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ACT  
ION

# ambition in action

**"Ambition in Action"** reflects the ambitious aspirations of Kumpulan Perangsang Selangor Berhad ("KPS Berhad") and its subsidiary companies ("the Group") in relation to sustainability. It speaks of our commitment to setting self-challenging environmental, social, and governance ("ESG") related benchmarks, that, in turn, drive concerted strategies that shall propel the Group forward in its sustainability journey.

Ambition motivates the continued pursuit of excellence when implementing sustainability practices within the Group. At the same time, action provides the impetus and pathway to achieve goals and targets.

The theme of this year's sustainability report is also reflective of the existential sustainability priorities that we, as a business, face today: climate action, labour and human rights, safety and health, and good governance, which covers ethics and integrity.

Our 2023 sustainability report ("2023SR") accounts for our vision to pursue our ambitions through concerted action and creating lasting positive impacts towards shared prosperity.





## our reporting suite

In promoting reporting conciseness and connectivity of information, the 2023SR is to be read in conjunction with the 2023 Integrated Annual Report ("2023IAR") and the Corporate Governance Report 2023 ("CG Report 2023").



**2023 integrated annual report**



**2023 sustainability report**



Scan this to view our 2023SR online. Our 2023IAR, the audited accounts and other information on KPS Berhad are also available at [www.kps.com.my](http://www.kps.com.my)

### **cautionary statement**

*KPS Berhad makes no representation or warranty, whether expressed or implied, as to the accuracy or completeness of the facts highlighted in the 2023SR, disclaiming responsibility from any liability that might arise from the reliance on its contents. The 2023SR may contain "forward-looking statements".*

*Forward-looking statements involve inherent risks and uncertainties and other factors that are in many cases beyond our control. Although KPS Berhad believes that the expectations of its Management, as reflected by such forward-looking statements are reasonable based on current information, no assurances are given that such expectations will prove to have been correct and current.*

*Should one or more of the risks and uncertainties within the Group's business materialise, actual results may vary materially from those anticipated or projected. Accordingly, readers are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of their dates and we undertake no obligation to update or revise any of them, whether as a result of new information, future events, or otherwise.*

*This 2023SR is dated 1 April 2024.*

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chapter 1: Overview

## about this report

[GRI 2-3]

This 2023 Sustainability Report presents a detailed account of KPS Berhad's performance from the Management's perspective of the Economic and ESG material matters and the outcomes and impacts created.

about this report [GRI 2-3]

## introduction

The 2023SR has been prepared with reference to the Global Reporting Initiative ("GRI") Standards as Core Option. The full GRI standards content index is provided at the end of this report.

In addition, the 2023SR has also been aligned with disclosure requirements of the following:

- 1 **United Nations Sustainability Development Goals ("UNSDGs")**
- 2 **Bursa Malaysia Securities Berhad's Sustainability Reporting Guide Third Edition ("SRG3")**
- 3 **Financial Times Stock Exchange ("FTSE") Russell ESG Rating Indicators**
- 4 **Taskforce on Climate-related Financial Disclosures ("TCFD") Framework**
- 5 **Sustainability Accounting Standard Board ("SASB")**
- 6 **International Financial Reporting Standards ("IFRS") S1 General Requirements for Disclosure of Sustainability-related Financial Information**
- 7 **IFRS S2 Climate-related Disclosures**



### GRI statement of use

The Board of Directors of KPS Berhad acknowledges responsibility for the following statement of use:

The information contained in 2023SR has been prepared with reference to the GRI Standards.



## reporting period & scope

[GRI 2-2, GRI2-3]

The contents in the 2023SR have been scoped for the reporting period consistent with KPS Berhad's financial year; that is, for the period commencing from 1 January 2023 to 31 December 2023, also known as the financial year 2023.

Data and information presented in 2023SR covers the operations, activities, and processes of KPS Berhad and its subsidiary companies ("the Group") as per the following:



**KPS Berhad**



**Toyoplas Manufacturing (Malaysia)  
Sdn Bhd ("Toyoplas")**



**CPI (Penang) Sdn Bhd ("CPI")**



**MDS Advance Sdn Bhd  
("MDS Advance")**



**Century Bond Bhd ("CBB")**



**Aqua-Flo Sdn Bhd ("Aqua-Flo")**

## boundary [GRI 2-2]

2023SR includes information on KPS Berhad and its subsidiary companies that KPS Berhad retains equity control. Specific scopes may have been set out for specific material topics, disclosures and indicators.

This is in keeping with the GRI content principles of accuracy, balance, clarity, comparability, reliability, and timeliness, as well as the GRI content principles of stakeholder inclusiveness, sustainability context, materiality, completeness, and comprehensiveness in disclosure.

All data in this report has been sourced internally and verified accordingly by the respective business units or Senior Management team. We continue to enhance our data collection and analysis processes to improve data accuracy and quality, and strengthen disclosures going forward.

## exclusions

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:
  - Kaisercorp Corporation Sdn Bhd

## about this report [GRI 2-3]

## board's approval [GRI 2-14]

This Report has been reviewed and approved by KPS Berhad's Board of Directors ("the Board" or "BOD") which is represented by the Sustainability Board Committee ("SBC"). The SBC oversees the preparation of the content of KPS Berhad's 2023SR and ensures the integrity of the report. This includes reviewing and approving the quality of reporting, level of disclosure, and structure of the reports to ensure that they reflect the Group's vision, mission and corporate objectives with regards to sustainability practices within the Group.

## assurance [GRI 2-5]

The 2023SR has been assured by a third-party agency, SIRIM QAS International Sdn Bhd ("SIRIM QAS"), for its adherence to materiality, inclusivity, and responsiveness principles.

Separately, the financial data printed in the Report has been assured by the Group's external auditor, Messrs BDO PLT.

## disclaimer

While we take careful consideration of the completeness, accuracy and validity of all disclosures, measurement of certain disclosures may include estimates and assumptions based on a selection of different but acceptable measurement methods, input data, or assumptions.

Figures stated may not add up due to rounding of decimals.


## feedback & distribution [GRI 2-25, 2-26]

We endeavour to continuously improve our reporting disclosures and build the transparency of our operations. Any feedback or enquiries regarding our 2023SR or KPS Berhad's sustainability journey, strategic initiatives, and efforts can be forwarded to the Chief Sustainability Officer of KPS Berhad.

### KPS BERHAD INVESTOR RELATIONS, SUSTAINABILITY & COMMUNICATIONS

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2023SR can be downloaded from the KPS Berhad website at  
<https://kps.com.my>

about this report [GRI 2-3]



about this report [GRI 2-3]

# who we are

[GRI2-1]

KPS Berhad was incorporated 48 years ago, on 11 August 1975.

5  
countries



24  
operating facilities

3,404  
dedicated workforce

**about this report** [GRI 2-3]

Since its incorporation, KPS Berhad has, and continues to undergo many corporate and business transformations, adapting to market changes, staying competitive and improving efficiency, driven by the need to evolve and stay ahead in a dynamic business environment. Progressively, over the years, KPS Berhad's investment operations have shifted from managing state assets in Selangor to investing in companies with global market presence in several strategic sectors.

Today, KPS Berhad has grown into a global investment holding company through its investments in subsidiary companies with core businesses in various manufacturing sub-sectors, with value chains 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 businesses in the Trading and Infrastructure sectors.

While enhancing shareholder value by optimising returns, we are committed to contributing toward sustainable economic, environmental, and social development.

vision

leading investments for shared prosperity

mission

cultivating value, creating positive impact

**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**

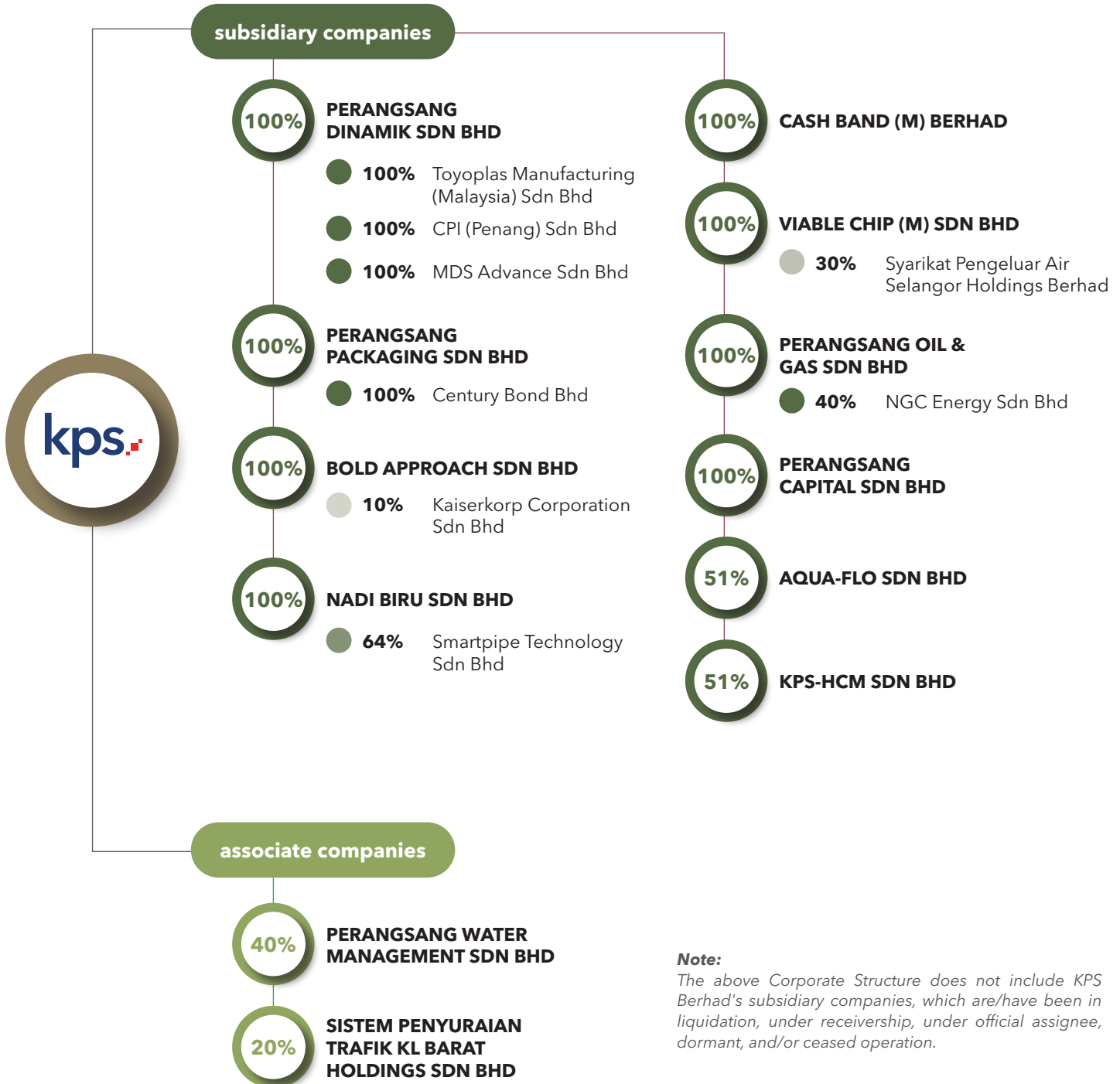
contribute to stakeholders' growth by "Going the Extra-Mile".

core values  
**pride**

# corporate structure [GRI 2-1]

as at 1 April 2024

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 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 2023IAR.



