks and uphold high operational standards.



#### ✓ The Initiative

Aqua-Flo's supplier selection and assessment model to drive sustainable procurement.





#### Supplier Assessment

Evaluating supplier contracts, agreements, practices and procedures.



# Conducting Audits and Monitoring

Reviewing supplier reports and performance metrics to ensure compliance with responsible sourcing requirements.



# Regulatory Compliance Assurance

Ensuring suppliers adhere to requirements set by relevant regulatory bodies.



# Supplier Engagement and Training

Establishing regular communication and conducting sustainability-focused training.

#### **The Outcome**

- Strengthened compliance with environmental and social governance standards across the supply chain.
- Improved procurement efficiency while reducing supply chain risks associated with unethical practices.
- Increased transparency and accountability, ensuring Aqua-Flo's supply chain aligns with global sustainability benchmarks.

# Our Outlook: Advancing Sustainable Procurement Practices

KPS Berhad is dedicated to enhancing sustainable procurement practices by strengthening governance frameworks, deepening local supplier partnerships and reinforcing ESG compliance across its supply chain. The Group will continue to refine supplier assessment methodologies, ensuring that vendors align with ethical business standards and environmental responsibility.

Through proactive supplier engagement and transparent procurement processes, KPS Berhad aims to minimise supply chain risks, improve cost efficiencies, and drive long-term value creation. By staying adaptable in competitive market environments and adhering to stricter regulatory requirements, the Group ensures that its procurement strategies are resilient, responsible and sustainability-driven.





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

#### Highlight

This Material Matter: **Quality Control and Customer Satisfaction** holds high priority, ranking second in the Materiality Matrix, reflecting its significance to stakeholders.

Ensuring product and service quality requires a multifaceted approach, encompassing comprehensive quality management systems, supplier compliance and customer feedback integration. While regulatory compliance is essential, we focus on meeting and often surpassing baseline industry standards, reducing defects and enhancing customer satisfaction.

This section details how KPS Berhad invests in quality management through well-defined governance frameworks, systematic performance monitoring and customer-centric practices. Our approach is rooted in continuous improvement and targeted innovation, reflecting a practical commitment to quality built on real investments in our operations.



#### The Significance:

#### **Ensuring Product Excellence and Customer Trust**

There is no compromise when it comes to maintaining the high quality of our products and services across the Group's manufacturing and trading segments that reach both regional and international customers. Maintaining market leadership, regulatory compliance and long-term customer trust requires diligent measures to meet and exceed customer expectations continually.

While acquiring new customers demonstrates the Group's calibre, customer retention remains paramount in upholding our brand reputation and reinforcing stakeholder confidence. Inevitably, achieving highquality standards presents challenges, including price competition, shifts in customers' requirements and preferences, adherence to stringent industry regulations and the recruitment of competent talent to manage engagements as well as operations.

By recognising the inherent risks in these areas, we have adopted a more adaptable and insightful approach to understand better the discerning needs of our customers and the dynamics of stabilising our supply chain. At the operational level, we are further strengthening our quality control initiatives through expanding quality assurance processes, leveraging innovation in product development and deepening customer engagement strategies.

These efforts will enable us to listen more intently and proactively develop constructive solutions and actionable steps to mitigate the risks of customer loss and avoid any detrimental impacts on our business.











Agua-Flo's employees performing inspection on water meters.

#### Our Approach:

# **Embedding Quality and Customer Satisfaction into Operations**

The Group has implemented tailored management approaches aligned with the globally recognised QMS framework and industry-specific standards. This approach safeguards our brand reputation and customer trust while ensuring that our products and services consistently meet evolving market expectations.

#### ✓ Commitment to Globally Recognised QMS

All manufacturing subsidiary companies of KPS Berhad (Toyoplas, CPI, CBB and MDS Advance) hold ISO 9001 certifications, demonstrating adherence to internationally recognised quality management standards, process optimisation and robust risk management.

Toyoplas and CPI further comply with elevated regulatory requirements through certifications including:

# ISO 13485 (Medical Devices Quality Ma

# (Medical Devices Quality Management System)

Ensuring medical-grade product safety and regulatory compliance.

#### ISO 14001

#### (Environmental Management System)

Supporting sustainable production practices and minimising environmental impact.

Maintaining these certifications ensures consistency, operational efficiency and compliance across the Group's supply chain, reinforcing industry-leading manufacturing practices that meet international regulatory requirements and customer expectations.

#### ✓ Product Innovation for Societal and Environmental Progress

KPS Berhad takes a balanced approach to product development that integrates sustainability and social responsibility from concept to market, where practical.

- 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.

Our subsidiary companies aim to embed environmental care and ethical considerations into product design, recognising the importance of aligning performance with broader societal benefits. This approach supports quality enhancement that transcends traditional efficiency metrics, contributing to both operational efficiency and sustainable practices in a responsible manner.

#### ✓ Assessing Quality from the Customer's Perspective [GRI 416-1]

03

Customer satisfaction is central to KPS Berhad's quality management framework. The Group conducts comprehensive customer satisfaction surveys across its subsidiary companies, using them as a key tool for continuous improvement.

- Gauging product and service quality against customer expectations.
- Identifying areas for further improvement in quality, cost, service and delivery.

Capturing customer demand for new products or services, allowing subsidiary companies to align incremental innovation with market needs.

The surveys serve multiple purposes where insights are systematically analysed and findings are incorporated into operational enhancements to improve quality control measures, streamline production efficiencies and refine service delivery. This approach ensures that KPS Berhad continues to be customer-centric, continuously adapting to changing consumer needs and industry trends.

#### ✓ Dedicated Quality Oversight

Recognising the strategic importance of quality and customer satisfaction, KPS Berhad has appointed designated quality assurance teams across all subsidiary companies.

These teams oversee:

01

Quality control processes to uphold industry and regulatory standards. Customer
feedback analysis
and implementation
of improvement
strategies.

03

Compliance with QMS frameworks and certifications.

# ✓ Operational Integrity Through Quality and Safety Compliance [GRI 416-2]

KPS Berhad enforces a structured, risk-based approach to quality and safety management across its businesses, ensuring that each subsidiary company operates in accordance with applicable regulations and sector-specific benchmarks.

While our business model is primarily business-to-business, we maintain clear expectations for all suppliers and partners through formalised requirements, regular assessments and contractual obligations. Independent audits, performance reviews and ongoing supplier engagement serve to address gaps, drive accountability and support continuous improvement.

#### Highlight

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

Where operationally relevant, quality assurance and safety protocols are integrated into core workflows, ranging from procurement processes and project delivery to after-sales support. These controls enable early detection of compliance issues and promote consistent application of best practices across diverse operational environments.

By taking this measured and systematic approach, KPS Berhad strengthens regulatory alignment, safeguards operational performance and builds enduring confidence among clients and stakeholders.

# Our Data Performance: Driving Continuous Improvement in Quality and Customer Satisfaction

KPS Berhad drives continuous improvement in quality and customer satisfaction by embedding structured quality control systems and feedback-driven processes across its subsidiary companies. Each business unit within the Group adopts tailored methodologies, ranging from precision testing and process audits to proactive customer engagement, ensuring alignment with both regulatory standards and evolving client requirements.

#### Ensuring Consistent Quality Across All Subsidiary Companies

Each subsidiary company within KPS Berhad has implemented industry-specific quality assurance frameworks, reinforcing consistent delivery and operational reliability. These systems are not only aligned with regulatory and client requirements but are also reviewed periodically to ensure relevance in dynamic market environments.



**Toyoplas Malaysia** recorded an annual production rejection rate of under 1.5%, underscoring the effectiveness of its defect prevention controls and product safety protocols.



**CPI** established a comprehensive customer-centric quality system, enabling the company to maintain consistently deliver to specification and maintain high levels of client satisfaction across diverse markets.



**CBB** also maintained its stringent product rejection thresholds, achieving a low 0.26% rejection rate for carton products and **zero** percent for its paper-based output, reflecting consistent production reliability and adherence to quality benchmarks.

These outcomes affirm KPS Berhad's disciplined approach to quality and its consistent pursuit of maintaining high standards across diverse industries.

#### ✓ Customer Engagements and Recognitions

Our subsidiary companies consistently engage customers to evaluate and enhance satisfaction levels, using annual surveys to refine service and product offerings.

#### Highlight

Notable outcomes include:

- Measured Gains in Customer Satisfaction: Several subsidiary companies recorded steady ratings in customer satisfaction, with key business units sustaining or surpassing previous performance benchmarks.
- High-Performance Ratings: All manufacturing subsidiary companies achieved customer satisfaction scores exceeding 80%, reflecting strong operational execution and responsiveness to client needs.

Through proactive quality management, customer engagement, and continuous improvement, KPS Berhad is focused on delivering superior products and services that align with customer expectations and regulatory requirements.



#### ASSURING QUALITY IN PRODUCTS AND SERVICES

7040

#### **IMPACT STORY 1**

Safeguarding Product Safety and Strengthening Customer Confidence

Toyoplas has stringent protocols and SOPs in place to ensure product safety and maintain consistent quality, especially in industries with strict regulations where product failures can harm reputations. To manage these risks, Toyoplas focuses on reducing potential hazards, minimising rejection rates and prioritising customer satisfaction by adhering to the highest standards of safety and quality.

#### √ The Initiative

To maintain product safety and customer trust, Toyoplas has implemented the following measures:

#### • Comprehensive Product Safety Policy

We conduct thorough testing on all products to ensure they are fit for purpose and meet safety requirements before reaching the market.

#### • End-to-End Quality Assessments

Our quality assurance process spans the entire production cycle, including:

- ° Careful selection of raw materials to meet specific customer standards.
- ° Continuous quality checks at every stage of manufacturing.
- Final inspections of finished products to ensure they meet our high standards before delivery.

#### • Zero Health and Safety Complaints

Toyoplas recorded **zero** customer complaints for product health and safety from 2022 to 2024.

#### • Recognition and Awards

Toyoplas Manufacturing (DongGuan) Co. Ltd. and Toyoplas Manufacturing (Bac Giang) Co., Ltd received notable awards from key customers:

- Quality Service Award
- Best Quality Award
- Best Quality Support Award

Customer
Satisfaction Score
2024: 90%
2023: 88%
2022: 90%

#### **The Outcome**

#### **KPI Achievement**

Status



As of 2024, Toyoplas successfully maintained its annual production rejection rates below the 1.5% target.

Achieved





#### **ASSURING QUALITY IN PRODUCTS AND SERVICES**



CPI operates in sectors where maintaining product quality and safety is essential for meeting regulatory requirements and fulfilling customer expectations. To ensure compliance with these high standards, CPI implemented a stringent quality control system that integrates industry regulations with the specific needs of its customers.



#### √ The Initiative

To ensure consistently high product quality and safety, CPI established the following measures:

#### **Control Plan for Special Characteristics**

Implemented a quality assurance system that follows industry standards and customer requirements.

#### **Customer-Driven Quality Designation**

Customers can highlight critical product factors through unique symbols, covering:

- Safety requirements
- Regulatory compliance
- Functionality and performance
- Fit and appearance specifications.

#### **Comprehensive Quality Assessment Criteria**

- Quality management to ensure defect-free production
- On-time delivery to meet customer demands efficiently
- Responsiveness and effective communication for proactive issue resolution.

Customer
Satisfaction Scores

2024: 85%

2023: 86% 2022: 86%

#### The Outcome



#### **High-Quality Performance Maintenance**

CPI has successfully maintained consistent customer satisfaction scores over the years.



#### **Proactive Customer Engagement**

Customers actively contribute to defining special characteristics, enhancing collaboration and quality refinement.



CPI has been honoured with the 'Delivery & Excellence Award 2024' by one of its leading customers.

#### **ASSURING QUALITY IN PRODUCTS AND SERVICES**



#### **IMPACT STORY 3**

MDS Advance Drives Product Excellence

MDS Advance operates in a competitive landscape where on-time delivery, product quality and cost efficiency are key differentiators. Maintaining customer trust and staying ahead in the market called for a solid quality framework, one that supported consistency while encouraging continuous improvement.



#### ✓ The Initiative

MDS Advance established a Quality Policy that focuses on:



#### On-time delivery

Ensuring efficient production scheduling and logistics management to meet customer timelines.



#### **Quality products**

Maintaining strict quality control at all production stages to deliver high-performance, defect-free products.



#### **Competitive pricing**

Balancing cost efficiency with value-driven pricing strategies to remain a preferred supplier.



#### **Future Sustainability Integration**

Progressively incorporating environmental and social considerations into the Quality Policy to align with evolving ESG expectations.

Customer
Satisfaction Scores
2024: 87 %

2023: 91% 2022: 89%

#### The Outcome

 Continuous Quality Improvement MDS Advance achieved higher customer satisfaction scores, reflecting increased trust in product consistency and service efficiency.



#### **ASSURING QUALITY IN PRODUCTS AND SERVICES**



CBB operates in a highly competitive market where customer expectations for quality and service constantly evolve. To maintain a competitive edge, CBB needed a structured approach to capturing customer insights and translating them into measurable quality improvements.

#### √ The Initiative

To strengthen product quality, CBB implemented the following initiatives:





#### **ASSURING QUALITY IN PRODUCTS AND SERVICES**



#### Aqua-flo IMPACT STORY 5

**Product Safety and Customer Responsiveness at the Forefront** 

As a trading company, Aqua-Flo strives to ensure product safety and timely delivery, with a focus on achieving high customer satisfaction. Strong quality control and clear customer communication are essential to maintaining reliability and trust in its services.

#### √ The Initiative

Aqua-Flo implemented a Quality Policy to guide its product and service management framework. Key components of this approach include:

#### • Product Safety Compliance

Ensuring that all products adhere to the Chemical Safety Data Sheet ("SDS") standards, guaranteeing safe handling, storage and usage.

#### • Annual Customer Surveys

Assessing performance in key areas such as:

- o Timeliness and reliability of delivery.
- o Responsiveness to customer needs.
- o Effectiveness of customer communication.



Customer
Satisfaction Scores
2024: **91%** 

2023: 89% 2022: 87%

#### **The Outcome**

#### Continuous Quality and Service Enhancements

Customer feedback has enabled ongoing improvements in service reliability and product management.





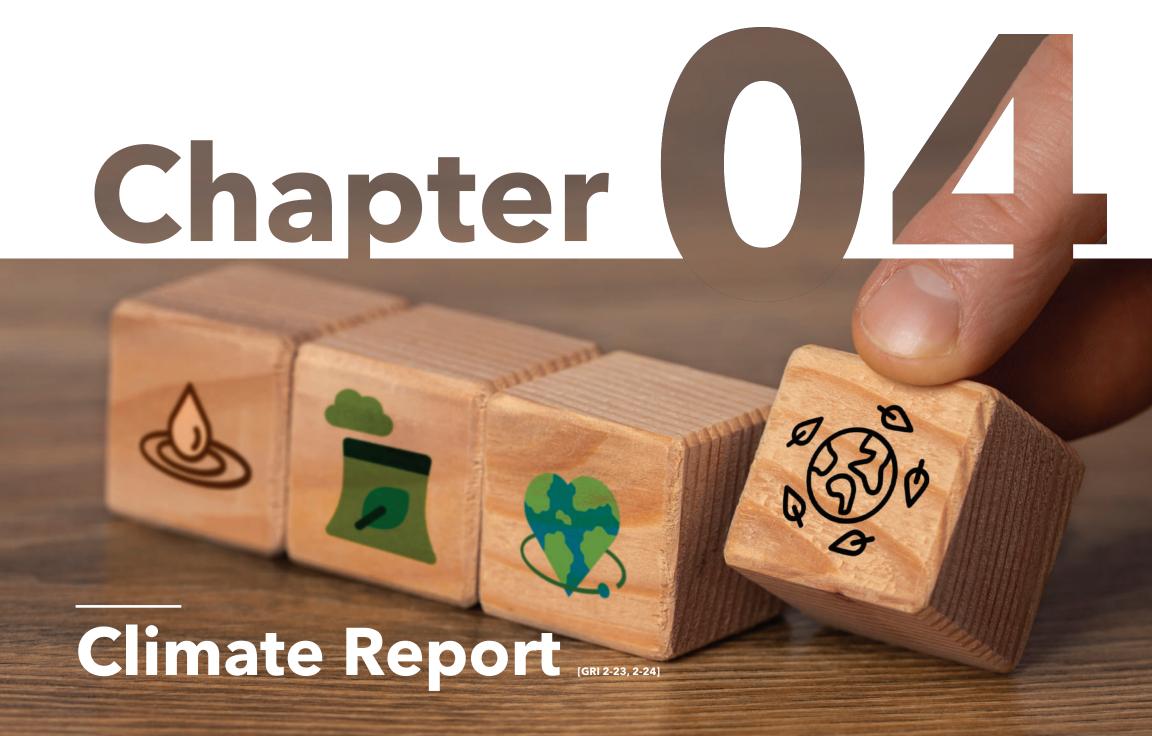


Our Outlook:
Advancing Quality and Customer Experience

KPS Berhad remains committed to enhancing quality assurance and customer engagement to address evolving market demands. Our strong record in product safety and service reliability empowers us to swiftly adapt to emerging challenges.

By leveraging new technologies, data analytics and customer feedback we aim to deliver measurable improvements. Sustainability underpins our quality management and aligns our operations with global best practices and regulatory standards. This strategy consolidates our market position and delivers lasting value for our customers and stakeholders.

The Industry4WRD National Policy by the Ministry of Investment, Trade and Industry ("MITI") is reshaping manufacturing in Malaysia, and KPS Berhad is tapping into its potential to transform the manufacturing sector and related services through the adoption of Industry 4.0 technologies. While recognising that adopting automation, advanced analytics and interconnected systems demands significant investment, we are taking a measured approach. By evaluating these technologies, we aim to identify practical applications that enhance operational efficiency and product quality without compromising our financial prudence.



# **Building Climate Resilience: Redefining Environmental Stewardship**

Rising global temperatures and unprecedented climate challenges have reshaped our operating environment. With the planet now facing realities that were once unthinkable, our commitment to sustainability has evolved from obligation into strategic necessity. We have translated lessons from past sustainability targets into a roadmap where we can realistically plan for the future.

Our strategy focuses on four integrated areas of optimising energy use, reducing carbon output, minimising waste and preserving water resources that underpin responsible business practices. Reducing emissions is a focal point in determining our operational resilience in supporting our shift towards a low-carbon economy. Energy efficiency is both a strategic financial priority and a commitment to sustainable practices, delivering cost savings alongside environmental benefits. While our waste reduction efforts focus on optimising resource use and driving innovation, implementing effective water resource management minimises operational disruptions apart from mitigating the greater risks associated with global water scarcity.

These initiatives are not isolated efforts and are in fact the basis of our comprehensive approach to responsible business. Equally critical has been the mobilisation of over 3,500 employees across all levels. Over the years, deepening knowledge in sustainability has been cascaded across our workforce, ensuring they are wellinformed and equipped to take practical action.

#### So, how can we further engage our workforce and stakeholders in these initiatives?

Through the roll-out of targeted programmes, comprehensive training and clear performance metrics, we have already seen tangible improvements. We have seen commendable results in several areas, from the boardroom to the production floors of our manufacturing segment, positively impacting our financial situation, operational efficient and further embodying a culture of continuous environmental improvement. It is a measured, forward-looking response designed to secure our future in an increasingly demanding global economy.

**Our 4 Core Environmental** 

Against this critical backdrop, KPS Berhad, with over 80% of its business anchored in manufacturing, has intensified its commitment to a transformative environmental strategy. While we have been guided by our Sustainability Framework outlined in Chapter 2 (Environment Commitments 1 and 2), ongoing awareness and educating our stakeholder groups has enabled us to address pressing environmental challenges.

Mapping our initiatives to strategically leverage the six capitals, Financial, Manufactured, Intellectual, Human, Social and Relationship, and Natural, has been central to our approach. By integrating sustainable practices across these areas, we are able to mitigate the risk of capital erosion and reinforce the resilience of each asset.

Incremental advances in technology and innovation strengthen our Manufactured and Intellectual capitals while supporting environmental stewardship. Sound financial management and proactive stakeholder engagement further secure our Social and Relationship capital, ensuring that Natural capital remains fundamental to our operations. This interconnected framework drives long-term value and sustainable growth for both our



# **Environment Commitment 1: Reducing Carbon Emission intensity by 45% and**

Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 3-3, 201-2]

#### Material Matters (GRI 3-31

KPS Berhad's Environment Commitment 1 is driven by two key matters:



#### **Climate Change** and Emissions

Managing rising temperatures and carbon emissions through proactive measures.



#### **Energy Efficiency**

Optimising energy use and reducing operational footprints.

#### Highlight

While this Material Matter: Climate Change and Emissions is ranked as a medium priority within our organisation, it remains an essential part of our commitment to balancing operational excellence with environmental responsibility.

#### **Strategic Focus Creating Value**

#### **Emissions Reduction**

We aim to decrease carbon emissions intensity by 45% by 2030, with the ultimate goal of achieving

#### **Regulatory Compliance**

confidence.

#### **Operational Integration**

operations to enhance efficiency and environmental

#### **Stakeholders**

maintaining trust with stakeholders, including

#### **Environment**

Reducing environmental burden and reinforcing practices that support long-term sustainability.

#### **Material Matter:**

#### Climate Change and Emissions [GRI 3-3]

Addressing carbon emissions is a critical challenge in today's business environment, necessitating a balanced approach in managing our financial resources, manufactured assets and intellectual capital to achieve tangible reductions in emissions.

Our focus is reducing emissions and meeting regulatory requirements while embedding sustainable practices into everyday operations and decision-making. Building trust with stakeholders is central to this process, as their support and engagement will determine how far we can go.



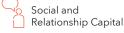














# The Significance: Leading Climate Action for Sustainable Growth

Recognising the profound implications of climate change, we view these challenges as catalysts for innovation and leadership. By proactively addressing environmental risks, we aim to ensure regulatory compliance, safeguard our brand reputation and capitalise on opportunities to achieve the Group's environmental-related KPIs targets.

#### ✓ Aligning with Global Standards

Since 2019, KPS Berhad has succinctly redefined its sustainability reporting approach, shifting from a narrative-driven approach and better utilising data to effect change and present evidence of action. We have been continuously refining quantitative and financial data regarding impacts, understanding that data quality is essential.

Targeted investments in natural capital form part of our sustainable resource management strategy, allowing us to integrate eco-efficient practices into everyday operations. By upgrading facilities with green technologies, we not only reduce energy use and operational costs but also optimise resource consumption across our network. This approach safeguards essential inputs and builds a resilient value chain that can better withstand environmental risks and regulatory changes.

As global alignment with the International Sustainability Standards Board ("ISSB") standards gathers pace, we are gearing up efforts by transitioning from the TCFD recommendations to the more standardised and data-centric IFRS S2.

Our approach is centred on leveraging high-quality data that directly informs our decision-making processes. By capturing precise metrics, we pinpoint areas for improvement and develop focused programmes that drive operational efficiencies and generate measurable financial and non-financial outcomes.

While at an early pace, we are already establishing the groundwork to align reporting with the NSRF as mandated by the Securities Commission and Bursa Securities. As a Group 2 listed issuer, we will be required to integrate the NSRF framework with IFRS S2 requirements starting in 2025. The rollout of quantitative disclosures on climate-related risks will begin with the financial year ending in 2026.

This dual-alignment method not only ensures regulatory foresight and operational excellence but also transforms sustainability reporting from a narrative exercise into a rigorous, evidence-based discipline. Through precise, data-driven insights, we equip our stakeholders with a transparent view of how targeted initiatives are delivering measurable reductions in carbon emissions and reinforcing our competitive edge in an increasingly climate-conscious global marketplace.

#### Highlight

In 2024SR we have renamed the TCFD report to 'Climate Report' to better align with stakeholders' expectations, particularly regulators in disclosing climate-related information.

#### ✓ Pathway to Strategic Climate Action

Guided by our Carbon Neutrality 2050 Roadmap and under the strong oversight of our TCFD Committee, KPS Berhad launched its inaugural TCFD report in 2024. By 2024, the Committee had rigorously identified and evaluated climate-related risks and opportunities across KPS Berhad and its subsidiary companies, setting the stage for practical and decisive climate action. Recognising that strategy can only succeed with proper implementation and execution, we are determined to turn actionable insights into meaningful impact.

#### √ Key Focus Areas and Targets [GRI 305-5]

#### • Emission Reduction

Targeting a 45% reduction in emissions intensity by 2030, we are primarily focused on Scope 1 and Scope 2 emissions, which constitute 92% of our total emissions.

#### • Scope 3 Expansion

Currently tracking emissions from employee commuting and business travel, we plan to expand our inventory from 2026 to include upstream and downstream transportation, distribution, and operational waste.

■ Chapter 3: Economic Prosperity

**Environment Commitment 1:** Reducing Carbon Emission intensity by 45% and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 3-3, 201-2]

# Our Approach: Building Climate Resilience

Achieving our climate goals requires more than just incremental improvements; it calls for embedding climate risk management into aspects of our operations.

Guided by the NSRF as a strategic blueprint rather than a compliance tool, we drive sustainable corporate decision-making with purpose and good governance practices. Integrating data analytics into our climate resilience strategy significantly enhances our ability to manage environmental risks and drive innovation.

By analysing extensive datasets related to energy consumption, supply chain operations and resource utilisation, we can identify inefficiencies and implement targeted improvements. Ultimately, this approach not only reduces our carbon footprint but also leads to cost savings and operational efficiencies.

Incorporating predictive analytics enables us to anticipate and mitigate potential climate-related disruptions, thereby strengthening the resilience of our value chain. Embracing data-driven strategies ensures that our sustainability initiatives are both effective and aligned with global standards, which urges us forward in corporate climate responsibility.

#### **GOVERNANCE**

#### **Enhanced Board Oversight and Strategic Integration**

The SBC plays a pivotal role in leading the Group's climate governance efforts, with support from the TCFD Committee and the BGRC. Tasked with overseeing the decarbonisation action plan and steering the organisation toward carbon neutrality, the SBC ensures that sustainability is integrated into every level of decision-making across the Group.

The SBC comprises five Directors from the Board, including the MD/GCEO, Ahmad Fariz bin Hassan. The committee meets at least twice annually to review progress on the Group's sustainability initiatives and assess climate-related risks and opportunities. These meetings enable informed decision-making to advance the Group's sustainability agenda while addressing emerging challenges and tapping into opportunities for sustainable growth.

Each subsidiary company allocates dedicated resources for sustainability initiatives as part of their annual business plans. After thorough deliberation, the SBC seeks the Board's approval to initiate Group-wide climate actions, with the Board directly monitoring progress to ensure alignment with our targets.

#### ✓ Revised Terms of Reference for Effective Governance

In 2024, we revised the SBC's Terms of Reference ("TOR") to align with current objectives and challenges. The updated TOR clearly outlines the responsibilities of the Committee in managing climate-related risks and opportunities in accordance with Bursa Securities' MMLR. This enhancement ensures that the SBC can effectively assist the Board in fulfilling its statutory and fiduciary duties regarding sustainability.

#### ✓ Collaborative Integration and Accountability

The IRSC department keeps the Group abreast of evolving regulatory requirements and climate-related issues. At the same time, the RMD supports our efforts in addressing sustainability risks and opportunities. To further reinforce accountability, sustainability responsibilities have been integrated into Senior Management performance evaluations, directly linking their compensation to ESG performance.

Notably, the Group has made good progress in achieving its key ESG milestones, including the identification of climate risks and opportunities for all subsidiary companies in alignment with IFRS requirements, as well as firming up the boundary of the Group's existing Scope 1 and Scope 2 emissions at the subsidiary company level, both of which have already been successfully achieved.

# Key 2025 Climate-Related KPI Achievements Identifying climate risks and opportunities for all subsidiary companies as per IFRS S2 requirements. Achieved Firming up the boundary of the Group's existing Scope 1 and Scope 2 emissions at subsidiary companies. Achieved

#### Driving Climate Action through Informed Decision-Making

In 2024, KPS Berhad's TCFD Committee successfully conducted its inaugural assessment of climate risks and opportunities, a milestone that spurred the launch of our first Group-wide Carbon Intensity Reduction Plan. With the strategic approach approved by the SBC and the Board, detailed initiatives targeting operational efficiency, RE, decarbonisation and carbon offset mechanisms are now being implemented.

# RISK MANAGEMENT Mitigating Sustainability Risks Proactively and Holistically

Our resilience is underpinned by an enhanced ERM framework developed in line with the ISO 31000:2018 International Standard. This framework enables us to proactively identify, evaluate and manage key risks, including those arising from sustainability and climate change, which are vital for maintaining business resilience and building stakeholder trust.

#### √ Sustainability Risk Management

Our ERM process covers a wide range of risks that may impact the Group financially, reputationally, or even legally. The RMD assesses key indicators and factors, determining whether each risk poses a substantive financial or strategic impact on our operations. This detailed assessment categorises risks as insignificant, minor, moderate, major, or catastrophic, and the outcomes are mapped onto our Risk Profiling, which is presented to the Board and the BGRC on a quarterly basis.

Most recently, the climate risks, which encompass both physical risks from climate events and transition risks from evolving regulations and market shifts, have been carefully evaluated.

#### ✓ Risk Management Procedures

Central to our approach is a structured process of controls, procedures, and assessments that align with our defined risk appetite. Key components include:

# Exposure Analysis based on Risk Rating Determining the impact and likelihood of each risk. Existing Controls Evaluation Reviewing current measures and identifying gaps. Effectiveness Analysis Assessing whether controls reduce risks to acceptable levels. Action Plan Reviews Monitoring the progress of corrective measures. Compliance Checks Ensuring all activities meet regulatory and internal standards.

Within the Group, sustainability-related risks particularly those related to climate change, are currently assessed as low risk, comparable to other key risks such as cybersecurity, cost escalation, and non-compliance. However, despite this assessment, we remain vigilant in monitoring and addressing emerging climate-related challenges to ensure proactive risk management. This commitment reinforces our ability to adapt and also ensures alignment with the requirements of IFRS S2, which mandates robust identification, assessment, and disclosure of climate-related risks and opportunities.

#### √ Managing Climate Risk and Opportunity

The TCFD Committee has adopted a holistic approach to managing climate-related risks and aligning them with our overall strategy. Physical and transition risks are assessed through detailed scenario analyses, ensuring that our approach remains forward-looking and resilient.

KPS Berhad conducted its climate risk scenario analysis using the Representative Concentration Pathways ("RCPs") outlined in the IPCC's Climate Change 2015 Synthesis Report. The range of climate scenarios is determined after identifying the key risk and opportunity drivers relevant to our business.

However, beginning in 2024, we shifted our analysis to the Shared Socio-economic Pathways ("SSPs") as recommended in the IPCC's Climate Change 2023 Synthesis Report. The SSP framework offers a broader perspective on potential futures by considering a wider range of greenhouse gas and air pollutant scenarios compared to the RCPs. Although both frameworks are similar, SSPs typically project higher levels of effective radiative forcing for scenarios with the same label.

#### **Climate Scenario of IPCC**

**SSP1 (Sustainable Development):** A world increasingly focused on sustainability, preserving global commons and respecting the limits of nature.

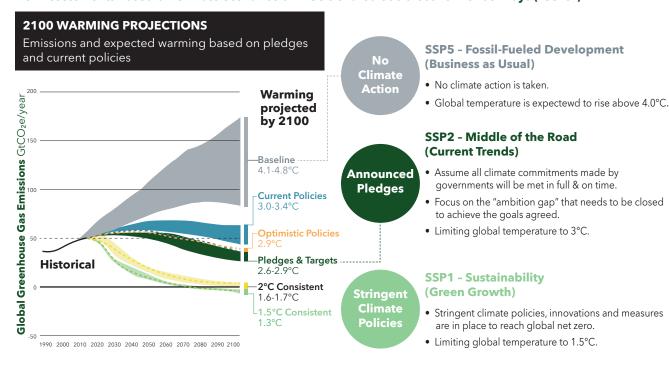
**SSP2 (Middle-of-the-Road Development):** Extrapolates past and current global development trends, with diverging income trends and moderate cooperation between states.

**SSP3 (Regional Rivalry):** Characterised by a revival of nationalism and regional conflicts, with policies increasingly focused on national and regional security.

**SSP4** (Inequality): A scenario where the chasm between developed and developing societies widens, with environmental policies being successful in some regions but not in others.

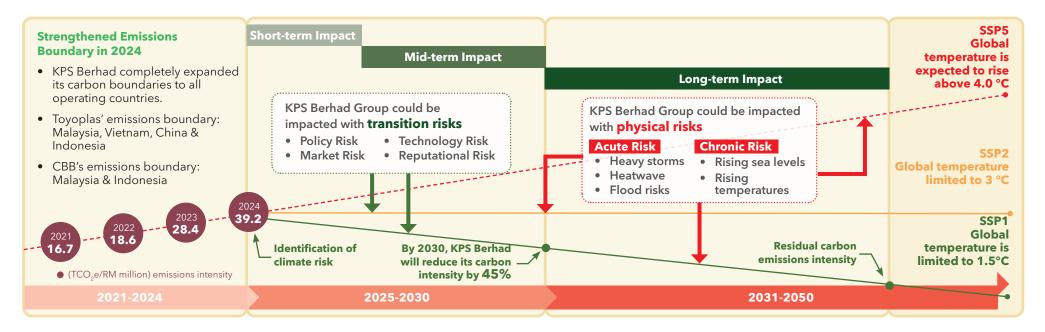
**SSP5** (Fossil-Fueled Development): Global markets are increasingly integrated, leading to innovations and technological progress, but with a focus on fossil fuels and resource-intensive development.

#### Risk Assessments Based on Climate Scenarios of IPCC's Shared Socio-economic Pathways ("SSPs")



Global Mean Surface Temperature Change (°C) by 2100					
CCD4	Stringent climate policies, innovations, and measures are in place to reach global net zero	RCP2.6 Limit warming to 2°C.			
SSP1	Limit warming to 1.5°C with no or limited overshoot				
SSP2	Assume all announced climate pledges to be met in full and on time. Governments focus on the "ambition gap" that must be closed to achieve the agreed-upon goals.	RCP4.5 Limit warming to 3°C.			
SSP5	Global temperature is estimated to rise above 4.0°C	RCP8.5 No climate action is taken			

#### Risk Assessment based on 3 Different Scenarios of IPCC's SSPs



KPS Berhad primarily focuses on analysing the SSP1/RCP2.6 and SSP2/RCP4.5 scenarios to evaluate the financial impacts of transition risks. In worst-case scenarios, such as SSP5/RCP8.5, the Group anticipates significant implications on its business from physical risks.

Our analysis highlights that transition risks are most significant in scenarios with warming limited to 1.5°C or less. This is due to the growing demand from stakeholders for a rapid transition to low-carbon operations. Conversely, physical risks become most severe in a business-as-usual scenario, where temperatures rise by 4°C without meaningful mitigation efforts.

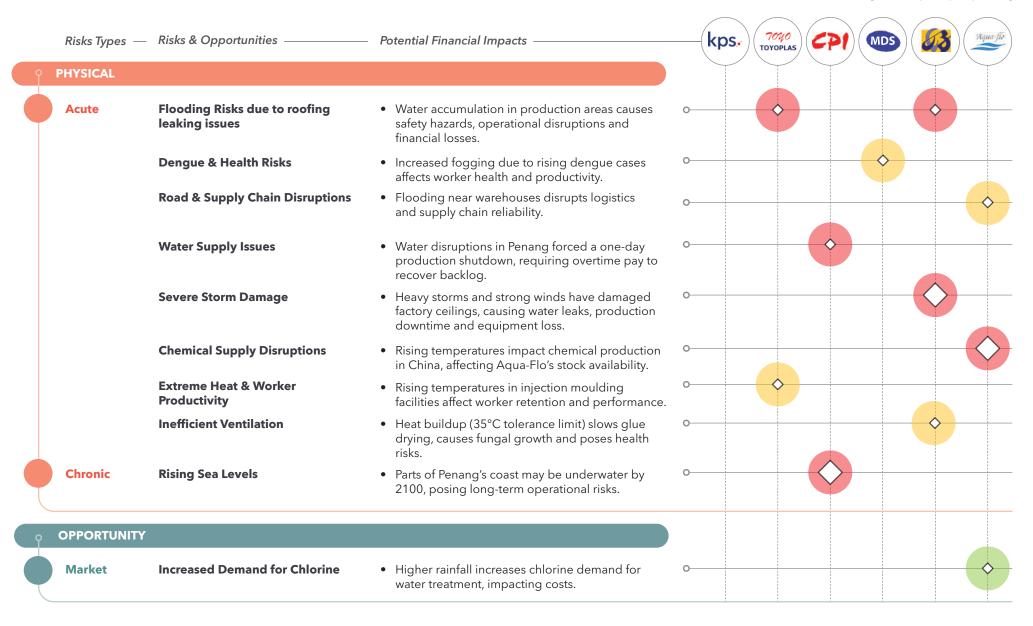
#### Highlight

As part of the assessment, the TCFD Committee evaluated the identified climate-related risks, both transitional and physical, and the corresponding opportunities by engaging with our five subsidiary companies.

Dedicated meetings were held across all subsidiary companies to **identify climate-related risks and opportunities**, evaluate the likelihood of their occurrence and discuss their potential impacts on each entity.

Following these discussions, KPS Berhad consolidated the identified risks across all subsidiary companies. Risks with similar characteristics were grouped to streamline the analysis and provide clearer insights. The assessment further considered the potential financial and reputational implications of these risks, thereby providing a basis to guide our future actions.

7040 TOYOPLAS kps. Risks Types — Risks & Opportunities — Potential Financial Impacts MDS **TRANSITIONAL Policy** Regulatory updates in ISO Increased expenses for system upgrades, audits, standards (ISO 14001, ISO 15378, and certifications. ISO 45001) require manufacturing • Need for process changes to align with new companies to integrate climate climate-related requirements. change considerations into their management systems. **Energy Audits & Costs** • High-energy-consuming factories (>8,000 sgm) must undergo energy audits, increasing OpEx. **Stricter Waste Regulations** • Fines for non-compliance with air waste regulations. **Technology High Investment Cost** • Electrical injection moulding machines with improved efficiency are costlier than hydraulic options. • Inkjet printer has a higher cost but reduces ink wastage. **Automation Investment Risks** • Partial automation can create bottlenecks, requiring a full process redesign, leading to higher CapEx and training costs. Market **ESG Compliance &** • More companies require higher ESG ratings **Certification Cost** (EcoVadis and Responsibile Business Alliance) increasing certification costs. **Customer Demands on** • Large clients demand Scope 1, 2 and 3 GHG Sustainability emissions data • Customers demand eco-friendly chemicals due to regulations, increasing procurement costs. • Might face higher operational costs compared to Reputational Carbon Tax those in countries without such a tax, potentially affecting exports. Long Term High Impact Mid Impact ♦ Short Term Mid Term Legend Low Impact















Having embedded sustainability into our ERM framework, the TCFD Committee is now committed to further exploring the VaR assessment across the operating facilities. This next step will help us more precisely analyse KPS Berhad's risk exposure to climate change, including operational issues such as new climate-related regulations, weather-related disruptions, and natural disasters. At this stage, our inaugural climate risk and opportunity assessments have taken a qualitative approach. We have not yet modelled the potential financial impacts of different climate scenarios with historical data. As our efforts progress, we will continue to explore options for incorporating more quantitative analysis into our assessments.

Aligned with FTSE Russell indicators as guidelines, our reporting further details how climate-related risks and opportunities are integrated into our overall strategy. Specifically, we:

- Detail how we incorporate climate change risks and opportunities into our strategic initiatives, ranging from climate adaptation to climate mitigation measures.
- Disclose the impact of these risks and opportunities on our financial planning, including OpEx, CapEx, mergers and acquisitions and debt management.

#### **STRATEGY**

Phased Climate Actions and Initiatives for Achieving Sustainable Progress

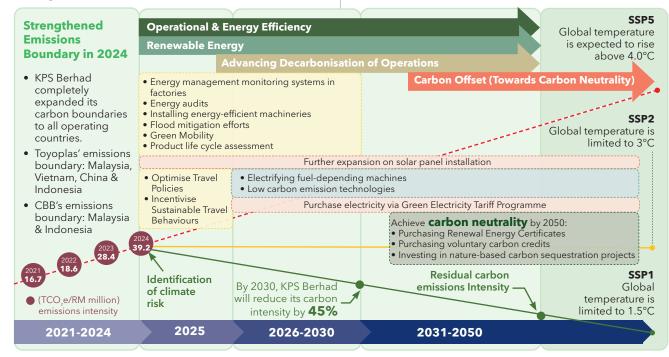
KPS Berhad's strategic vision for climate action is focused on reducing carbon emissions intensity by 45% by 2030 and achieving carbon neutrality by 2050.

To attain these ambitious targets, the Group is employing a phased approach, breaking down long-term climate goals into manageable steps. The strategy is designed to be implemented in distinct phases, each with tailored, specific actions targeting key areas of emissions reduction. These phases will be informed by continuous assessments, with each step offering measurable results over shorter, tactical timelines.

Each phase of the strategy will focus on advancing specific climate actions, ensuring that KPS Berhad stays on track to meet its climate-related goals. The Group remains committed to optimising its operations framework and continuously refining its approach to maintain momentum and scale efforts towards achieving carbon neutrality by 2050.

Our climate adaptation initiatives are planned to enhance resilience against 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 transformations.

#### **Setting Climate Actions in Phases**



#### ✓ Strategy 1: Enhancing Energy Efficiency

Taking deliberate steps to enhance energy efficiency and reduce its reliance on fossil fuels, we began closely examining current energy use through energy audits. These audits are expected to help identify areas of hot spots in our energy consumption and provide a roadmap for improvement. At the same time, the Group is rethinking how things are done by reengineering key business processes. By simplifying workflows and eliminating redundancies, KPS Berhad aims to make better use of resources while reducing waste.

On the ground, tangible changes are already underway. Energy-efficient lighting and HVAC systems are being installed in facilities, cutting down on electricity consumption without compromising comfort or productivity. In manufacturing, advanced robotic production lines are being introduced to streamline operations, improve precision and lower energy demands. These upgrades reflect our efforts to incorporate technology to achieve both operational and environmental goals.

Green mobility is also part of the equation. The Group is exploring ways to adopt cleaner transportation solutions, which will help reduce its carbon footprint and align with broader sustainability objectives.

Product life cycle assessments are being considered to be undertaken in 2025 to understand better and mitigate the environmental impact of products throughout their lifespan.

#### ✓ Strategy 2: Transitioning to RE

Gaining traction in opting for RE, we have successfully deployed solar panels at some of our operating facilities in efforts to utilise cleaner energy sources. By harnessing solar power, particularly at our subsidiary companies, we are steadily reducing our reliance on fossil fuels and strengthening our sustainability credentials.

To further accelerate this shift, we are exploring opportunities such as the Green Electricity Tariff ("GET") Programme, which taps into low carbon electricity supply.

#### ✓ Strategy 3: Accelerating Decarbonisation

Our decarbonisation efforts are focused on electrifying fuel-dependent machinery and adopting low-carbon emission technologies. By transitioning from traditional fuel-powered equipment to electric alternatives, we aim to reduce carbon emissions while enhancing energy efficiency across our operations. In parallel, we are investing in advanced low-carbon technologies to optimise our processes further and minimise our environmental footprint.

# Strategy 4: Implementing Carbon Offset Mechanisms

As we plan for the future, we acknowledge that some emissions may remain unavoidable despite our efforts to minimise them. To address this challenge, we plan to implement carbon offset mechanisms as a strategic component of our sustainability initiatives. These measures will help neutralise our residual carbon footprint and also prepare us for potential regulatory developments, such as the introduction of carbon taxes or other environmental policies.

Our approach centres on three key strategies of:

- purchasing Renewable Energy Certificates ("RECs");
- acquiring Voluntary Carbon Credits ("VCM"); and
- supporting nature-based sequestration projects.

By investing in RECs, we wil be contributing to RE infrastructure development in the country, helping to displace fossil fuel-based energy and reduce emissions linked to our operations. Through VCM, we are open to support verified projects focusing on reducing or removing greenhouse gases, amplifying our contribution to global climate action.

Additionally, nature-based solutions, such as reforestation and ecosystem restoration, are being considered. These initiatives can effectively capture and store carbon while enhancing biodiversity, restoring natural ecosystems, and strengthening environmental resilience. Integrating these efforts provides a response to unavoidable emissions, generating broader ecological and social benefits.

#### Our Data Performance: **Expanding Our Carbon Accounting for Greater Transparency**

In 2024, KPS Berhad significantly broadened its carbon emissions baseline, encompassing all subsidiary companies with manufacturing operations not only in Malaysia but also in Indonesia, China and Vietnam. As expected, the majority of our emissions originate from our manufacturing segment, particularly from Toyoplas, CPI, CBB and MDS Advance. This expansion marks a critical step in strengthening our climate strategy, enabling us to track and manage our carbon footprint with greater accuracy across our regional operations.

#### Highlight

For this reporting period, we have disclosed Scope 1 and 2 emissions, along with two key categories of Scope 3 emissions, business travel and employee commuting, both of which are directly relevant to our business.

Looking ahead, we are actively working to expand our Scope 3 coverage, with plans to include emissions from upstream and downstream transportation and distribution in the near future.

#### A Structured Approach to Carbon Accounting

KPS Berhad follows internationally recognised methodologies for emissions calculation, aligning with the GHG Protocol, a globally accepted corporate accounting and reporting standard. We ensure precision in our reporting by using relevant emissions factors from:



#### **PCC Guidelines for National Greenhouse Gas Inventories**



- Malaysia: Grid Emission Factor (GEF) in Malaysia, 2017-2022, by Malaysia Energy Information
- 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 2024 by the Ministry of Natural Resources and Environment of Vietnam
- China: Publication of the 2022 carbon dioxide emission factors for electricity by the Ministry of Ecology and Environment of the People's Republic of China.



Scope 3

Conversion factors 2024: Condensed set (for most users) - updated 8 July 2024 by the Department for Energy Security and Net Zero, United Kingdom.

#### **KPS Berhad's GHG Emissions Scope Breakdown**



Scope 1: Direct emissions from stationary and mobile sources within our manufacturing facilities and other sources owned or controlled by KPS Berhad.



Scope 2: Indirect emissions from purchased electricity used across our operations.



Scope 3: Indirect emissions associated with business travel and employee commuting.

#### ✓ Clarification on Other Emissions

At present, data on nitrogen oxides ("NOx"), sulfur oxides ("SOx") and other ozone-depleting substances ("ODS") are not recorded or disclosed, as KPS Berhad's sustainability focus is centred on carbon reduction. Given the nature of our operations, these other emissions substances are not deemed significant contributors to our overall environmental impact.

#### Our Progress in Enhancing the Scope and Boundaries of Emissions [GRI 305-1, 305-2, 305-3, 305-4, 305-5]









	(			Scope 3	Scope 3
		Scope 1	Scope 2	(Employee Commuting)	(Business Travel)
_		2024: NA	2024: ☑	2024: ☑	2024: ☑
kps.	<b>KPS Berhad</b>	2023: NA	2023: ☑	2023: ☑	2023: ☑
		2022: NA	2022: ☑	2022: ☑	2022: 🗷
		2024: ☑	2024: ☑	2024: ☑	2024: ☑
7040 TOYOPLAS	Malaysia	2023: ☑	2023: ☑	2023: ☑	2023: ☑
TOYOPLAS	,	2022: ☑	2022: ☑	2022: ⊠	2022: ເ≝
		2024: ☑	2024: ☑	2024: ☑	2024: ☑
<i>7040</i> TOYOPLAS	Indonesia	2023: ☑	2023: ☑	2023: ☑	2023: ☑
TOYOPLAS		2022: 🗷	2022: ☑	2022: 🗷	2022: 🗷
		2024: ☑	2024: ☑	2024: ☑	2024: ☑
7040 TOYOPLAS	Vietnam	2023: 🗷	2023: 🗷	2023: ເ≝	2023: 🗷
IOTOPLAS		2022: 🗷	2022: 🗷	2022: ເ≝	2022: 🗷
		2024: ☑	2024: ☑	2024: ☑	2024: ☑
7040 TOYOPLAS	China	2023: ☒	2023: 🗷	2023: ⊭	2023: 🗷
TOYOPLAS		2022: 🗷	2022: 🗷	2022: 🗷	2022: 🗷
<b>_</b>		2024: ☑	2024: ☑	2024: ☑	2024: ☑
ZD1	Malaysia	2023: ☑	2023: ☑	2023: ☑	2023: ☒
	maraysia	2022: ☑	2022: ☑	2022: ⊠	2022: 🗷
		2024: ☑	2024: ☑	2024: ☑	2024: ☑
	Malaysia	2023: ☑	2023: ☑	2023: ☑	2023: ☑
MDS	ivialaysia	2022: <b>E</b>	2023. ☑ 2022: ☑	2023. ☑	2023. <b>E</b>
		2024: ☑	2024: ☑	2024: ☑	2024: ☑
63	Malaysia	2023: ☑	2023: ☑	2023: ☑	2023: ☒
		2022: ☑	2022: ☑	2022: ☒	2022: ເ≝
		2024: ☑	2024: ☑	2024: ☑	2024: ☑
43	Indonesia	2023: ☑	2023: ☑	2023: ⊭	2023: 🗷
		2022: 🗷	2022: 🗷	2022: 🗷	2022: 🗷
Aqua-flo		2024: ☑	2024: ☑	2024: ☑	2024: ☑
	Malaysia	2023: ☑	2023: ☑	2023: ☑	2023: 🗷
	•	2022: ☑	2022: ☑	2022: ເ≝	2022: 🗷

NA: Not Available

**Environment Commitment 1:** Reducing Carbon Emission intensity by 45% and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 3-3, 201-2]

#### Scope 1 and Scope 2 Emissions (TCO<sub>2</sub>e):





	Scope 1	Scope 2
kps.	<b>2024: 0</b> 2023: 0	<b>2024: 1,438.80</b> 2023: 1,932.57
Nps.	2022: 0	2022: 2,332.66
7040	2024: 586.41	2024: 21,691.45
TOYOPLAS	2023: 305.06 2022: 133.14	2023: 13,701.78 2022: 8,795.59
	2024: 63.52	2024: 7,483.10
CPI	2023: 73.93 2022: 73.10	2023: 7,903.75 2022: 7,773.36
MDS	2024: 23.17	2024: 587.05
WIDS	2023: 24.50 2022: NA	2023: 488.95 2022:NA
(Q)	2024: 1,986.20	2024: 4,570.18
<b>40</b>	2023: 3,249.91 2022: 2,281.42	2023: 6,072.83 2022: 3,797.05
Aqua-flo	2024: 16.36	2024: 30.07
a aquat ya	2023: 17.34 2022: 20.05	2023: 28.61 2022: 18.97
Total by	2024: 2,675.66	2024: 35,800.65
KPS Berhad Group	2023: 3,670.73	2023: 30,128.47
ici o bernau Group	2022: 2,507.72	2022: 22,717.64

Total Emissions Scope 1 & 2 (TCO,e)

2024: 38,476.31

2023: 33,799.23 2022: 25,225.34



Scope 2

TCO<sub>2</sub>e

Total Emissions Intensity Scope 1 & 2

(TCO<sub>2</sub>e/RM)

2024: 0.036

2023: 0.028 2022: 0.019

Amount of TCO<sub>2</sub>e Offset through Solar Energy

2024: 1,498.56

2023: 874.70 2022: NA



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

#### Scope 3 Emissions (TCO<sub>2</sub>e):



	S <b>6g</b> pp <b>⊗</b> 3
kps.	<b>2024: 317.86</b> 2023: 171.08 2022: 86.19
7040 TOYOPLAS	<b>2024: 2,101.01</b> 2023: 199.71 2022: NA
CPI	<b>2024: 380.33</b> 2023: 454.13 2022: NA
MDS	<b>2024: 49.24</b> 2023: 45.15 2022: NA
<b>G</b>	<b>2024: 347.36</b> 2023: 185.26 2022: NA
Aqua-flo	<b>2024: 49.30</b> 2023: 25.75 2022: NA
Total by KPS Berhad Group	<b>2024: 3,245.09</b> 2023: 1,081.09 2022: 86.19

Scope 3 Total Emission (TCO,e) 2024: 3,245.09 2023: 1.081.09 2022: 86.19 **Business Travel** (TCO<sub>2</sub>e) 2024: 537.94 2023: 84.65 2022: NA **Employee** Commuting (TCO<sub>2</sub>e) 2024: 2,707.14 2023: 996.44 2022: 86.19

TOTAL EMISSIONS
(Scope 1, 2 & 3)
(TCO<sub>2</sub>e)

41,721.40
2023: 34,880.29
2022: 25,311.52

TOTAL EMISSIONS
INTENSITY
(TCO<sub>2</sub>e/RM)
0.039
2023: 0.028
2022: 0.019

The sharp rise in emissions in 2024 is attributed to the inclusion of operating facilities in Vietnam and China within the emissions boundaries. In 2024, we have also finalised the emissions boundaries for Scope 1 and Scope 2. Meanwhile, the Group remains committed to expanding the Scope 3 inventory to include categories that best align with our operating environment.

#### \*SIRIM QAS has verified all emission data.

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

NA: Not Available

#### **INCREMENTAL INNOVATIONS IN OUR OPERATIONS**



#### **IMPACT STORY 4**

**CBB: Breakthrough in Reducing Natural Gas Consumption** 

Traditionally, the company relied on a liquefied natural gas ("LNG") powered heating oven to dry moulded pulp products, a process that, while effective, consumed a significant amount of energy and contributed to high Scope 1 emissions.

With rising LNG prices and sustainability becoming a key priority, CBB sought an innovative solution to reduce dependency on LNG without compromising production efficiency.

#### √ The Initiative

CBB installed an eco-friendly ventilation system designed to dry moulded pulp using a combination of blowing fans and natural sunlight instead of gaspowered heating. This initiative was a fundamental shift in production methods, allowing for a more energy-efficient drying process while maintaining product quality.

#### The Outcome

#### **Significant Cost and Emission Reductions**

By implementing the ventilation system, LNG usage decreased by 41%, dropping from 6,482.1 MMBtu in 2023 to 3,848.7 MMBtu in 2024, leading to substantial cost savings by RM126,795.37 and a marked reduction in Scope 1 emissions.

# Increased Production Output with Lower Energy Usage

- Despite reducing LNG consumption, the 2024 output for dry moulded pulp products hit 1,478,984 units.
- Highlights the new system's effectiveness in enhancing operational efficiency while reducing carbon emissions.

The success of this initiative demonstrates how innovative solutions can drive both financial and environmental benefits. By reducing its reliance on LNG while improving production efficiency, CBB is actively contributing to KPS Berhad's long-term decarbonisation goals.

# Our Outlook: Sustaining Momentum in Climate Action

Building on the progress made in 2024, KPS Berhad remains steadfast in strengthening its climate action strategies by continuously improving operational efficiency and accelerating decarbonisation activities. With our subsidiary companies playing a key role in emissions reduction, we will refine our targets and progressively extend our Scope 3 coverage to gain a more comprehensive understanding of our carbon footprint.

Moving forward, we will continue to embed sustainability into our business decisions, ensuring that future investments align with our carbon intensity reduction plan. While challenges such as regulatory shifts and evolving stakeholder expectations remain, our structured and measured approach will keep us on track towards reducing carbon intensity and ultimately achieving our long-term climate goals.



CBB's molded pulp products are produced using the ecofriendly ventilation system.

#### **Material Matter:**

**Energy Efficiency [GRI 3-3]** 



#### Highlight

As part of our materiality assessment process, Energy Efficiency has been identified as a medium priority matter, reflecting its balanced significance in driving both financial performance and environmental sustainability.

#### The Significance: **Building Competitive Advantage through Energy** Innovation

As sustainability takes centre stage, businesses are under increasing pressure to adopt responsible energy practices. Since electricity prices continue to increase and with the potential introduction of carbon pricing mechanisms, inefficient energy use presents financial and operational risks. For manufacturers, this is not just about meeting regulatory requirements; it is about staying competitive in an era of rising energy costs and shifting stakeholder expectations.

We have taken a proactive approach, notably process optimisation, to identify areas for improvement and implemented measures to reduce energy leakages. We are also investing in energy-efficient technologies and integrating RE sources where practical.

Beyond risk mitigation, energy efficiency presents opportunities for operational and financial gains. By prioritising energy optimisation, KPS Berhad aims to:

- Improve cost efficiency through reduced energy consumption.
- · Enhance regulatory compliance by aligning with global and national energy standards, such as the Energy Efficiency and Conservation Act ("EECA") 2024.
- Increase supply chain resilience by reducing reliance and cost on fossil fuel-based energy.















Social and Relationship Capital





 $\ensuremath{\mathsf{MDS}}$  Advance installs an energy-efficient robotic arm on its production floor.

As businesses worldwide transition to low-carbon economies, companies that proactively enhance energy efficiency will be better positioned to meet investor and market expectations.

# Our Approach: Embedding Energy Efficiency

**Embedding Energy Efficiency into Operational Excellence** 

Energy efficiency plays a pivotal role in our carbon intensity reduction plan. Due to the nature of their operations, some of our operating facilities have inherently higher energy demands, making it critical that they implement more rigorous energy-saving measures. To achieve this, our subsidiary companies are required to continuously enhance their energy efficiency strategies, ensuring that electricity consumption is optimised without compromising productivity.

As part of our commitment to reducing carbon emissions intensity by 45% by 2030, we are focused on staying below our energy intensity targets. 2024 is another year for KPS Berhad to closely monitor energy usage across our operations, invest in efficient technologies and inculcate a culture of an energy-conscious operating environment. Beyond internal improvements, KPS Berhad also actively engages with stakeholders to promote awareness and best practices in energy efficiency, reinforcing our role as a responsible and forward-thinking organisation.

To drive meaningful progress in energy adaptation, KPS Berhad has implemented the following key initiatives in 2024, focusing on solidifying carbon baselines, enhancing energy efficiency, integrating low-carbon technologies, and expanding RE adoption.

# Implementation of Energy Efficiency Measures

Subsidiary Companies such as CPI have taken proactive steps to control and monitor energy consumption by implementing specific energy intensity targets measured by revenue.

# Installing Low Carbon Emission Technologies

We have invested in green mobility and are exploring opportunities to transition towards automation, including the installation of advanced robotic production lines within our manufacturing facilities.

#### **Adoption of RE Sources**

Since 2023, we have been installing solar panels in our manufacturing facilities to generate clean energy. In 2024, CPI and CBB installed solar panels in manufacturing facilities in Malaysia, contributing to a total of 1,936.13 MWh of RE generated.

**Our Data Performance:** 

Enhancing Energy Transparency and Efficiency [GRI 302-1, 302-3, 302-4]

KPS Berhad annually discloses its energy consumption profile and carbon emissions data, covering the Group and its five subsidiary companies. In 2024, the focus was on expanding data boundaries to ensure a more comprehensive representation of direct and indirect energy sources across operations in Malaysia, Indonesia, Vietnam, and China.

As part of this reporting, the Group provides total energy consumption on a three-year rolling basis, including RE usage and TCO<sub>2</sub>e offset through solar energy initiatives.

# SIRIM QAS has independently verified energy data for 2024.



**KPS** ■ Group-Wide Energy Consumption

SCOPE 1

Stationary + Mobile Fuel Consumption (MWh)

2024: 10,865.69

2023: 15,433.42 2022: 10,593.87

**SCOPE 1** 

**Stationary + Mobile Fuel Consumption** (Mj)

2024: 39,555,779.36

2023: 55,560,315.16 2022: 38,137,924.62 SCOPE 2
Purchased Electricity (MWh)

2024: 49,929.56

2023: 39,372.59 2022: 29,125.17

SCOPE 2
Purchased Electricity (Mj)

2024: 179,746,428.70

2023: 141,741,313.20 2022: 104,850,626.40 **Total Scope 1 & Scope 2 Energy Consumption** (MWh)

2024: 60,795.25

2023: 54,806.01 2022: 39,719.04

**Total Scope 1 & Scope 2 Energy Consumption** (Mj)

2024: 219,302,208.06

2023: 197,301,628.36 2022: 142,988,551.02

**SOLAR POWER** (MWh)

**2024: 1,936.13** 2023: 1,121.41 2022: NA

MWh: Megawatt-hour Mj: Megajoule NA: Not Available **SOLAR POWER** (Mj) **2024: 6,970,056.84** 

2023: 4,037,070.78 2022: NA Percentage of Solar Energy from Total Group Energy (%)

2024: 3.09

2023: 2.01 2022: NA

**Total Energy Consumed (MWh)** 

2024: 62,731.38

2023: 55,927.41 2022: 39,719.04

**Energy Intensity** (MWh/revenue)

2024: 0.00006

2023: 0.00005 2022: 0.00003 **Total Energy Consumed (Mj)** 

2024: 226,272,264.90

2023: 201,338,699.14 2022: 142,988,551.02

**Energy Intensity** (Mj/revenue)

2024: 0.213

2023: 0.164 2022: 0.105

**Overview of Energy Consumption Breakdown** 

# kps.

KPS Berhad does not engage in stationary or mobile fuel consumption, resulting in no Scope 1 emissions. Following the sale of Plaza Perangsang, electricity tracking was discontinued after September 2024. Moving forward, KPS Berhad will no longer be able to track electricity consumption for its corporate office, as utility costs are included in the rental fees for the leased office space.

**Scope 2: Total Energy Consumption (MWh)** 

**2024: 1,858.92** 2023: 2,549.56 2022: 2,990.59

**Scope 2: Total Energy Consumption (Mj)** 

**2024:** 6,692,101.20 2023: 9,178,430.40 2022: 10,766,127.60

Note: Electricity consumption data for KPS Berhad is available up to September 2024.