# where we operate [GRI 2-1]



## KPS BERHAD

Malaysia

- Selangor (Shah Alam)

## TOYOPLAS MANUFACTURING (MALAYSIA) SDN BHD ("TOYOPLAS")

China

- Guangdong (Dongguan)
- Shanghai

Malaysia

- Johor (Senai & Muar)

Indonesia

- West Java (Cikarang)

Vietnam

- North Vietnam (Bac Giang)

Hong Kong

- Hong Kong (Trading Office)

Singapore

- Toa Payoh (Trading Office)

## CPI (PENANG) SDN BHD ("CPI")

Malaysia

- Pulau Pinang (Bayan Lepas)

## MDS ADVANCE SDN BHD ("MDS ADVANCE")

Malaysia

- Pulau Pinang (Permatang Tinggi)

## CENTURY BOND BHD ("CBB")

Offset:

Malaysia

- Johor (Senai & Ulu Tiram)

Indonesia

- Batam

Carton:

Malaysia

- Negeri Sembilan (Nilai)
- Johor (Senai)
- Kedah (Sungai Petani)

Paper:

Malaysia

- Perak (Ipoh)
- Johor (Senai)

Indonesia:

- Medan

Singapore:

- Woodlands (Trading Office)

Plastic:

Malaysia

- Johor (Senai)

OEM:

Malaysia

- Johor (Senai)

## KING KOIL MANUFACTURING WEST LLC ("KING KOIL MANUFACTURING")

United States of America ("US")

- Arizona (Phoenix)

## KING KOIL LICENSING COMPANY INC ("KKLC")

US

- Arizona (Phoenix)

## AQUA-FLO SDN BHD ("AQUA-FLO")

Malaysia

- Selangor (Petaling Jaya, Sungai Buluh, Klang)

## SMARTPIPE TECHNOLOGY SDN BHD ("SMARTPIPE")

Malaysia

- Selangor (Shah Alam)

## KPS-HCM SDN BHD ("KPS-HCM")

Malaysia

- Selangor (Shah Alam)

## NGC ENERGY SDN BHD ("NGC ENERGY")

Malaysia

- Kuala Lumpur (Damansara)

# information on subsidiary companies, associate companies & other investments

[GRI 2-1, 2-6]



**TOYOPLAS MANUFACTURING (MALAYSIA) SDN BHD**  
(Subsidiary Company)

Toyoplas is a one-stop integrated plastic injection moulding specialist with a value chain in multiple countries, providing a comprehensive range of services through its manufacturing facilities in Malaysia, China, Indonesia, and Vietnam. The company offers services such as mould fabrication, precision injection moulding, secondary processes, and assembly for clients from various industries, including consumer electronics, multimedia, automotive, industrial tools, and other industries.



## business activities

End-to-end capability from mould fabrication, precision injection moulding and secondary processes to full assembly of parts and products.



## capitals

- 1,645 strong workforce
- 396 injection moulding machines (from 30 to 1,600 tonnage)
- Four fully owned manufacturing facilities
- Two leased manufacturing facilities



## industries served and revenue structure

- Consumer electronics
- Multimedia
- Automotive
- Industrial tools
- Revenue: Product sales

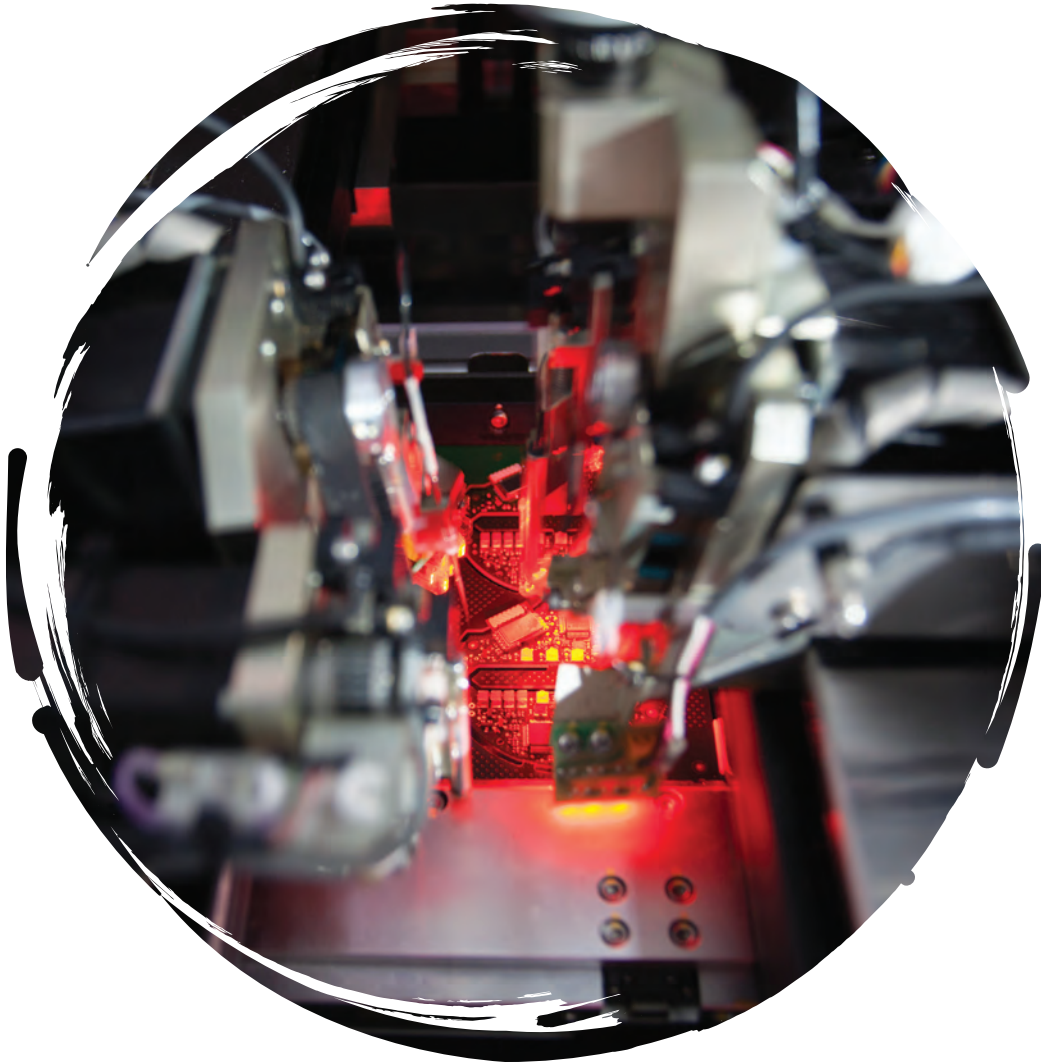


## competitive advantages

- Value-added end-to-end solutions provider
- Diversified locations to meet customers' demand
- Proven track record
- Long-term relationship with customers



## information on subsidiary companies, associate companies & other investments [GRI 2-1, 2-6]



### **CPI** CPI (PENANG) SDN BHD (Subsidiary Company)

CPI is a leading provider of plastic injection moulding, offering a wide range of electronics manufacturing services ("EMS") solutions from mould fabrication, secondary process, and sub-assembly to electronics box-build processes, serving multi-sector customers across 90 countries, including those in the automotive, communications and information technology, healthcare, and electronics sectors.



#### business activities

A contract manufacturer that produces products tailored to customers' specific requirements.



#### capitals

- 815-strong workforce
- 90 injection moulding machines (from 50 to 650 tonnage)
- Three surface mount technology ("SMT") lines
- Two fully owned manufacturing facilities over 10-acre plots of land



#### industries served and revenue structure

- Communications and Information Technology
- Automotive
- Healthcare
- Electronics
- Revenue: Product sales



#### competitive advantages

- Value-added end-to-end solutions provider
- Strong market reputation & track record
- Long-established relationship with customers

information on subsidiary companies, associate companies & other investments [GRI 2-1, 2-6]



**MDS ADVANCE SDN BHD**  
(Subsidiary Company)

MDS Advance offers precision manufacturing solutions with CNC machining services, specialising in delivering high-quality components for diverse industries. MDS Advance manufactures and distributes intermediate products to manufacturers and end-user producers in the machinery and equipment business in the US, Europe, and Asia.



**business activities**

High-precision CNC metal machining business, which involves metal cutting and milling.



**capitals**

- 73-strong workforce
- 29 CNC machines (with 3-20 micron) accuracy
- Seven finishing process machines
- Three manufacturing facilities



**industries served and revenue structure**

- Medical
- Electronics
- Semiconductors
- Aerospace
- Telecommunications
- Revenue: Product sales



**competitive advantages**

- Serves mature and non-cyclical industries
- Long-established relationships with customers
- Operational synergies within KPS Berhad's core business sector

**information on subsidiary companies, associate companies & other investments [GRI 2-1, 2-6]**



**CENTURY BOND BERHAD**  
(Subsidiary Company)

CBB is a trusted partner and provider of integrated packaging solutions for local and international top brands in Asia, Europe, and the US. Our offerings comprise Offset Printing, Carton, Paper, Plastics, and OEM (consumer items). With manufacturing facilities in Malaysia and Indonesia, CBB offers end-to-end packaging services encompassing design, manufacturing, and logistics to various industries, including cement and non-cement, power brands, and retail.



**business activities**

Integrated packaging solutions used in the provision of offset printing, carton, paper, plastic and OEM (consumer products).



**capitals**

- 785-strong workforce
- A wide range of machinery such as printers, and die-cut tools used in the production of paper and the packaging industry
- Malaysia: Three wholly owned manufacturing facilities with 15.8- acre plots of land and three leased facilities
- Indonesia: One wholly owned manufacturing facility with an 0.1-acre plot of land and one leased manufacturing facility



**industries served and revenue structure**

- Packaging produced is used by a wide range of industries including the electrical and electronics and retail sectors
- Revenue: Product sales



**competitive advantages**

- One-stop packaging solutions provider
- Strong market share (~60% of market share for cement paper bags in Malaysia)
- Long-established relationships with customers and suppliers

information on subsidiary companies, associate companies & other investments [GRI 2-1, 2-6]



**business activities**

Provision of water meters, chemicals and technical services to the water and wastewater industry (including sewage treatment plants).



**capitals**

- 17-strong workforce
- 4 vehicles, 2 warehouses, 1 water meter test bench



**industries served and revenue structure**

- Water treatment plants
- Pengurusan Air Selangor Sdn Bhd
- Revenue: Product sales



**competitive advantages**

- Ability to provide technical services as value added services to customers
- Captive market for water chemicals supply to water treatment plants
- Growing market demand for products and solutions in Malaysia



Aqua-Flo supplies water chemicals, water meters and provides technical services to water, waste and sewage treatment plants, primarily in Malaysia. Aqua-Flo works closely with local and international water and wastewater treatment specialists.

## information on subsidiary companies, associate companies & other investments [GRI 2-1, 2-6]



### SMARTPIPE TECHNOLOGY SDN BHD (Subsidiary Company)

Smartpipe is an integrated water solutions provider, specialising in pipe rehabilitation and replacement. Combining its expertise in trenchless pipe rehabilitation with experience in conventional pipe replacement works, Smartpipe is well positioned to address non-revenue water issues in Malaysia.



#### business activities

Integrated water solutions provider specialising in pipe rehabilitation as well as pipe replacements.



#### industries served and revenue structure

- Water industry, industrial zones and more
- Pengurusan Air Selangor Sdn Bhd
- Revenue: Contract value of pipe replacement/ rehabilitation projects



#### competitive advantages

- One-stop solution provider for pipe rehabilitation (trenchless) and replacement (conventional)

information on subsidiary companies, associate companies & other investments [GRI 2-1, 2-6]

**KPS-HCM** KPS-HCM SDN BHD  
(Subsidiary Company)

KPS-HCM is an experienced contractor for civil engineering, building construction and infrastructure projects, including extended pavement, drainage, sewerage pipeline works, and flood mitigation measures deployment.



**business activities**

General civil engineering works, building construction and maintenance.



**capitals**

- One leased building and office.



**industries served and revenue structure**

- Infrastructure development and building construction
- Revenue: Contract awards from projects



**competitive advantages**

- Ability to take on small to mid-scale infrastructure and construction work for both the public and private sectors which include road and pavement, drainage and sewerage pipeline works and deployment of flood mitigation ponds

**information on subsidiary companies, associate companies & other investments [GRI 2-1, 2-6]**



**NGC ENERGY SDN BHD**  
(Associate Company)

NGC Energy is a supplier of liquefied petroleum gas ("LPG") to residential, commercial, and industrial customers in Malaysia. NGC Energy, is a joint venture between KPS Berhad and the National Gas Company of Oman. Through its wholly owned subsidiary, Perangsang Oil and Gas Sdn Bhd, KPS Berhad has a 40% equity stake in NGC Energy.



**business activities**

Supply LPG to residential, commercial, and industrial customers.



**industries served and revenue structure**

- Residential, commercial and industrial
- Revenue: Product sales



**competitive advantages**

- Access to growing demand for LPG with growth in population, and increase in the numbers of commercial and industrial buildings

information on subsidiary companies, associate companies & other investments [GRI 2-1, 2-6]

**KING  
KOIL**  
—  
MATTRESS CO

**KING KOIL MANUFACTURING WEST, LLC**  
**("KING KOIL MANUFACTURING")**  
(Other Investment)

Based in Avondale, Arizona, King Koil Manufacturing was incorporated on 22 January 2018 as the first US-based manufacturing operations for the world-famous King Koil brand of mattresses and bedding. King Koil Manufacturing presently supplies King Koil mattresses to retailers and department stores across the US.