#### 7040 TOYOPLAS

Scope 1: Stationary + Mobile Fuel Consumption (MWh) 2024: 2,152.14

2023: 1,150.24 2022: 494.90

Scope 2: Purchased Electricity (MWh) 2024: 31,700.01

2023: 17,701.49 2022: 11 276 40

**Total Energy Consumption**(MWh)

**2024: 33,852.15** 2023: 18,851.73

2022: 11,771.30

Scope 1: Stationary + Mobile Fuel Consumption (Mj) 2024: 7,843,491.48 2023: 4,140,868.10 2022: 1,781,638.30

Scope 2: Purchased Electricity (Mj) 2024: 114,120,042.62

2023: 63,725,353.20 2022: 40,595,044

**Total Energy Consumption**(Mj)

2024: 121,963,534.10

2023: 67,866,221.30 2022: 42,376,681.90



Scope 1: Stationary + Mobile Fuel Consumption (MWh) 2024: 231.96

2023: 277.09 2022: 276.83

Scope 2: Purchased Electricity (MWh) 2024: 9,668.09

2023: 10,427.12 2022: 9,965.85

**Total Scope 1 + Scope 2 Energy Consumption** (MWh)

**2024: 9,900.05** 2023: 10,704.20 2022: 10,242.68

Total Solar Photovoltaic ("PV") Energy Generation (MWh)

2023: NA 2022: NA

2024: 827.15

Total Energy Consumption (MWh) 2024: 10,727.20

2023: 10,704.20 2022: 10.242.68 **Scope 1: Stationary** + Mobile Fuel **Consumption** (Mj) **2024: 845,150.13**2023: 997,520.01
2022: 996,596.27

Scope 2: Purchased Electricity (Mj) 2024: 34,805,124.00 2023: 37,537,617.60 2022: 35,877,049.20

Total Scope 1 +
Scope 2 Energy
Consumption (Mj)
2024: 35,650,274.13
2023: 38 535 137 61

2023: 38,535,137.61 2022: 36,873,645.47

**Total Solar PV Energy Generation** (Mj) **2024: 2,977,740.00**2023: NA
2022: NA

**Total Energy Consumption** (Mj) **2024: 38,628,014.13** 

2023: 38,535,137.61 2022: 36,873,645.47

MWh: Megawatt-hour Mj: Megajoule NA: Not Available



Scope 1: Stationary + Mobile Fuel Consumption (MWh) 2024: 86.45 2023: 94.53

2023: 94.53 2022: NA

Scope 2: Purchased Electricity (MWh)
2024: 758.46
2023: 645.05

**Total Energy Consumption** (MWh) **2024: 844.91**2023: 739.58

2022: NA

**Scope 1: Stationary + Mobile Fuel Consumption** (Mj) **2024: 315,387.86**2023: 340,310.52
2022: NA

Scope 2: Purchased Electricity (Mj) 2024: 2,730,452.40 2023: 2,322,169.20 2022: NA

**Total Energy Consumption** (Mj) **2024: 3,045,840.26**2023: 2,662,479.72

2022: NA



Scope 1: Stationary + Mobile Fuel Consumption (MWh) 2024: 8,333.88 2023: 13,844.51

2023: 13,844.51 2022: 9,744.69

Scope 2: Purchased Electricity (MWh)
2024: 5,905.24
2023: 8,011.63

Total Scope 1 + Scope 2 Energy Consumption (MWh)

**2024: 14,239.12** 2023: 21,856.14 2023: 14,612.70

**Total Solar PV Energy Generation** (MWh) **2024: 1,108.98**2023: 1,121.41
2022: 0

**Total Energy Consumption** (MWh) **2024: 15,348.10**2023: 22,977.55

2022: 14,612.70

**Scope 1: Stationary + Mobile Fuel Consumption** (Mj) **2024: 30,328,237.66**2023: 49,840,246.75
2022: 35,080,882.01

Scope 2: Purchased Electricity (Mj) 2024: 21,258,870.08 2023: 28,841,868.00 2022: 17,524,836.00

Total Scope 1 + Scope 2 Energy Consumption (Mj) 2024: 51,587,107.74

2023: 78,682,114.75 2022: 52,605,718.01

Total Solar PV Energy Generation (Mj) 2024: 3,992,316.84 2023: 4,037,070.78

**Total Energy Consumption** (Mj) **2024: 55,579,424.58**2023: 82,719,185.53

2022: 52,605,718.01

Aqua-flo

Scope 1: Stationary + Mobile Fuel Consumption (MWh) 2024: 61.26

2023: 67.05 2022: 77.45

Scope 2: Purchased Electricity (MWh) 2024: 38.84 2023: 37.74 2022: 24.33

Total Energy Consumption (MWh) 2024: 100.10

2023: 104.79 2022: 101.77 Scope 1: Stationary + Mobile Fuel Consumption (Mj) 2024: 223,512.23

2024: 223,312.2 2023: 241,369.79 2022: 278,808.04

Scope 2: Purchased Electricity (Mj) 2024: 139,838.40 2023: 135,874.80 2022: 87.570.00

**Total Energy Consumption** (Mj) **2024: 363,350.63**2023: 377,244.59

2022: 366,378.04

MWh: Megawatt-hour Mj: Megajoule NA: Not Available

#### **Renewable Energy and Offsets**



**Installed Capacity** (kWp)

2024: 2,164.56

2023: NA

**Total Solar PV Energy Generation** (MWh)

2024: 827.15 (since June 2024)

2023: NA

**Total Solar PV Energy Generation** (Mj)

2024: 2,977,740.00

2023: NA

Amount of TCO<sub>2</sub>e Offset through Solar Energy

2024: 640.21

2023: NA

Percentage of Solar Energy from the Total Energy (%)

2024: 7.71%

2023: NA

MWh: Megawatt-hour Mj: Megajoule kWp: Kilowatt-peak NA: Not Available

\*SIRIM QAS has verified all energy data.



**Installed Capacity** (kWp)

2024: 935.4

2023: 935.4

**Total Solar PV Energy Generation** (MWh)

2024: 1,108.98

2023: 1121.41

**Total Solar PV Energy Generation** (Mj)

2024: 3,992,316.84

2023: 4,037,071

Amount of TCO, e Offset through Solar Energy

2024: 858.35

2023: 874.70

**Percentage of Solar Energy from the Energy (%)** 

2024: 7.23%

2023: 4.88%



Environment Commitment 1: Reducing Carbon Emission intensity by 45% and Ultimately Pursuing Carbon Neutrality by 2050 [GRI 2-23, 2-24, 3-3, 201-2]

#### **SMALL CHANGES, BIG IMPACT**



**IMPACT STORY: CBB's Electricity Conservation Approach** 

In line with its commitment to reducing Scope 2 emissions, CBB recognised that inefficient airconditioning use contributed to high electricity consumption and avoidable carbon emissions. With cooling being a major energy draw in manufacturing facilities, optimising temperature control became a key focus area for improving energy efficiency.

#### √ The Initiative

CBB set a targeted temperature range of 22°C to 26°C for all air-conditioning units, ensuring efficient cooling while minimising excessive energy use. To support this initiative, an awareness campaign was launched for all staff, educating employees on the importance of maintaining consistent temperature settings for both sustainability and cost efficiency.

#### The Outcome

By the first quarter of 2024, the initiative successfully achieved its objective, with all CBB employees adhering to the new air-conditioning guidelines. Combined with the installation of solar panels, this optimised cooling efficiency initiative reduced electricity consumption and contributed to lowering Scope 2 emissions.

As a result, electricity consumption decreased from 8,012 MWh in 2023 to 5,905 MWh in 2024, a 26% reduction, reinforcing CBB's role in KPS Berhad's broader sustainability strategy.

**Electricity Consumption** decreased to

2024: 5,905 MWh

2023: 8.012

**26%** reduction, reinforcing CBB's role in KPS Berhad's broader sustainability strategy.

## Our Outlook: **Continuing the Energy Efficiency Journey**

In 2024, we expanded data coverage, enhanced monitoring across our subsidiary companies and implemented targeted initiatives to improve energy performance. We will continue refining our energy strategies by investing in efficiencydriven technologies, optimising energy use in manufacturing and reinforcing best practices across all operations.

As energy costs and regulatory expectations evolve, we will maintain a structured and practical approach to energy management. Our focus will be on further integrating RE, expanding automation and driving behavioural change within our workforce to achieve sustained improvements. Steadily advancing our energy efficiency efforts will contribute towards making measurable progress toward its long-term carbon reduction goals.

# **Environment Commitment 2: Continuously Implementing Environmentally**

# Responsible Manufacturing Practices [GRI 2-23, 2-24, 3-3]

## Material Matters [GRI 3-3]

KPS Berhad's Environment Commitment 2 is driven by two key matters:



#### **Material Matter:**

Waste Reduction, Recycling and Circular Economy [GRI 3-3]



In the context of our sustainability priorities, our operating facilities are both major resource consumers and waste producers, generating a range of waste streams, including:

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

The manufacturing segment's energy demand, raw material consumption and waste generation mean that even incremental improvements in waste reduction and recycling can significantly lower environmental impacts and operating costs.

With increasing global awareness and stringent international standards, adopting strategies such as integrating circular economic principles positions KPS Berhad as a compliant, responsible and eco-conscious Group.

While the recycling rates for key materials like plastics remain low, integrating advanced waste-reduction and circular economy practices can yield significant environmental and economic benefits.

Prioritising these initiatives is not a peripheral concern but key to our broader sustainability strategy, ensuring that as a consumer and producer in the manufacturing sector, we need to consistently meet regulatory requirements and create long-term value through technology integration and resource efficiency.

Even though our manufacturing operations do not rely heavily on water, implementing prudent water management practices aligns with global trends and addresses both environmental and operational concerns. Tangible benefits in adopting water-efficient practices and implementing measures to reduce consumption can lower operational costs, and reduce exposure to risks associated with water scarcity and potential regulatory changes.

Gaining technical insights into data-driven benchmarks, coupled with industry best practices, KPS Berhad's manufacturing segment can establish new standards in waste minimisation, recycling excellence, and water management. This commitment to sustainable development enables us to align more effectively with emerging regulations, inevitably strengthening our corporate reputation and, more critically, in meeting stakeholder expectations.





Manufactured 🕡 Intellectual









**TOYOPLAS** 

# Highlight

Given that the manufacturing segment is a major consumer of resources and a significant producer of waste, addressing waste management as well as water security has become a medium-priority focus area within our broader sustainability strategy.

#### QA-D/MYS/GMP/0011

Good Manufacturing Practices (WHO-GMP)

#### QA-D/MYS/GMP/0014

Good Manufacturing Practices (WHO-GMP)

# ISO 9001

**Quality Management System** 

MDS

#### ISO 14001

**Environment Management System** 

#### ISO 9001

**Quality Management System** 

#### ISO 13485

Medical Devices Quality Management System

#### ISO 14001

**Environment Management System** 

#### IATF 16949

Quality Management System (Toyoplas Indonesia)

#### **ISO 9001**

Quality Management System

#### ISO 14001

**Environment Management System** 

All subsidiary companies of KPS Berhad comply with the following legislationa (and equivalents in relevant jurisdictions):

[GRI 2 - 27]

#### ISO 9001

**Quality Management System** 

#### ISO 13485

Medical Devices Quality Management System

# ZP1

#### ISO 14001

**Environment Management System** 

#### IATF 16949

Quality Management System (Clause 8.3 product design of IATF 16949 : 2016 is justifiably excluded)

# **Good Manufacturing Practices** GMP-WHO

International Sustainability and Carbon Certification("ISCC") Plus Voluntary Sustainability Certification System

# Aqua-flo

#### ISO 9001

**Quality Management System** 

#### The Significance:

Minimising Waste for a Circular and Sustainable Future

Poor waste management poses several risks, including regulatory non-compliance, increased operational costs and reputational damage. Stricter environmental regulations are being introduced worldwide, placing greater emphasis on companies adopting sustainable disposal methods and circular economy principles. To mitigate these risks, KPS Berhad ensures compliance with relevant waste management regulations across its operational jurisdictions.

#### **The Outcome**

As of 2024, **43%** of KPS Berhad's manufacturing facilities have been **certified under ISO 14001**, internationally recognised environmental management systems.

Our subsidiary companies not only comply with waste management legislation in all operating jurisdictions but are also actively enhancing their processes to reduce waste sent to landfills, increase material recovery and optimise waste segregation and disposal practices.

Embedding circular economy principles into our manufacturing processes contribute toward improving cost efficiency by reducing raw material waste and optimising production inputs. In alignment with regulatory standards and global sustainability frameworks, besides enhancing our environmental compliance, we further strengthen relationships with environmentally conscious customers and investors.

#### Our Approach:

**Embracing Circularity to Minimise Waste and Pollution** 

Considering the potential environmental and community impacts of our diverse business activities, it is imperative to prioritise waste management and pollution control within our environmental stewardship strategy. Neglecting these areas could lead to reputational, legal and financial risks, potentially jeopardising our operating licenses. Therefore, proper implementation of waste management and pollution control measures across our operations includes the diligent monitoring of sediment and effluent levels to ensure compliance with regulatory standards and protecting the well-being of our workforce and community members.



Embedding waste reduction initiatives in our operational processes.

A key aspect of our approach is progressively integrating circular economy principles into our subsidiary companies. It involves reducing or eliminating waste by keeping materials in use for as long as possible. To drive this effort, KPS Berhad's subsidiary companies focus on three core waste management approaches:

#### **Waste Prevention: From Waste to Products**

Waste prevention involves reducing waste generation at its source, minimising reliance on single-use materials and optimising production processes to prevent unnecessary waste. Apart from environmental benefits, this approach also creates opportunities for added revenue by repurposing materials that would otherwise be discarded.

#### **Waste Reuse: From Waste to Resources**

Material reuse is encouraged to preserve resources and promote sustainable operations. Subsidiary companies, Toyoplas and MDS Advance integrate reuse initiatives into their production processes through creative methods by repurposing packaging materials, carton boxes, and egg trays. This has helped reduce waste, lower costs and support a more resource-efficient manufacturing ecosystem.

#### **Waste Recycle: From Waste to Value**

Among our subsidiary companies, CPI actively prioritises efficient recycling methods by working closely with various stakeholder groups. Through collaborative efforts, CPI pledges a shared commitment to resource conservation, ensuring that production waste is recycled wherever possible.

# Managing Hazardous, Scheduled Waste and Other Waste

Our subsidiary companies adhere strictly to regulatory requirements for waste that cannot be repurposed or recycled, particularly hazardous and scheduled waste. Third-party licensed waste management companies, which are certified by Malaysia's Department of Environment, are contracted to ensure safe and responsible disposal practices.

#### **Our Data Performance:**

Tracking Material Use and Responsible Waste Management [GRI 306-1, 306-2, 306-3, 306-4, 306-5]

In 2024, we expanded our data boundary to include operations in Indonesia, China and Vietnam, providing a more comprehensive overview of our waste reduction and recycling efforts. Our reason for extending our reporting boundary was to improve recycling and energy recovery rates within the Group, employing a dual focus on global trends and specific data.

Although the Government's National Solid Waste Management Policy and related targets (aiming for a 40% recycling rate by 2025) are driving action, implementation challenges persist, especially within the industrial sector.

While managing manufacturing waste is a complex, multi-material challenge, deploying actionable strategies across the Group to enhance segregation and reduction of waste, encourage recycling and close the loop on material flows. KPS Berhad can reduce its environmental footprint while generating competitive advantages through efficiency gains and enhanced brand reputation.

#### ✓ Material Consumption Data

Our comprehensive monitoring programme tracks the total weight and volume of materials consumed across all operating facilities. Primary inputs such as plastic resin, paper rolls, inks, adhesives and carton trims are continuously recorded and analysed as reference. These inputs not only drive production but also constitute significant contributors to waste streams if not efficiently managed.

This material consumption data serves as a necessary performance indicator and stresses the imperative for process optimisation, lean material usage and targeted waste minimisation initiatives. Considerations are also in place to enforce real-time tracking with waste reduction strategies to improve resources, reduce material loss and edge closer to our sustainability targets.

#### **The Outcome**

Total weight or volume of materials used (tonnes)

2024: 30,058.58

2023: 4,579 2022: NA

NA: Not Available

# Our Data Performance: Key Waste Management Disclosures



Waste diverted from disposal through reuse, recycle, composting and recovery



Waste sold to third-party recyclers



Hazardous or scheduled waste generated



Non-hazardous waste or non-scheduled waste generated



Waste directed to disposal

#### √ Responsible Waste Disposal

In 2024, KPS Berhad generated 2,320.85 tonnes of waste, a moderate increase from previous years due to expanded reporting boundaries. While the Group remains focused on recycling and waste diversion, efforts continue to enhance recycling programmes across all operation.

# Total Waste Generated (tonnes) 2024: 2,320.85

2023: 2,217.03 2022: 1,757.19

# Hazardous Waste or Scheduled Waste (tonnes) 2024: 245.97

2023: 83.18 2022: 94.48

#### Percentage of Hazardous Waste Generated (%)

2024: 10.60

2023: 3.75 2022: 5.38

## Non-hazardous Waste or Non-scheduled Waste (tonnes) 2024: 2,074.88

2023: 2,133.84 2022: 1,662.71

# Percentage of Non-hazardous Waste or Non-scheduled Waste Generated (%)

2023: 96.25 2022: 94.62

2024: 89.40

# Total Waste Directed to Disposal (tonnes) 2024: 486.14

2023: 171.672022: 172.53

#### **✓ Recycling Performance and Boundary Expansion**

The percentage of recycled waste declined in 2024 due to expanded data collection across all regions, revealing varying levels of recycling adoption across operating facilities. Some facilities still lack formal recycling programmes, underscoring the need for greater standardisation of waste management efforts.

# Total Waste Directed from Disposal (tonnes) 2024: 1,834.71

2023: 2,045.36 2022: 1,584.66

# Waste Diverted from Disposal: Reuse, Recycle, Composting and Recovery (tonnes)

**2024: 274.68** 2023: 408.12 2022: 358.67

## Waste Diverted from Disposal: Sold to Third-Party Recyclers (tonnes) 2024: 1,560.03

2023: 1,637.24 2022: 1,225.99

# Percentage of Recycled Waste or Recycling Rate (%)

2024: 79.1

2023: 92.26 2022: 90.18

### ✓ Waste Management Compliance

KPS Berhad recorded no significant spills of waste or effluents in 2024, reinforcing the effectiveness of our environmental management measures. Hazardous waste disposal remains compliant with regulatory requirements, ensuring that all scheduled waste is managed responsibly.

\*SIRIM QAS has verified all waste management data.

#### **DRIVING CIRCULAR ECONOMY PRACTICES**



In carton manufacturing, significant amounts of trim waste and rejected cartons are typically discarded, contributing to unnecessary landfill waste and increasing material costs. Additionally, the process of pulp production relies heavily on municipal water, further straining external resources. To address this, CBB sought a way to transform its waste into a valuable resource while reducing raw material dependency.

#### √ The Initiative

CBB implemented an incremental innovative process that converts carton trim waste into pulp products. Integrating this method into daily operations enabled the company to achieve a 100% success rate in repurposing what would have been waste into a key raw material.

## **Carton Production Waste** Reduced to:



Integrating waste prevention strategies into its operations, CBB has successfully reduced waste generated from paper and carton production. By embedding these strategies into daily operations, CBB minimises landfill waste while unlocking opportunities for resource efficiency and cost savings.

#### The Outcome

Reusing trim carton waste and rejected cartons, CBB effectively reduced its raw material costs. Instead of purchasing Pro Pulp at RM0.65 per kilogramme from suppliers, the company optimises its own discarded materials, reducing landfill waste while maximising available resources.



#### **DRIVING CIRCULAR ECONOMY PRACTICES**



# IMPACT STORY 2 Toyoplas and MDS Advance: From Waste to Resources

Manufacturing processes often depend on large quantities of packaging materials and disposable production components, many of which are discarded after a single use. In efforts to reduce environmental impact and ease financial strain, Toyoplas and MDS Advance have adopted repurposing methods to eliminate unnecessary waste and pare down operational costs by extending the lifecycle of these materials.

#### √ The Initiative

Toyoplas has introduced a structured initiative to reuse packaging materials and refrain from discarding after a single use. Giving materials a second life had led to lowered procurement costs and lesser waste volumes sent to landfills.

Similarly, MDS Advance has integrated material reuse into its daily operations by repurposing used egg trays as part holders for components after the machining process. Instead of disposing, carton boxes are used to store semi-finished parts during production and before they are sent to finishing suppliers. These simple yet effective measures contribute to embedding sustainability practices in the manufacturing process.

# Highlight

Sustainability and operational efficiency go hand in hand at Toyoplas where **material** reuse has resulted in annual savings of at least RM50,000.

Achieving one of its Environmental KPIs, the reuse practices of MDS Advance has allowed the company to circulate waste into operations and maximise the use of available resources.

#### The Outcome

Focusing on **Waste reuse**,
Toyoplas and MDS Advance are
leading the way in transforming
production waste into valuable
resources, proving that thoughtful
changes can have a significant
impact.



#### **DRIVING CIRCULAR ECONOMY PRACTICES**



In efforts to be part the waste reduction solutions, CPI sought to increase recycling efforts of unused steel, plastics, papers, cartons and other mixed materials, This practical approach has led to reduced production waste an advocating sustainable manufacturing practices in its operations.

#### √ The Initiative

CPI has implemented a structured recycling initiative for unused steel, plastics and other mixed waste materials.

Adopting more efficient recycling processes enables CPI to support KPS Berhad's broader waste reduction goals and strengthen its commitment to resource conservation. These efforts help minimise waste disposal in landfills and contribute to the transition to a circular economy, where materials are kept in use for as long as possible.

### Highlight

Reduction of disposal of scheduled waste per revenue at the following operating facilities:

> **CPI ETP: 0.040% CPI-EMS: 0.040%**

Rejection or scrap per sales at the following operating facilities:

> **CPI ETP: 1.03% CPI-EMS: 0.013%**

# Recycling of Non-production Waste 2024



4 kg **Plastics** 



587 kg Black and white printed papers





Mixed waste



21 kg

**TOTAL: 744 kg** 

## The Outcome

In 2024, CPI successfully recycled a total of 744 kg of materials, including plastics, paper, cartons, mixed waste and unused steel.

# Our Outlook: **Continuing Our Commitment to Waste** Minimisation

KPS Berhad is committed to enhancing waste reduction efforts by further integrating circular economy principles across its operations. In 2024, we remained focused on waste prevention, reuse, and recycling, ensuring that resources are wellutilised while minimising environmental impact. We will continue refining our waste management strategies, strengthening partnerships with stakeholders, and identifying new opportunities to reduce production waste.

We will take a structured and practical approach to improving waste reduction and resource efficiency. Our focus will be on optimising material use, expanding recycling initiatives, and driving incremental innovations in waste management to support long-term environmental and operational goals.

# **Our Material Matter: Water Security** [GRI 3-3] **Material Matter Priority** Low Priority **Primary Stakeholders Impacted** Regulators

While KPS Berhad's manufacturing processes are not highly water-intensive, responsible water management remains an essential part of our sustainability commitments.

# Highlight

Given that water security is considered a low priority in our materiality assessment, we have nonetheless taken proactive steps to ensure efficient water use and wastage.

## The Significance: **Responsible Water Management**

As water security becomes an increasingly critical global concern, industries are being called upon to adopt more responsible water management practices. Recognising this growing challenge, we remain steadfast in enhancing our water conservation measures across all operations. Our subsidiary companies are committed to reducing water usage wherever feasible without compromising operational effectiveness.

Even though manufacturing processes inherently require relatively moderate water consumption, inefficient management can still lead to unnecessary costs, operational risks and potential regulatory noncompliance. With global water regulations becoming increasingly stringent, it is imperative that we implement conservation measures to reduce wastage and improve water efficiency.

We will consistently explore water-saving initiatives and process optimisations to enhance sustainability across operations. Our effort underscores the Group's commitment to environmental stewardship and results in cost savings. It illustrates that, even in areas of lesser material concern, we prioritise sustainable practices as a core value of our operations.

Through water conservation efforts, we target to achieve the following aspects:

> Reduce operational costs through lower water consumption and 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.

## Our Approach:

## **Efficient Management for Water Security**

While our facilities are not located in waterstressed areas, we still undertake responsible water management to avoid disruptions, reduce environmental impact and supporting ongoing sustainability. Minimising water leakages, optimising consumption and implementing water conservation strategies to maintain operational efficiency form part of our facilities management.

Although KPS Berhad and its subsidiary companies do not manage water utility assets directly, we work closely with third-party municipal providers to ensure access to a reliable water supply.

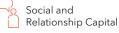














Our approach focuses on three key pillars:

- monitoring water consumption;
- identifying opportunities for efficiency improvements; and
- ensuring compliance with regulatory standards.

#### ✓ Municipal Water Management

Our subsidiary companies operate in areas where municipal water costs remain relatively low. While financial considerations do not drive water efficiency efforts, we prioritise conservation as a shared responsibility with local communities. To safeguard against supply disruptions, all relevant subsidiary companies maintain reserve water tanks, ensuring minimal to zero interruptions to daily operations.

## ✓ Reducing Reliance on Municipal Water at Toyoplas

Toyoplas sources most of its water from the local utility provider. However, one of its Johor-based sites treats and utilises river water from Sg Kulai for sanitary and production use. This initiative reduces dependency on municipal water, offering an effective solution during occasional water cuts while supporting local water conservation efforts.

Despite the increased water tariffs in 2024, Toyoplas successfully maintained its water usage per revenue at RM0.0005. Achieving the targeted water expense intensity highlights the company's ability to sustain operational efficiency despite external cost pressures, reflecting its improved water usage efficiency.

#### Highlight

#### **Water Security**

Treated water used for Production Activities

RM0.0005

Water Intensity

## **Our Data Performance: Tracking Water Consumption [GRI 303-5]**

KPS Berhad continues to track and monitor water consumption across its subsidiary companies to ensure responsible water management and operational efficiency. In 2024, we expanded our data coverage to provide a broader assessment of water use across Malaysia, Indonesia, Vietnam and China.

Our water consumption data is measured annually, with a three-year rolling analysis to track trends and identify opportunities for efficiency improvements. The following table provides an overview of the total water consumption across KPS Berhad and its subsidiary companies.

### **Our Outlook:**

#### **Strengthening Water Conservation Efforts**

KPS Berhad is committed to improving water efficiency and conservation across its operations.

While KPS Berhad does not currently measure water discharges, we remain committed to refining our data collection processes and enhancing water conservation efforts across all operations.

As environmental and regulatory expectations evolve, we will maintain a structured approach to managing water consumption while ensuring minimal operational disruptions. By steadily advancing our water conservation efforts, KPS Berhad will continue making measurable progress toward resource efficiency and sustainable business practices.

#### **Total Water Consumption (Litres)**

2024: 18,326,000

2024: 94,236,728

TOYOPLAS 2023: 54,679,000 2022: 20,910,000

2024: 108,701,000

2023: 78,496,000 2022: 89,118,000



2024: 2,471,000

2023: 2,815,000 2022: 1,549,000

Total 2024: 279,819,728

2023: 192.362.050

2022: 140,693,000



2024: 55,537,000

2023: 46.984.050 2022: 10.503.000



2024: 548,000

2022: 437.000



# **Building a Sustainable Future through Social Responsibility**

KPS Berhad's commitment to sustainability extends beyond environmental and economic considerations, deeply rooted in social responsibility, ensuring that progress and prosperity reach all levels of society. The Group's Social Commitment revolves around creating meaningful change, particularly for vulnerable communities, employees, and future generations.

As a responsible corporate entity, KPS Berhad plays a vital role in addressing socio-economic disparities while fostering an inclusive, equitable, and progressive society. By championing social investments, human rights, fair employment, workforce development, and occupational safety, the Group enhances not only business resilience but also long-term societal well-being.

Social sustainability is a strategic imperative that ensures shared prosperity, safeguards labour rights, and nurtures thriving communities. Our initiatives align with its business values and ESG commitments, sustaining its position as a company that creates value beyond financial returns.

#### **Alignment with Sustainability Goals**

Our social initiatives contribute to a more sustainable and equitable future by promoting health and well-being (UNSDG 3), expanding access to education (UNSDG 4), and fostering economic growth through fair employment and ethical labour practices (UNSDG 8). These efforts also play a role in shaping sustainable cities and communities by strengthening social resilience and driving inclusive progress. Complementing these initiatives is our commitment to environmental responsibility, ensuring that community development aligns with responsible consumption and climate action.

# Overview of KPS Berhad's Social Commitment

KPS Berhad's Social Commitment is structured into two key focus areas, each addressing fundamental aspects of social sustainability:

#### ✓ Social Commitment 1

# Be the Champion in Addressing Socio-Economic Gaps Within the Society

The Group upholds its responsibility to support marginalised communities and drive positive change. This commitment addresses the **Human Rights** material matter and reflects our social investment initiatives that aim to reduce disparities in education, employment, and social mobility.

#### √ Social Commitment 2

# **Upholding Labour Rights, Safety, Equality and Diversity in All Business Operations**

The Group fosters a fair, safe, and progressive work environment at every level of employment by encompassing three material matters:



# Occupational Safety and Health Providing a safe, secure, and healthy workplace.



# **Employee Training and Career Development**

Equipping employees with skills and opportunities for growth.



**Labour Standards**Upholding fair employment practices, diversity, and inclusivity.

#### **Our Four Key Pillars of Social Investment**

To guide our efforts and ensure maximum impact, our social investment strategy is anchored in four key pillars:



#### **EDUCATIONAL DEVELOPMENT**

Providing access to quality education for underserved communities, enabling them to build brighter futures.



#### **ENTREPRENEURIAL DEVELOPMENT**

Supporting aspiring entrepreneurs and small businesses to drive economic empowerment and self-sufficiency.



#### **COMMUNITY DEVELOPMENT**

Strengthening social cohesion and inclusivity by addressing the unique needs of vulnerable groups, including needy students, single mothers, Orang Asal, *Asnaf*, and B40 communities.



#### **ENVIRONMENT, SAFETY AND HEALTH**

Promoting public health and environmental sustainability to create safer and healthier communities for all.

All these key pillars of social investment primarily support initiatives that provide vulnerable and underserved communities, which the Group targets, with access to opportunities for a brighter future.

# **Value Creation and Capital Utilisation**

KPS Berhad employs a holistic approach to value creation, leveraging key resources to drive socio-economic progress:



#### **Financial Capital**

Funding social investments that uplift communities.



#### **Human Capital**

Empowering employees through training, diversity, and inclusivity.



#### **Social and Relationship Capital**

Collaborating with government bodies, NGOs, and stakeholders to drive long-term impact.

These efforts also protect and enhance Natural Capital, as seen in the Group's environmentally sustainable community projects, including waste reduction, solar energy adoption and water conservation initiatives.

# A Commitment to Lasting Impact

By integrating social responsibility into our core business strategy, KPS Berhad continues to foster an environment where business success translates into social progress. The following sections will explore the specific initiatives, impact stories, and achievements under each material matter, highlighting the Group's unwavering dedication to Social Commitment 1 and Social Commitment 2.

## **Material Matter: Human Rights [GRI 3-3]**



## Highlight

While the Group's operations do not pose significant human rights risks (low-priority), it remains committed to ensuring ethical labour practices, fostering social wellbeing, and creating opportunities for equitable progress.

As part of this commitment, KPS Berhad proactively engages with employees, local communities, business partners, and public entities to promote responsible business conduct and support initiatives that address socio-economic inequalities. The Group also aligns its efforts with global human rights frameworks, notably the United Nations Guiding Principles on Business and Human Rights, Universal Declaration of Human Rights and the UN Global Compact Ten (10) Principes, deepening its role as a corporate citizen dedicated to long-term social impact.

# The Significance:

## **Creating Opportunities, Empowering Communities**

Respecting and protecting human rights is essential for fostering a responsible business environment and ensuring the wellbeing of employees, communities and business partners. KPS Berhad upholds the principles of fairness, ethical treatment, and inclusivity across its operations and social investments, upholding its commitment to corporate integrity and long-term stakeholder value.



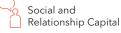














As part of this commitment, the Group ensures that its business practices safeguard labour rights, prevent discrimination, and create equal opportunities for all. While KPS Berhad does not operate in high-risk sectors prone to human rights violations, the Group acknowledges that issues such as fair wages, workplace wellbeing, and socio-economic disparities require continuous attention.

Without proactive efforts, gaps in access to education, employment and basic needs could widen inequalities and limit social progress. The risks associated with these challenges may contribute to reduced workforce engagement, reputational concerns, and potential regulatory shifts that could impact business operations. Although addressing these risks is a part of our social responsibility, it is also a strategic necessity for maintaining a resilient and competitive organisation.

Embedding human rights considerations into its business and sustainability agenda enables the Group to strengthen its role as a responsible corporate citizen committed to fostering inclusivity, fairness, and longterm positive impact.

#### Our Approach:

## **Embedding Human Rights Into Business and Community Practice**

The Group ensures that ethical business conduct is upheld across all operations, extending its responsibility beyond compliance to actively creating inclusive and fair workplaces while contributing to social wellbeing.