**business activities**

Manufacturer of King Koil mattresses and bedding products.



**capitals**

- Stitch machines, zipper cover fabric cutter, fabric layout machine, and sewing machines.
- One leased manufacturing facility in Phoenix, Arizona, US.



**industries served and revenue structure**

- Bedding
- Revenue: Product sales



**competitive advantages**

- Globally recognised matured brand
- Being a prominent brand in some of the largest and most well-known bedding retailers and department stores across the US



**information on subsidiary companies, associate companies & other investments [GRI 2-1, 2-6]**



**KING  
KOIL**

**KING KOIL LICENSING COMPANY INC**  
(Other Investment)

MATTRESS CO

KKLC operates the King Koil brand's global licensing business. Established in the US over 100 years ago, the King Koil brand remains one of the most popular mattress brands in the US and the world globally. King Koil® mattresses and bedding products are distributed in ~80 countries via 24 international licensees worldwide.



**business activities**

Acquiring and retaining licensees for King Koil mattresses and bedding products.



**capitals**

- Shares the same facility with King Koil Manufacturing in Phoenix, Arizona, US.



**industries served and revenue structure**

- Bedding
- Revenue: Royalty fees



**competitive advantages**

- Matured, recognised brand with a global footprint spanning nearly 80 countries

# value creation model [GRI 2-6]

## our input capitals

### financial

- Share capital: RM537.9 million
- Retained earnings: RM505.8 million
- Cash and bank balances: RM546.2 million
- Total assets: RM2.2 billion
- Total borrowings: RM537.8 million
- Capital expenditure: RM57.4 million
- Total equity: RM1.2 billion

### manufactured

- A wide range of manufacturing facilities, warehouses, machinery and equipment were employed by all subsidiaries

### 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



## our output capitals

### financial

- Revenue: RM1.2 billion
- EBITDA: RM128.7 million
- PBT: RM41.3 million
- PAT: RM19.4 million
- Cash and bank balances: RM513.6 million
- Total assets: RM2.1 billion
- Total borrowings: RM467.7 million

### manufactured

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

### intellectual

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



value creation model [GRI2-6]

human

- 3,517 dedicated workforce
- Employee training and development programmes
- High-performance culture
- Multiple employee engagement activities

social

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

natural

- Liquefied natural gas ("LNG") consumption: 31,628.0 mmBtu
- Diesel consumption: 1,167,788.7 litres
- Petrol consumption: 15,613.7 liters
- Electricity consumption: 29,125,174 kWh
- Water consumption: 140,693,000 litres

UNSDGs



our outcomes

financial

- RM21.9 million paid in taxes
- RM257.4 million paid to employees in wages, benefits, and statutory contributions
- RM27.8 million repaid to financiers
- Market capitalisation: RM389.6 million as of 31 December 2023
- Return on capital employed: 4.2%
- Return on equity: 0.8%
- Return on assets: 0.4%
- Gearing ratio: 0.4 times
- Shareholders' equity: RM1.1 billion
- Earnings per share: 1.65 sen
- Dividend per share: 3.5%

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

human

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

social

- Supported poverty eradication and provided access to education and domestic care
- Uplifted local livelihood
- Positively impacted 103,095 beneficiaries in 2023 through various social investment initiatives

natural

- Amount of CO<sub>2</sub>e offset through solar energy: 874.7 tonnes CO<sub>2</sub>e
- Continuous effort in waste management with 100% conversion of carton trim waste to pulp moulded products by Century Bond Bhd

human

- 3,404 dedicated workforce
- 72.0% permanent employees
- 28.0% contract employees
- 26% new hires

social

- Continued positive, mutually beneficial relationship with stakeholders
- Contributed RM2.9 million to various social investment initiatives including the RM0.9 million zakat re-distribution

natural

- Solar power accounted for 2.0% of the Group's electricity consumption
- Scope 1 emissions: 3,670.7 tonnes CO<sub>2</sub>e
- Scope 2 emissions: 30,128.5 tonnes CO<sub>2</sub>e
- Scope 3 emissions: 1,081.1 tonnes CO<sub>2</sub>e



BOD



customers



vendors & suppliers



media



local communities

# message from the MD/Group CEO

[GRI 2-22]

Dear Stakeholders,

In an uncertain and complex business landscape, sustainable practices are crucial for the long-term success of KPS Berhad due to their role in mitigating the physical and transitional risks and capitalising on the tipping points in our society today.



**AHMAD FARIZ BIN HASSAN**  
Managing Director/  
Group Chief Executive Officer

**message from the MD/Group CEO** [GRI 2-22]

Embedding sustainability in our business strategies not only foster the resilience and competitiveness of our businesses, but it also aligns with the evolving societal expectations. Equally important, it positions us well in navigating with agility, the transitions in policy and regulatory changes, market dynamics, technological shifts, and resource availability. In all, it ensures the Group's sustainable value creation for our stakeholders.

We believe that good sustainability practices serve as a business enabler, in addressing environmental and social concerns. For example, when done right, sustainability is also about managing rising energy costs, improving productivity, attracting and retaining talent, developing low-carbon products with higher market appeal, reinforcing a more reliable supply chain, improving process efficiency and productivity, and even leveraging emerging opportunities.

In 2023, KPS Berhad continued to strengthen its focus on improving the Group's performance in all three ESG aspects of sustainability. Our theme for this year, **Ambition in Action**, reflects our committed approach, which is to set challenging goals and targets and support these with robust, concerted action for the desired outcomes. We understand that the journey is long and sustained efforts are required, but our ambition drives our commitment to action.

The concept of doing good, safeguarding the environment and serving society are enshrined in our vision and mission. Our vision and mission essentially represent the *raison d'être* of the Group, which is to create shared prosperity continuously. This, in essence, refers to the creation and delivery of value creation for all stakeholders while remaining on a steady, improving path for business growth and robust financial performance.

Our businesses are responsible for their conduct and actions as well as the positive impacts they create over time. It is imperative that we function as a force for good. Business performance and sustainability considerations are not polar opposites, but actually dovetail towards the development of a more robust, more resilient business model, capable of standing strong amidst volatile and uncertain operating environment that is fraught with risks yet also filled with opportunities.



Harnessing the power of the sun: solar panels installation at CPI (Penang) Sdn. Bhd.

**message from the MD/Group CEO** [GRI 2-22]**strengthening sustainability governance**

There has been a noticeable shift in public perception and consumer behaviour towards sustainability. Consumers are becoming more conscious of environmental and social issues, and they prefer to support businesses that demonstrate a commitment to responsible practices. Taking heed of the tipping point in perception, we continue to reinforce our commitment to sustainability governance.

This involves enhancing board oversight with respect to climate change, as well as accelerating climate risk management processes. Today, we continue to see a flux, with new global and local reporting standards mandating a more comprehensive approach to climate disclosure. Beyond merely upping data collection, what is also required is increased strategic thinking and oversight from Management, more robust discussions on internal processes and controls, and more contextual and meaningful disclosures that comprehensively cover the Group's operations.

In line with that, I am delighted to share that we are taking this commitment further by adopting the TCFD Framework a year earlier than mandated.

Our inaugural TCFD report this year provides, amongst others, disclosure on the Group's climate-related financial risks and opportunities. It includes our efforts in the four thematic areas which are governance, strategy, risk management, and metrics and targets. In this effort, we profiled our emissions further, addressed our energy efficiency and identified the potential Group-level climate risks and opportunities, scoped the climate scenarios for the climate risk assessment, as well as, integrated climate risks into the Enterprise Risk Management ("ERM").

We are already to some extent embracing circular economy principles, and exploring sustainable sourcing practices, exemplifying our dedication to creating a sustainable future not only for the Group but also for generations to come.

## message from the MD/Group CEO [GR I2-22]

## managing our stakeholder expectations

Engaging with our stakeholders enables us to understand their aspirations and ambitions and ascertain how best we can integrate these needs into creating the desired values while ensuring the business model's relevance within the Group.

Our stakeholders encompass diverse groups of individuals and entities, each contributing uniquely to our business ecosystem. As we navigate this dynamic landscape, our stakeholder management efforts are integral to sustaining and enhancing our long-term value creation.

Our focus on delivering exceptional products and services, coupled with responsive customer support, remains paramount. By actively seeking customer feedback and leveraging data analytics, we continuously refine our offerings to meet evolving needs and preferences. This customer-centric approach not only drives loyalty but also positions us competitively in the market.

Our employees are the cornerstones of our achievements. The commitment to employee well-being defines our organisational culture. Investing in professional development, promoting flexible work arrangements, and fostering a collaborative workplace environment ensure that our talented workforce remains engaged and motivated.

Effective communication is the foundation of our relationship with the investment community, keeping them informed about the Group's strategic direction, financial performance, and commitment to responsible business practices. This year, we prioritised engagement through one-on-one meetings, ensuring a platform for dialogue and addressing concerns.

By aligning our actions with investor expectations and emphasising long-term growth strategies, we cultivate enduring partnerships that contribute to the overall success of KPS Berhad.



The Group CEO of KPS Berhad, second from the left, with YAB Dato' Menteri Besar Selangor at the Organisational Anti-Corruption Plan ("OACP") event.

message from the MD/Group CEO [GRI 2-22]

Our supply chain partners are essential collaborators in our value creation process. Responsible sourcing practices, ethical standards, and close collaboration with suppliers ensure the integrity and sustainability of our supply chain. These efforts not only mitigate risks but also contribute to the overall resilience of our operations.

Communities surrounding our facilities are important stakeholders, and our commitment to community development has been a mainstay. Engaging with local communities, understanding their needs, and contributing to community development initiatives have benefitted more than 100,000 community members in 2023.

With regard to external stakeholder engagement, 2023 also saw KPS Berhad becoming a member of the UN Global Compact Network Malaysia & Brunei ("UNGCMYB"). This reflects our commitment to working with organisations towards realising the UNSDGs further, and continuing to acquire knowledge, expertise and tools to advance our sustainability journey.

Volunteers of KPS Berhad distributing food boxes during one of the KPS Berhad's Riang Ria Raya 2023 events.

The Chief Sustainability Officer ("CSO") of KPS Berhad, second from the left, participated in the ESG Affairs 2023 Forum held by Terengganu Inc.

In June 2023, we participated in a panel discussion titled "ESG Affairs 2023," hosted by Terengganu Inc, the strategic investment arm of the Terengganu State Government. By participating, KPS Berhad showcased our commitment to supporting UNSDG initiatives. The discussion offered valuable insights into the growing significance of sustainability and ESG considerations, along with the associated risks and opportunities within Malaysia. Additionally, it explored the preliminary measures for integrating ESG principles into corporate strategies.

On one hand, the forum explored approaches to advance ESG principles and sustainability in Terengganu. On the other hand, this participation was a testament to our dedication to stakeholder engagement via a collective partnership with another investment holding company and, other corporate entities. Intended to amplify the impact of sustainability advocacy efforts, it aspired to influence industry standards and regulatory development, and, in a larger scheme of things, promote responsible business practices amongst the business community.





message from the MD/Group CEO [GR I2-22]

### creating positive social impact & assessing true impact through SROI

The concept of social return on investment ("SROI") enables KPS Berhad to adopt a systematic approach towards ascertaining the impact of its social-based initiatives. Through SROI, we are able to move from the typical social investment initiatives, towards creating more meaningful and measurable outcomes for targeted communities across our four social investment pillars: **Educational Development, Entrepreneurial Development, Community Development, and Environment, Safety & Health.**

This methodology measures the output, or financial benefits, received by the intended stakeholders over the input, or the cost invested by KPS Berhad for the initiatives.

We are able to measure how the initiatives have created value, and if that value is being distributed to the intended communities. In 2023, our social investment programmes continued to deliver positive results for diverse local communities.

The SROI ratio, derived from the five impacts of the initiative across Educational Development, Entrepreneurial Development, Community Development, and Environment, Safety & Health pillars, was 1.53 times. This translates to a total of RM964,296.35 allocated to the five initiatives generated RM1,475,373.42 worth of positive social impact on the targeted groups.

The RM964,296.35 was part of the total budget of RM2.85 million allocated for social investment initiatives in 2023.

#### 2023 SROI



## message from the MD/Group CEO [GRI 2-22]

### building a robust future through sustainability

As we reflect on the past year, we find inspiration in our collective ability to adapt to the ever-evolving landscape of sustainability. The assessment of our efforts is reflected in the impacts and outcomes achieved, as measured against set key performance indicators ("KPIs") and targets. We are pleased that despite facing various business challenges, KPS Berhad has continued to register a wide range of notable accomplishments across the ESG spectrum.