#### ✓ Oversight Responsibility for Human Rights

Ensuring human rights compliance requires active governance and continuous monitoring. KPS Berhad's oversight responsibility is shared across multiple levels:

- The SBC oversees social investment initiatives and community impact programmes.
- The BGRC manages compliance matters and human rights risk assessments.
- The RMD and Legal and Compliance ("LCD") department provide quarterly updates to the BGRC on human rights-related risks, ensuring proactive mitigation and regulatory adherence.
- Subsidiary companies work with local authorities and delivery partners to ensure that human rights requirements-particularly those related to foreign labour-are met responsibly.

KPS Berhad ensures that all human rights initiatives are systematically monitored, assessed, and improved over time through the integration of human rights due diligence processes into governance structures.

#### ✓ A Commitment to Global Human Rights Principles

KPS Berhad's human rights approach is shaped by the 10 Principles of the UN Global Compact, which guide its labour policies, environmental responsibilities, and corporate integrity. These principles serve as the foundation of ethical decisionmaking across all business activities.

#### **Our Commitment to the Ten Principles of the UN Global Compact**



**Human Right** 

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence.

Principle 2: Make sure that they are not complicit in human rights abuses.



Labour

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

**Principle 5:** The effective abolition of child labour.

**Principle 4:** The elimination of all forms of forced and compulsory labour.

**Principle 6:** Eliminate discrimination in respect of employment and occupation.



**Environment** 

**Principle 7:** Businesses should support a precautionary approach to environmental challenges.

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

**Principle 8:** Undertake initiatives to promote greater environmental responsibility.



Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.

In addition to these principles, KPS Berhad strictly adheres to key labour and employment laws, including Children and Young Persons (Employment) (Amendment) Act 2010 ensuring that child labour, forced labour, and any form of human exploitation are strictly prohibited. The Group also complies with:

- Employment Act 1955
- Industrial Relations Act 1967
- Occupational Safety and Health (Amendment) Act
- Employees Provident Fund Act 1991
- Employees' Social Security Act 1969
- Employment Insurance System Act 2017
- Minimum Retirement Age Act 2012
- National Wages Consultative Council Act 2011
- Workers Minimum Standards of Housing and Amenities (Amenities) Act 2019
- Employees' Minimum Standards of Housing, Accommodation, and Centralised Accommodation Regulations 2020
- Minimum Wage Order 2024
- Personal Data Protection Act 2010
- Immigration Act 1959/63
- Income Tax Act 1967
- Workman's Compensation Act 1952
- Anti Sexual Harassment Act 2022

These legal frameworks, along with KPS Berhad's employee handbook and social investment framework, provide a strong governance structure to ensure that human rights are upheld in all business decisions.

#### √ Human Rights Impact Assessment

KPS Berhad proactively assesses the potential risks of human rights violations through its LCD. These assessments focus on:

- Managing foreign labours particularly accommodations and working conditions
- Subsidiary companies, ensuring health and safety standards are upheld

Each subsidiary company is required to conduct regular audits to identify and address any risks related to worker rights and welfare.

### ✓ Communicating Human Rights to Employees and Stakeholders

To create awareness and ensure alignment across the organisation, the Group prioritises human rights education for employees. KPS Berhad works closely with the HRD of subsidiary companies to deliver training and awareness sessions on:

- Prevention of forced labour and unfair treatment.
- Latest laws, stakeholder expectations, and compliance requirements.

Communication channels such as town halls, employee engagement sessions, and policy briefings ensure that all employees understand their rights and responsibilities. This approach empowers employees to identify, report, and prevent human rights violations within the organisation.

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

KPS Berhad's human rights commitments extend beyond direct operations to include subsidiary companies and supply chains, ensuring responsible employment practices at every level.

- The Group prohibits child labour and forced labour, both within its direct workforce and across subsidiary companies and suppliers, including those operating overseas.
- Compliance with the Responsible Business Alliance ("RBA") policy ensures that ethical labour standards are upheld, particularly in subsidiary companies like CPI.
- Subsidiary companies conduct regular assessments to verify that workers are employed voluntarily and provided with fair working conditions.

In future, assessments will be progressively expanded to include supply chain partners, ensuring ethical standards should be upheld beyond the Group's immediate workforce.

More than just legal compliance, the Group takes an active role in promoting human rights within society, ensuring that all individuals, regardless of background, have access to decent living standards, education, and healthcare. This commitment is reflected in community programmes that focus on education, employment opportunities, and access to essential services, demonstrating how corporate responsibility can extend beyond business operations.

#### √ Embedding Human Rights in Corporate Practice

As part of our commitment to continuous improvement, KPS Berhad integrates human rights considerations into our corporate strategy by ensuring compliance with Labour and Employment Laws in our business decisions.

In 2024, KPS Berhad maintained:



**Zero** reported human rights violations, confirming the effectiveness of its monitoring and compliance mechanisms.



**Zero** reported cases track record for child labour, forced labour, and human rights violations within its operations and supply chains.

IMPACT STORY: STRENGTHENING AWARENESS, UPHOLDING HUMAN RIGHTS

In 2024, KPS Berhad demonstrated its commitment to human rights by conducting a human rights awareness programme through its subsidiary companies, CBB and CPI. This initiative focused on educating employees about child labour and forced labour issues, ensuring that ethical employment practices remain prioritised across all operations.

The programme emphasised the importance of creating a safe, inclusive, and respectful working environment that upholds dignity for all employees. Discussions covered key areas such as workplace safety, non-discrimination, fair treatment, and initiatives for health and wellness.

Beyond compliance, the awareness session highlighted how training, skill development, and access to diverse opportunities contribute to inclusiveness and professional growth. These principles align with CBB's broader business commitments, affirming its dedication to safe working conditions, fair compensation, privacy protection, and employee development.



# **Empowering Communities, Driving Sustainable Futures Through Social Investment**

KPS Berhad's social investment initiatives are designed to empower individuals, uplift communities, and foster long-term socio-economic resilience.

We adopted a strategic, forward-looking perspective in community development to ensure our efforts lead to lasting improvements in education, economic opportunities, and overall wellbeing. This commitment is anchored in a comprehensive social investment framework, which outlines key focus areas for driving meaningful change.

#### The Framework: Creating Impact



#### **EDUCATIONAL**

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

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





#### **ENTREPRENEURIAL**

To assist in the promotion and enablement of business opportunities

- Enhancing vocational skills and business projects that elevate social economic status
- Promoting inclusive economic arowth for the member of the society









#### COMMUNITY

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

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





#### **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 safe and healthy lifestyle



Through close collaboration with non-profits, government agencies, and community organisations, KPS Berhad expands its reach, maximising the effectiveness of its programmes. Each initiative reflects the Group's core belief that businesses thrive when the communities around them prosper.

#### **Achievements**

The impact of KPS Berhad's social investment efforts is reflected in tangible outcomes that improve lives across various segments of society.

## Highlight

More than RM3.7 million invested in social investment initiatives, ensuring sustainable growth in key areas

1,721.50 volunteer hours dedicated to social causes, nurturing a culture of giving back.



The distribution of KPS Berhad Syukuri Ramadan food boxes to targeted groups.

# Highlight

More than **93**partnerships established with government bodies, NGOs, and non-profit organisations, fostering collective progress.

More than

115,540 lives positively impacted, demonstrating the farreaching benefits of these programmes.

# Measuring True Values: Social Return on Investment Methodology

Since 2022, KPS Berhad has applied the SROI methodology to assess the effectiveness of its social investment initiatives. Unlike conventional impact measurements that focus primarily on financial expenditure, the number of beneficiaries, or surface-level statistics, SROI provides a more comprehensive evaluation of real-world impact by capturing both immediate and long-term benefits.

Traditional methods often fall short in quantifying the depth of social change as they do not account for indirect, systemic, and sustained outcomes. Whereas SROI provides a clearer perspective on the true value created for communities, employees, and stakeholders.



Participants discussing about their prototype during the KPS Berhad Celik Initiative workshop.

# Highlight

In 2024, KPS Berhad expanded its SROI measurement to key initiatives, which recorded an average return of **4.82** times, an increase from 2023, which was at 1.53.

This growth reflects the tangible impact of our initiatives, such as KPS Berhad Celik, KPS Berhad SCoPP, KPS Berhad ACT-I, Rumah Ibadat Hijau, and Sustainable Community Project, which have generated significant positive outcomes across various community segments.



Students participating in the integrity awareness session as part of the KPS Berhad ACT-I Initiative.



# EDUCATIONAL DEVELOPMENT

[GRI 413-1, 413-2]

The Group is committed to nurturing children's rights by expanding access to quality education and empowering future generations. Our initiatives aim to improve literacy, develop soft skills, enhance self-esteem, and encourage systematic thinking.

# KPS Berhad Act-I: Instilling Integrity Among Future Generations

In 2024, KPS Berhad introduced the ACT-I initiative to reinforce the highest standards of integrity while combating bribery. Recognising the importance of shaping ethical values from an early age, this programme was designed to instil a strong sense of accountability, integrity, and responsible citizenship among lower secondary school students.

Aligned with Malaysia's anti-corruption framework, including the Malaysian Anti-Corruption Commission ("MACC") Act 2009 and its guidelines on adequate procedures, KPS Berhad Act-I goes beyond corporate governance by extending ethical awareness into schools.



#### **Empowering Young Minds in Where We Operate**

KPS Berhad engaged with five schools in the Klang Valley to conduct interactive sessions, knowledge-sharing activities, and integrity-themed quizzes. Students were also encouraged to pledge their commitment to rejecting corruption, cementing their understanding of ethical behaviour in everyday life. The participating schools included:

- SMK Presint 9, Putrajaya
- SMK Seksyen 19, Shah Alam
- SMK Seksyen 7, Shah Alam
- SMK Taman Kosas, Ampang
- SAMT Tengku Ampuan Jemaah, Shah Alam

Collaboration played a key role in strengthening the initiative's impact. KPS Berhad partnered with Rasuah Busters, a grassroots movement dedicated to combating corruption and abuse of power in Malaysia, to empower students with real-world perspectives on integrity and accountability. By exposing young minds to these values early on, the initiative aims to nurture a generation that upholds ethical principles in their personal and professional lives.

#### **Achievement**

- » RM35,000 invested
- » Reached 3,085 students from five secondary schools in the Klang Valley
- » SROI: **13.22** times





# **KPS School Aid Initiative: Supporting Education through Essential Supplies**

Ensuring that every child has access to quality education goes beyond classroom learning, it also requires access to basic school essentials. Through the KPS School Aid Initiative, KPS Berhad provided *Asnaf* and underprivileged students with necessary educational materials, helping them pursue their studies with confidence and dignity. By addressing financial barriers faced by low-income families, this initiative supports students in their academic journey while fostering a more inclusive and equitable learning environment.

#### **Providing School Essentials to those in Need**

The initiative distributed school uniforms, socks, and shoes to students across 10 schools in the Klang Valley, ensuring they were equipped with proper attire for their education. The participating schools included:

- Sekolah Kebangsaan Pelabuhan Klang
- Sekolah Kebangsaan Pelabuhan Utara
- Sekolah Kebangsaan Bukit Kapar
- Sekolah Kebangsaan Subang
- Sekolah Kebangsaan Subang Bestari
- Sekolah Kebangsaan Lembah Subang
- Sekolah Kebangsaan Taman Medan
- Sekolah Kebangsaan Seri Kundang
- SJKC Kheow Bin
- SJKT Batu Arang

In collaboration with Canggih Malaysia, KPS Berhad sourced and distributed school supplies directly to students through coordinated efforts. Additionally, KPS Berhad also had another distribution event at Laman Tun Razak, a residential apartment in Kuala Lumpur, ensuring that aid reached those most in need.



# Achievement

- » RM125,000 invested
- » Reached 1,100 students from 10 primary schools in the Klang Valley

# **Graduate Attainment Programme and Internship Placement: Bridging Education and Employment**

Fresh graduates often struggle to secure meaningful employment due to a lack of industry experience and job-ready skills. To address this issue, KPS Berhad launched the Graduate Attainment Programme ("GAP"), a structured career development initiative aimed at equipping graduates with essential competencies while also strengthening the Group's talent pipeline. GAP combines hands-on learning with structured mentorship to enhance employability and develop a skilled, future-ready workforce. The programme consists of two key components:

#### • Industrial Attachment (Internship)

Offer students and fresh graduates exposure to professional environments, helping them build foundational skills.

#### • Industrial Placement (Graduate Programme)

A structured career pathway for selected candidates, equipping them with job-specific competencies and professional development.

Throughout the programme, experienced personnel at KPS Berhad serve as mentors, guiding candidates through their learning journey. Participants gain exposure to live projects, while additional training is provided through a structured development programme incorporating standard, relational, and experiential learning modules.

## **Achievement**

- » **RM36,608** invested
- 3 4 university students benefited from 2024 GAP

#### 2024 Summary

Industrial Attachment

1 MD/GCEO Office

#### Industrial Placement

- Communications Unit
  - Investor Relations Unit
  - HRD





# **KPS Berhad Celik Initiative: Nurturing Future STEM Leaders**

As Malaysia works toward increasing STEM enrolment to 60% to meet the growing demand for professionals in science, technology, engineering, and mathematics, many students from underprivileged backgrounds face barriers to accessing quality STEM education. Limited exposure, lack of resources, and minimal hands-on learning opportunities contribute to declining interest in STEM fields, reducing the country's ability to develop a future-ready workforce.

In view of this challenge, KPS Berhad introduced the KPS Berhad Celik Initiative, a structured coaching and training programme designed to spark interest in STEM education among B40 secondary school students. Now in its second year, the initiative combines interactive workshops, STEM carnivals, and prototype challenges to provide hands-on learning experiences that encourage students to apply STEM concepts to real-world problems.

More than just technical knowledge, the initiative fosters critical thinking, problem-solving, and innovation while helping students develop the confidence to explore STEM-related career pathways. Students are encouraged to apply their acquired knowledge by creating prototypes that contribute to the six UNSDGs that KPS Berhad primarily supports:













#### ✓ Impacts

Since its launch, the KPS Berhad Celik Initiative has had a measurable impact on students, schools, and the broader education landscape:

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

Strengthened academic performance and learning outcomes in STEM-related subjects.

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

## Achievement

- » RM299,911 invested
- » More than 20,000 students from 20 secondary schools across Selangor, Kuala Lumpur, Perak, and Negeri Sembilan benefited from the programme.

# Achievement

- » 80 prototypes created by participants
- » SROI: **1.54** times

In 2024, the initiative achieved national recognition when the Ministry of Education designated KPS Berhad Celik as a National-Level Co-Curricular initiative, further cementing its impact on Malaysia's education system.

Building on this success, KPS Berhad aims to expand the programme into seven states in 2025, including Johor, Terengganu, and Pulau Pinang, bringing STEM learning opportunities to an even broader student base.

This initiative will continue to play a vital role in developing the next generation of innovators and industry leaders, ensuring that students from all backgrounds have the opportunity to contribute to Malaysia's technological advancement.





# ENTREPRENEURIAL DEVELOPMENT

GRI 413-1, 413-2]

Entrepreneurship plays a vital role in strengthening communities by creating sustainable income streams and reducing economic dependency. Small business opportunities not only uplift families but also empower individuals particularly the unemployed, single mothers, and persons with physical challenges, to achieve financial independence and self-sufficiency.

Beyond financial stability, the income generated through entrepreneurial initiatives leads to transformative benefits. Families can ensure continued education for their children, gain improved access to healthcare, and enhance their overall quality of life. This, in turn, reduces reliance on welfare and social aid, contributing meaningfully to poverty alleviation.

Recognising the role of entrepreneurship in social progress, KPS Berhad actively supports the development of viable businesses while equipping underprivileged groups with entrepreneurial skills. By enabling individuals to build sustainable livelihoods, the Group contributes to fostering a more inclusive and resilient society.

# **KPS Berhad SCoPP: Strengthening Livelihoods and Food Security**

Small-scale poultry farmers are essential contributors to local food production, yet many face financial and operational challenges that limit their growth. Recognising this, KPS Berhad introduced this initiative in 2022 to support poultry farmers in targeted locations across Selangor to enhance food security in their communities.

This initiative empowers small agricultural entrepreneurs, or agropreneurs, by providing the necessary resources, training, and collaborative networks to scale their poultry businesses. By fostering a cooperative ecosystem, SCoPP strengthens the poultry supply chain, allowing farmers to share knowledge, pool resources, and collectively expand their operations. The project also bolsters food security by ensuring a stable supply of poultry within communities, addressing both economic and nutritional challenges.

As farmers grow their businesses, they gain financial stability and reinvest in their operations, contributing to the local economy. The initiative also fosters a culture of shared success, where farmers work together to strengthen their industry while uplifting their communities. With better access to opportunities, they become more self-sufficient, reducing reliance on external aid and driving long-term resilience.





#### **Impacts**

Provided assistance to poultry entrepreneurs, enabling them to restart and revitalise their businesses.

Helped beneficiaries gain ownership of assets, contributing to long-term economic stability.

Inspired communities through business development, fostering pride and cooperation.

Strengthened self-sufficiency within participating communities, reducing reliance on external aid.

## **Achievement**

- » RM157,000 invested
- 12 farmers collectively produced **8,779** chickens over 4 cycles
- » **RM3,019** average income generated per beneficiary per cycle
- RM3,012 average monthly income generated per beneficiary
- SROI: 3.20 times





# **KPS Berhad Caregiver: Building A Skilled Workforce for Aged Care**

With Malaysians living longer and birth rates declining, the country is rapidly transitioning into an aged nation. However, the support systems required to accommodate this demographic shift, particularly the availability of qualified caregivers, have yet to evolve at the same pace. Many families struggle to provide adequate care for elderly relatives due to the demands of urban living and career-focused lifestyles, making professional caregiving services an essential but underdeveloped sector.

The KPS Berhad Caregiver Initiative was introduced in 2019 to help bridge this gap by equipping underprivileged and *Asnaf* communities with essential skills in elderly and disability care. The programme provides structured training to develop professionally trained caregivers, directly addressing Malaysia's growing demand for aged care professionals.

As more trained caregivers enter the workforce, the availability of quality aged care continues to expand, offering much-needed support to families and institutions. At the same time, participants gain financial independence, opening doors to new career prospects and long-term stability. The programme's success highlights the importance of structured training in breaking economic barriers and addressing critical social needs.

#### **Empowering Communities through Caregiving**

Participants for the programme were selected from across Malaysia, including Sabah and Sarawak. They underwent specialised training that prepared them for employment in various caregiving settings, including private homes, hospitals, and assisted living facilities.

In addition to employment opportunities, the programme helps participants achieve financial stability, allowing them to provide for their families and improve their overall quality of life. The initiative is part of KPS Berhad's broader efforts to create long-term career pathways for marginalised communities while addressing a critical societal need.



#### **Economic Impact**

Addresses the nationwide shortage of qualified caregivers

Creates new job opportunities and improves the socioeconomic status of underprivileged and *Asnaf* communities.

Since 2019, 198 candidates (81%) secured jobs earning between RM1,500 and RM2,000 per month, primarily in healthcare, service, and food and beverage industries.

23 candidates (9.4%) 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.

### **Social Impact**

The programme has maintained a 100% completion rate every year since 2019, with all 245 participants completing their training.

Increased household income for 245 families, improving their financial wellbeing.

Over 300 elderly individuals have received professional care through the initiative's annual community service events from 2019 to 2024.



### **Achievement**

- RM199,505 invested
- Created a positive impact on the lives of 45 beneficiaries
- All participants earn more than

RM1,500 monthly income

» SROI: **2.41** times







# COMMUNITY DEVELOPMENT

[GRI 413-1, 413-2]

KPS Berhad is committed to fostering strong, inclusive communities through initiatives that improve quality of life, provide essential support, and create opportunities for social progress. These programmes address various aspects of community wellbeing, from ensuring food security for underprivileged families to promoting healthy lifestyles through sports.

#### **Festive Food Box Aid**

Financial constraints often prevent underprivileged families from fully participating in festive celebrations. To alleviate this challenge, KPS Berhad collaborates with NGOs to distribute food boxes during major festive seasons, ensuring that B40 communities, regardless of race or religion, can experience the joy of the holidays with dignity. The initiative also helps families redirect their limited resources toward essential needs such as education and healthcare.

#### ✓ Ramadhan and Hari Raya

In the spirit of togetherness and giving, KPS Berhad embraced the sacred month of Ramadan by distributing Bubur Lambuk and food boxes to B40 families. Whether at mosques, residential areas, or welfare centres, these efforts provided relief to those in need, allowing them to break their fast and celebrate Hari Raya with warmth and dignity.



#### ✓ Chinese New Year

With the arrival of the Chinese New Year, we sought to share prosperity and joy by providing food box aid to 100 underprivileged families in Kajang, Selangor. As families ushered in a new year filled with hope, these contributions ensured they could celebrate the occasion with a bit more comfort and abundance.



#### ✓ Deepavali

As the Festival of Lights approached, KPS Berhad reached out to underprivileged Indian families at Pangsapuri Pelangi, Damansara, Selangor. A total of 100 food boxes were distributed, offering essential supplies so families could focus on the joy, traditions, and togetherness that Deepavali represents.



### **Achievement**

**Summary of Festive Food Box Aid:** 

- » RM264,350 contributed
- » Over 6,750 beneficiaries supported across three major Malaysian festivals

# **Philanthropy and Corporate Donations**

In addition to structured social investment initiatives, KPS Berhad extends financial and non-financial support through philanthropic contributions, which include financial assistance, donations, and employee volunteer-driven activities. Beneficiaries range from schools and religious bodies to impoverished communities and individuals affected by natural disasters.

#### **Achievement**

**Summary of Philanthropic Contributions** 

- » RM1,940,563 invested
- » 66,255 beneficiaries impacted

#### **List of One-Off Contributions**

- Lembu Korban (Bendahari Negeri Selangor)
- Festival Darul Ehsan Berselawat
- Zakat redistribution (10 batches)
- Sponsorship for school supplies to Dana Kebajikan Warisan
- Persatuan Ibu Bapa dan Guru ("PIBG") SMK Seksyen 18
- PIBG SK Raja Muda
- PIBG Ibu Bapa dan Guru SK Raja Muda
- PIBG SMK Seksyen 7
- PIBG SRK (1) Petaling Jaya
- Sekolah Menengah Kebangsaan Desa Serdang
- Sekolah Kebangsaan Batang Kali
- Sekolah Kebangsaan Seri Selangor
- Sekolah Kebangsaan Taman Samudra
- UiTM's Instructional Communication and Training Students
- Universiti Kebangsaan Malaysia
- Pertubuhan Sains, Teknologi dan Inovasi
- Majlis Sukan Negeri Selangor Sepak Takraw
- Persatuan Penduduk Taman Bukit Jati Klang
- Bunga Raya Kettlebell Club

## **Employee Social Activities**

KPS Berhad encourages employee-driven social engagement through various religious and community activities that strengthen workplace unity and wellbeing.







#### **Achievement**

RM51,680 contributed

### **Summary of Employee Social Activities**

#### Qiamullail Perdana 1445H

➤ 129 staff and family members participated at Espira Kinrara Hotel, Puchong

# Monthly Tazkirah10-series "Tadabbur Surah Al-Mulk"

➤ Muslim Employees of KPS Berhad and its subsidiary companies

#### **Special Knowledge Sharing for Women Staff**

➤ Title: Heart is the Gate of Soul by Ustazah Eiman Sidky, involved employees of KPS Berhad and its subsidiary companies

#### Majlis Khatam Al-Quran

> 28 staff participated

#### **KPS Back to School**

➤ Benefited to 20 children of non-managerial staff (non-executive to senior executive level)

#### **Gotong Royong Bubur Lambuk**

➤ involving 19 staff of KPS Berhad. KPS Berhad distributed 700 packs of "Bubur Lambuk"

## **Sports Development**

Sports play a vital role in building character, promoting teamwork, and encouraging active lifestyles among young people. KPS Berhad continues to invest in grassroots sports programmes that provide opportunities for school children and young athletes across Selangor.



One of the group stage matches of the Piala DYTM Raja Muda Selangor (U-12) tournament.



The final match of the Piala Dato' Mokhtar Dahari (U-18) tournament, featuring SMK TTDI Jaya against SMK Shah Alam.

# IMPACT STORY: NURTURING FUTURE FOOTBALL TALENT THROUGH KPS BERHAD'S SPORTS PROGRAMMES

For young aspiring footballers in Malaysia, opportunities to compete at a high level and gain exposure to professional pathways remain limited. Without structured tournaments and scouting opportunities, many talented athletes struggle to develop their skills or transition into professional football. Additionally, grassroots sports programmes often lack the funding needed to sustain long-term development, making it difficult for young players, especially those from underprivileged backgrounds.

#### √ The Initiative



Piala DYTM Raja Muda Selangor (U-12)



Piala Dato' Mokhtar Dahari (U-18)

Recognising the need to nurture young talent and strengthen grassroots football, KPS Berhad has been a long-standing supporter of two major youth tournaments: Piala DYTM Raja Muda Selangor (U-12) and Piala Dato' Mokhtar Dahari (U-18). These tournaments provide a structured platform for primary and secondary school students across Selangor State to showcase their skills, compete at a high level, and gain exposure to potential career pathways in football.

Since 2014, KPS Berhad has been the main sponsor of these prestigious competitions, fostering not only athletic excellence but also instilling discipline, teamwork, and sportsmanship in young athletes. Scouts from various clubs and academies regularly attend these tournaments, identifying top talents and offering them opportunities to progress into professional football.

- The Piala DYTM Raja Muda Selangor (U-12) tournament, named in honour of His Royal Highness Sultan Sharafuddin Idris Shah, provides a state-level competition for primary school students, consistently producing skilled players who go on to represent both state and national teams.
- The Piala Dato' Mokhtar Dahari (U-18) tournament plays a key role in shaping young footballers at the secondary school level, offering them a stepping stone towards professional leagues and academies.

#### √ The Outcome

The long-term impact of these tournaments extends beyond the football field. Many participants have progressed into elite training academies, while others have developed life skills that benefit them in broader career and personal pursuits. Notably, they have:

- Provided a platform for young athletes to develop essential skills, discipline, and teamwork.
- Strengthened the pathway for players to transition into professional football through scouting opportunities.
- Created a sense of pride and unity within local communities by bringing schools together in state-level competitions.

#### **Achievement**

- » RM900,000 contributed to Piala DYTM Raja Muda Selangor (U-12) since 2014.
- » RM1.27 million has contributed to Piala Dato' Mokhtar Dahari (U-18) since 2014.
- » In 2024, **800** under-12 players from 32 qualified schools participated in the U-12 tournament.
- » In 2024, **800** under-18 players from 32 secondary school teams competed in the U-18 championship.



The MD/GCEO awards SMK Meru, Selangor as the winner of the Charity Cup in the Piala Dato' Mokhtar Dahari (U-18) tournament.



# ENVIRONMENT, SAFETY AND HEALTH [GRI 413-1, 413-2]

KPS Berhad emphasises the importance of environment, safety, and health ("ESH"), not only within its operational landscape but also in the broader community. The Group is committed to upholding environmental sustainability, fostering spiritual wellbeing, and inspiring individuals and communities to embrace healthier lifestyles.

# The Green Mosque Initiative: Transforming Mosques for Energy Efficiency, Water Conservation, and Recycling

Maintaining a focus on ESH enables KPS Berhad to reinforce the fundamental message that safety and good health should be prioritised within the community. At the same time, the Group continues to highlight the crucial link between environmental preservation and societal wellbeing. A healthier environment directly benefits communities and the nation, ensuring that future generations inherit a more sustainable world.

In 2024, KPS Berhad took a bold step forward in strengthening our commitment to ESH practices in the heart of the communities we serve. We recognised that real, lasting change begins with awareness and shared responsibility. That's why we expanded our efforts beyond internal compliance and took a broader, more inclusive approach to educating and empowering the public on environmental stewardship.

We aspire to nurture a culture of care for the planet, starting at home. Through this approach, we encouraged communities to:

- Embrace energy-saving habits and reduce carbon emissions
- Practise responsible domestic waste management
- Conserve water in their daily lives
- Support eco-friendly choices by purchasing and using green products

In line with our commitment to this evolved pillar, 2024 marked a significant milestone for KPS Berhad as we took part in the 'Rumah Ibadat Hijau' programme, an initiative aimed at transforming a local mosque in Selangor into a model of sustainable living.

As a place of worship, learning, and community gathering, the mosque has a profound influence on the lives it touches. By "greening" the mosque, our goal was not only to reduce its environmental footprint but also to elevate it as a catalyst for change. We aspire the mosque to educate, inspire, and empower the surrounding community to embrace a more sustainable way of life.



Water conservation programmeis being installed at Masjid Jame' At-Tuqo.



One of the recycling initiative among the community lives around Masjid Jame' At-Tuqo.

#### **IMPACT STORY:**

# TRANSFORMING COMMUNITIES THROUGH RUMAH IBADAT HIJAU AND SUSTAINABLE COMMUNITY PROJECT

As the world addresses environmental degradation, rising energy costs, and climate change, communities are increasingly seeking innovative solutions to adopt more sustainable practices. In Malaysia, religious institutions, particularly mosques, play a central role in daily life but often face significant challenges, including high utility costs and underutilised community spaces. Many mosques are now exploring ways to integrate renewable energy sources, such as solar panels, to reduce their carbon footprint and operational expenses.

Meanwhile, there is a growing interest in transforming these spaces into community hubs that promote education, social cohesion, and environmental stewardship, further enhancing their relevance and sustainability in modern society.

#### √ The Initiative

Recognising the potential of places of worship as catalysts for change, KPS Berhad launched the Rumah Ibadat Hijau and Sustainable Community Project in 2024, transforming mosques into models of environmental responsibility and social empowerment. The initiative began with Masjid Jame' At-Tuqo in Sungai Sireh, Tanjong Karang, turning it into a self-sustaining "green mosque."

In collaboration with NGOs, the Department of Environment ("DOE"), the MGTC, and the Ministry of Natural Resources and Environmental Sustainability ("NRES"), the project set three key objectives:



Reduce the mosque's carbon footprint by installing solar panels, contributing to climate change mitigation.



Lower operational costs by reducing energy and water consumption, allowing financial resources to be redirected to community services.



Encourage the local community to engage in recycling initiatives, fostering a shared sense of responsibility and inspiring collective action towards reducing waste and conserving resources for the benefit of the surrounding environment.

With these goals in mind, Masjid Jame' At-Tuqo has become a model for sustainable worship spaces, integrating green technology, conservation efforts, and community-driven projects in Tanjong Karang, Selangor.

#### **Project Location**







#### √ The Outcome

The transformation of Masjid Jame' At-Tuqo has delivered significant benefits, not only reducing the mosque's environmental impact but also creating opportunities for education, empowerment, and economic sustainability.

#### **Achievement**

- » Solar capacity: 21.09 kWp
- » Electricity efficiency: reduced emission by 36%
- » Rainwater harvesting: Reduced water consumption by 12%
- » Waste reduction: Reduced waste generation by 1.1%
- » Total carbon emissions reduction:

11.11 TCO<sub>2</sub>e

#### **Environmental Impact**



The installation of solar panels significantly lowered the mosque's energy costs while promoting the use of renewable energy.



Implementation of a rainwater harvesting system helped conserve water, particularly for agricultural activities within the mosque's community garden.



The construction of a 40 ft  $\times$  100 ft Greenhouse to support hydroponic and fertigation farming, enabling sustainable agriculture within the mosque compound.



Increased tree planting efforts in worship areas, improving air quality while contributing to carbon dioxide absorption and oxygen production.



Enhanced environmental awareness through sustainability-driven landscaping, including shade trees and shrubs that create a cooler, greener space for worshippers.



Installation of solar panels at Masjid Jame' At-Tugo.

#### **Social Impact**



Conducted workshops and awareness campaigns on sustainability topics, including reducing plastic use, water conservation and recycling.



Launched a recycling awareness programme, educating the community on environmental conservation and the role of green places of worship.



Provided hands-on training in hydroponic and fertigation farming for youths and B40 community members, teaching them to cultivate rock melons and leafy vegetables.



Empowered 15 Asnaf youths and B40 individuals with community farming skills, fostering social inclusion and economic resilience.



Strengthened community unity through environmental engagement, encouraging collective responsibility for sustainability.

One success story from the initiative involves a young participant who applied the hydroponic farming techniques learned during the project to start a small-scale agribusiness. This not only improved the participant's livelihood but also served as an inspiration for others to explore sustainable farming as a viable career path.

#### Achievement

15 Asnaf youths and B40 communities equipped with farming skills through working in the mosque community gardens

#### **Economic Impact**



The adoption of energy-efficient practices reduced the mosque's electricity bills by 80%.



Community farming efforts created additional income streams, benefiting local youth and the mosque itself.



Skills gained from sustainable farming have empowered individuals from the *Asnaf* and B40 communities to explore agricultural entrepreneurship.



The success of these green initiatives has led the mosque to reinvest in further community development projects, ensuring long-term sustainability for both the mosque and its surrounding area.

#### **Achievement**

- » RM230,000 invested
- » Approximately **2,000** beneficiaries
- » SROI: **3.69** times

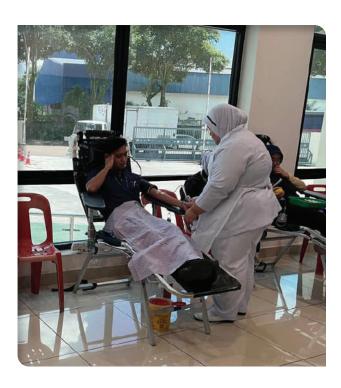
Masjid Jame' At-Tuqo now stands as a model for other places of worship, proving that religious institutions can lead the way in sustainability. The integration of green technologies and self-sustaining initiatives has created a ripple effect, encouraging other mosques to adopt similar practices while empowering local communities with new skills and opportunities.

# Social Investment Initiatives in KPS Berhad Subsidiary Companies: Strengthening Communities Through Employee Engagement

**Notable Employee Volunteerism Initiatives** 

#### ✓ Blood Donation Initiatives

Toyoplas, CBB, and MDS Advance, collaborated with public hospitals to organise blood donation drives, helping to increase the national blood supply. Employees from these subsidiary companies contributed towards saving lives through donations.



#### Highlight

Total Participation and Volunteer Hours:

- >> 73 employees participated from Toyoplas.
- **34** employees participated from MDS Advance.
- **3 462** total volunteer hours.

#### ✓ Contribution to Welfare Centre

In conjunction with Ramadan 2024, Toyoplas extended its support to the Women's Shelter Centre, donating RM4,500 to assist families in need. The contribution aimed to provide financial relief to the centre while ensuring the wellbeing of its residents.

#### ✓ Participation in Charity Run

To raise awareness about diabetes and its prevention, CPI participated in the 5KM **D2M Charity Run**, organised by Diabetes Malaysia. Employees ran alongside members of the public to promote an active lifestyle while raising funds to support diabetes related programmes.

#### Highlight

- **>> 70** CPI employees participated in the run.
- **350** volunteer hours contributed.



## IMPACT STORY: REVITALISING PUBLIC SPACES THROUGH ENVIRONMENTAL CLEAN-UP INITIATIVES

Clean and well-maintained public spaces play a vital role in fostering environmental consciousness and community wellbeing. However, pollution, improper waste disposal, and neglected green areas continue to threaten the quality of these shared spaces. Without active community involvement, maintaining environmental cleanliness remains a challenge.

#### √ The Initiative

As part of its commitment to sustainability and corporate volunteerism, Toyoplas spearheaded two environmental clean-up initiatives aimed at preserving public spaces and instilling a sense of environmental responsibility among employees.

## 1 World Clean-Up Day Collaboration with NGO Sastari Malaysia

Employees participated in a large-scale cleanup effort at Pantai Seri Menanti in Muar, Johor, collecting waste and restoring the natural beauty of the beach.

#### 2 Zoo Johor Clean-Up Initiative

Employees joined forces with Zoo Johor to maintain the cleanliness of the zoo, ensuring a better living environment for the animals and a more pleasant experience for visitors.

#### ✓ The Outcome

By participating in these clean-up initiatives, employees revitalised public spaces while gaining a greater appreciation for environmental preservation. Their efforts contributed to a cleaner, healthier environment while reaffirming the importance of collective responsibility.

#### ✓ Impacts



Enhanced community awareness about waste management and environmental conservation.



Strengthened employee engagement by aligning volunteerism with corporate sustainability goals.



Provided a cleaner and healthier space for both communities and wildlife.

#### **Achievement**

- » 41 Toyoplas employees participated in the World Clean-Up Day initiative.
- 328 volunteer hours dedicated to cleaning Pantai Seri Menanti.
- **24** Toyoplas employees engaged in the Zoo Johor clean-up project.
- » 192 volunteer hours contributed to the zoo's maintenance efforts.



#### **Employee Volunteerism**

Through employee volunteerism, the Group actively encourages its workforce to engage in social investment initiatives that drive meaningful change. Employees are given opportunities to contribute their time, skills, and efforts to various causes, bolstering a culture of empathy and responsibility while making a direct impact on society.

As a result of this structured approach, KPS Berhad's dedication to corporate volunteerism was recognised with the Company of the Year Award at the Sustainability and CSR Malaysia Awards 2024, an accolade endorsed by the Ministry of Women, Family, and Community Development. This marks the sixth time KPS Berhad has received this prestigious award.

In 2024, KPS Berhad employees recorded:

#### Highlight

The collective contribution of 1,000 volunteer hours, with 184 employees participating across various social investment initiatives

#### ✓ Mechanism to Engage Employees in Embracing Volunteerism

KPS Berhad embeds volunteerism into its "Creating Impact" framework, which focuses on long-term, meaningful engagement in four key pillars.

To ensure seamless participation, the IRSC Department of KPS Berhad facilitates employee involvement by identifying initiatives that align with corporate and community objectives. The department uses internal communication platforms, primarily WhatsApp and email to keep employees informed about ongoing volunteer opportunities, ensuring alignment between volunteer interests and community needs.

To further integrate volunteerism into the corporate framework, time spent on volunteering is recognised as official work hours, with additional leave granted for participation on weekends. Employees' engagement in volunteer-driven initiatives is also considered in their performance appraisals, demonstrating the Group's commitment to sustaining a workplace culture that values community service.

In implementing these mechanisms, KPS Berhad effectively integrates employee volunteerism into its social investment objectives, cultivating a workplace culture that values collective contribution and long-term impact.

#### ✓ Measuring Volunteerism through Specific KPIs

Each year, KPS Berhad establishes measurable targets to track volunteer engagement, including:

- The number of initiatives requiring volunteers
- Actual participation rates compared to targeted volunteers

In 2024, the KPI was set to engage at least 154 volunteers across 47 planned initiatives in KPS Berhad. However, due to strong employee commitment, the programme exceeded expectations with 184 volunteer participations, surpassing the target by 19%.

Additionally, Senior Management introduced a KPI focusing on total volunteerism days achieved annually across all departments. This ensures a diverse range of employees contribute, fostering inclusivity and leveraging different skill sets to enhance volunteer efforts.

#### Our Outlook: Advancing Socio-Economic Growth through Meaningful Investments

Building on its commitment to social impact, the Group will continue strengthening initiatives in education, entrepreneurship, community wellbeing, and environmental sustainability. Refining strategies and aligning efforts with evolving community needs will ensure that resources are optimised for long-term benefits.

Evaluating progress through the SROI methodology allows for continuous improvements, enhancing the effectiveness of each initiative. Expanding collaborations with government agencies, NGOs, and stakeholders will further drive resilience and economic empowerment within underserved communities.







ENVIRONMENT, SAFETY & HEALTH PILLAR

Employees form the backbone of KPS Berhad's long-term success, driving operational excellence and value creation across the Group. As a diversified Group, KPS Berhad recognises that its ability to sustain business growth is inherently tied to the strength, skills, and wellbeing of its workforce. This highlights the Group's commitment to upholding labour rights, fostering a safe and inclusive workplace, and ensuring equitable opportunities for all employees.

In alignment with KPS Berhad's Social Commitment 2 is focused on three (3) key Material Matters:



#### Occupational Safety and Health ("OSH")

Ensuring a secure and conducive work environment that safeguards the physical and mental wellbeing 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.

This commitment is integral to KPS Berhad's role as a responsible employer, emphasising its commitment to workplace dignity and equitable opportunities for all. In addition to complying with local and international labour laws, the Group actively champions initiatives that prioritise employee welfare, encourage career advancement, and promote a workplace culture that values diversity and inclusion.

## **Stakeholder Value and Capital Employed**

KPS Berhad's social sustainability strategy extends beyond internal operations, creating tangible value for multiple stakeholders. Employees benefit from safe workplaces, professional growth opportunities, and equitable policies, while business partners, regulators, and local communities engage with an organisation that upholds the highest standards of ethical employment. Additionally, stakeholders gain confidence in a company that prioritises workforce wellbeing, recognising that a motivated and skilled workforce translates into enhanced productivity and long-term corporate stability.

The Group leverages **Human Capital** by nurturing a workforce equipped with the necessary expertise, competencies, and ethical foundation to drive business success. Simultaneously, **Social and Relationship Capital** plays a crucial role in fostering positive employeremployee relations, strengthening stakeholder trust, and ensuring sustainable labour practices across the value chain.

Through these efforts, KPS Berhad is building a high performance culture, a safe and conducive workplace, and a talented, diverse, and inclusive workforce. These values enhance employee satisfaction and retention while positioning the Group as a forward-thinking employer committed to sustainable business practices. Prioritising social responsibility in employment, KPS Berhad is laying the foundation for a resilient and future-ready workforce capable of navigating the evolving corporate landscape.



Employee engagement session during the KPS Berhad One Heart Programme.

#### **Material Matter:**

Occupational Safety and Health [GRI 3-3, 403-1, 403-81



#### **Highlight**

As a **medium priority** material matter, OSH plays a crucial role in minimising workplace hazards, ensuring business continuity, and fostering a culture of responsibility and care.

OSH policies and frameworks are implemented across all subsidiary companies to mitigate risks and prevent workplace incidents proactively. The Board oversees OSH strategies, ensuring their integration within corporate governance frameworks, while regulators set the compliance standards that the Group adheres to.

#### The Significance: **A Pillar of Business Continuity**

Workplace safety is essential in safeguarding its workforce, sustaining operational efficiency, and meeting stakeholder expectations.

Prioritising OSH creates a structured approach to minimising risks and ensuring business continuity. A robust safety culture fosters employee confidence, improving morale, retention, and productivity. Employees who feel protected are more engaged and motivated, which directly enhances operational performance. At the same time, a proactive approach to safety compliance safeguards against potential legal repercussions, advancing KPS Berhad's reputation as a responsible corporate citizen.

Neglecting workplace safety can have far-reaching consequences, including injuries, fatalities, and significant operational disruptions. Unsafe working conditions lead to higher absenteeism and lower productivity, while non-compliance with safety regulations can result in legal penalties and financial liabilities. A workplace that fails to prioritise safety risks losing talent, damaging its reputation, and facing operational setbacks that could hinder growth.

However, a commitment to workplace safety does more than mitigate risks; it creates an opportunity for operational excellence. Investing in safety measures, enhancing training programmes, and fostering a culture of accountability strengthens the business resilience of the Group.















## Our Approach: Building A Culture of Safety Excellence

KPS Berhad remains steadfast in preventing occupational injuries, illnesses, and fatalities, recognising the long-term impact these incidents can have on employees, their families, and business sustainability. Although none of its subsidiary companies currently hold ISO 45001 certification, KPS Berhad has established a comprehensive Safety, Health, and Environment ("SHE") Policy that serves as the guiding framework for occupational safety and health. This policy ensures that employees, contractors, and suppliers adhere to rigorous safety protocols while each subsidiary company customises its SHE policy to align with specific operational risks and requirements.

KPS Berhad strengthens its OSH performance through proactive risk management, regular safety training, and ongoing safety audits and inspections. These measures protect employees and contribute to overall operational efficiency by reducing workplace disruptions. With an unwavering commitment and target to a zero-accident, zero-fatality workplace, KPS Berhad fosters a culture where safety is a shared responsibility. Employees are encouraged to take an active role in maintaining workplace safety, ensuring that all operations uphold the highest standards of protection and care. The Group continuously enhances its safety strategies, integrating required solutions and fostering a mindset where workplace wellbeing is prioritised alongside business performance.

#### ✓ Governance in OSH Management [GRI 403-4]

The Board of KPS Berhad holds ultimate responsibility for OSH matters, supported by the SBC, which sets objectives and targets and provides guidance to all subsidiary companies on OSH issues. The Chairman of the BGRC, who is also a Board member, makes critical recommendations for the Board's approval on OSH matters at the Group level.

The RMD of KPS Berhad is responsible for identifying and assessing health and safety risks within each subsidiary companies. Additionally, each subsidiary has appointed an OSH officer or coordinator responsible for overseeing and managing safety and health matters with the support of the HRD.

To enhance OSH management, all subsidiary companies have established employer-employee OSH Committees, which oversee OSH matters. These committees meet monthly or quarterly, depending on the operational needs of each subsidiary company and serve as a communication platform for employees to actively participate in developing, implementing, and evaluating OSH systems.

Each subsidiary companies adheres to health and safety regulations, including the Occupational Safety and Health (Amendment) Act 2022, ensuring 100% employee protection. With a target and commitment of achieving zero incidents, accidents, lost-time injury ("LTI") and zero fatality cases, all subsidiary companies report OSH matters to the RMD of KPS Berhad, which then provides updates to the SBC, BGRC and the Board of Directors.

#### √ Hazard Identification and Assessment [GRI 403-2]

A structured approach to hazard identification and risk assessment is essential for managing both operational and reputational risks. Each subsidiary companies applies the Hazard Identification, Risk Assessment, and Risk Control ("HIRARC") framework, adhering to Department of Occupational Safety and Health ("DOSH") guidelines and regulatory requirements under the Occupational Safety and Health (Amendment) Act 2022. OSH risk assessments are conducted at all operational locations, using accident statistics, site inspections, quarterly evaluations, and employee feedback to identify potential hazards. This approach ensures that all work-related risks, especially those with the potential to cause severe injuries or health issues, are addressed proactively.

### ✓ Identified Potential OSH Risks within Operations [GRI 403-2]

To ensure workplace safety across all subsidiary companies, KPS Berhad systematically identifies and assesses potential OSH risks. The following general risks have been recognised across the Group's operations:

- Working in a hot environment
- Improper use of sharp objects
- Electrical shock risks due to exposed/ damaged cables
- Noise exposure
- Exposure to chemicals, paint fumes or strong odours
- Moving conveyor or machine parts during setup
- Chemical spillage

These risks are continuously monitored through hazard identification assessments, employee feedback, and regulatory compliance checks to mitigate potential safety concerns.

#### ✓ OSH Audits [403-2]

To maintain high workplace safety standards, KPS Berhad integrates key focus areas into its health and safety audit process. OSH audits cover:

- Evaluation of safety protocols, workplace health measures, and adherence to safety practices
- Review of regulatory compliance, and internal safety standards
- Assessment of emergency response preparedness and incident management frameworks
- Examination of training and awareness programmes to ensure effective implementation and knowledge retention

These considerations are applied across all existing operations and are incorporated into the due diligence process for potential new acquisitions and operations, where applicable.

#### ✓ Incident Reporting and Management [GRI 403-2]

In 2024, a total of 14 OSH-related lost-time incident ("LTIc") cases were reported, with 11 occurring at CBB Malaysia operating facilities and 3 at Toyoplas Indonesia operating facility. All other operations, including KPS Berhad, maintained a record of **zero** OSH incidents.

To uphold accountability and transparency, KPS Berhad has implemented a structured incident reporting framework. All LTIc cases are promptly reported to relevant external authorities and escalated through the Group's internal reporting hierarchy, starting from line managers to Head of Subsidiary and ultimately to the BGRC.

Each subsidiary company ensures that OSH committees report LTIc(s) using the OSH Accident Investigation Report (JKKKP 6). In the event of any incident or accident, subsidiary companies manage the cases according to the following steps:

- Immediate reporting of incidents to OSH personnel
- Review of OSH accident and incident performance by RMD, BGRC and subsidiary boards via risk management and compliance reports
- Adherence to the SOP for Accident and Incident Investigation and Reporting
- Mandatory reporting of all LTIc cases to DOSH for regulatory compliance

#### ✓ OSH Training and Awareness Programmes [GRI 403-5, 403-6]

KPS Berhad places great emphasis on equipping employees with the knowledge and skills necessary to uphold a safe work environment. Each subsidiary company organises OSH induction training sessions to educate employees on hazard identification and incident reporting, fostering a proactive safety culture.

In 2024, KPS Berhad and its subsidiary companies conducted a few series of training sessions covering both general and specialised safety topics, ensuring employees at all levels received relevant safety education. To further enhance OSH effectiveness, the Group proactively identified and addressed gaps by gathering insights from operational needs, legal requirements, audits, risk assessments, and past incidents. The efficacy of these training programs was rigorously evaluated through risk evaluations, audit findings, and the monitoring of incident trends.

Building on these efforts, KPS Berhad has maintained detailed records of employees who have undergone OSH training since 2023. In 2024, 31% of employees had completed health and safety training, marking a key step in KPS Berhad's ongoing efforts to enhance workplace safety. Building on this momentum, we remain committed to strengthening our OSH practices across the Group.

#### **Number of Employees Trained on Health and Safety Standards**

kps.

19 2023: 8 2022: NA **TOYOPLAS** 

279 2023: NA

2022: NA

2022: NA

1,092 2023: 37

2022: NA

Total

MDS

2 2023: 29 2022: NA

2023: NA 2022: NA

NA: Not Available

While the number of employees trained at MDS Advance and Agua-Flo in 2024 was relatively low, we recognise this as an opportunity for targeted improvement. Moving forward, we will enhance the companies' training outreach, implement structured learning plans, and promote greater participation to embed a stronger safety culture within every level of the organisation.



CPI employees taking part in the annual fire drill training exercise.

Beyond structured health and safety training programmes, in 2024 the Group engage employees through a variety of safety initiatives, such as:

- HSF Awareness Sessions
- Annual Inspections by the DOSH and Fire and Rescue Department of Malaysia
- Workplace Safety Audits and Inspections
- PERKESO BookDoc Challenge
- Emergency Response Team "(ERT") Training
- Certified First Aid Courses for Selected Floor Wardens and Employees
- Evacuation Drills with the Malaysian Fire and Rescue Department
- Health Check-ups by PERKESO for Selected Employees

#### ✓ Occupational and Non-Occupational Health Services [GRI 403-3]

KPS Berhad is committed to safeguarding the overall wellbeing of its employees, addressing both occupational and non-occupational health concerns. The HRD plays a key role in implementing employee wellbeing initiatives, ensuring that both mental and physical health are prioritised 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 supports both safety and wellbeing, fortifying its commitment to a productive, healthy, and engaged workforce.

## Our Data Performance: Measuring Safety Outcomes and Progress [GRI 403-9, 403-10]

**Zero** workplace incidents and ensuring the highest safety standards across its operations. Despite this ambition, 2024 saw an increase in the total number of LTIc cases, rising from 11 cases in 2023 to 15 cases in 2024. However, an encouraging development is that the number of accident cases requiring more than four days of medical leave has declined to 10 cases, reflecting improved risk mitigation and faster response times to workplace hazards.

This progress can be attributed to enhanced risk assessments, strengthened training programmes, and ongoing OSH audits that help identify and address workplace hazards before they escalate into critical incidents.



Employees of the Group participating in the first aid training during the Social Sustainability training.

To further reduce workplace accidents, KPS Berhad has intensified its focus on mitigation actions, which include:

#### **Expanding OSH Training Initiatives**

Employees undergo more comprehensive safety training tailored to their job scopes, with increased emphasis on hazard identification and response protocols

#### **Stepping Up Workplace Inspections**

More frequent site inspections and safety audits are conducted to ensure compliance with OSH best practices and regulatory standards

#### **Enhancing Incident Reporting Mechanisms**

Streamlined reporting structures allow faster intervention and corrective actions, preventing recurring safety issues

### Investing in Protective Equipment and Safety Protocols

Additional safety gear and new safety protocols are introduced to minimise exposure to workplace hazards

#### **OSH Data Performance**

Employees Employees							
Number of Lost time Incidents (LTIc) 2024: 15 2023: 11 2022: 2	Lost Time Incidents Rate (LTIR %) 2024: 0.37 2023: 0.40 2022: NA	Number of Lost Time Injuries (LTI) 2024: 10 2023: 11 2022: 2	Lost Time Injuries Frequency Rate (LTIFR %) 2024: 1.23 2023: 2.01 2022: NA	Number of Fatality 2024: 0 2023: 0 2022: 0			
		Contractor					
Number of Lost time Incidents (LTIc) 2024: 0 2023: 0 2022: 0	Lost Time Incidents Rate (LTIR %) 2024: 0 2023: 0 2022: NA	Number of Lost Time Injuries (LTI) 2024: 0 2023: 0 2022: 0	Lost Time Injuries Frequency Rate (LTIFR %) 2024: 0 2023: 0 2022: NA	Number of Fatality 2024: 0 2023: 0 2022: 0			

NA: Not Available

BERHAD 8	& SUBSIDIARY COMPANIES	;				
	Employees & Contractor					
	Number of Lost Time Incidents (LTIc)	Lost Time Incidents Rate (LTIR %)	Number of Lost Time Injuries (LTI)	Lost Time Injuries Frequency Rate (LTIFR %)	Number of Fatality	
	2024: 0	2024: 0	2024: 0	2024: 0	2024: 0	
ps.	2023: 0	2023: 0	2023: 0	2023: 0	2023: 0	
J-0	2022: 0	2022: 0	2022: 0	2022: 0	2022: 0	
	2024: 3	2024: 0.14	2024: 3	2024: 0.72	2024: 0	
OVO YOPLAS	2023: 0	2023: 0	2023: 0	2023: 0	2023: 0	
YOPLAS	2022: 0	2022: 0	2022: 0	2022: 0	2022: 0	
	2024: 0	2024: 0	2024: 0	2024: 0	2024: 0	
PI	2023: 0	2023: 0	2023: 0	2023: 0	2023: 0	
FV	2022: 0	2022: 0	2022: 0	2022: 0	2022: 0	
	2024: 0	2024: 0	2024: 0	2024: 0	2024: 0	
IDS	2023: 0	2023: 0	2023: 0	2023: 0	2023: 0	
	2022: NA	2022: NA	2022: NA	2022: NA	2022: NA	
	2024: 11	2024: 1.34	2024: 7	2024: 4.25	2024: 0	
18	2023: 11	2023: 2.18	2023: 11	2023: 10.91	2023: 0	
	2022: 2	2022: 0.28	2022: 2	2022: 1.38	2022: 0	
-	2024: 1	2024: 6.27	2024: 0	2024: 0	2024: 0	
qua-flo	2023: 0	2023: 0	2023: 0	2023: 0	2023: 0	
	2022: 0	2022: 0	2022: 0	2022: 0	2022: 0	

NA: Not Available

■ Chapter 5: Social Well-being

## IMPACT STORY: PROMOTING EMPLOYEE WELLBEING THROUGH PREVENTIVE HEALTHCARE

Employee wellness is often overshadowed by demanding work schedules, leading to neglect of preventive healthcare measures. KPS Berhad identified this gap and sought to create an opportunity where employees could conveniently access essential health screenings, expert consultations, and wellness services within the workplace. This initiative aimed to foster a culture of proactive health management, ultimately enhancing employee wellbeing and productivity.

#### √ The Initiative

Recognising that a healthy workforce is essential for sustained productivity and engagement, KPS Berhad launched the KPS Berhad Health and Wellness Day Campaign 2024 as part of its ongoing efforts to promote preventive healthcare and instil long-term healthy habits among employees. This initiative aligns with SDG 3 - Good Health and Wellbeing, reflecting KPS Berhad's dedication to ensuring access to comprehensive health and wellness resources for its workforce.

Hosted by the HRD, the KPS Berhad Health and Wellness Day Campaign 2024 brought together leading healthcare providers to offer employees a suite of health assessments. The event featured participation from PMCare Sdn Bhd (the coordinator), IHEAL Medical Centre, Pantai Hospital Klang, Sunway Medical Centre, Regen Rehab Hospital, MySole Solutions, and Ikonik Eye Specialist.

Employees benefited from a wide range of health services, including:

- Biometric health screenings
- Body mass index ("BMI") assessments
- Heart rhythm tests
- Musculoskeletal screenings
- 3D foot scanning and body alignment treatments
- Vision screenings
- Access to a PMCare helpdesk for health insurance inquiries

This initiative provided employees with valuable insights into their health status, equipping them with the knowledge needed to make informed lifestyle choices. Collaboration between healthcare providers and employees has strengthened workplace healthcare accessibility, making preventive health measures a part of the company's culture.

#### The Outcome

The Health and Wellness Day Campaign 2024 successfully engaged employees on the importance of prioritising health and wellbeing. Feedback from participants highlighted the convenience of on-site screenings and the value of expert consultations in guiding their health journeys.



#### **Our Outlook: Advancing Workplace Safety and Wellbeing**

Building on its progress in occupational safety and health, KPS Berhad remains committed to advancing its safety frameworks, training programs, and risk mitigation strategies to reduce workplace incidents further. Strengthening compliance mechanisms and enhancing hazard identification processes will continue to be a top priority, ensuring that all employees work in a secure and well-managed environment.

In line with our commitment to continuous improvement, KPS Berhad will expand its employee wellness initiatives, giving equal importance to both physical and mental wellbeing. The Group fosters a proactive approach to risk management, provides ongoing training, and nurtures a strong safety culture. These efforts ensure that the workforce is fully supported to thrive in a safe and healthy workplace.





Employees of CPI participating in one of the first aid programme.

#### **Material Matter: Employee Training and Career Development [GRI 3-3]**



#### **Highlight**

As a **medium priority** material matter, employee training and career development ensure that employees remain competitive, engaged, and equipped with the necessary expertise to contribute effectively to business growth.

The key stakeholders affected by this initiative include employees, who benefit from structured career growth pathways, and certification bodies, which validate skill development. By prioritising continuous learning, KPS Berhad strengthens its human capital, ensuring that employees remain agile and well-prepared for future challenges in an evolving workplace.

#### The Significance: **Empowering A Future-Ready Workforce**

KPS Berhad invests in structured learning programmes to enhance workforce capabilities, promote career progression, and support continuous professional development.

Without effective training and career advancement opportunities, businesses risk disengaged and underdeveloped employees, leading to reduced productivity and performance. A lack of professional growth pathways can also result in high turnover rates, making it difficult to retain top talent.

Effective talent development programmes, combined with competitive benefits packages, enable businesses to attract and retain industry-leading professionals, foster a high performance culture, and ensure a steady pipeline of future leaders. Furthermore, structured career pathways strengthen succession planning efforts, ensuring long-term business continuity and leadership stability.

#### Our Approach: **Investing in Workforce Growth**

KPS Berhad is dedicated to fostering continuous professional development, recognising that an adaptable and skilled workforce is key to achieving long-term business success. Training and development efforts are guided by the KPS Berhad Training Policy and annual budget allocations, with priority given to courses accredited by the Human Resource Development Corporation ("HRDC").

Professional growth opportunities are tailored to meet individual career aspirations, identified through annual performance appraisals conducted in collaboration between the HRD and employees' immediate supervisors. Employees work closely with their line managers and HRD to identify training programmes that align with their roles and future career goals. Additionally, HRD is responsible for preparing the annual Training Plan and Budget for all employees to ensure training efforts align with business needs.

To remain competitive, KPS Berhad continuously monitors the progress of its talent pool, ensuring employees develop the necessary skills to enhance their performance and advance their careers. Through integrated people management practices, the Group aims to attract, develop, motivate, and retain highperforming employees, solidifying its commitment to long-term workforce development.





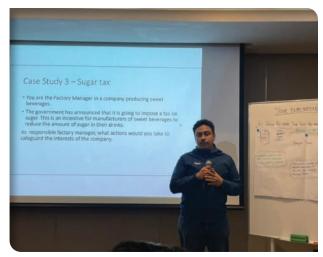












One of KPS Berhad's employees presenting his case study during the Compliance Officer Workshop.



Employees of the Group participating in the Social Sustainability training.

#### ✓ Developing Local Talent for Career Growth

Hiring and upskilling local talent remain central to KPS Berhad's workforce strategy. The Group is committed to sourcing all personnel locally, from non-executive roles to senior leadership positions such as the MD/GCEO and the Board.

Beyond recruitment, KPS Berhad prioritises continuous learning by embedding training into every stage of the employee journey, from onboarding to professional advancement. This ensures that local hires are not only equipped to fill critical roles but also empowered with the skills needed to excel and grow within the organisation.

KPS Berhad designs training programs with structured learning paths that promote both personal and professional growth. These initiatives focus on equipping employees with the tools they need to advance while simultaneously strengthening the Group's talent pool and enhancing employee retention. Through this integrated approach, KPS Berhad strengthens its commitment to nurturing local talent and ensuring long-term sustainability.

#### Our Data Performance: Strengthening Workforce Capabilities [GRI 404-1, 404-2]

KPS Berhad continues to support employee training and career development through structured learning pathways, professional certification programmes, and skills enhancement initiatives. The Group monitors KPIs to assess training effectiveness and ensure alignment with business and workforce needs.

In 2024, KPS Berhad maintained its commitment to employee training, ensuring that development programmes remained accessible and relevant to workforce needs. While total training hours decreased to 10,496 in 2024 (32,049 in 2023), the company has constantly delivered more targeted and high-impact learning initiatives, optimising resources to enhance employee skills effectively, with a notable emphasis on leadership development and technical skills training.

Total Training Hours 2024: 10,496	Average Training Hours per Employee	Total Male Employees Attended Training	Total Female Employees Attended Training
2023: 32,049	2024: 2.99	2024: 682	2024: 639
2022: 21,967	2023: 9.42	2023: NA	2023: NA
	2022: 6.25	2022: NA	2022: NA
Total Employees	Average Training Days	Total Training Hours	Total Training Hours
Attended Training	per Employee	(Male)	(Female)
2024: 1,321	2024: 0.37	2024: 5,555.5	2024: 4,940.5
2023: NA	2023: 1.18	2023: NA	2023: NA
2022: NA	2022: 0.78	2022: NA	2022: NA

NA: Not Available

	Total Training He	ours by Employee Category	
Senior Management	Management	Executive	Non-Executive
2024: 682	2024: 2,451	2024: 4,412	2024: 2,951
2023: 951.50	2023: 4,425.00	2023: 11,473.00	2023: 15,199.50
2022: NA	2022: NA	2022: NA	2022: NA
	Average Training	Hours by Employee Category	
Senior Management	Management	Executive	Non-Executive
2024: 20.05	2024: 14.85	2024: 13.21	2024: 0.99
2023: 26.7	2023: 28.47	2023: 34.3	2023: 5.3
2022: NA	2022: NA	2022: NA	2022: NA

NA: Not Available

## IMPACT STORY 1: NURTURING LEADERSHIP THROUGH PROBLEM-SOLVING

A rapidly changing business environment requires employees to possess strong analytical and problem-solving skills to address internal challenges effectively. Recognising the need to equip its workforce with structured critical thinking capabilities, KPS Berhad identified an opportunity to cultivate these skills through a hands-on training initiative.

#### √ The Initiative

To advance the problem-solving competencies, KPS Berhad introduced the Business Challenge Programme, engaging a group of executive staff in a structured workshop. Employees were divided into teams and tasked with identifying key inefficiencies in internal processes. Through a collaborative approach, they analysed existing challenges and developed solutions to enhance operational efficiency.