Recently, KPS Berhad undertook a double materiality assessment exercise, soliciting the views of both internal and diverse external stakeholders. The exercise has revealed interesting insights into stakeholders' expectations of us and their respective understanding of value creation.

We conducted and participated in six capacity-building sessions, on integrating ESG-related considerations into our strategic business decisions. To this effect, in September 2023, we conducted a Greenhouse Gas ("GHG") inventory workshop, to empower key personnel across all subsidiary companies to develop the needed skill set in GHG inventory systems to facilitate emission measurements across all three scopes.

The 2023SR is a comprehensive account of our sustainability journey, which provides insight and narratives of the many highlights we have touched on as well as many more developments, results and outcomes. It also takes us through the many milestones we have achieved, the challenges we have faced and overcome, and also the lessons learned on our strategies, approaches and implementations, which we will continue to take on board to improve upon.

Sustainability now resides at the core of our corporate philosophy and business blueprint. Through progressive integration of sustainability considerations across the Group, we continue to see a positive impact on our organisational culture, processes, systems, and approaches. The benefits derived from successfully implementing ESG strategies continue to enhance our business and operational performance. Hence, today, sustainability guides our decisions, strategies, and actions.

**"We aim to push boundaries and set new industry benchmarks, in doing so, contributing to a stronger cumulative impact that would ensure shared prosperity for all stakeholders."**

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

# awards & recognition

[GRI 2-1]

We are honoured to have received these excellence awards. They underscore our unwavering commitment to cultivating a culture of excellence, where every one of the 3,404 of us, at KPS Berhad and at all subsidiary companies, strives for the highest standards of performance and professionalism. These recognitions serve as a testament to the dedication of every individual within the Group, each playing a pivotal role in our journey toward corporate excellence.

Embracing excellence is more than a pursuit. It is about fostering a mindset that constantly pushes the learning curve higher, embracing challenges as opportunities for growth. These accolades are a tribute to our collective dedication to continuous improvement, adaptability, and resilience in the face of evolving business landscapes.

- 1 **Malaysia Best Employer Brand Awards 2023**  
by the Employer Branding Institute.
- 2 **ACCA Approved Employer Awards 2023**  
for both Professional Development and Trainee Development (Platinum).
- 3 **Personality of The Year Outstanding ESG Practitioner Award, Sustainability & CSR Malaysia Awards 2023**  
This award was conferred to the Chief Sustainability Officer of KPS Berhad.
- 4 **Company of The Year (GLC Conglomerate) - Best in Sustainability Reporting & ESG Initiatives", Sustainability & CSR Malaysia Awards 2023.**  
This marks KPS Berhad's fifth consecutive year for clinching this award.
- 5 **The Edge Centurion Club Award 2023**  
including Highest Growth in PAT Over Three Years Award under the Industrial Products and Services category.
- 6 **GOLD Excellence Award at the National Annual Corporate Report Awards ("NACRA") 2023**  
for Companies with less than RM2 Billion in Market Capitalisation. This marks the fourth consecutive year of KPS Berhad winning at the National Annual Corporate Reports Awards ("NACRA").
- 7 **Bronze Category in the Integrity, Governance and Anti-Corruption Award ("AIGA") 2023**  
by Institut Integriti Negara.



# review from the chief sustainability officer

[GRI 2-22]

By managing our ESG risks and opportunities, we create value and generate positive impacts in shaping our business resilience.

ESG considerations are increasingly addressed, assessed, and embedded strategically within the Group. In the context of KPS Berhad, ESG serves as a fundamental component of our corporate strategy, aiming to yield sustainable practices as the intended result.

Building upon our momentum thus far, 2023 has marked another significant step forward in our sustainability journey. Committed to our sustainability roadmap spanning from 2022 to 2035, we remain guided by the Group's vision, mission, and corporate objectives.

Based on all these considerations and the Group's materiality matters, we identified 56 KPIs; 20 from the environment, 27 from social and nine from governance across KPS Berhad and five subsidiary companies.

In 2023, the Group achieved 49 of these ESG KPIs.

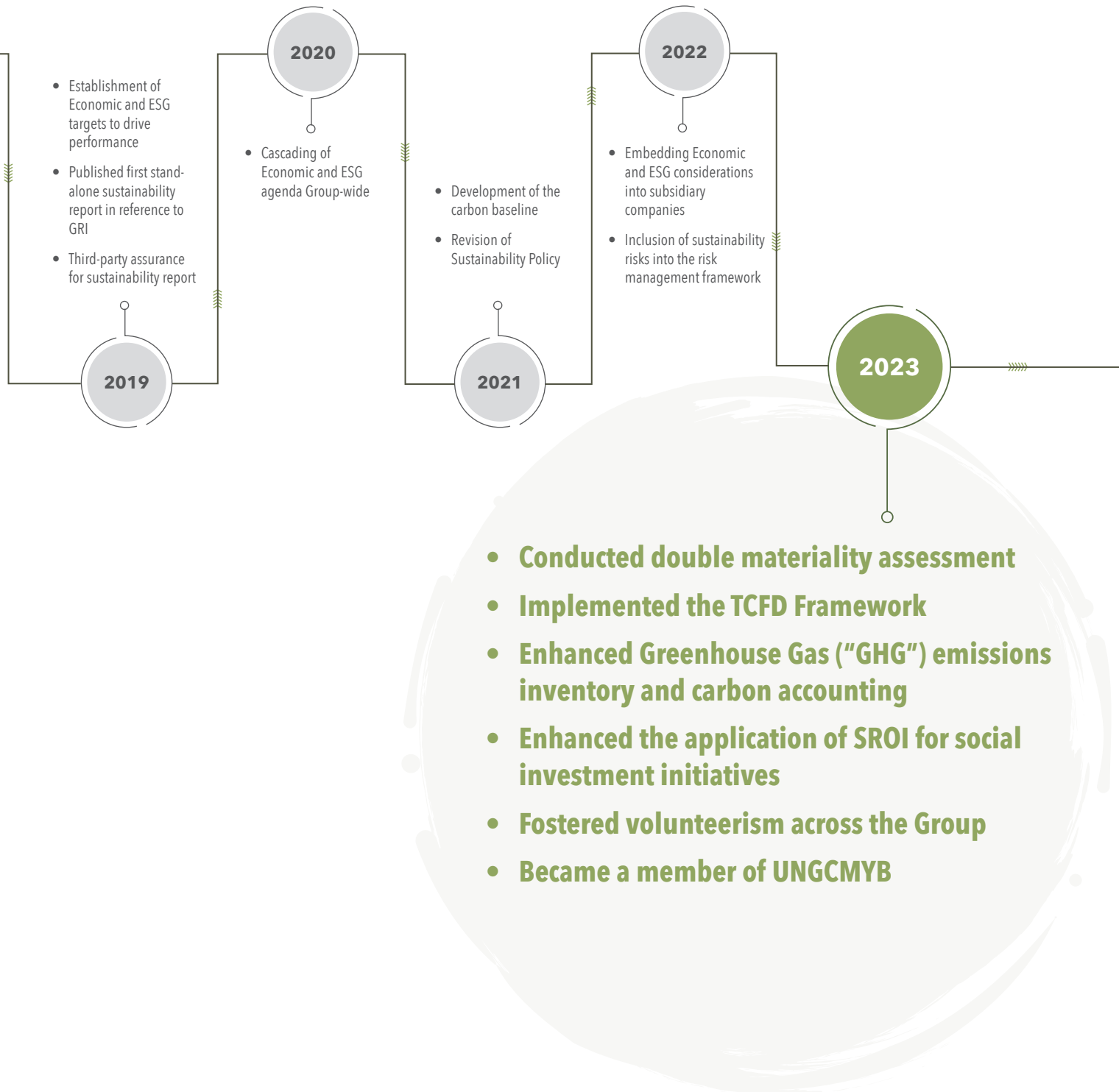


**ZULKIFLI MAWARDI**

Chief Sustainability Officer

review from the chief sustainability officer [GRI 2-22]

overview of KPS Berhad's ESG progress



## review from the chief sustainability officer [GRI 2-22]

### transitioning to renewables

Our mission is clear: to reduce carbon emissions intensity by 45% by 2030 and achieve carbon neutrality by 2050. This ambitious goal requires a fundamental shift in decarbonising our energy sources. Hence, we have set measurable targets to guide us with our climate actions. Our strategic approach is centred primarily on energy efficiency initiatives and the expanded use of renewable energy ("RE") sources, with an emphasis on solar power.

Within our subsidiary companies, we have intensified efforts to install solar panels, notably in CBB and CPI, in an effort to reduce the Group's GHG emissions. Our initiative also shielded us from escalating energy costs. Case in point, in 2023 solar power generated by CBB accounted for 2.01% of the Group's electricity consumption.

We continued to improve our GHG inventory across all subsidiary companies, focusing on developing a more comprehensive carbon baseline comprising Scope 1, Scope 2, and Scope 3 emissions. This concerted effort lays the groundwork for a more robust carbon accounting system.

In tandem with these efforts, KPS Berhad, Toyoplas, and MDS Advance expanded their assessments for Scope 3 emissions to include employee commuting and business travel. Meanwhile, CPI, CBB, and Aqua-Flo incorporated only employee commuting into their Scope 3 assessments. Additionally, we calculated GHG emissions from all operating companies in Malaysia and one company in Indonesia. These have resulted in an expanded GHG emissions baseline, with the Group's emissions increasing by 38% from 25,311.52 tCO<sub>2</sub>e in 2022 to 35,467.03 tCO<sub>2</sub>e in 2023. KPS Berhad remains committed to expanding the scope of its GHG emissions inventory further to its regional operation by incorporating facilities in China and Vietnam.

### pursuing decarbonisation efforts further

We are equally excited about adopting the TCFD Framework in August 2023. This has led to us setting up a dedicated TCFD Committee tasked to drive an effective, Group-wide response to climate change risks, impacts, and opportunities. One of the committee's primary objectives is to identify and assess climate-related risks across the organisation. This assessment shall enable the Management to develop an understanding of both the potential risks and opportunities inherent in the Group's operations pertaining to climate change.

By identifying and addressing these risks and opportunities at an early stage, we are better prepared for the challenges posed by a shifting climate landscape, shaping our business resilience further, and ultimately mitigating any potential financial impact on the Group's business.

Reflecting our commitment to TCFD, we conducted a Group-wide workshop focusing on TCFD recommendations. This workshop equipped all subsidiary companies with the necessary skill set to establish the required understanding related to climate action. Participants learned how to identify and evaluate both physical and transitional climate risks, and to devise effective mitigation strategies.

Additionally, they engaged in climate scenario analysis, drawing on potential emerging scenarios as per the Representative Concentration Pathway ("RCP") scenarios, in line with the Intergovernmental Panel on Climate Change ("IPCC"). The training programmes and exercises have helped develop a thorough understanding of how climate change may impact the Group's businesses.

## review from the chief sustainability officer [GRI 2-22]

## embracing global standards

We have been unwavering in our commitment to transparently reporting sustainability-related data in line with the GRI Standards. In addition, our data disclosures adhere to the guidelines and requirements outlined in the UNSDGs, SRG3, the FTSE Russell ESG Rating Indicators, and SASB. These frameworks and their associated standards serve as guiding beacons, taking us forward in the direction of comprehensive sustainability data disclosure.

2023 saw us build on our integrated reporting approach and prepare for the imminent adoption of the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Disclosure and IFRS S2 Climate-related Disclosures. IFRS S1 and S2 will require stronger linkages between disclosures on material ESG topics and how these ultimately influence or impact business, operational, and financial performance.

## our continuous commitment to social investment initiatives


Regarding our social investment endeavours, we have remained proactive in seeking new avenues for social engagement and outreach throughout the year. This commitment extends to local communities, external stakeholders, and our workforce, as evidenced by many events and programmes organised during the year.

Aligned with our dedication to social responsibility, we adhere to four key pillars of social investment initiatives: **Educational Development, Entrepreneurial Development, Community Development, and Environment, Safety & Health.** Through initiatives such as KPS Celik Initiative and KPS WeCare, we actively encourage employee volunteerism, to support the undeserved in our communities.

In 2023, KPS Berhad invested RM2.85 million in social investment initiatives, positively impacting 103,095 beneficiaries. Across all initiatives, the Group collectively contributed 1,089 volunteerism hours to targeted community efforts.

kps.

**RM2.85 million**  
has been utilised for  
2023 social investment  
initiatives



**103,095**  
beneficiaries



**1,089**  
employee  
volunteerism hours

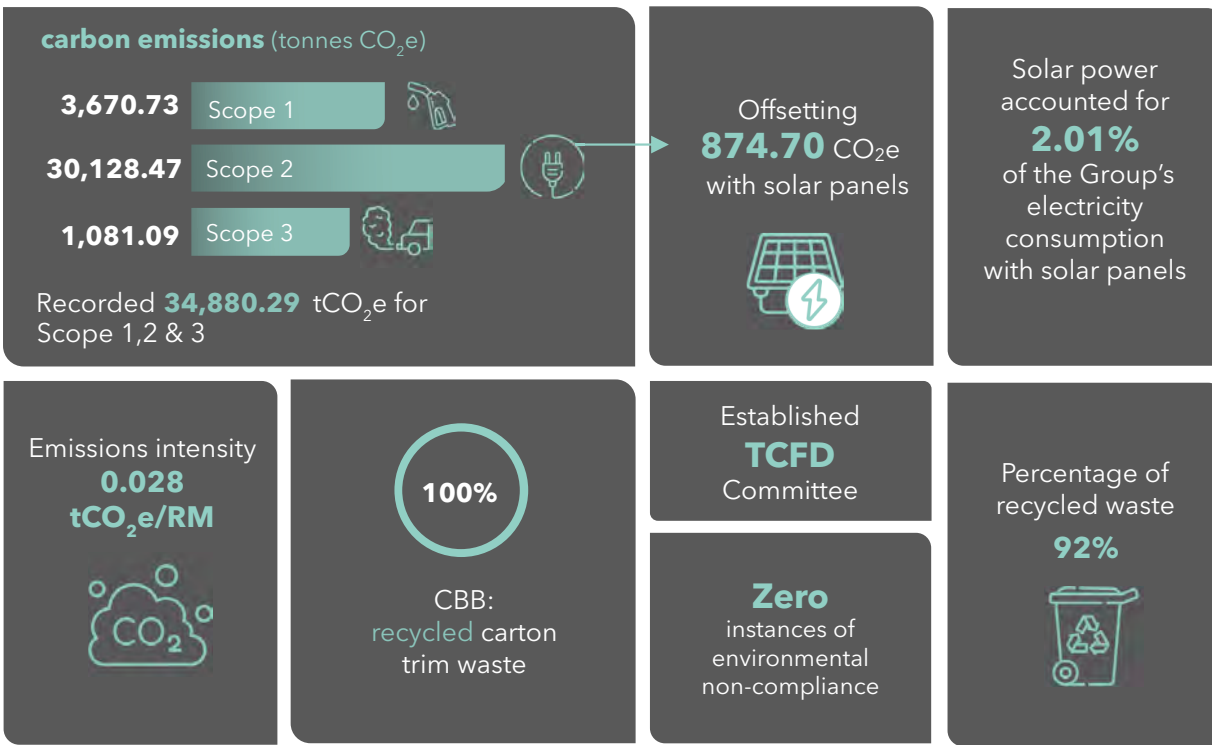


review from the chief sustainability officer [GRI 2-22]

## sustainability performance dashboard [GRI2-22]

As we progress year-on-year, the Group continues to register a wide range of achievements across its three ESG pillars. Following are our highlights for 2023:

### environment



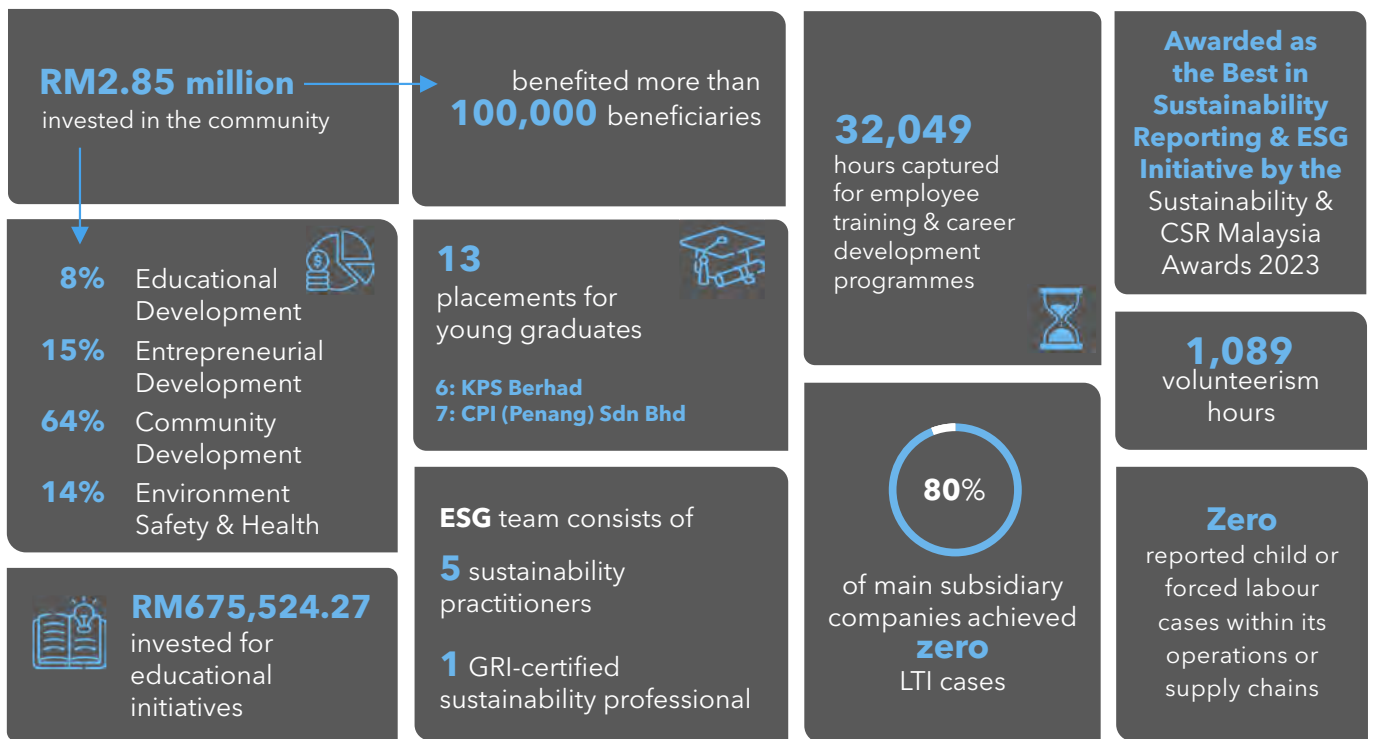
### governance





review from the chief sustainability officer [GRI 2-22]

## social



## economic



**review from the chief sustainability officer** [GRI 2-22]**commitment to realising our sustainability goals**

Transforming our ambitions into tangible outcomes is a collaborative endeavour, made achievable by the steadfast dedication of the entire KPS Berhad team. We sincerely thank the Board of Directors, Senior Management, employees of KPS Berhad, and all subsidiary companies, business partners, and all stakeholders for their unwavering commitment to realising our sustainability objectives.

Our commitment to purposeful action extends to understanding the real impact of our business on the environment and society. Driven by the progress anchored in 2023 and motivated by our desire to further create tangible positive impacts, our sustainability journey continues.

We are truly encouraged by the strides we have made thus far with our climate action, embracing incremental innovations and process improvement in our business, and fostering social equity. Yet, this is not a destination; it is an ongoing commitment. The progress made in reducing carbon emissions, promoting responsible sourcing, and fostering a culture of sustainability underscores our dedication. However, challenges persist, and we acknowledge the urgency of our collective responsibility.

The evolving sustainability landscape demands vigilance and proactive measures to shape a future where ESG considerations fully coalesce with the Group's corporate objectives. Looking ahead, we shall continue to integrate sustainable practices, only this time in accordance with the recently established double-materiality matters which consider broader ESG aspects.

**"Significant progress has been achieved, and we remain dedicated to striving even harder to create a positive impact on the communities we serve. The journey ahead holds exciting prospects for the Group."**

**Zulkifli Mawardi**  
Chief Sustainability Officer

# membership & partnership of associations

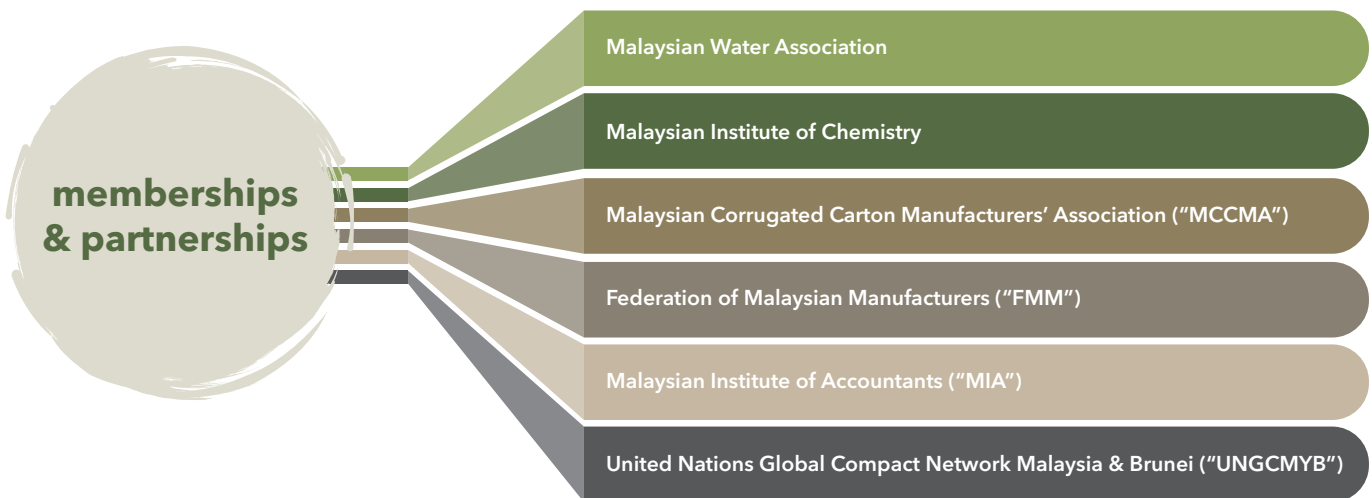
[GRI2-28]

KPS Berhad continues to actively participate in relevant industry associations and professional bodies. This involvement is vital as it enables the Group to stay ahead of present and upcoming industry trends and developments and, where feasible, play a direct or indirect role in influencing the position of these bodies in relation to sustainability.

In essence, KPS Berhad leverages its membership in regulatory and professional bodies to champion the continued enhancement of sustainability practices, such as adopting circular economy practices, strengthening corporate governance, and developing local industry talents.



The Deputy Chief Executive Officer (Finance & Corporate Service) receiving the ACCA certification as an ACCA approved employer.



# chapter 2: sustainability at KPS Berhad

## **KPS Berhad's sustainability approach & philosophy** [GRI 2-22]

KPS Berhad's commitment to sustainability is deeply rooted in its vision and mission. These foundational elements not only define sustainability for the organisation but also shape its strategic and operational decisions.

## KPS Berhad's sustainability approach & philosophy [GRI 2-22]

### our approach



Embed sustainability throughout the business culture and strategy to ensure KPS Berhad remains viable and relevant.



Incorporate innovation and sustainable solutions to minimise negative impacts.



Generate sustainable value in economic prosperity for all stakeholders without neglecting the aspect of people and planet.



Monitor and measure on deliverables and performance for continuous improvement and to ensure efficiency.



### sustainability philosophy

Guided by a commitment to ethical governance, environmental stewardship, and social responsibility, we strive for a balance between economic prosperity and the well-being of our communities, and a sustainable planet for generations to come.

1 Aiming to be a responsible corporate citizen



2 Upholding the highest standards of governance and ethics



3 Promoting sustainable business practices



4 Limiting the negative impact of our business on the environment



5 Building and maintaining strong relationships with stakeholders



## KPS Berhad's sustainability approach & philosophy [GRI 2-22]

### sustainability policy

KPS Berhad has established its Sustainability Policy ("Policy"), stating the significance of sustainability to the organisation at a macro level and how sustainability will be driven across the organisation.