Participants presented their findings and recommendations to Senior Management, including the MD/GCEO. A notable case emerged when one team addressed office space constraints and proposed a redesigned layout to optimise workspace utilisation. Following a thorough discussion, management approved and implemented the office restructuring plan.

#### The Outcome

The Business Challenge Programme successfully strengthened employees' analytical thinking and decision-making skills while promoting a culture of active participation in company improvements. The implementation of selected recommendations demonstrated KPS Berhad's commitment to valuing employee-driven solutions. Encouraged by the programme's impact, the Group aims to expand similar initiatives to cultivate leadership and innovation across the workforce further.



## IMPACT STORY 2: CAREER GROWTH THROUGH STRUCTURED PROMOTION PATHWAYS

Career advancement opportunities are the key drivers in employee engagement and retention. Without clear pathways for professional growth, employees may feel unmotivated, leading to higher turnover rates. To address this, CBB sought to establish a transparent promotion structure for non-executive employees.

#### √ The Initiative

CBB set an annual target to promote at least **five non-executive employees** based on merit and performance. The selection process involved a rigorous evaluation of employees' achievements, leadership potential, and contributions to the company's strategic goals. This initiative was designed to foster a culture of excellence, encouraging employees to strive for career progression while ensuring that leadership roles were filled with individuals well-versed in the company's values and operations.

#### The Outcome

The structured promotion initiative embodies CBB's commitment to recognising and rewarding outstanding performance. Futhermore, the promotion of internal talent ensures leadership continuity and enable seamless transitions when senior positions become available.

#### **Our Outlook:**

#### **Reinforcing Workforce Development for the Future**

Building on the progress achieved in 2024, KPS Berhad will continue refining its training strategies to enhance employee development. Strengthening career progression pathways and expanding learning opportunities will ensure that employees are well-equipped to meet evolving industry demands.

Future efforts will focus on sustaining professional growth through structured training programmes and leadership development initiatives. Creating an adaptive learning environment and fostering a culture of continuous improvement will support employees in reaching their full potential while amplifying the organisation's long-term success.



#### **Material Matter:** Labour Standards [GRI 2-8, 3-3]



#### Highlight

Though comparatively a **low** priority material matter, labour standards are still an aspect of KPS Berhad's commitment to protecting workforce rights and fostering a respectful work environment. Ensuring fair treatment, compliance with labour laws, and adherence to international best practices are essential to maintaining trust among employees and regulators.

KPS Berhad upholds labour standards through transparent policies, equitable employment practices, and regulatory compliance across all subsidiary companies. The Group actively works to prevent labour rights violations by fostering inclusivity, diversity, and non-discriminatory practices in hiring, compensation, and workplace conduct.

Key stakeholders impacted by this material matter include employees, business partners, vendors and suppliers, who rely on fair and just employment conditions, and regulators, who oversee compliance with labour laws and ethical employment guidelines. Maintaining responsible labour practices means KPS Berhad safeguards employee welfare and strengthens organisational integrity, cementing its role as a responsible employer.

#### The Significance: **Upholding Ethical Labour Practices**

Ethical employment practices safeguard employees, meet regulatory compliance and contribute to long-term business sustainability. To uphold these principles, KPS Berhad maintains alignment with labour regulations and global best practices while promoting inclusivity and equitable workplace policies.

The absence of well-defined labour policies can lead to unfair treatment, workplace discrimination, and regulatory non-compliance. These risks may result in reputational damage, legal consequences, and reduced employee morale.

Ethical labour standards also present opportunities for organisational growth. Companies prioritising responsible employment practices are more likely to attract and retain top talent, build a motivated workforce, and foster a positive corporate culture. Furthermore, adherence to labour laws and industry standards strengthens relationships with regulators and stakeholders, contributing to business resilience and credibility.

To sustain progress in this area, KPS Berhad continues refining its employment policies and compliance frameworks. The Group remains focused on fostering a workplace culture where employees feel valued, supported, and empowered to grow professionally while ensuring fair and just treatment across all levels of the organisation.

#### Our Approach:

#### **Upholding Fair and Inclusive Employment Practices**

KPS Berhad's commitment to employees encompasses more than compliance with labour laws; it is centred on fostering a positive and equitable work environment where employees feel valued and supported. This dedication is reflected in key priorities such as ensuring workplace safety, offering competitive salaries and benefits, promoting career growth, providing flexible work arrangements, and recognising employee contributions.

















Central to this commitment is the Group's adherence to labour standards, which are meticulously aligned with the legal frameworks of Malaysia, Vietnam, China, and Indonesia.

Our merit-based approach governs employee management, as outlined in the Group's Employee Handbook. Decisions regarding hiring, promotions, compensation, and training are determined by employees' skills, performance, contributions, and aptitude. Additionally, KPS Berhad prioritises local hires by ensuring job vacancies are first offered to qualified individuals within the local workforce.

Professional development is structured on a need basis, ensuring that employees with the most pressing or relevant requirements for career advancement receive training opportunities. The Group also upholds the principle of equal pay for equal work, prohibiting discrimination based on ethnicity, gender, religious beliefs, marital status, age, seniority, or any other sociodemographic characteristic.

#### ✓ Collective Bargaining [GRI 2-30, 407-1]

KPS Berhad respects the rights of employees across its subsidiary companies to engage in collective bargaining or openly discuss employment-related matters with their respective management teams. Within Toyoplas Indonesia, a structured collective bargaining agreement is in place, established through a union representing eligible employees. As of the end of 2024, 78.9% of Toyoplas' workforce in Indonesia are union members.

While other subsidiary companies within the Group do not have formal collective bargaining agreements, employees have the full right to form entities—either formally or informally, to collectively negotiate with management. To ensure employees remain informed of their rights, the Group provides periodic reminders through formal and informal internal communication channels.

Management across all subsidiary companies upholds a fair and transparent approach to employee communication, ensuring that all workers receive essential information equitably and simultaneously whenever possible. This commitment to open dialogue reinforces a collaborative work environment where employees feel heard and valued.

#### √ Freedom of Association [GRI 407-1]

KPS Berhad acknowledges and upholds the fundamental right to freedom of association, fostering a fair, inclusive, and collaborative workplace. Employees are free to join any social, political, or professional organisation of their choice as long as these organisations operate within the legal frameworks of the countries where the Group conducts business.

Employees have the right to organise and express themselves without fear of discrimination or retaliation, and KPS Berhad shows support through its commitment to having an open and inclusive corporate culture. This principle aligns with the Group's broader goal of building a sustainable, engaged, and motivated workforce that contributes meaningfully to the organisation's long-term success.

#### ✓ Employees Benefits [GRI 201-3]

KPS Berhad is committed to providing employees with competitive remuneration and comprehensive benefits that align with the Employment Act 1955 and the Minimum Wage Order 2024. In most cases, remuneration significantly exceeds statutory requirements, demonstrating the Group's commitment to fair compensation and the principle of equal pay for equal work.

Individual remuneration packages are determined based on tenure, seniority, job responsibilities, and professional expertise. Additionally, employees who have served for more than five consecutive years receive an extra 4% employer contribution to the EPF on top of the prevailing 12% to 13% contribution rate.

Non-executive employees are entitled to overtime pay, ensuring they are compensated fairly for additional working hours in accordance with the Employment Act 1955. These policies help maintain a competitive pay structure that supports employee wellbeing and retention.

#### Our Key Employee Benefits [GRI 401-2]:

Annual subscription/membership fees for recognised professional bodies

Medical Assistance, including Hospitalisation and Surgical ("GHS") and Medical Outpatient ("OP") coverage for employees, spouses, and dependents below 21 years old (single and full-time students)

Service awards for employees who have served 10 years or more

Group Term Takaful ("GTT") Insurance for all employees

Group Personal Accident ("GPA") Insurance for all employees

Academic Achievement Awards for employees' children who excel in public examinations

#### ✓ Awareness Programme on Labour Rights

KPS Berhad also emphasises ensuring employees are well-informed of their workplace rights. To reinforce this, the HRD conducted an awareness programme focusing on key aspects of the Employee Handbook. This initiative aimed to refresh employees' understanding of their fundamental rights, company policies, and workplace regulations. To enhance engagement, the session included an interactive Question and Answer component using a gamification approach, allowing employees to assess their knowledge interactively. By incorporating gamification, the programme fostered greater participation and ensured that employees retained key information effectively.

#### ✓ Parental Leave [GRI 401-3]

KPS Berhad supports employees with family responsibilities by adhering to parental leave regulations, including 98-day maternity leave and 7-day paternity leave for parents of newborns. The Group actively monitors return-to-work rates and retention following parental leave to ensure employees receive the necessary support in balancing work and family responsibilities.

Return to Work Rates and Retention Data for Parental Leave						
Employees Entitled for	Employees Who Took Paternity	Employees Who Took Maternity	Return to Work (Male)	Return to Work (Female)	Retention Rate (Male)	Retention Rate (Female)
Paternity and	Leave	Leave	2024: 92%	2024: 42%	2024: 91%	2024: 67%
Maternity Leave	2024: 12	2024: 24	2023: 100%	2023: 100%	2023: NA	2023: 100%
2024: 2,012	2023: 1	2023: 0	2022: 100%	2022: 100%	2022: 100%	2022: 100%
2023: 43	2022: 1	2022: 5				
2022: 58					Note: The retention rate and since tracking for Toyoplas of	

Note: Return to work: Returning to work after the parental leave period | Retention rate: Remain with the organisation for 12 months or more post parental leave | NA: Not availabe as no employees took leave

#### ✓ Prioritising Local Talent in Recruitment [GRI 2-7]

KPS Berhad prioritises local talent in its recruitment approach, offering employment opportunities first to individuals residing near its operational areas and citizens of the respective jurisdiction. While there is no formal policy mandating this approach, it is a widely practised standard across the organisation and its subsidiary companies, underscoring the Group's dedication to fair employment principles and workforce rights.

Prioritising local hiring supports the development of the local economy by creating job opportunities for qualified candidates within the community. However, certain operational needs, particularly in manual labour roles within Malaysian operations, present challenges in attracting sufficient local candidates. In such cases, the Group employs foreign workers to meet workforce demands while ensuring compliance with regulatory requirements and fair employment standards.

This approach ensures that KPS Berhad continues to uphold fair and responsible hiring practices while addressing workforce realities. The Group remains focused on refining its recruitment strategies to attract and retain local talent wherever possible while sustaining operational efficiency.





#### **Diversity, Equity and Inclusivity**

The Group upholds a commitment to diversity, equity, and inclusivity ("DEI") as a part of its workplace culture. The Group ensures that employment practices reflect the country's multi-racial society while adhering to all applicable laws and regulations. This commitment is outlined in the Employee Handbook under Clause 2.2, Employment Composition, which emphasises a workforce that represents a broad spectrum of backgrounds and perspectives.

#### Highlight

## The Group maintains a zero-tolerance

policy towards discrimination based on race, religion, gender, age, disability, or nationality.

This principle applies across all areas of employment, including recruitment, rewards, and training opportunities. KPS Berhad also fosters a harassment-free work environment, ensuring that every employee feels respected, valued, and empowered to contribute meaningfully to the organisation.

Valuing diverse thoughts and perspectives allows employees to bring unique experiences to the workplace, sparking dynamic discussions that challenge norms and shape corporate objectives.

#### ✓ Women's Day Celebration 2024

In celebration of International Women's Day on 8 March 2024, KPS Berhad honored the contributions of its female employees with a meaningful gesture of appreciation. The Deputy Chief Executive Officer ("DCEO") personally presented tokens of gratitude to all female employees, acknowledging their dedication and impact within the organization. This initiative underscores the Leadership's ongoing commitment to gender inclusivity and fostering a supportive workplace for all employees.



#### √ Town Hall Gathering

The Group's engagement through townhall gathering provide employees with direct access to timely updates on business performance, operational strategies, and future plans. These sessions facilitate clear communication between Management and employees, ensuring that information is conveyed accurately while preventing misinterpretation. By fostering an inclusive workplace, KPS Berhad enables employees to voice concerns, seek clarifications, and actively participate in discussions regarding the Group's direction.

Employees are welcomed to engage in discussions about career development and engagement programmes while gaining insights into the company's strategic direction. Management uses these sessions to clarify expectations and address employee concerns in an open and transparent setting. This platform fosters collaboration, enhances trust, and strengthens employees' sense of belonging within the organisation.

### Our Data Performance: Ensuring Fair and Inclusive Employment [GRI 401-1]

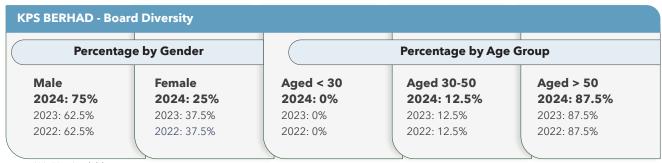
KPS Berhad evaluates its labour practices through ongoing data monitoring, ensuring that policies and initiatives align with fair employment standards. Tracking key workforce indicators provides insights into compliance, diversity, and overall employee wellbeing.



MD/GCEO delivering a briefing during the KPS Berhad's townhall session.

#### Highlight

In 2024, there were **Zero** cases of reported discrimination across the Group, upholding KPS Berhad's commitment to a fair and inclusive workplace.



NA: Not Available



NA: Not Available

	Senior Management	Management	Executive	Non-Executive
Percentage by Category	2024: 1.0%	2024: 4.7%	2024: 9.5%	2024: 84.8%
	2023: 1.1%	2023: 4.6%	2023: 9.8%	2023: 84.5%
	2022: 1.1%	2022: 5.0%	2022: 11.2%	2022: 82.7%
Percentage by Gender	2024: 85.3%	2024: 69.1%	2024: 44.6%	2024: 64.0%
(Male)	2023: 85.7%	2023: 66.7%	2023: 44.4%	2023: 63.2%
	2022: 82.1%	2022: 70.3%	2022: 46.1%	2022: 62.5%
Percentage by Gender	2024: 14.7%	2024: 30.9%	2024: 55.4%	2024: 36.0%
Female)	2023: 14.3%	2023: 33.3%	2023: 55.6%	2023: 36.8%
(Telliale)	2022: 18.0%	2022: 29.7%	2022: 53.8%	2022: 37.5%
Percentage by Age Group	2024: 0%	2024: 2.4%	2024: 29.0%	2024: 44.8%
(Aged < 30)	2023: 0%	2023: 1.3%	2023: 20.9%	2023: 41.9%
(Agea ( oo)	2022: 0%	2022: 1.7%	2022: 17.0%	2022: 36.9%
Percentage by Age Group	2024: 41.2%	2024: 63.6%	2024: 61.1%	2024: 50.4%
(Aged 30-50)	2023: 51.4%	2023: 60.9%	2023: 64.1%	2023: 54.5%
(1.1900.00)	2022: 56.4%	2022: 65.1%	2022: 75.1%	2022: 55.7%
Percentage by Age Group	2024: 58.8%	2024: 34.0%	2024: 9.9%	2024: 4.8%
(Aged > 50)	2023: 48.7%	2023: 37.8%	2023: 14.9%	2023: 3.7%
V-9	2022: 43.6%	2022: 33.1%	2022: 7.9%	2022: 7.4%

#### **Percentage of Global Employee Disability**



KPS BERHAD GRO	UP					
Percentage o	f Employement Type		Total Number	of Employee Turnover	by Category	Percentage of Total
Permanent 2024: 78.5%	Contract 2024: 21.5%	Senior Management	Management 2024: 23	Executives 2024: 119	Non-Executives 2024: 1,200	New Hires 2024: 41.6%
2023: 72.0%	2023: 28.0%	2024: 6	2023: 46	2023: 84	2023: 804	2023: 26.0%
2022: NA	2022: NA	2023: 9 2022: NA	2022: NA	2022: NA	2022: NA	2022: NA

NA: Not Available

Workforce demographics indicate that men comprise 63% of the total Group workforce. However, the gender gap narrows in office-based roles, notably at KPS Berhad Main Office at Shah Alam, Selangor, where women represent approximately 52% of employees.

KPS Berhad ensures that remuneration practices adhere to industry benchmarks, providing equitable compensation based on merit, tenure, and job responsibilities. Employee compensation structures are designed to not only meet but often exceed statutory minimums, reflecting the Group's commitment to attracting and retaining top talent. Wage structures continued to meet, if possible, exceeds statutory minimums, reflecting the Group's standing as a competitive employer.

Internal compliance assessments confirmed that workplace grievance mechanisms remained effective, facilitating employee concerns that were addressed transparently and in compliance with fair employment policies. Maintaining open communication channels between employees and management remains central to fostering trust and enabling compliance with labour laws.

KPS Berhad actively reviews and refines its labour policies to foster employee representation and workforce engagement, ensuring compliance with regulatory standards and ethical employment practices. Strengthening fair employment practices and fostering inclusivity will remain a priority in shaping a resilient and engaged workforce.



THE DCEOFCS is receiving the 'Majikan Paling Setia' award from Lembaga Zakat Selangor.

### IMPACT STORY 1: FOSTERING BONDS THROUGH TEAM BUILDING

Fostering teamwork and strengthening connections between employees across different subsidiary companies is essential for creating a unified and engaged workforce. With multiple business units operating in various locations, ensuring effective collaboration and camaraderie remains a key challenge.

#### √ The Initiative

To promote cross-functional and cross-company engagement, KPS Berhad organised the KPS Group Teambuilding 2024 at Pulau Pinang and Johor. Employees from KPS Berhad, Toyoplas, CBB, CPI, MDS Advance and Aqua-Flo participated in this programme, which was designed to enhance teamwork, strengthen relationships and trust and boost collaborations. The event featured various sports activities, including futsal, netball, and badminton, providing an opportunity for employees to bond outside their daily work routines.

#### The Outcome

The success of the team-building event was evident in the enthusiasm and active participation of employees. It provided a platform for networking and camaraderie, augmenting a shared corporate culture and sense of unity across all subsidiary companies. KPS Berhad is dedicated to cultivating initiatives that strengthen teamwork and ensure employees remain engaged, motivated, and aligned with the company's collective vision.

## IMPACT STORY 2: EMPOWERING EMPLOYEES THROUGH FINANCIAL LITERACY

Financial literacy ensures employees can manage their finances effectively, reducing stress and promoting overall wellbeing. Recognising the importance of financial education, KPS Berhad sought to provide employees with the necessary tools to make informed financial decisions.

#### √ The Initiative

In September 2024, KPS Berhad, through its HRD, collaborated with AKPK to conduct a financial education session titled "Mengharungi Cabaran". This session aimed to raise awareness among employees about prudent financial management and provide them with practical strategies to secure their financial future. The session covered key aspects of financial planning, budgeting, and debt management. Additionally, the AKPK team set up counter services, offering employees direct access to financial advisory support, Central Credit Reference Information System (CCRIS) report checks, and other financial assistance services without requiring a branch visit.

#### **The Outcome**

The financial talk empowered employees with valuable insights and actionable steps to enhance their financial stability. The availability of AKPK's on-site advisory services further underscored KPS Berhad's commitment to supporting employees beyond their professional responsibilities.





**Our Outlook:** 

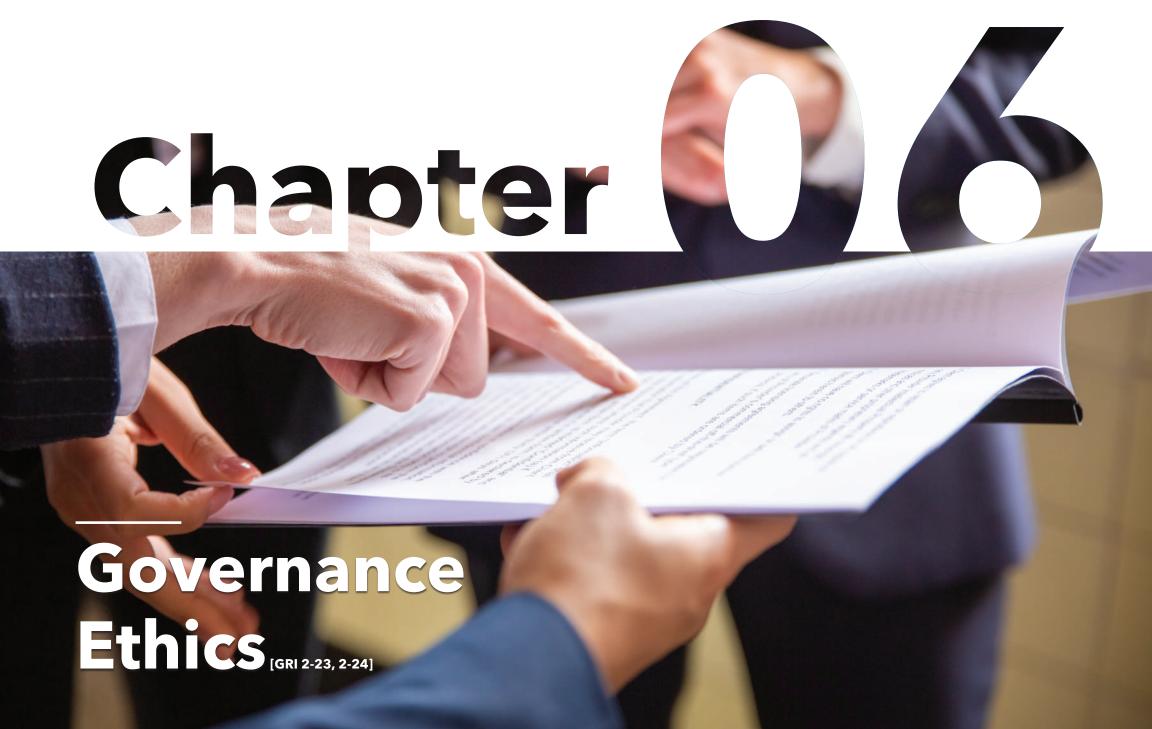
Advancing Fair Employment and Workforce Wellbeing

KPS Berhad intends to foster an equitable and supportive workplace by strengthening labour standards, employee engagement, and fair employment practices. Building on the progress made in 2024, the Group will continue refining policies that promote inclusivity, enhance employee representation, and ensure compliance with evolving regulatory requirements.

The Group plans to expand initiatives that enhance employee wellbeing, professional growth, and workplace inclusivity. Ongoing improvements in engagement strategies and ethical labour practices will help cultivate a workforce that remains adaptable and prepared for future challenges.



The Board and the Senior Management of KPS Berhad during the 2024 AGM.



## **Fostering Trust through Good Governance**

Good governance serves as the backbone of ethical decision-making, reinforcing that every action aligns with the Group's long-term vision for sustainable growth. It is through effective corporate governance that KPS Berhad safeguards its business, mitigates risks, and builds enduring trust with stakeholders.



KPS Berhad, along with other subsidiary companies of MBI Selangor, participating in the OACP programme.

Amid increasing scrutiny from regulators, investors, and the public, transparency and accountability have become non-negotiable. Governance in KPS Berhad is about embedding a culture of ethics, responsibility, and excellence across all levels of the organisation. It drives resilience, innovation, and stakeholder confidence.

#### **Governance as a Pillar of Sustainability**

This commitment is deeply embedded in KPS Berhad's approach, as outlined in Chapter 2 on sustainability governance. The Group's governance structure integrates board oversight, sustainability committees, and ERM practices, maintaining that all business activities adhere to the highest ethical and regulatory standards.

As part of this governance framework, KPS Berhad's Code of Business Ethics ("COBE") demonstrates the Board and Senior Management's commitment to conducting business responsibly, ethically, and in compliance with laws and good practices. The COBE serves as a guiding document for decision-making and behaviour across all levels of the organisation. The Group's COBE can be viewed here:

https://kps.com.my/code-of-businessconduct-ethicscobe-inner

Among the significant topics addressed by the COBE are anti-corruption, conflicts of interest, and stakeholder management, covering areas such as employee wellbeing and investor interests. The COBE is communicated to the Board, Management, and employees, affirming that all Group personnel must comply with its principles.

In addition to the COBE, the Code of Conduct for Directors provides further governance over the ethical responsibilities and behaviours expected from KPS Berhad's directors. The distinctive Code of Conduct for Directors can be viewed here:

https://kps.com.my/code-of-business-conduct-ethicscobe

The Group has also complied with most of the MCCG practices for corporate governance. A comprehensive report on how KPS Berhad applies these practices is available in the 2023 KPS Berhad Corporate Governance Report, which can be accessed here:

https://kps.com.my/index.php/investor-relations/reports

Beyond the COBE, KPS Berhad's dedication to good conduct is guided by the Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries ("GCD") and the MCCG issued by the Securities Commission Malaysia. These frameworks strengthen the Group's commitment to upholding high corporate integrity, ethical business practices, and responsible governance.

#### √ Three Key Material Matters Driving Governance Excellence

Three core material matters shape KPS Berhad's governance commitment:



#### **Good Governance and Anti-corruption**

- Promoting ethical business practices, integrity, and regulatory compliance
- Implementing a zero-tolerance policy for corruption and bribery



#### **Environmental and Social cCmpliance**

- Aligning operations with regulatory frameworks such as Bursa Securities. GRI, and FTSE Russell
- Strengthening due diligence in sustainability practices



#### **Digitalisation and Technology**

- Enhancing cybersecurity, data protection, and digital transformation
- Leveraging technology to drive governance efficiency and mitigate digital risks

#### √ Why Governance Matters to Stakeholders?

For KPS Berhad, governance is more than just an internal function. It is a commitment to all stakeholders, including:

- Investors seeking assurance of ethical business practices and financial transparency
- Employees expecting a fair, secure, and ethical workplace culture
- Regulators demanding compliance with legal and corporate governance requirements
- Customers and business partners rely on integrity, accountability, and responsible partnerships

#### **Material Matter:**

#### **Good Governance and Anti-Corruption [GRI 3-3]**



By strengthening governance structures, policies, and ethical frameworks, KPS Berhad actively works to prevent bribery and corruption, protect business continuity, and uphold stakeholder trust. The Group adopts a zerotolerance stance on bribery and corruption, committing itself to the highest standards of business ethics and aligning with global best practices. This dedication means every business interaction reflects integrity and accountability. Driven by leadership at the highest levels, this commitment extends across all employees, business partners, and suppliers, embedding ethical conduct as a core value throughout the organisation.

#### Highlight

This material matter has been identified as top priority due to its far-reaching implications on corporate reputation, financial stability, and regulatory compliance. Failure to address corruption and governance risks can lead to legal consequences, financial penalties, and a loss of investor and public trust.

















## The Significance: Upholding Accountability, Driving Business Resilience

A well-governed organisation operates with accountability, nurtures ethical leadership, and embeds a culture of compliance across all levels in KPS Berhad. Governance serves as the mechanism that builds business resilience, safeguards investor confidence, and enhances operational integrity. Without it, risks go beyond legal consequences, leading to diminished stakeholder trust, compromised financial stability, and reduced market competitiveness.

The absence of robust governance structures and anticorruption safeguards exposes businesses from multiple risks:

#### Regulatory penalties and legal consequences

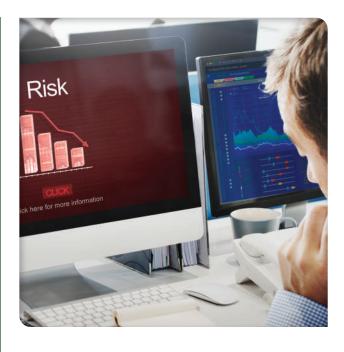
Poor governance can lead to non-compliance
with laws such as the Malaysian Anti-Corruption
Commission Act, resulting in financial fines, legal
action, and potential operational restrictions

### Reputational damage and loss of investor confidence

Companies embroiled in corruption scandals often experience declining stock prices, withdrawal of investor support, and challenges in securing funding

#### Weakened stakeholder relationships

Unethical business practices compromise trust among employees, regulators, business partners, and consumers. This leads to long-term reputational setbacks that are difficult to reverse



#### ✓ Turning Risks into Opportunities

KPS Berhad transforms compliance into a strategic advantage by embedding strong governance frameworks and supporting the business practices aligned with stakeholder expectations and regulatory requirements.

#### Strengthening financial stability

Ethical business practices reinforce investor confidence, enabling long-term financial growth and access to capital

#### **Enhancing operational efficiency**

 A well-defined governance structure streamlines decision-making, promoting transparency and minimising risks in procurement, investments, and strategic initiatives

#### Strengthening corporate reputation

Companies with strong governance credentials are more attractive to investors, customers, and business partners who prioritise ethical and sustainable business engagements

#### **Our Approach:**

#### **Embedding Integrity into Every Business Decision**

KPS Berhad's focus on governance is anchored in two core principles: adhering to laws and regulations while upholding high standards of corporate governance. These principles guide the Board of Directors, management teams, employees, and business partners in maintaining accountability and fostering ethical conduct.

#### **Board Committees of KPS Berhad**

The Board's committees provide oversight on governance, risk, ethics, and compliance:





#### **Board Audit** Committee

Provides oversight of the financial reporting process, the audit process, system of internal controls, and compliance with laws and regulations.





#### Nomination and Remuneration Committee [GRI 2-20]

The Board and its committees should retain an appropriate composition and be fairly remunerated to support KPS Berhad's strategic objectives and values. Reviews employee performance, annual salary increament, and employees' benefits.





#### **Board Governance** and Risk Committee

Provides oversight and advice in relation to KPS Berhad's current and potential future risk exposures, and to its future risk strategy, determinants and tolerance, as well as compliance risk management.





#### **Sustainability Board** Committee

Oversees the processes, standards, and strategies that are designed to manage economic, environment, and social risks and opportunities concerning KPS Berhad's business sustainability and operations.



Kamaruddin (Chairperson) and Dato' Ts. Saipolyazan bin Mat Yusop.

#### **Board Investment Review Committee**

The members of SBC. From left Dato' Ikmal bin Hijaz Hashim, Sharmila Sekarajasekaran, Norliza binti

Provides oversight in relation to KPS Berhad's investment programmes and investment funds, their governance, composition, and delivery performance.





#### **Tender Board** Committee

Assists the Board in fulfilling its statutory and fiduciary responsibilities by overseeing, reviewing, and recommending KPS Berhad's procurement process.

## ✓ Upholding Compliance and Ethical Leadership

To prevent corruption and unethical practices, KPS Berhad integrates governance standards across all aspects of its operations. Compliance with laws and ethical business conduct is strengthened through:

#### **ERM** and internal controls

A robust risk framework allows for the early identification and mitigation of compliance risks

#### **Due diligence in business engagements**

All third-party vendors, suppliers, and partners undergo integrity screening to uphold ethical business dealings

#### Whistleblowing mechanisms

Established reporting channels enable employees and stakeholders to report unethical behaviour without fear of retaliation

#### Regular training and awareness programmes

Employees and senior management are
 educated on anti-corruption measures,
 governance policies, and ethical responsibilities

# ✓ Strengthening Governance Through Oversight and Policies

A well-defined governance structure keeps compliance and ethical leadership at the core of KPS Berhad's operations. The Board of Directors play a pivotal role in overseeing governance matters, supported by various board committees that provide specific guidance on risk management, financial controls, sustainability, and ethical business conduct.

KPS Berhad's governance policies align with the MCCG, GCD, and the MACC Act Section 17A. These policies are periodically reviewed and strengthened to reflect evolving regulatory expectations and stakeholder priorities.

The Group's COBE serves as a guiding document that upholds business practices meet the highest integrity standards. Employees, board members, and business partners are required to adhere to the COBE, which sets expectations for ethical behaviour, stakeholder management, and corporate responsibility. The Code of Conduct for Directors further upholds governance accountability at the leadership level.

#### √ Key Policies in KPS Berhad

KPS Berhad has established a set of governance policies to maintain high ethical and operational standards. These policies are regularly reviewed and updated to align with evolving legal and business requirements.

Under the Internal Document Policy ("IDP"), all policies are reviewed at least once every three years, or as required.