Among the key areas addressed in the Policy are:

- 1** Develop and implement Economic and ESG action plans and initiatives, as well as commit to measuring and monitoring the said initiatives
- 2** Adhere to approved business plans and strategic directions, as well as to all applicable laws, regulations and standards
- 3** Address environmental challenges and opportunities in our business activities
- 4** Strengthen social well-being and community relationships
- 5** Provide conducive working environments and operate in a healthy, safe and efficient manner
- 6** Maintain effective engagement with all stakeholders



## KPS Berhad's sustainability approach &amp; philosophy [GRI 2-22]

## sustainability framework

KPS Berhad has established its Sustainability Framework ("the Framework") towards linking sustainability aspirations (the adopted UNSDGs) with present market and operational realities. The Framework provides a clear visibility of what Economic and ESG topics must be effectively addressed by the Group, and, in doing so, how these would enable a positive and meaningful contribution by KPS Berhad to the realisation of its selected UNSDGs.

As the Group generates positive outcomes that are aligned with the selected UNSDGs, in effect, KPS Berhad continues to sustain and enhance the values created and subsequently realises its vision and mission, and remains a force for good, contributing to the development of a better future, while also contributing to the larger socio-economic agendas.

The Group's identified commitments align with the UNSDGs and serve as the foundation for our business. These commitments, comprising six key pillars, have been internally developed to guide our actions effectively.

All six commitments have been conceptualised with the following objectives in mind: to create, sustain and enhance economic value, to address the growing issue of climate change, to enable environmentally responsible manufacturing, to safeguard human and labour rights and emphasise continued good corporate governance, to drive the same across the Group's supply chains, and last but not least, to deliver positive, catalytic impacts for society through measured and selective social investment initiatives. Accordingly, appropriate KPIs and targets have been set to measure the performance and progress of the Group in relation to its commitments.





**KPS Berhad's sustainability approach & philosophy** [GRI 2-22]

vision

mission

**our value creation model**

**UNSDGs**



**economic & ESG**

**Chapter 3:  
Economic  
Commitment**

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

**Chapter 4:  
Environmental  
Commitment**

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

**Chapter 4:  
Environmental  
Commitment**

Continuously implementing environmentally responsible manufacturing practices.

**Chapter 5:  
Social  
Commitment**

Be the champion in addressing socio-economic gaps within the society.

**Chapter 5:  
Social  
Commitment**

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

**Chapter 6:  
Governance  
Commitment**

Upholding good corporate governance.

**materiality matters**

Economic & business performance

Sustainable procurement & local sourcing

Stringent quality control procedures

Energy efficiency

Waste reduction & environmental initiatives

Engaging local communities

Safety & health

Training & career development

Diversity & inclusivity

Eliminating bribery & corruption

**non-materiality matters**

Emissions

Water security

Human rights

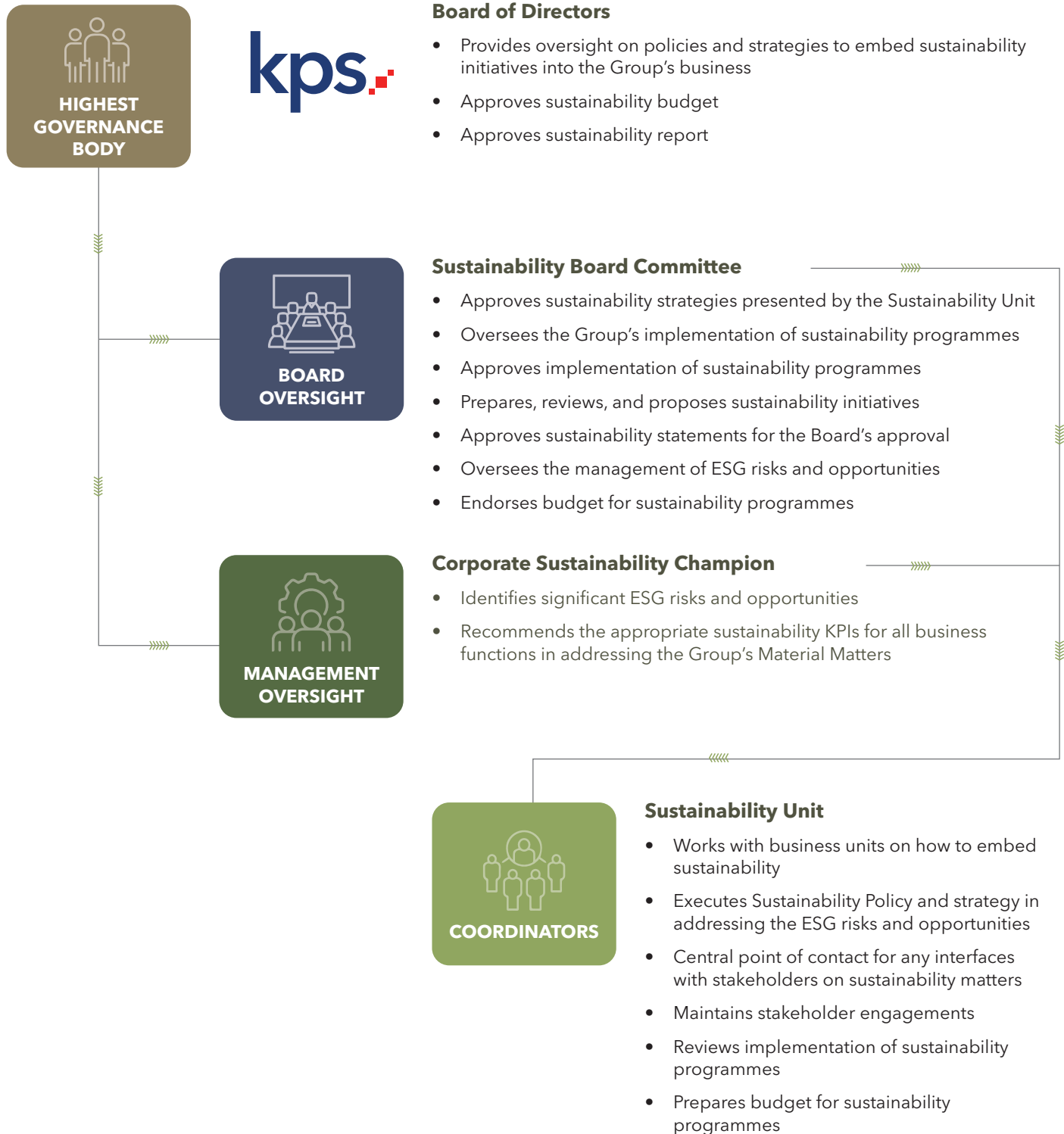
Labour rights

Risk management

Complaints & grievance mechanisms

Cybersecurity

# sustainability governance structure [GRI 2-9]



## sustainability governance structure [GRI 2-9]



The Board of Directors of KPS Berhad.

The Board of KPS Berhad takes responsibility for the governance of sustainability in the Group. The direct and active involvement of the Board sends an unequivocal message throughout the Group that sustainability is of significant importance to KPS Berhad and the subsidiary companies.

By providing leadership and oversight, the Board ensures the sustainability agenda is given due consideration as a matter of primary importance and is to be viewed thoughtfully and strategically by all employee levels of the Group. By being part of the reporting process for sustainability performance, the Board further reinforces the corporate focus on Economic and ESG performance.

Another key function assumed by the Board is linking Economic and ESG targets to the appraisal and compensation of all Management and relevant employees.

The Board stays abreast with sustainability issues relevant to the Group and its business, including climate-related risks and opportunities. This is achieved by continual professional learning and training on sustainability and climate-related matters through relevant courses organised by professional and field experts. In ensuring that the capacity building is effectively embedded in the boardroom, the board members' roles in providing counsel on Economic and ESG aspects, as well as climate-related risks and opportunities to the Group's business are evaluated in their performance evaluation.

The Board is assisted by the SBC, which directly oversees the implementation of the Group's Sustainability Policy, strategies, and plans, and maintains oversight on managing sustainability materiality matters, KPIs and targets.

The Board has also identified the Chief Sustainability Officer, together with the Investor Relations, Sustainability and Communications ("IRSC") department, to provide dedicated focus in strategically managing the Group's sustainability effort, including integrating sustainability considerations in the operations of subsidiary companies. The IRSC department is also responsible for implementing the Group's Sustainability Policy, programmes and initiatives, and the statutory reporting.

**sustainability governance structure** [GRI 2-9]



**The Sustainability Board Committee Members**

**Dato' Ikmal Hijaz  
Hashim**

**Sharmila  
Sekarajasekaran**

**Norliza Kamaruddin  
(Chairperson)**

**Ts. Saipolyazan  
Mat Yusop**

**sustainability governance structure** [GRI 2-9]**the sustainability board committee** [GRI2-12, 2-14]

The SBC comprises selected BODs whose primary role is to assist the Board in fulfilling its oversight responsibilities in relation to the Group's objectives, policies, and practices with reference to the Group's sustainability agenda.

The SBC functions in an advisory role to the main Board, providing updates and enabling all Board members to remain abreast on current Economic and ESG developments as well as making recommendations to the Board.

The SBC is also tasked with overseeing the implementation of sustainability plans and making recommendations to the Board on matters pertaining to Economic and ESG. This includes providing strategic direction on sustainability policies, broad-based plans, and objectives such as the Group's carbon neutrality pathway, the progress achieved in managing top materiality matters, and the realisation of KPIs and targets.

In 2022, the SBC conducted an in-depth review of the Group's Sustainability Roadmap and recommended the same for the Board's approval. The roadmap aims to internalise the sustainability agenda and climate action strategies throughout the Group.

In 2023, the SBC met thrice, wherein significant Economic and ESG initiatives were identified, analysed, and deliberated on before making recommendations to the Board.

Upon the SBC also lies the primary responsibility for overseeing climate-related issues. However, with regards to managing climate-related risks and opportunities, the Board is also assisted by the newly formed TCFD Committee and the Board Governance Risk Committee ("BGRC"), which oversees the Group's systems for identifying and mitigating business risks.



The Chairperson of the SBC, addressing social impacts of KPS Berhad's community development initiatives.

**sustainability governance structure** [GRI 2-9]

**corporate sustainability champion**

[GRI2-13]

Supporting the SBC is the appointed Corporate Sustainability Champion ("CSC"), who consists of various cross-functional Heads of Departments ("HOD") and Heads of Subsidiaries ("HOS") or their authorised representatives. The role of the CSC is to internalise sustainability considerations into operations. This entails developing relevant strategies and measures across their respective operations and increasingly considering how Economic and ESG aspects can be further strengthened.

At a minimum, meetings are held biannually, where significant Economic and ESG initiatives are identified, deliberated on, and assessed before recommendations are made to the SBC. The dedicated Sustainability Unit under the IRSC department provides the necessary skillsets and technical support to the CSC to ensure effective implementation and execution of the sustainability agenda by the Management.

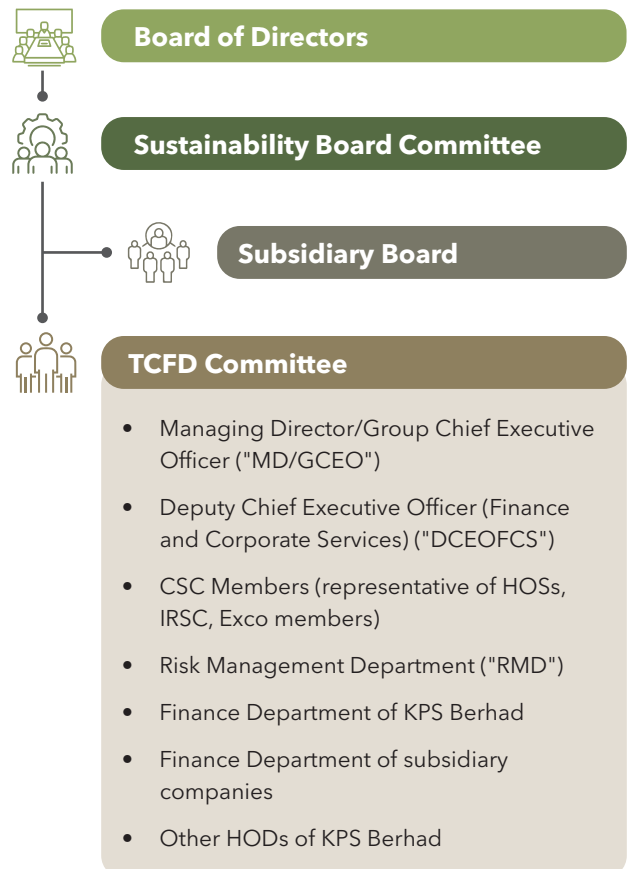
**TCFD committee** [GRI2-13]

The primary objective of the TCFD Committee is to focus on and manage growing climate-related considerations of the Group. The committee comprises a cross-functional personnel composition formed in August 2023.

The Committee provides the opportunity to comprehensively deliberate climate matters, devise strategies, and monitor the progress achieved over time. Findings, recommendations, and issues of urgency and import will be reported to the SBC, and, thereafter, to the Board. The TCFD Committee is tasked with also developing disclosures based on the TCFD Framework for annual reporting within the Group sustainability report.



MDS Advance presenting its sustainability initiatives during the visit of fund managers and financial analysts.



## sustainability governance structure [GRI 2-9]

## remuneration &amp; sustainability targets [GRI2-19, 2-20]

Sustainability-related KPIs were assigned to all levels of employees including the Senior Management, notably the Group MD/ GCEO.

For 2023, the CEO's ESG KPIs are as follows:

## KPI

## Status

To establish a new materiality matrix based on double materiality perspectives.

**Achieved**

To adopt the recommendations of the TCFD Framework and commencement of climate change reporting in accordance to the Framework.

**Achieved**

To conduct 6 ESG-related capacity building (training/workshops) to Integrate environment and climate agenda within the strategic consideration of the business.

**Achieved**

Sustainability-related KPIs and targets have been disseminated to the subsidiary companies and integrated into individual employee scorecards. These KPIs encompass climate actions, sustainability initiatives, employee skill development, and allocated time for employee volunteer activities.

Where the Group-level KPIs and targets are unsuitable, each subsidiary companies is required to establish its own KPIs and targets. While our subsidiary companies have discretion in setting KPIs and targets based on their unique operational context, they should still be consistent with the Group's Sustainability Framework.

The purpose of linking remuneration with ESG KPIs and targets is to promote ownership and accountability across the organisation and encourage tangible action to be taken by employees. The linkage with remuneration ensures that internal stakeholders give ESG matters the necessary focus and priority.

sustainability governance structure [GRI 2-9]

**sustainability strategy & roadmap** [GRI2-22, 2-23, 2-24]

While the Group's vision and mission provide aspirations and purpose, the strategy roadmap defined the path forward for the sustainability agenda as measured against specific time milestones up to 2035.



**2022 - 2024**  
Fostering Sustainable  
Development in KPS Berhad

**phase 1**

- Efforts will be concentrated on internalising the sustainability agenda throughout all departments and subsidiary companies
- Exploring short-term and medium-term sustainability initiatives
- Identifying climate-related risks and opportunities for the Group



**2024 - 2026**  
Enhancing Sustainable  
Value Creation

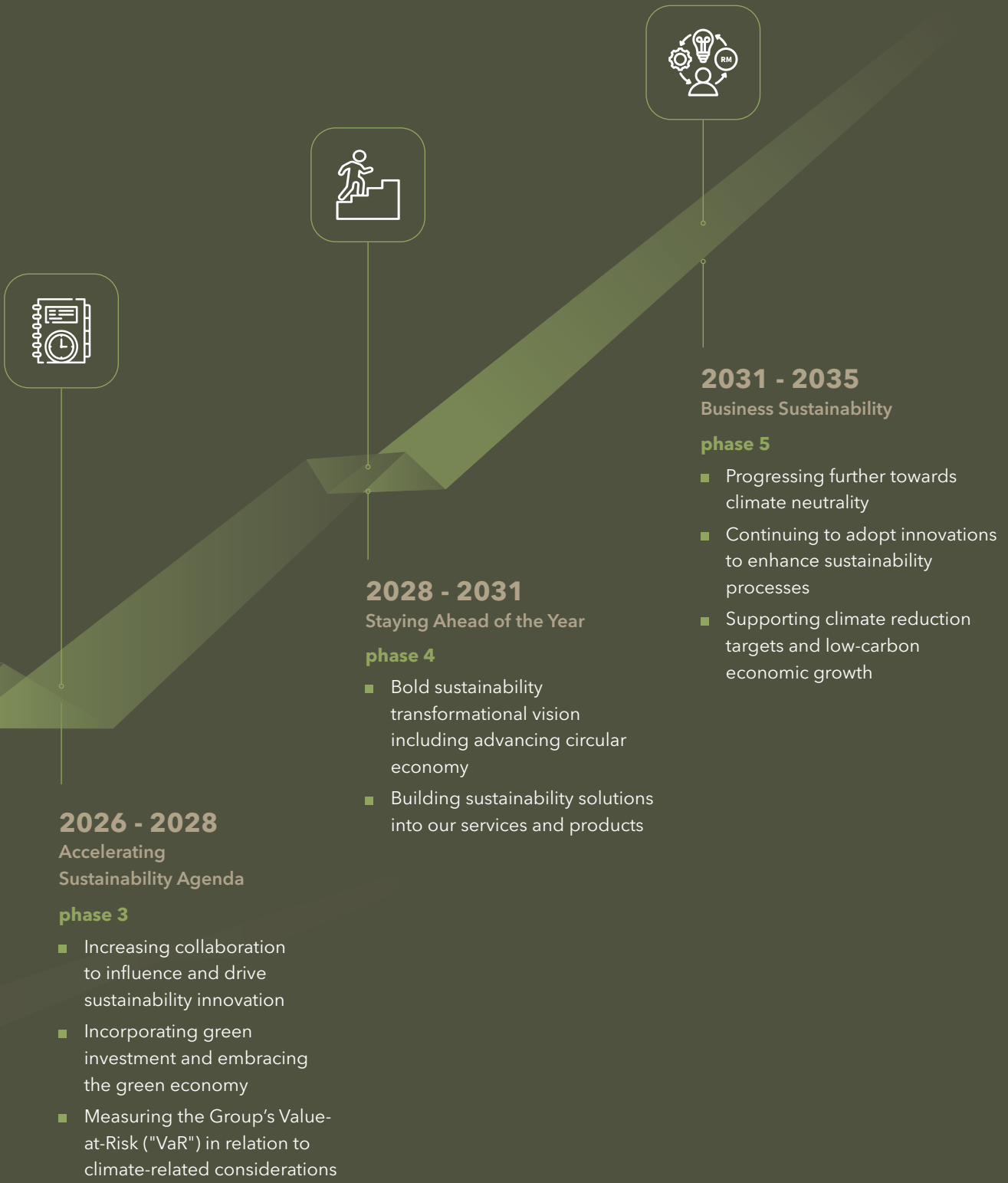
**phase 2**

- Transitioning from operational focus to value chain and external efforts
- High impact sustainability targets and goals
- Accelerating progress on decarbonisation initiatives





## sustainability governance structure [GRI 2-9]





The CSO of KPS Berhad, second from the right, invited as one of the panelists for the ESG Affairs 2023 Forum by Terengganu Inc.

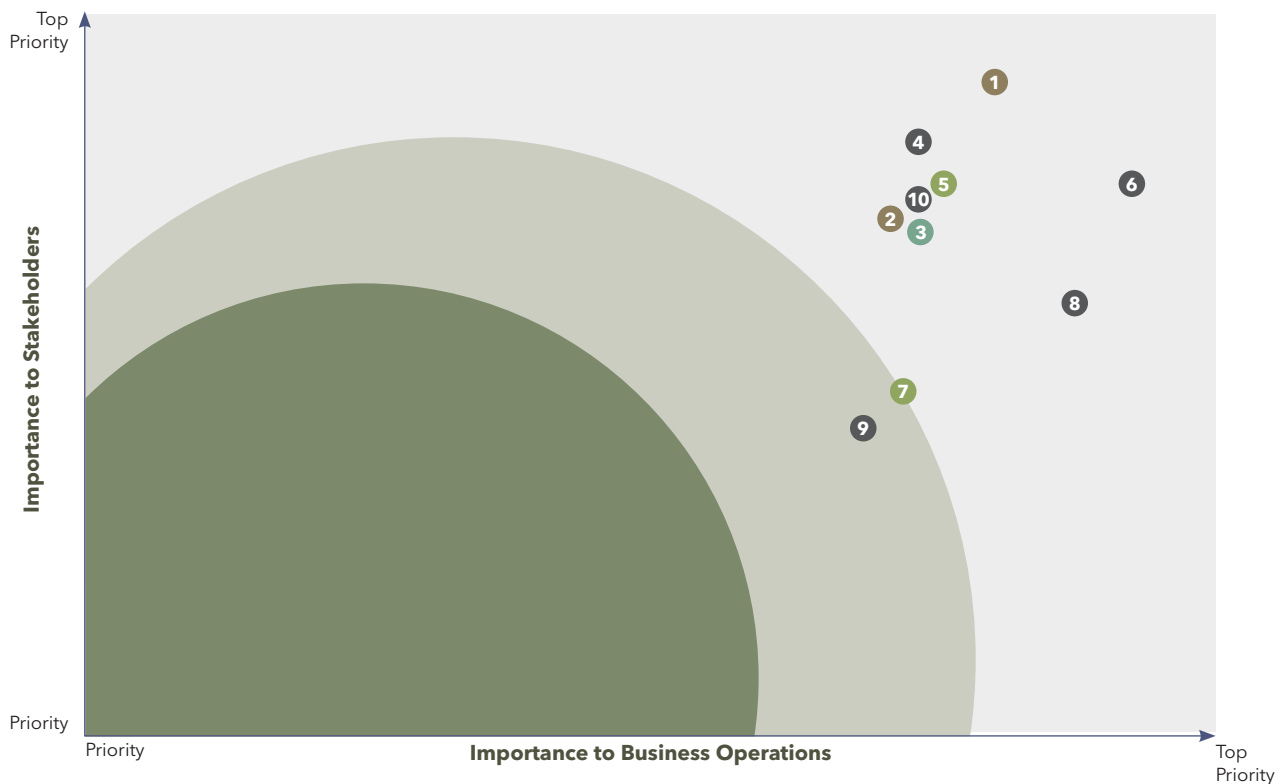
# materiality matters [GRI 3-1, 3-2]





Though a fresh materiality assessment exercise based on a double materiality perspective conducted in 2023, the Group will apply the new materiality findings from 2024 onwards.

Hence, we have opted to retain the initial materiality matrix and list of topics, which were prioritised based on our materiality assessment conducted in 2018. This assessment engaged representatives from various stakeholder groups of KPS Berhad. The stakeholders were invited to rank the importance of each identified material matter in terms of its significance to the Group's business performance and relevance to each stakeholder group.

Through this exercise, we have initially identified 21 materiality matters, of which the top 10 were prioritised in the 2023 materiality matrix.

## materiality matrix



	<b>Governance</b>	<b>3</b> Eliminating Bribery & Corruption
	<b>Economic</b>	<b>1</b> Economic & Business Performance <b>2</b> Sustainable Procurement & Local Sourcing
	<b>Environment</b>	<b>5</b> Waste Reduction & Environmental Initiatives <b>7</b> Energy Efficiency
	<b>Social</b>	<b>4</b> Safety & Health <b>6</b> Training & Career Development <b>8</b> Stringent Quality Control Procedures <b>9</b> Diversity & Inclusivity <b>10</b> Engaging Local Communities

**materiality matters** [GRI 3-1, 3-2]

The Group's top material topics from the Economic & ESG perspectives are provided as per the following:

Materiality Matters	Definition	Importance to Value Creation
 <p><b>Governance</b></p> <p><b>Eliminating Bribery &amp; Corruption</b></p>	<p>Fighting against corruption and bribery in accordance with the Group's Anti-Corruption &amp; Bribery Policy to reflect best practices.</p>	<ul style="list-style-type: none"> <li>■ Addressing significant risks to business and tackling them to increase our resilience</li> </ul>
 <p><b>Economic</b></p> <p><b>Economic Business &amp; Performance</b></p> <p><b>Sustainable Procurement &amp; Local Sourcing</b></p>	<p>A measurement of success in producing benefits through product innovation and efficient use of resources.</p> <p>Procurement policies, contractor management, and supplier relationships that address material issues across the value chain.</p>	<ul style="list-style-type: none"> <li>■ Measuring performance is a vital part of monitoring our growth and progress</li> <li>■ Management of suppliers is critical to ensure reliable delivery of products and services to customers and to ensure they comply with our quality standards</li> </ul>
 <p><b>Environmental</b></p> <p><b>Waste Reduction &amp; Environmental Initiatives</b></p> <p><b>Energy Efficiency</b></p>	<p>Processes and practices to use less materials and natural resources to minimise and mitigate the impact of climate change.</p> <p>Processes and practices to use less energy to minimise and mitigate the impact of climate change.</p>	<ul style="list-style-type: none"> <li>■ More efficient use of products leads to reduced costs of purchasing new materials, and improved financial performance</li> <li>■ Conserving the environment and resources for future generations</li> <li>■ To improve operational excellence and maintain reputation</li> </ul>

materiality matters [GRI 3-1, 3-2]

stakeholders impacted:



Risks

Opportunities

Stakeholders Affected

UNSDGs

**Corruption Risk and Reputational Risk**

Accusations of bribery or corruption can destroy our Group's reputation and financial standing.