#### **Board Policies [GRI 2-19]**

- 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

#### **Corporate Policies**

- Conflict of Interest Policy
- Credit Policy
- Whistleblowing Policy
- Talent Management and Succession Planning Policy
- External Auditors Assessment Policy
- Policy on Appointment of External Auditors
- Internal Document Policy
- Treasury Policy
- Investor Relations Policy
- Entertainment and Gift Policy
- Information Technology Policy
- Personal Data Protection Policy
- Performance Management Framework Policy
- Delegation of Authority Policy and Limit of Authority
- Foreign Exchange Policy and Guidelines
- Related Party Transactions Policy and Procedures
- Procurement Policy
- Compliance Policy
- Business Continuity Management
- Enterprise Risk Management Policy
- Anti-Bribery and Corruption Policy
- Quality, Safety, Health, and Environmental Policy
- Sustainability Policy

# Risk Management [GRI 2-16]: Strengthening Corporate Defences

A fundamental aspect of good governance is comprehensive risk oversight and the development of effective measures to address significant business, operational, and sustainability-related risks.

KPS Berhad's risk management practices align with the ISO 31000:2018 standard, which provides benchmark standards, recommendations, and guidelines for identifying and mitigating risks systematically.

To mitigate risks and prevent or minimise financial losses, protect business operations, and uphold corporate reputation, KPS Berhad has established a structured ERM framework. This framework includes:

# A regularly updated risk register

Facilitates continuous monitoring of potential governance risks

# A triple-tier identification approach

Allows risks to be identified early at the operational level before they escalate

# **Stringent oversight systems and operational controls**

Emphasising shared accountability, transparency, and collective responsibility

The Group provides regular risk disclosures to internal stakeholders, including details on risk exposure, mitigation strategies, and regulatory compliance measures.

#### √ Risk Assessment and Due Diligence Practices

KPS Berhad has developed an SOP to conduct due diligence and risk management when engaging with various stakeholders. This process applies to existing operations as well as any potential acquisitions or new business engagements. The assessment includes:

- Identifying non-compliance risks, including issues related to local and foreign labour
- Evaluating health, safety, and environmental compliance
- Conducting third-party assessments of suppliers, vendors, and service providers
- Promoting adherence to anti-bribery and corruption policies

#### √ Strong Stance Against Money Laundering

KPS Berhad maintains compliance with anti-money laundering laws by requiring employees to conduct thorough counterparty due diligence. This includes:

- Understanding the business and background of prospective counterparties
- Verifying the origin and destination of funds, property, and services in transactions
- Applying stringent SOPs to outline professional conduct expectations for all business relationships

This process applies to all external engagements, including customers, contractors, suppliers, consultants, agents, joint venture partners, and other business associates.

# ✓ Strengthening the Anti-Bribery and Corruption Policy

KPS Berhad upholds a zero-tolerance approach to bribery and corruption across all operations, emphasising integrity and accountability throughout the Group. This stance aligns with the MACC Act Section 17A and incorporates industry best practices to uphold corruption-free business processes, dealings, and operations.

The Group has implemented a comprehensive Anti-Bribery and Corruption ("ABC") Policy, which applies to all employees, the Board members, and external stakeholders. The policy outlines strict measures to prevent corrupt practices, covering areas such as:

- Bribery, kickbacks, and money laundering
- Abuse of power, fraud, and embezzlement
- Corporate hospitality, facilitation payments, and donations
- Conflicts of interest and improper political contributions

The full ABC Policy can be viewed here: https://kps.com.my/anti-bribery-and-corruption-policy-inner

To further enforce compliance, Toyoplas, CPI, MDS Advance, and CBB require suppliers and customers to sign the COBE. Additionally, its suppliers must complete the Integrity Pledge, reinforcing their adherence to zero bribery and corruption practices.

# ✓ Formulated Policies Supporting Anti-Bribery and Corruption Efforts

- Anti-Bribery and Corruption Policy
- Whistleblowing Guidelines
- 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
- Anti-Harassment Policy
- SOP on Tender Process
- SOP on Quotation Process
- Supplier Integrity Pledge
- Procurement Policy

#### ✓ Guidance on Gift Giving and Receiving

To further strengthen ethical business conduct, KPS Berhad has an Entertainment and Gift Policy that provides clear guidelines on handling gifts and gratuities from both internal and external parties. The Group also extends its strict no-corruption or bribery stance to its supply chain, requiring suppliers, vendors, and contractors to commit to the Supplier Integrity Pledge, keeping all business engagements corruption-free.

# ✓ Continuous Commitment to Organisation Anti-Corruption Plan 2023-2026

In 2024, KPS Berhad continued its commitment to the Organisation Anti-Corruption Plan 2023-2026 ("OACP"), strengthening our dedication to a bribery and corruption-free workplace and ethical engagements with external parties. Building on the foundation established in 2023, we further strengthened our anti-corruption management approach across procurement, governance, and human capital, ensuring these key areas remain resilient against potential risks.

As part of this ongoing effort, we remain focused on identifying vulnerabilities, implementing corrective strategies, and fostering a culture of transparency, integrity, and accountability. The OACP continues to serve as a guiding framework in our pursuit of the highest ethical standards and the deterrence of corrupt practices. Notably, in 2024 KPS Berhad participated in the 'Ceramah Anti-Rasuah' organised by Menteri Besar Incorporated (MBI) Selangor in November 2024 to strengthen our ongoing support for integrity and anti-corruption initiatives.

## ✓ Driving Compliance and a Corruption-Free Culture through the Internal Governance Unit

KPS Berhad has established the Integrity and Governance Unit ("IGU"), led by the Chief Integrity and Governance Officer, to strengthen its commitment to ethical business practices further. The IGU is responsible for:

Reviewing the ABC Policy and SOPs regularly, to validate they align with legislative changes

Conducting corruption risk assessments across the Group to identify high-risk areas

Organising ethics and anti-corruption awareness training for employees

Monitoring and reviewing all anti-corruption related data to achieve compliance

The IGU reports to the Board and Senior Management, maintaining governance oversight as a top priority across all business units.

# ✓ Whistleblowing Policy and Secure Reporting Channels [GRI 2-16, 2-25, 2-26]

KPS Berhad maintains a Whistleblowing Policy to encourage the reporting of unethical practices. This policy safeguards whistleblowers who are protected under the Whistleblower Protection Act 2020 (Act 711), maintaining confidentiality and preventing retaliation.

Reports can be submitted through multiple channels:

- » 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 17 Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam, Selangor Darul Ehsan

- integrity@kps.com.my or chairmanbgrc@kps.com.my
- Completing the Whistleblowing Form at:
  <a href="https://kps.com.my/index.php/investor-relations/corporategovernance">https://kps.com.my/index.php/investor-relations/corporategovernance</a>
- +603-5524 8448

# Highlight

In 2024, **Zero** whistleblowing cases were reported across the Group.

## ✓ Communication and Training on Governance Policies

As part of its continuous efforts to foster a culture of compliance, KPS Berhad requires all personnel, including external business partners, to formally acknowledge their commitment to remain bribery or corruption-free.

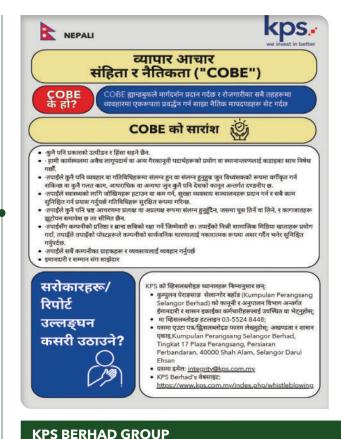
To enhance accessibility, the Group has translated key policies, including the Whistleblowing Policy, Anti-Harassment Policy, and COBE into Bahasa Malaysia, Bengali, Vietnamese, Nepalese, and Burmese.

This initiative boosts awareness and supports all employees, including foreign workers, in understanding and adhering to governance expectations.

#### **Our Data Performance:**

Measuring the Impact of Governance and Compliance [GRI 205-1, 205-2, 205-3, 415-1]

KPS Berhad continuously monitors and assesses its governance and anti-corruption efforts to uphold compliance with regulatory frameworks and to strengthen its internal controls. The Group's structured process to tracking governance performance enables proactive risk mitigation, informed decision-making, and ongoing improvements in corporate integrity practices.



#### ✓ Anti-Corruption Audit and Assessments [GRI 2-27]

An in-depth review was conducted to identify potential vulnerabilities in the current governance systems that could give rise to corrupt practices. This was followed by a Corruption Risk Assessment ("CRA") in 2024, covering all subsidiary companies of KPS Berhad. The assessment revealed that all operations were at **low risk** of corruption exposure, supported by robust internal controls implemented across all evaluated entities.

Consequently, no additional procedures were deemed necessary beyond the existing controls, as none of the subsidiary companies, departments, or units were found to have high-risk exposure to corruption. Nevertheless, the Group remains dedicated to continually enhancing its efforts to address all forms of corruption, including bribery.

2022: 0

#### **Anti-Corruption Risk Assessment Total Number of Operations Percentage of Operations Significant Corruption Risks Assessed for Corruption Risks Assessed for Corruption Risks Identified Through Risk** 2024: 100.0% 2024: 21 Assessment 2023: 15 2023: 62.5% 2024: 0 2022: 15 2022: 60.0% 2023:0

#### ✓ Anti-Corruption Training and Awareness

A key aspect of KPS Berhad's anti-corruption strategy is fostering a common understanding of governance policies and ethical business practices among employees at all levels. The Group organises regular training sessions on anti-corruption compliance, covering topics such as bribery or corruption risks, corporate ethics, and whistleblowing protections.

In 2024, training sessions were conducted for the Board members, Senior Management and employees across all subsidiary companies. The programmes were designed to strengthen awareness of governance policies and promote ethical business conduct throughout the organisation. KPS Berhad mandates anti-corruption training for all employees, from executive leadership to operational staff. In doing so, the Group fosters a corruption-free workplace culture.

	Anti-Corruption	Training for Board of Directo	rs
Total Number of Board of Directors 2024: 8 2023: 8 2022: 8	Number of Board of Directors Trained in Anti-Bribery and Corruption 2024: 5 2023: 2 2022: NA	Percentage of Board of Directors Trained in Anti-Bribery and Corruption 2024: 62.5% 2023: 25% 2022: NA	Total Anti-Corruption Training Hours for Board of Directors 2024: 13 2023: 2 2022: NA
	Percentage of Anti-Corrup	tion Training for Employees b	by Category
Senior Management 2024: 29% 2023: NA 2022: NA	Management 2024: 20% 2023: 28% 2022: NA	<b>Executive 2024: 15%</b> 2023: 47% 2022: NA	Non-Executive 2024: 1% 2023: 11% 2022: NA

NA: Not Available

## ✓ Monitoring Corruption Incidents and Compliance **Performance**

KPS Berhad upholds strict compliance monitoring across its operations, with governance policies effectively enforced. As of 2024, the Group recorded zero confirmed incidents of corruption, highlighting the success of its preventive measures and internal controls.

No employees, suppliers, or third-party contractors were dismissed, disciplined, or had contracts terminated due to corruption-related violations. Furthermore, the Group did not face any financial penalties, settlements, or regulatory fines linked to anti-corruption breaches.



MD/GCEO posing with the signed Corruption-free Pledge at Ikrar Bebas Rasuah event.

#### **KPS BERHAD GROUP**

**Total Number of Confirmed Incidents of Corruption or Bribery** 2024:0

2023:0

2022: 0

**Actions Taken in Dealing with** Confirmed Incidence(s) of **Corruption or Bribery in the** Company (If Any) 2024: 0

2023: 0 2022: 0 **Total Number of Confirmed Incidents in which Employees** were Dismissed or Disciplined for **Corruption or Bribery (If Any)** 2024: 0

2023: 0 2022: 0

**Total Number of Confirmed Incidents when Contracts with Suppliers and Contractors were Terminated or Not Renewed** due to Violations Related to **Corruption or Bribery** 2024: 0

2023:0

2022: 0

Cost of Fines, Penalties, or **Settlements in Relation to Corruption or Bribery (RM)** 2024: 0

2023: 0 2022: 0 **Total Amount of Political** Contribution (RM) 2024: 0

2023: 0 2022: 0

#### ✓ Observations

The low-risk exposure rating from the 2024 CRA assessment indicates that existing controls effectively mitigate corruption risks across all subsidiary companies

The **zero** confirmed incidents of bribery or corruption in 2024 reflect the strength of KPS Berhad's governance framework and compliance culture

Ongoing employee training and policy enforcement have enhanced awareness of anti-corruption measures, reinforcing ethical decision-making throughout the organisation

# IMPACT STORY: FOSTERING A SPEAK-UP CULTURE AT CPI

At CPI, promoting transparency and accountability has been its key priority. Recognising the importance of making governance policies accessible and easily understood by employees, CPI took proactive steps to increase awareness of ethical guidelines, whistleblowing mechanisms, and anti-harassment policies across its workforce.

#### √ The Initiative

To embed a stronger compliance culture within the organisation, CPI introduced digital signage displays at its production areas and offices, serving as a constant reminder of the company's commitment to ethical business practices.

These digital displays were used to communicate:

- The COBE to outline expected conduct and ethical principles.
- The Anti-Harassment Policy to promote a safe and respectful work environment for all employees.
- The Whistleblowing Policy and Guidelines to encourage employees to report any wrongdoing through secure and confidential channels.

#### **The Outcome**

The implementation of digital signage and awareness sessions has led to a more transparent and accountable workplace culture at CPI. Key benefits observed include:

- Increased confidence among employees to speak up and report misconduct without fear of retaliation.
- A **reduction in fraud risks**, as employees are more aware of governance policies and the consequences of unethical behaviour.
- Strengthened **trust and accountability** between employees and the company.
- Enhanced compliance with laws and regulations, aligning with corporate governance standards.

By making governance policies more visible and accessible, CPI has demonstrated its dedication to ethical business conduct, supporting KPS Berhad's broader objective of fostering integrity across the Group. The initiative has raised employee awareness, as well as helped to cultivate a corporate environment where transparency and compliance are deeply embedded in daily operations.



# **Our Outlook: Advancing Governance with Transparency and Accountability**

Upholding strong governance and ethical business practices has been a continuous priority for KPS Berhad. In 2024, efforts were focused on reinforcing compliance structures, strengthening anti-corruption measures, and improving risk oversight. These initiatives have fostered a more transparent and accountable corporate environment, aligning with regulatory expectations and stakeholder trust.

The Group will continue to refine its governance strategies, keeping them effective in an evolving business landscape. Ethical leadership, proactive risk management, and responsible corporate decisionmaking will remain key focus areas. With a governance framework that adapts to emerging challenges, KPS Berhad aims to sustain a culture of integrity that drives long-term value for all stakeholders.



The Group CEO of KPS Berhad, second from the left, with YAB Dato' Menteri Besar Selangor at the Organisational Anti-Corruption Plan ("OACP") event.

# **Material Matter: Environmental and Social Compliance [GRI 3-3]**



# The Significance: **Compliance as a Driver of Sustainable Business** Growth

Environmental and social compliance adherence guides decision-making and supports long-term business resilience in KPS Berhad. This commitment extends beyond mere regulatory obligations, as failures in compliance can result in financial penalties, reputational damage, and operational disruptions. By establishing a structured compliance framework, the Group aligns its activities with national regulations, international sustainability commitments, and industry best practices, boosts transparency andminimises exposure to legal and financial risks, while fostering investor and public confidence in the Group's sustainability efforts.

## The Importance of Environmental and Social Compliance

Protects the business from legal repercussions and financial penalties associated with noncompliance

Enhances operational efficiency by reducing environmental risks and improving resource management

Strengthens stakeholder trust by demonstrating responsible corporate behaviour

#### ✓ Risks of Non-Compliance

Legal liabilities, fines, and reputational damage due to regulatory violations

Increased operational disruptions resulting from environmental hazards or social concerns

Loss of investor confidence and stakeholder support, affecting long-term business sustainability

#### **Opportunities in Strengthening Compliance**

Improved brand reputation by positioning KPS Berhad as a responsible corporate leader

Greater access to sustainable investment opportunities and partnerships

Enhanced resilience through proactive risk management and sustainability-driven decisionmaking

#### Our Approach:

**Establishing Accountability In Environmental and Social Compliance** 

KPS Berhad adopts a proactive and structured method to environmental and social compliance, integrating regulatory standards and industry best practices into its operations. Beyond meeting legal requirements, the Group prioritises responsible corporate behaviour, risk reduction, and the development of long-term business resilience.

To achieve this, KPS Berhad has established a comprehensive compliance system designed to anticipate and address potential failures in environmental and social governance. By actively monitoring compliance across all subsidiary companies and business units, the Group achieves effective management of both direct and indirect impacts. This vigilance extends to supply chains and partnerships, where ethical practices are consistently promoted and upheld, mitigating risks that could lead to reputational harm, financial penalties, or operational disruptions.

#### ✓ Oversight and Response to Non-Compliance

KPS Berhad's commitment to compliance is led by the Board, which plays a pivotal role in business strategy development and governance oversight. Through leadership and continuous monitoring, the Group fosters that all business activities align with applicable laws and regulations, reinforcing its dedication to ethical and responsible operations.

















To support this commitment, KPS Berhad has established a comprehensive Group-wide system for managing non-compliance. This system enables the organisation to thoroughly examine and address any instances of non-compliance. Confirmed claims or regulatory breaches are rigorously investigated, and appropriate remedial actions are implemented. This process promotes transparency and accountability across the organisation, further strengthening KPS Berhad's adherence to its sustainability and compliance objectives.

#### ✓ Zero Non-Compliance Commitment

KPS Berhad is committed to full compliance with environmental and social regulations in maintaining high standards across its operations. The Group prioritises responsible business practices, fostering adherence to labour laws, human rights protections, and environmental regulations.

In addition to regulatory oversight, KPS Berhad emphasises continuous education. Throughout 2024, the Group organised various initiatives such as talks, briefings, training sessions, and e-newsletters focused on legal and compliance awareness for internal stakeholders. Training was extended to both internal teams and external partners, reinforcing the Group's commitment to upholding the highest standards in corporate responsibility. Any compliance-related matters or incidents of concern are escalated to the board for prompt action.

## ✓ Environmental and Social Compliance Monitoring

KPS Berhad prioritises compliance monitoring by establishing strict oversight mechanisms to prevent regulatory breaches. The Group has implemented the following measures:

Appointment of compliance officers at all subsidiary companies to oversee environmental and social compliance

Periodic audits and reviews to assess adherence to sustainability regulations

Subsidiary company engagement and reporting, aligning each business unit with the Group's overarching compliance strategy

# ✓ Grievance and Complaints Mechanisms [GRI 2-16, 2-25, 2-26]

KPS Berhad's employees and stakeholders have access to formal channels for reporting concerns. The Group's whistleblowing mechanism provides a structured process for individuals to raise grievances securely and confidentially.

Employees have the option to file complaints through formal internal channels, such as their superiors or the HRD. If further escalation is required, they may choose to use the whistleblowing mechanism.

The grievance mechanism serves as an accessible platform for individuals to report concerns directly to management. Issues that may be raised through this process include:

Workplace misconduct, discrimination, or harassment

Violations of labour rights and human rights

Breaches of employment contracts or unfair workplace practices

Corruption, bribery, or unethical business dealings

Health, safety, and accommodation concerns



All reports submitted through grievance or whistleblowing channels are investigated thoroughly. The employee handbook provides clear guidance on managing these reports, establishing that each complaint is handled professionally. If a grievance is confirmed, the HRD makes the necessary recommendations to the Group Chief Executive Officer for further action.

# Our Data Performance: Maintaining Transparency In Compliance

KPS Berhad continuously tracks compliance performance to align all business activities with environmental and social governance standards. The Group reinforces its commitment to responsible business practices and regulatory adherence by ensuring transparency in reporting.

# Highlight

Track records of **Zero** reported cases in 2024:

- Environmental noncompliance
- Human rights violations
- Child or forced labour
- Workplace harassment
- Bribery and corruption

#### ✓ Sustaining a Record of Full Compliance

In 2024, KPS Berhad maintained its strong compliance record, with **zero** reported cases across key governance and regulatory areas. No incidents of environmental non-compliance, human rights violations, or unethical workplace practices were recorded. The Group's strict oversight mechanisms and proactive approach to compliance management have contributed to these consistent results.

#### ✓ Grievance Cases and Whistleblowing Reports

KPS Berhad provides multiple channels for employees and stakeholders to report grievances or compliance-related concerns. The whistleblowing mechanism remains a key component in facilitating that all voices are heard and that ethical concerns are addressed promptly.

In 2024, the Group did not receive any grievances or whistleblowing reports through formal complaint channels, reflecting confidence in workplace integrity and governance measures.

# Highlight

**Zero** reported cases in 2024:

- Number of grievance c ases
- No complaints received through established whistleblowing channel (email, letter or phone call)

# IMPACT STORY: FOSTERING A SPEAK-UP CULTURE AT CPI

Compliance is just the starting point for KPS Berhad and its subsidiary compaies. We are committed in raising the bar to challenge ourselves to lead in sustainability and ethical business practices. Aspire to drive real impact across our value chains and setting a higher standard for corporate responsibility.

#### √ The Initiative

## International Sustainability and Carbon Certification ("ISCC") Plus

CPI's commitment to environmental stewardship has culminated in the achievement of the prestigious ISCC Plus. This recognition showcases CPI's adherence to ESG criteria through the Mass Balance Approach, ensuring compliance with a transparent chain of custody for sustainable materials managed at the certified site.

CPI piloted through the intricate stages of documentation and readiness in mid-2024, followed by an exhaustive certification audit in July. The culmination of these efforts in September 2024, with the official ISCC Plus certification, marks a significant achievement, reinforcing the subsidiary company's determination to exceed evolving customer expectations. This certification positions us among industry leaders supporting sustainable, fully traceable and environmentally responsible supply chains. It reflects its holistic approach to business excellence, aligning customer needs with our sustainability goals.

#### • EcoVadis Platform

CPI is continuously making efforts to reduce the risk of supply chain disruptions, safeguard the integrity of brands, and gain a compliance advantage by strengthening adherence to global standards. These initiatives have helped CPI earn the silver medal from the EcoVadis platform, recognising the company's effectiveness in implementing sustainable procurement practices.



#### The Outcome

CPI's achiements in meeting industry standards and setting new benchmarks for sustainable procurement, ethical resource management, and environmental stewardship enhancing its market position, attracting sustainability-conscious business partners, mainly customers, while strengthening trust among investors and regulators.

Notably, in January 2025, CPI was honoured with the Delivery and Flexibility Award by one of its prominent customers during Suppliers Day, recognising its commitment to excellence. This award showed CPI's dedication to fostering strong partnerships, ensuring agile and reliable service, and driving mutual success in a dynamic business environment.

By proactively enhancing supply chain resilience, CPI mitigates risks, ensures long-term business stability, and maintains a competitive edge in a rapidly evolving landscape. More than just regulatory compliance, these milestones future-proof the company against emerging sustainability requirements, solidifying CPI's position as an industry leader in ESG excellence.

#### **Our Outlook:**

#### **Sustaining Compliance For Responsible Growth**

KPS Berhad will continue enhancing its environmental and social compliance efforts by reinforcing oversight mechanisms and expanding awareness initiatives. The Group remains focused on equipping employees with the necessary knowledge to uphold sustainability regulations and ethical workplace practices. Through ongoing training and regular compliance assessments, KPS Berhad drives all subsidiary companies to align with evolving regulatory expectations.

# Highlight

Transparency in environmental and social compliance reporting and grievance management will remain a **top priority**. As regulations evolve, the Group will strengthen its governance framework to maintain ethical business practices across all operations. A well-embedded compliance culture upholds responsible decisionmaking remains central to KPS Berhad's long-term sustainability.



# **Material Matter: Digitalisation and Technology [GRI 3-3]**



Digitalisation and technology have become increasingly critical in supporting business continuity, operational efficiency, and data security. As industries evolve and reliance on digital systems grows, companies must stay ahead by integrating secure and innovative technologies into their operations. For KPS Berhad, digital transformation about leveraging digital solutions to enhance efficiency, strengthen cybersecurity measures, and safeguard business continuity.

# **Highlight**

As digital threats continue to rise, protecting sensitive corporate and customer data has become a top priority. Keeping digital assets secure is essential in maintaining trust among stakeholders and complying with regulatory requirements.

The Group continues to invest in technologies that improve business operations, enhance decision-making, and streamline processes. A strong digital infrastructure supports long-term growth and enables KPS Berhad to remain agile in adapting to technological advancements.

## The Significance: **Navigating Digital Risks and Opportunities**

Digitalisation has transformed the way businesses operate, offering enhanced efficiency, seamless connectivity, and data-driven decision-making. However, rapid technological advancement also brings heightened cybersecurity threats, stricter regulatory expectations, and the need for stronger digital governance.

#### Upholding Good Corporate Governance [GRI 2-23, 2-24, 3-3]

Cybersecurity risks, such as data breaches, ransomware attacks, and unauthorised access, can cause severe financial and reputational damage. As digital threats become more sophisticated, organisations must proactively safeguard their information systems to protect sensitive corporate and customer data. A failure to do so could result in legal liabilities, operational disruptions, and loss of stakeholder trust.

#### ✓ The Importance of Digitalisation and Technology

Strengthens business continuity by integrating secure digital infrastructures

Enhances operational efficiency through automation and data-driven decision-making

Meets the requirements of evolving data governance regulations

# ✓ Risks of Cybersecurity Gaps

Increased vulnerability to data breaches, financial fraud, and cyberattacks

Regulatory non-compliance leading to financial penalties and reputational damage

Disruptions in business operations due to technology failures or security incidents















## ✓ Opportunities in Strengthening Digital Governance

Improved resilience through advanced cybersecurity measures and digital risk management

Increased efficiency by adopting secure cloud solutions and Al-driven automation

Greater stakeholder trust through transparent and responsible data protection practices

As the regulatory landscape evolves, businesses must stay ahead by embedding robust digital governance into their operations. With a well-structured digital framework, KPS Berhad can drive innovation while mitigating risks, reinforcing that its technological advancements support long-term business resilience.

# Our Approach:

# **Safeguarding Digital Security and Automation**

KPS Berhad recognises that digital transformation is integral to business efficiency, operational security, and long-term competitiveness. As industries shift toward digital-first solutions, the Group continuously refines its digital strategies to enhance productivity, meet evolving customer needs, and optimise cost efficiency.

With operations spanning multiple countries and industries, KPS Berhad manages large volumes of proprietary business data and customer information. This digital landscape requires a proactive and structured approach to safeguarding critical assets while leveraging technology to improve processes and expand market reach.

## ✓ Cybersecurity and Data Protection

As cyber threats grow in complexity, safeguarding the security of business and customer data is a top priority. The increasing prevalence of data breaches, ransomware attacks, and fraudulent cyber activities necessitates a robust security framework to protect digital assets.

KPS Berhad has implemented a comprehensive cybersecurity strategy, guided by the KPS Berhad Data Protection Framework, which includes:

Data encryption protocols to secure sensitive information

Multiple firewalls and network security layers to prevent unauthorised access

Restricted user access controls to safeguard internal systems

Proactive monitoring to detect and respond to cyber threats efficiently

Beyond technical security measures, KPS Berhad fosters a culture of cyber risk awareness, enabling all employees to play an active role in maintaining data protection. Employees are encouraged to remain vigilant and report suspicious activities directly to the Information Technology ("IT") department, reinforcing a collaborative and proactive approach to safeguarding digital assets.

#### ✓ Cyber Resilience and Risk Management [GRI 418-1]

KPS Berhad's cybersecurity efforts are reinforced by ongoing assessments and incident monitoring.

Embedding digitalisation and cybersecurity into core business functions strengthens operational resilience while reinforcing stakeholder confidence in KPS Berhad's ability to safeguard its digital ecosystem.

# Highlight

In 2024, there were **Zero** substantiated data breaches from stakeholders, reflecting the effectiveness of the Group's security protocols and proactive risk management.

# ✓ Vulnerability Assessment and Penetration Testing ("VAPT")

To proactively identify and address potential security threats, KPS Berhad conducts regular VAPT. These efforts play a crucial role in protecting company, employee, and customer data while maintaining operational trust.

#### **Protecting Data**

VAPT helps safeguard sensitive information, preserving the privacy and security of critical business and personal data.

#### **Employee Safety**

Securing internal systems protects employees from cyber threats, creating a safer and more resilient digital work environment.

# **Regulatory Compliance**

Regular testing verifies that the Group meets cybersecurity regulations and industry standards, reducing legal and financial risks.

# Risk Management

Identifying vulnerabilities early allows KPS Berhad to strengthen its cyber defences and enhance overall governance.

# ✓ Cloud Migration for Enhanced Security and Compliance

As part of its digital transformation strategy, KPS Berhad has migrated several key systems to cloud-based platforms to improve security, compliance, and operational efficiency. The migration of CBB's Enterprise Resource Planning ("ERP") to HRX LIVE and Human Resource Management System ("HRMS") to Syspro System has brought several advantages:

#### **Improved Compliance**

Cloud-based HRD systems automate compliance with labour laws and regulatory requirements, minimising risks associated with manual processes.

## **Enhanced Data Security**

Cloud service providers implement advanced security protocols, protecting sensitive employee and corporate data from unauthorised access.

Cloud-based solutions have also improved system scalability, allowing KPS Berhad to integrate future digital enhancements seamlessly while maintaining data security.

# ✓ Optimising Business Processes with the HRX System

To enhance operational efficiency and data security, KPS Berhad has introduced the HRX system, a digital platform designed to streamline administrative processes while maintaining strict data protection standards.

The HRX system automates routine HRX tasks, reducing administrative burden and improving accuracy.

Security measures within the system prevent unauthorised access and data breaches, reinforcing trust across the organisation.

Beyond efficiency, the HRX system fosters employee engagement by supporting talent development and digital workforce management.

With a strong focus on both cybersecurity and digitalisation, KPS Berhad continues to refine its technological capabilities, keeping business operations secure, efficient, and compliant with industry best practices.

## ✓ Fostering a Cybersecurity-Aware Workplace

KPS Berhad recognises that a strong cybersecurity framework is only as effective as the awareness and vigilance of its workforce. In addition to implementing robust security measures, the Group prioritises fostering a culture of cyber risk awareness and data protection across all business operations. Employees are actively encouraged to report security concerns to the IT department, reinforcing a collaborative approach to safeguarding digital assets.

Through continuous education and awareness sessions, KPS Berhad equips employees to understand the risks associated with cyber threats and the steps needed to mitigate them. This initiative strengthens the Group's overall cyber resilience by embedding security-conscious behaviours into daily operations.

# IMPACT STORY: CLOUD MIGRATION FOR A GREENER FUTURE

Digital transformation is often seen as a strategy for efficiency and business optimisation, but it also plays a significant role in sustainability. Traditional IT infrastructure relies on high-energy data centers and on-site servers, contributing to excessive carbon emissions and resource consumption. As companies expand their digital capabilities, there is a growing need to adopt environmentally responsible solutions that balance innovation with sustainability.

#### √ The Initiative

Recognising the environmental impact of traditional IT infrastructure, KPS Berhad made the strategic decision to migrate its core business systems to cloud-based platforms. This transition not only enhances digital efficiency but also contributes to the Group's broader sustainability goals.

#### **Cloud migration enables KPS Berhad to:**

- Reduce dependence on physical servers, lowering electricity consumption and operational costs.
- Shift to ultra-efficient data centers operated by cloud providers that prioritise renewable energy.
- Optimise IT processes to support decarbonisation and long-term energy efficiency.

#### The Outcome

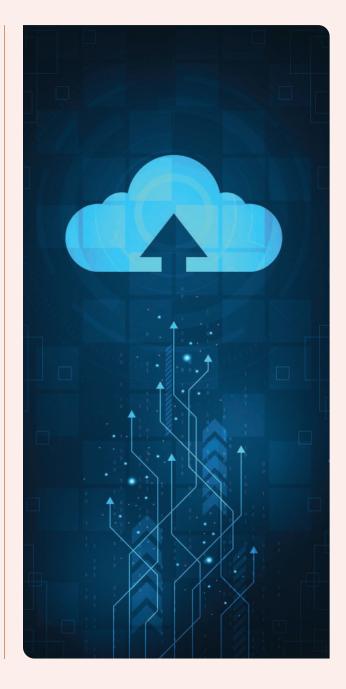
The cloud migration initiative has delivered measurable environmental and operational benefits:

## • Lower Carbon Footprint:

Cloud providers operate energy-efficient data centers powered by renewable energy, significantly reducing emissions compared to traditional IT infrastructure.

#### • Smarter Resource Use:

Cloud-based systems enhance efficiency by optimising resource management, minimising waste, and reducing overall energy consumption.



# **Our Outlook: Reinforcing Digital Security for the Future**

KPS Berhad will continue to enhance its cybersecurity framework and expand digital initiatives to safeguard business continuity. As cyber threats evolve, the Group remains focused on reinforcing data protection measures, improving risk management strategies, and fostering greater awareness of digital security among employees. Investments in secure cloud technologies and automated systems will support operational efficiency while maintaining compliance with industry regulations.

Future efforts will prioritise strengthening cyber resilience, integrating advanced threat detection capabilities, and refining governance policies for digital security. As part of its long-term strategy, KPS Berhad will explore emerging technologies that enhance sustainability and optimise resource management. With a structured approach to digital transformation, the Group aims to maintain a secure, efficient, and future-ready business environment.



# Chapter

Our Aspiration

# **What's Next**

As KPS Berhad moves into 2025, the Group will continue enhancing its approach to environmental stewardship, transparency, and accountability, ensuring that sustainability is embedded across all business operations. These efforts will align with regulatory requirements, improve resource efficiency, and reinforce responsible business practices.

# **Environmental Stewardship and Climate Commitments**

KPS Berhad will elevate its environmental sustainability initiatives by setting short-term carbon reduction targets for Scope 1 and Scope 2 emissions, aiming for completion by 2030. These efforts will focus on optimising energy efficiency, increasing the adoption of renewable energy, and working with technology experts and suppliers to invest in decarbonisation solutions.

To further integrate sustainability within operations, a Product Life Cycle Assessment exercise will be conducted at CBB to measure and mitigate the carbon footprint of selected products. This initiative is expected to enable procurement, product design, and supply chain management teams to make data-driven decisions that minimise environmental impact while ensuring alignment with global best practices.

# **Expanding Scope 3 Emissions Categories**

KPS Berhad will expand its Scope 3 emissions boundary to include transportation and distribution, providing a more comprehensive view of carbon emissions across its supply chain. Through Aqua-Flo, the Group will collaborate with logistics partners and suppliers to track emissions from freight, warehousing, and last-mile delivery using the GHG Protocol's Scope 3 Standard.

By analysing the collected data, KPS Berhad aims to improve its ability to calculate and manage emissions in transportation and distribution. The insights gained will help identify high-emission areas and implement low-carbon logistics solutions that align with long-term sustainability goals.

# **Enhancing Transparency in ESG Disclosures**

In alignment with the IFRS S1 and S2, KPS Berhad will further integrate climate-related risks and opportunities into its financial disclosures. IFRS S1 focuses on sustainability-related financial disclosures, while IFRS S2 specifically addresses climate-related financial reporting.

The Group will assess risks and opportunities associated with all 14 material matters, including climate change impacts such as extreme weather events and regulatory shifts affecting the industry. Through scenario analysis, KPS Berhad will quantify the potential financial effects of climate risks on its operations and supply chain. By refining its reporting framework, the Group aims to provide stakeholders with a clearer understanding of its financial resilience and long-term sustainability strategy.

# **Supply Chain ESG Compliance and Responsible Sourcing**

KPS Berhad will also reinforce environmental and social disclosures within its supply chain by aligning with FTSE Russell indicators. This involves tracking supplier compliance with ethical labour practices and environmental impact management.

To support this initiative, the a few subsidiary companies of KPS Berhad is expected introduce supplier ESG performance audits and assessment plans, ensuring that business partners align with responsible sourcing expectations. These efforts will help strengthen sustainability across the supply chain while improving transparency and accountability in supplier engagement.

# **Commitment to Continuous Progress**

While these focus areas will be prioritised in 2025, KPS Berhad remains committed to all material matters outlined in this report. The Group will continue integrating sustainability across business operations to foster resilience and create long-term value for stakeholders.

# Independent Assurance Statement [GRI 2-5]



To Board of Directors, Stakeholders, and Interested Parties,

SIRIM QAS International Sdn. Bhd. was engaged by the Kumpulan Perangsang Selangor Berhad (hereafter referred to as KPS) to perform an independent verification and provide assurance of the KPS Sustainability Report 2024. The main objective of the verification process is to provide assurance to KPS 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 Sustainability Report 2024.

The management of KPS 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 Sustainability Report and Integrated Annual Report 2024.

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 Sustainability Report and its overall presentation against respective frameworks such as UN-SDGs, GRI Standards requirement, TCFD, and other relevant frameworks. The assurance process involves verification of applicable subject matter as presented in the report through these chapters i.e., Sustainability at KPS Berhad, Economic Commitment, Environment Commitment, Social Commitment and Governance Commitment. 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 and the Report to Management, with further details provided therein.

The verification was carried out by SIRIM QAS International between March and April 2025, 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 2024.
- . The review excluded all financial-related data, as these are subjected to the company's financial audit.
- 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 buildings, managed leased and leased assets.
- The verification team did not assess or verify any data related to contractors or third parties.

#### Conclusion

SIRIM QAS International, a Conformity Assessment Body in Malaysia, is accredited to both ISO/IEC 17021-1:2015 and ISO/IEC 17065:2012 covering all our operational activities. 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 relating to the accuracy of some of the information contained in the report. In response to the findings raised, the Sustainability Report was subsequently reviewed and revised by KPS. It is confirmed that changes that have been incorporated into the final version of the report have satisfactorily 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 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 Sustainability Report 2024 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 provides a reasonable and balanced presentation of KPS's sustainability performance.

List of Assessors.

 1)
 Ms. Aernida Abdul Kadir
 :
 Team Leader

 2)
 Ms. Kamini Sooriamoorthy
 :
 Team Member

 3)
 Ms. Suzalina Kamaralarifin
 :
 Team Member

 4)
 Ms. Farhanah Ahmad Shah
 :
 Team Member

 5)
 Ms. Hazwani Yob
 :
 Team Member

Statement Prepared by:

Statement Approved by:

AERNIDA BINTI ABDUL KADIR

Team Leader

Management System Certification Department SIRIM QAS International Sdn. Bhd.

Date: 8 April 2025

AMINUDIN BIN ABD AZIZ

Acting Senior General Manager

Management System Certification Department

SIRIM QAS International Sdn. Bhd

Date: 11 April 2025

Note 1: 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 (8 April 2025).

# **Independent Assurance Statement [GRI 2-5]**

Appendix 2			CLASSIFICA	TION OF DA	TA
The topics and in	formation covered in this assessment are tabulated below:	HIGH	MEDIUM	LOW	UN SUBSTANTIATED
Sustainability at	KPS Berhad sustainability approach and philosophy				
KPS	Sustainability Governance Structure				
	Sustainability Board Committee				
	Sustainability Policy				
	Sustainability Strategy and Roadmap				
	Sustainability Framework				
	Materiality Matters				
	Sustainability Targets & Implementations				
	Stakeholder Engagement				
Economic	Driving optimum business and operational performance towards				
Commitment	maximizing financial and non-financial value creation				
	Sustainable procurement and local sourcing				
	Stringent quality control procedures				
Environmental	Reducing carbon emissions intensity by 45% by 2030 and				
Commitment	ultimately pursuing carbon neutrality by 2050				
	Pursuing greater energy efficiency and decarbonisation				
	Emissions				
	Establishment of task force on climate-related financial framework				
	Continuously implementing environmentally responsible manufacturing practices				
	Ensuring compliance through actions				
	Waste reduction				
	Pollution & effluents management				
	Resource/material efficiency				
	Water security				
Social Commitment	Be the champion in addressing socio-economic gaps within the Society				
	Measuring true values created through social return on investment methodologies				
	Engaging local communities through social investment initiatives				
	Social investment activities in our subsidiary companies				
	Employee volunteerism				
	Hiring from local communities				
	Upholding human rights, labour rights safety, equality and diversity throughout business operations				
	Human rights				
	Labour rights				
	Diversity & inclusivity				
	Training & career development				
	Safety & health				
Governance	Upholding good corporate governance				
Commitment	Risk management				
	Anti bribery & corruption				
	Complaints & grievance mechanism				
	Cybersecurity				

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 (8 April 2025).

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.

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

BURSA Performance Indicator		
ndicator	Measurement Unit	20
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	
Bursa (Labour practices and standards) Bursa C6(a) Total hours of training by employee category		
enior Management	Hours	
Anagement (	Hours	2
executive	Hours	4
Non-Executive	Hours	2
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	
Bursa C6(c) Total number of employee turnover by employee category	rerecitage	
enior Management	Number	
Management	Number	
executive	Number	
Non-Executive	Number	
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	
ursa (Energy management)		
ursa C4(a) Total energy consumption	Megawatt	6273
ursa (Anti-corruption)		
sursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
enior Management	Percentage	2
Aanagement	Percentage	
xecutive	Percentage	1
lon-Executive	Percentage	
sursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	
ursa C1(c) Confirmed incidents of corruption and action taken	Number	
ursa (Waste management)		
ursa C10(a) Total waste generated	Metric tonnes	232
ursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	183
ursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	48
dursa (Emissions management)		
sursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	267
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	3580
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	324
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	
Bursa C5(c) Number of employees trained on health and safety standards	Number	
Bursa (Supply chain management)	Descentes	
Bursa C7(a) Proportion of spending on local suppliers	Percentage	
Bursa (Water)	Manalituna	279.81
tursa C9(a) Total volume of water used	Megalitres	2/5.01
iursa C3(a) Percentage of employees by gender and age group, for each employee category		
age Group by Employee Category	Descentes	
enior Management Under 30	Percentage	
enior Management Between 30-50 enior Management Above 50	Percentage	
	Percentage	-
Management Under 30	Percentage	
Management Between 30-50	Percentage	
Management Above 50 Executive Under 30	Percentage	
xecutive Between 30-50	Percentage	
xecutive Above 50	Percentage	
Ion-Executive Under 30	Percentage	
Ion-Executive Under 30 Ion-Executive Between 30-50	Percentage Percentage	
Ion-Executive Above 50	Percentage	
	reiceiliage	
Sender Group by Employee Category	Borcontago	
enior Management Male enior Management Female	Percentage Percentage	
Anagement Male	Percentage	
Anagement Female	Percentage	
xecutive Male	Percentage	
xecutive Female	Percentage	
Ion-Executive Male	Percentage	
Ion-Executive Female	Percentage	
tursa C3(b) Percentage of directors by gender and age group	, crecinage	
Male	Percentage	
emale	Percentage	
Inder 30	Percentage	
letween 30-50	Percentage	
Nove 50		
Bursa (Community/Society)	Percentage	
		37361
ursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	

# **Bursa Securities Mandatory Disclosure Index**

Indicator	Measurement Unit	2024
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer		
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	682
Management	Hours	2,451
Executive	Hours	4,412
Non-Executive	Hours	2,951
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	21.50
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	6
Management	Number	23
Executive	Number	119
Non-Executive	Number	1,200
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	62,731.38
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	29.41
Management	Percentage	20
Executive	Percentage	14.67
Non-Executive	Percentage	1.27
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Waste management)		
Bursa C10(a) Total waste generated	Metric tonnes	2320.85
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	1834.71
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	486.14
Bursa (Emissions management)		
Bursa C11(a) Scope 1 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	2675.66
Bursa C11(b) Scope 2 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	35800.65
Bursa C11(c) Scope 3 emissions in tonnes of $CO_2$ e (at least for the categories of business travel and employee commuting)	Metric tonnes	3245.09

■ Chapter 5: Social Well-being

# **Bursa Securities Mandatory Disclosure Index**

ndicator	Measurement Unit	2024
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.37
Bursa C5(c) Number of employees trained on health and safety standards	Number	1092
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	71.28
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	279.819728
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0
Senior Management Between 30-50	Percentage	41.18
Senior Management Above 50	Percentage	58.82
Management Under 30	Percentage	2.42
Management Between 30-50	Percentage	63.64
Management Above 50	Percentage	33.94
Executive Under 30	Percentage	29.04
Executive Between 30-50	Percentage	61.08
Executive Above 50	Percentage	9.88
Non-Executive Under 30	Percentage	44.79
Non-Executive Between 30-50	Percentage	50.39
Non-Executive Above 50	Percentage	4.83
Gender Group by Employee Category		
Senior Management Male	Percentage	85.29
Senior Management Female	Percentage	14.71
Management Male	Percentage	69.09
Management Female	Percentage	30.91
executive Male	Percentage	44.61
Executive Female	Percentage	55.39
Non-Executive Male	Percentage	64
Non-Executive Female	Percentage	36

## **Bursa Securities Mandatory Disclosure Index**

Indicator	Measurement Unit	2024							
Bursa C3(b) Percentage of directors by gender and age group									
Male	Percentage	75							
Female	Percentage	25							
Female	Percentage	0							
Between 30-50	Percentage	12.5							
Above 50	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	3736129.48							
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	115540							

(\*) Restated

Note on Bursa's 11 Common Indicators.

#### Note:

- 1. The Bursa Securities mandatory disclosure index table above is generated from the 'Standard' template of Bursa Securities' ESG reporting platform.
- 2. The data for indicator C8(a) is based on the Group's number of substantiated data breach cases disclosure. Further information is available on page 194.
- 3. The data for indicator C6(a) is based on the Group's employee training and career development disclosures. Further information is available on page 160.
- 4. The data for indicators C6(b) and C6(c) are based on the Group's employment type and employee turnover disclosures. Further information is available on page 170.
- 5. The data for indicator C6(d) are based on the Group's substantiated complaints concerning human rights violations disclosure. Further information is available on page 190.
- 6. The data for indicator C4(a) is based on the Group's energy consumption disclosures. Further information is available on page 103.
- 7. The data for indicators C1(a), C1(b), and C1(c) are based on the Group's good governance and anti-corruption disclosures. Further information is available on pages 183 to 185.
- 8. The data for indicators C10(a), C10(a)(i) and C10(a)(ii) are based on the Group's key waste management data disclosures. Further information is available on page 112.
- 9. The data for indicators C11(a), C11(b), and C11(c) are based on the Group's emissions disclosures. Further information is available on pages 97 to 99.
- 10. The data for indicators C5(a) and C5(b) are based on the Group's safety outcomes and progress disclosures. Further information is available on pages 154 to 155.
- 11. The data for indicator C5(c) is based on the Group's OSH training and awareness programme disclosures. Further information is available on page 160.
- 12. The data for indicator C7(a) is based on the Group's sustainable procurement and local sourcing disclosures. Further information is available on page 71.
- 13. The data for indicator C9(a) is based on the Group's water consumption disclosures. Further information is available on page 117.
- 14. The data for indicator C3(a) is based on the Group's employee diversity disclosures. Further information is available on page 169.
- 15. The data for indicator C3(b) are based on the Group's Board diversity disclosure. Further information is available on page 168.
- 16. The data for indicators C2(a) and C2(b) are based on the Group's contribution to social investment initiatives. Further information is available on pages 125 to 126.

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	BURSA SRG3 ALIGNMENT	F4GBM ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE	EXTERNAL ASSURANCE
ORGANISATIONAL OVERVIEW	GRI 2: General Disclosures 2021	2-1	Organisational details	-				Corporate Structure (pg 6); Where We Operate (pg 7)	Yes
		2-2	Entities included in the organization's sustainability reporting	Scope and Basis of Scope				Reporting Period and Scope; Exclusions (pg 2)	Yes
		2-3 Reporting period, frequency and Scope and contact point Basis of Scope	-		About This Report (pg 2-3)	Yes			
		2-4	Restatements of information	Scope and Basis of Scope				None	Yes
		2-5	External assurance	Assurance			Assurance (pg 3)	Yes	
		2-6	Activities, value chain and other business relationships					Where We Operate (pg 7); Value Creation Model (pg 8-9)	Yes
		2-7	Employees	Labour Practices & Standards	Labour Standards	SDG 5, 8	Principle 6	Prioritising Local Talent in Recruitment (pg 166); Employee Breakdown (pg 166); Employee Diversity (pg 168-170)	Yes
		2-8	Workers who are not employees	Labour Practices & Standards	Labour Standards	SDG 5, 8	Principle 6	Our Material Matter: Labour Standards (pg 163-172)	Yes
SUSTAINABILITY GOVERNANCE		2-9	Governance structure and composition					KPS Berhad's Sustainability Governance (pg 36-38); Board of Directors' Profile (2024IAR)	Yes
		2-10	Nomination and selection of the highest governance body					Board Appointments (2024IAR)	Yes
		2-11	Chair of the highest governance body	Constant all the	Commonts			Board Leadership (2024IAR)	Yes
		2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Governance	Corporate Governance	SDG 16, 17	Principle 10	KPS Berhad's Sustainability Governance (pg 36-38)	Yes
		2-13	Delegation of responsibility for managing impacts					KPS Berhad's Sustainability Governance (pg 36-38); Governing Sustainability (2024IAR)	Yes
		2-14	Role of the highest governance body in sustainability reporting					Approval of the Board (pg 3); KPS Berhad's Sustainability Governance (pg 36-38)	Yes

PILLAR	GRI STANDARD	GRI CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT	F4GBM ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE	EXTERNAL ASSURANCE
SUSTAINABILITY GOVERNANCE		2-15						Board of Directors' Profile (2024IAR); Board Administration (2024IAR); Related Party Transactions Policy (2024IAR)	Yes
		2-16	Communication of critical concerns					Our Journey in Double Materiality (pg 43-46); Stakeholder Engagement (pg 47-59); Grievance and Complaints Mechanisms (pg 189-190); Whistleblowing Policy and Secure Reporting Channels (pg 182); Risk Management (pg 180)	Yes
		2-17	Collective knowledge of the highest governance body					Keeping Abreast Sustainability Issues (2024IAR); Board Skills Matrix (2024IAR)	Yes
		2-18	Evaluation of the performance of the highest governance body	Sustainability Governance	Corporate Governance	SDG 16, 17	Principle 10	Annual Board Evaluation (2024IAR)	Yes
		2-19	Remuneration policies					Board Policies (pg 179) Nomination and Remuneration Committee (pg 178);	Yes
		2-20	Process to determine remuneration					Remuneration and Sustainability Targets (pg 39)	163
		2-21	Annual total compensation ratio					Annual Board Evaluation (2024IAR)	Yes
	GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy					Message from the MD/Group CEO (pg 10-23); Review from the Chief Sustainability Officer (pg 22-32)	Yes
		2-23	Policy commitments						
		2-24	Embedding policy commitments					Throughout Chapter 2 to Chapter 6 (pg 35-197) Economic Commitment (pg 63-83); Environment Commitment (pg 86-117); Social Commitment (pg 120-172); Governance Commitment (pg 175-197)	Yes
		2-25	Processes to remediate negative impacts	Sustainability Governance	Risk Management; Human Rights & Community		Principle 1, 2, 3, 7, 10	Feedback & Distribution (pg 3); Grievance and Complaints Mechanisms (pg 189-190);	
		2-26	Mechanisms for seeking advice and raising concerns		,			Whistleblowing Policy and Secure Reporting Channels (pg 182)	Yes
		2-27	Compliance with laws and regulations				Quality Control and Customer Satisfaction (pg 74-83); All subsidiary companies of KPS Berhad meet the compliance with laws and regulations (pg 109); Anti-Corruption Audit and Assessments (pg 183-185)	Yes	
		2-28	Membership associations					Partnerships and Memberships (pg 33-34)	Yes
STAKEHOLDER		2-29	Approach to stakeholder engagement					Stakeholder Engagement (pg 47-59)	Yes
		2-30	Collective bargaining agreements		Labour Standards			Collective Bargaining (pg 164 )	Yes

PILLAR	GRI STANDARD	GRI CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT	F4GBM ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE	EXTERNAL ASSURANCE
MATERIALITY	GRI 3: Material Topics 2021	3-1	Process to determine material topics	Materiality Assessment				Our Journey in Double Materiality (pg 43-46); Our Materiality Matrix (pg 46); Stakeholder Engagement (pg 47-59)	Yes
		3-2	List of material topics					Stakenolder Engagement(pg 17 37)	
		3-3	Management of material topics	Management Approach				Economic Commitment (pg 63-83); Environment Commitment (pg 86-117); Social Commitment (pg 120-172); Governance Commitment (pg 175-197)	Yes
ECONOMIC	GRI 201: Economic Performance 2016	3-3	Management of material topics	-				Material Matter: Economic and Business Performance (pg 63-67)	
		201-1	Direct economic value generated and distributed	-				Our Data Performance: Delivering Lasting Economic Value (pg 66-67)	
		201-2	Financial implications and other risks and opportunities due to climate change	TCFD Aligned Disclosure		SDG 1, 8, 10, 13		Our Environment Commitment 1: Reducing Carbon Emission Intensity by 45% and Ultimately Pursuing Carbon Neutrality by 2050 (pg 86-107)	Yes
		201-3	Defined benefit plan obligations and other retirement plans	-				Employees Benefits (pg 164-166)	
		201-4	Financial assistance received from government	-				Not Applicable.	
	GRI 204: Procurement Practices 2016	3-3	Management of material topics	Supply Chain Management	Human Rights &	SDG		Material Matter: Sustainable Procurement and Local Sourcing (pg 68-73)	
		204-1	Proportion of spending on local suppliers	C7(a)	Community	8, 17		Our Data Performance: Measuring Sustainable Procurement Impact (pg 71)	
GOVERNANCE	GRI 205: Anti-corruption 2016	3-3	Management of material topics						
		205-1	Operations assessed for risks related to corruption	Corruption	Anti Corruntia	SDG	Principle	Our Material Matter: Good Governance and Anti-Corruption (pg 176-187); Our Data Performance: Measuring the Impact of Governance	Vac
		205-2	Communication and training about anti-corruption policies and procedures	C1(a) C1(b) C1(c)	Anti-Corruption	4, 16	10	and Compliance (pg 183-185 )	Yes
		205-3	Confirmed incidents of corruption and actions taken						

Chapter 2: Sustainability at KPS Berhad ■ Chapter 3: Economic Prosperity ■ Chapter 4: Climate Report

PILLAR	GRI STANDARD	GRI CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT	F4GBM ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE	EXTERNAL ASSURANCE		
ENVIRONMENTAL	GRI 302: Energy 2016	3-3	Management of material topics								
		302-1	Energy consumption within the organization								
		302-2	Energy consumption outside of the organization	Energy Management		SDG	Principle	Material Matter: Energy Efficiency (pg 101-107); Our Data Performance: Enhancing Energy Transparency and	Yes		
		302-3	Energy intensity	C4(a)	Cliffiate Change	7, 12, 13	7, 8, 9	Efficiency (pg 103-106 )	ies		
		302-4	Reduction of energy consumption								
		302-5	Reductions in energy requirements of products and services								
	GRI 303: Water and Effluents 2018	3-3	Management of material topics								
		303-1	Interactions with water as a shared resource	Water C9(a) Effluents				Our Material Matter: Water Security (pg 116-117);			
		303-2	Management of water discharge- related impacts		Effluents	Effluents	Effluents	Pollution &	SDG 6, 12	Principle 7, 8, 9	Our Data Performance: Tracking Water Consumption Across Operations (pg 117)
		303-3	Water withdrawal	00(4)							
		303-4	Water discharge								
		303-5	Water consumption								
	GRI 305: Emissions 2016	3-3	Management of material topics								
		305-1	Direct (Scope 1) GHG emissions	Emissions				Our Material Matter: Climate Change and Emissions (pg 86-			
		305-2	Energy indirect (Scope 2) GHG emissions	Management C11(a) C11(b)	Climate Change			100); Our Progress in Enhancing the Scope and Boundaries of Emissions (pg 97-99);	Yes		
		305-3	Other indirect (Scope 3) GHG emissions	C11(c)		SDG	Principle	Key Focus Areas and Targets (pg 87 )			
		305-4	GHG emissions intensity			7, 12, 13	7, 8, 9				
		305-5	Reduction of GHG emissions								
		305-6	Emissions of ozone-depleting substances (ODS)	Emissions - Air Quality/				Omitted, information unavailable.			
		305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Pollution S4(a)	Pollution & Resources				Yes		

PILLAR	GRI STANDARD	GRI CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT	F4GBM ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE	EXTERNAL ASSURANCE	
ENVIRONMENTAL	GRI 306: Waste 2020	3-3	Management of material topics							
		306-1	Waste generation and significant waste-related impacts							
		306-2	Management of significant waste- related impacts	Waste Management Pollution & C10(a)		SDG	Principle	Our Material Matter: Waste Reduction, Recycling & Circular Economy (pg 108-115); Our Data Performance: Tracking Material Use and Responsible Waste Management (pg 111-112)	Yes	
		306-3	Waste generated	C10(a)(i) C10(a)(ii)	C10(a)(i) Resources	6, 12	7, 8, 9		.00	
		306-4	Waste diverted from disposal							
		306-5	Waste directed to disposal							
SOCIAL	GRI 401: Employment 2016	3-3	Management of material topics	ires and Our Material Matter: Labour Standards (pg 163-172); over Labour Practices and Practices and Our Data Performance: Ensuring Fair and Inclusive Employment (pg 168-170); of full-time Standards SDG Principle Employment (pg 168-170); of provided C6(c) 5,8 6 Our Key Employee Benefits (pg 165); Parental Leave (pg 165-166)						
		401-1	New employee hires and employee turnover		Practices and	SDG	Principle	Our Data Performance: Ensuring Fair and Inclusive Employment (pg 168-170);	V	
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Standards		Labour Standards		6	
		401-3	Parental leave							
	GRI 403: Occupational Health and Safety 2018	3-3	Management of material topics					Our Material Matter: Occupational Safety and Health (pg 149- 157)	Yes	
		403-1	Occupational health and safety management system							
		403-2	Hazard identification, risk assessment, and incident investigation	Health and Safety C5(a) C5(b)	Health & Safety	SDG 3, 4, 8		Hazard Identification and Assessment (pg 150); Identified Potential OSH Risks within Operations (pg 151);		
		403-3	Occupational health services	C5(c)				OSH Audits (pg 151); Incident Reporting and Management (pg 151); Occupational and Non-Occupational Health Services (pg 153)	Yes	
		403-4	Worker participation, consultation, and communication on occupational health and safety					Governance in OSH Management (pg 150)	Yes	

Chapter 1:
Overview

Chapter 2: Sustainability at KPS Berhad ■ Chapter 3: Economic Prosperity ■ Chapter 4: Climate Report

PILLAR	GRI STANDARD	GRI CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT	F4GBM ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE	EXTERNAL ASSURANCE
		403-5	Worker training on occupational health and safety					OSH Training and Awareness Programmes (pg 152)	Yes
		403-6	Promotion of worker health					3 , , ,	Yes
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships					Not Applicable	Yes
		403-8	Workers covered by an occupational health and safety management system					Our Material Matter: Occupational Safety and Health (pg 149- 157)	Yes
		403-9	Work-related injuries					Our Data Performance: Measuring Safety Outcomes and	Yes
		403-10	Work-related ill health					Progress (pg 153-155)	
SOCIAL	GRI 404: Training and Education 2016	3-3	Management of material topics						
		404-1	Average hours of training per year per employee	Labour Practices and Standards C6(a)	Labour Standards	SDG 4, 5, 8		Our Material Matter: Employee Training and Career Development (pg 158-162); Our Data Performance: Strengthening Workforce Capabilities (pg 159-160)	Yes
		404-2	Programs for upgrading employee skills and transition assistance programs						.00
		404-3	Percentage of employees receiving regular performance and career development reviews						
	GRI 407: Freedom of Association and Collective Bargaining 2016	3-3	Management of material topics		Labour Standards	SDG 8, 10, 16	Principle 1, 2, 3	Our Material Matter: Human Rights (pg 120-124 ) Our Material Matter: Labour Standards (pg 163-172) Freedom of Association (pg 164);	Yes
		407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk			G, 10, 10	1, 2, 3	Collective Bargaining (pg 164)	
	GRI 408: Child Labor 2016	3-3	Management of material topics			SDG 8, 10, 16	Principle		V
		408-1	Operations and suppliers at significant risk for incidents of child labor		Labour Standards		1, 2, 5		Yes

PILLAR	GRI STANDARD	GRI CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT	F4GBM ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE	EXTERNAL ASSURANCE
	GRI 409: Forced or Compulsory Labor 2016	3-3	Management of material topics		Labour Standards	SDG 8, 10, 16	Principle 1, 2, 4	Our Material Matter: Human Rights (pg 120-124); Ensuring Ethical Labour Practices across Operations and Supply Chains (pg 123)	Yes
		409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor						
	GRI 413: Local Communities 2016	3-3	Management of material topics	Community/ Society C2(a) C2(b)	Human Rights & Community	SDG 1, 2, 3, 4, 8, 11, 16, 17		Social Commitment 1: Be the Champion in Addressing Socio- Economic Gaps within the Society (pg 125 -147); Educational Development (pg 128-131); Entrepreneurial Development (pg 132-135); Community Development (pg 136-139); Environment, Social and Health (pg 140-147)	Yes
		413-1	Operations with local community engagement, impact assessments, and development programs						
		413-2	Operations with significant actual and potential negative impacts on local communities						
		414-2	Negative social impacts in the supply chain and actions taken						
SOCIAL	GRI 415: Public Policy 2016	3-3	Management of material topics		Anti-Corruption	SDG 16	Principle 10	Our Material Matter: Good Governance and Anti-Corruption (pg 176-187); Our Data Performance: Measuring the Impact of Governance and Compliance (pg 183-185)	Yes
		415-1	Political contributions						
	GRI 416: Customer Health and Safety 2016	3-3	Management of material topics	Customer Health & Safety/ Product Responsibility S3(a) S3(b) S3(c)	Customer Responsibility	SDG 3, 16		Material Matter: Quality Control and Customer Satisfaction (pg 74-83); Assessing Quality from the Customer's Perspective (pg 76); Operational Integrity Through Quality and Safety Compliance (pg 76)	Yes
		416-1	Assessment of the health and safety impacts of product and service categories						
		416-2	Incidents of non-compliance concerning the health and safety impacts of products and services						
	GRI 418: Customer Privacy 2016	3-3	Management of material topics	Data Privacy and Security C8(a)	Human Rights & Community	SDG 16		Our Material Matter: Digitalisation and Technology (pg 193-197); Cyber Resilience and Risk Management (pg 194)	Yes
		418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data						



# **Kumpulan Perangsang Selangor Berhad**

Registration No. 197501002218 (23737-K)

17<sup>th</sup> Floor, Plaza Perangsang, Persiaran Perbandaran 40000 Shah Alam, Selangor Darul Ehsan, Malaysia. T: +603 - 5524 8400

www.kps.com.my

The cover of this 2024 Sustainability Report is printed on certified forest-based kraft paper similar to the material used by our subsidiary company, Century Bond Bhd, for its export-quality box packaging. This choice reflects our commitment to sustainable materials and alignment across KPS Berhad's operations. As part of our upcycling efforts, we have included coasters on the back cover. Simply perforate and pop them out for reuse. It's a small gesture with a big message: Sustainability can be practical, purposeful, and part of everyday life.