A culture where strong business values and ethical behaviour offer the competitive advantages of transparency and trustworthy business relationships.



**Supply Chain Risk**

External crisis factors, global economic and geopolitical threats.

Accelerating solutions to strengthen operations, and increase competitive edge to capture a larger market share.



**Supply Chain Risk**

Reliability of supply chain relationships, raw material deliveries, and service disruptions.

Accelerating solutions to strengthen operations, and increase competitive edge to capture a larger market share.



**Health, Safety and Environment ("HSE") Risk/ Non-Compliance Risk**

Serious health effects and pollution of air and water.

Cost savings from employing the circular economy methodology. Preserving the safety and health of living beings and the natural environment.



**HSE Risk/Non-Compliance Risk/Climate Risk**

Manufacturing operations require high intensity usage of energy.

Reduced energy costs and increased production efficiency in the long-term.



**materiality matters** [GRI 3-1, 3-2]

The Group's top material topics from the Economic & ESG perspectives are provided as per the following:

Materiality Matters	Definition	Importance to Value Creation
 <p><b>Social</b></p>		
<p><b>Stringent Quality Control Procedures</b></p>	<p>Accredited and certified with international regulatory bodies on best practices.</p>	<ul style="list-style-type: none"> <li>■ Quality and reliability</li> <li>■ Keeping abreast of new developments</li> <li>■ Improving customer retention</li> </ul>
<p><b>Safety &amp; Health</b></p>	<p>Improving and maintaining safety and health in our operations, mitigating HSE or process safety incidents.</p>	<ul style="list-style-type: none"> <li>■ Workplace safety and health safeguards our human assets and resources. Managing Occupational Safety and Health ("OSH") secures our license to operate</li> </ul>
<p><b>Training &amp; Career Development</b></p>	<p>Attracting, developing, and retaining high performing employees.</p>	<ul style="list-style-type: none"> <li>■ Skill enhancement and higher productivity</li> <li>■ Innovation and adaptability</li> <li>■ Employee engagement and retention</li> <li>■ Leadership development</li> </ul>
<p><b>Diversity &amp; Inclusivity</b></p>	<p>Non-discrimination practices, and abiding with labour laws and human rights.</p>	<ul style="list-style-type: none"> <li>■ Fair treatment and job opportunities</li> </ul>
<p><b>Engaging Local Communities</b></p>	<p>The role of business in economic empowerment and positive social impact for local communities.</p>	<ul style="list-style-type: none"> <li>■ Through community engagement, for the well-being and empowerment of local communities in our area of operations</li> </ul>

materiality matters [GRI 3-1, 3-2]

stakeholders impacted:



Risks	Opportunities	Stakeholders Affected	UNSDGs
<p><b>Quality Risk/Reputational Risk</b></p> <ul style="list-style-type: none"> <li>Poor product quality and safety</li> <li>Reduced sales lead to reduced revenue</li> <li>Negative impact on Group's reputation</li> </ul>	<ul style="list-style-type: none"> <li>Increasing sales volume for existing and potential customers</li> <li>Enhancing product tiering and expanding market share</li> </ul>		
<p><b>HSE Risk/Reputation Risk</b></p> <ul style="list-style-type: none"> <li>Operational impact through damaged assets and financial impact through the cost of recovery</li> </ul>	<ul style="list-style-type: none"> <li>Emphasis on safety and health culture attracts and retains talent, supports the reliability of operations and meets customer priorities</li> </ul>		
<p><b>Succession Planning Risk</b></p> <ul style="list-style-type: none"> <li>Challenge in attracting, developing and retaining the right talents that are high performers for succession planning</li> </ul>	<ul style="list-style-type: none"> <li>Become a more agile, diverse, and inclusive business entity through an empowering culture</li> </ul>		
<p><b>Non Compliance Risk</b></p> <ul style="list-style-type: none"> <li>Cost impact for training</li> <li>Challenge in matching talents with job requirements</li> </ul>	<ul style="list-style-type: none"> <li>Offering job opportunities to all levels of society, including the marginalised and differently-abled in society</li> </ul>		
<p><b>Reputational Risk</b></p> <ul style="list-style-type: none"> <li>Challenge in measuring the impact of community engagement and programmes</li> <li>Stagnated traditional approach that is focussed on employee volunteerism and charitable acts</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement provides insights to develop impactful sustainability initiatives</li> </ul>		

# sustainability targets & implementations

[GRI2-22, 2-23, 2-24]

## setting of sustainability key performance indicators

For 2023, KPS Berhad has established a total of 56 KPIs to measure progress achieved against the Group's material topics. The KPIs have been set for both operations at KPS Berhad and its subsidiary companies, except MDS Advance, a newly acquired subsidiary in 2023.

Total  
**56** KPIs



environment  
**20** KPIs



social  
**27** KPIs



governance  
**9** KPIs



### environment

#### material consumption

##### KPI

**CPI**

To comply with the implementation of RoHS & REACH Compliance Programme EU Directive 2011/65/EU.

##### Status

**Achieved**  
**CPIP: Complied**  
**CPIE: Complied**

#### water management

##### KPI

**7040**  
**TOYOPLAS**

To achieve target of  $\leq$  RM0.0005 of treated water usage for production activities.

##### Status

**Achieved**  
**RM0.0005**

**CPI**

To achieve target of water usage per revenue:  
CPIP:  $\leq$ 0.50  
CPIE:  $\leq$ 0.30

**Achieved**  
**CPIP: 0.49 Litre/Revenue**  
**CPIE: 0.17 Litre/Revenue**






sustainability targets & implementations [GRI 2-22, 2-23, 2-24]



environment

waste management

KPI	Status
 <p>To save ≥ RM50,000 from reusing packaging materials.</p>	<b>Achieved</b> <b>RM51,000 Savings</b>
<p>To achieve 100% disposal via licensed contractors for scheduled waste.</p>	<b>Achieved</b> <b>100% Disposed via Licensed Contractors</b>
<p>To conduct monthly waste audit and analyse the composition through waste segregation.</p>	<b>Achieved</b> <b>Waste Audits were Conducted Every Month</b>
 <p>To achieve target of reducing scheduled waste/ revenue: CPIP: 0.058% CPIE: 0.060%</p>	<b>Achieved</b> <b>CPIP: 0.039%</b> <b>CPIE: 0.041%</b>
<p>To achieve target of reducing rejection/scrap per production or sales: CPIP: 1.70% CPIE: 0.05%</p>	<b>Achieved</b> <b>CPIP: 1.1%</b> <b>CPIE: 0.03%</b>
<p>To achieve zero chemical spillage per department to prevent land, water and air pollution.</p>	<b>Achieved</b> <b>Zero Cases</b>
<p>To achieve target of optimising office paper usage/ sales: CPIP: ≤ 0.01% CPIE: ≤ 0.02%</p>	<b>Achieved</b> <b>CPIP: 0.005%</b> <b>CPIE: 0.005%</b>
 <p>To achieve 100% recycling of carton trim waste for the production of moulded pulp casings.</p>	<b>Achieved</b> <b>100% of Recycled Waste</b>
<p>To achieve target of reducing paper production waste: Cement bags: &lt; 1% Non-cement bags: &lt;2%</p>	<b>* Not Achieved</b> <b>Cement Bags - 1.82%</b> <b>Non-cement Bags - 3.48%</b>
<p>To achieve target below 13% of rejection rate for setting waste.</p>	<b>** Not Achieved</b> <b>17.75%</b>

Note:

\* Machines were under maintenance




\*\* Machine was in upgrading phase

## sustainability targets &amp; implementations [GRI 2-22, 2-23, 2-24]



## environment

## energy efficiency

KPI	Status
 <p>To install solar panels in 2023.</p>	<b>*Not Achieved</b> Target in 2024
 <p>To achieve target for electricity usage (cost/revenue): CPIP: ≤RM0.030 CPIE: ≤RM0.020</p>	<b>**Not Achieved</b> CPIP: RM0.036 CPIE: RM0.019
 <p>To replace current diesel forklifts to electric forklifts in Q4 2023.</p>	<b>***Not Achieved</b> 5 Units Out of 14 Units Diesel Forklifts Replaced to Battery Operated Forklifts



**Note:**

\* The strength of the roofing was weak. Project is postponed to 2024

\*\* Increase in Imbalance Cost Pass-Through (ICPT) surcharge rate

\*\*\* Project delayed

## emission

KPI	Status
 <p>To achieve target of conducting a study and implementing its finding for Scope 2 &amp; 3 in Q4 2023.</p>	<b>Achieved</b> Emissions Accounting Completed for Scope 2 & 3
 <p>To report the carbon emissions for all operations in Malaysia.</p>	<b>Achieved</b>
<p>To calculate Scope 3 emissions for employee's business travel in KPS Berhad.</p>	<b>Achieved</b>
<p>To calculate Scope 3 emissions for employee commuting in KPS Berhad.</p>	<b>Achieved</b>

sustainability targets & implementations [GRI 2-22, 2-23, 2-24]



social

safety & health

	KPI	Status
	To achieve zero accidents & incident cases.	<b>Achieved</b> <b>0 Accidents &amp; Incidents</b>
	To establish a competent emergency, response and preparedness (ERP) team.	<b>Achieved</b> <b>Competent ERP Team</b>
	To ensure compliance with the governmental acts and regulatory requirements.	<b>Achieved</b> <b>Complied</b>
	To conduct 6 awareness programmes on environmental, health & safety aspects.	<b>Achieved</b> <b>7 Awareness Programmes Conducted</b>
	To achieve zero accidents & incident cases.	<b>Achieved</b> <b>0 Accidents &amp; Incidents</b>
	To adhere the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019.	<b>Achieved</b> <b>CBB Group Hostels are 100% Complied with the Act</b>
	To achieve zero accidents & incident cases.	<b>*Not Achieved</b> <b>11 Cases</b>
	To conduct 8 safety and health training programmes.	<b>Achieved</b> <b>11 Programmes Conducted</b>
	To achieve zero accidents & incident cases.	<b>Achieved</b> <b>0 Accidents &amp; Incidents</b>
	To conduct 4 safety and health awareness campaigns or programmes.	<b>Achieved</b> <b>7 Programmes Conducted</b>

**Note:**

\*8 accident cases (>4 days), 3 incident cases (<4 days)

sustainability targets & implementations [GRI 2-22, 2-23, 2-24]



social

training & career development





	KPI	Status
	To achieve ≥2.5 training hours for employee.	<b>Achieved</b> <b>3.6 Hours</b>
	To conduct at least 1 employee motivation/team bonding activity.	<b>Achieved</b> <b>Team Building in May 2023</b>
	To achieve average training hours of: CPIP: ≥ 1.55 hours CPIE: ≥ 2 hours	<b>Achieved</b> <b>CPIP: 1.59 Hours</b> <b>CPIE: 3.40 Hours</b>
	To offer internships for graduate placements.	<b>Achieved</b> <b>7 Internship Offered</b>
	To train and promote 5 unskilled workers.	<b>Achieved</b> <b>5 Employees Promoted</b>
	To recruit 4 new GAP trainees.	<b>Achieved</b> <b>6 GAP Trainees in May 2023</b>
	To conduct 4 sustainability-related capacity building training.	<b>Achieved</b> <b>Conducted 6 Capacity Building Training</b>

sustainability targets & implementations [GRI 2-22, 2-23, 2-24]



social


stringent quality control procedures

KPI	Status
 <p>To achieve a satisfaction score of <math>\geq 90\%</math> in the customer satisfaction survey.</p>	<p><b>*Not Achieved</b> <b>88% Satisfaction Score</b></p>
<p>To achieve production internal rejection rate of <math>\leq 1.5\%</math>.</p>	<p><b>Achieved</b> <b>0.85%</b></p>
 <p>To achieve a satisfaction score of <math>\geq 85\%</math> in the customer satisfaction survey.</p>	<p><b>Achieved</b> <b>89% Satisfaction Score</b></p>
 <p>To achieve target of customer rejection rate: Carton: 0.5% Paper : 0.25%</p>	<p><b>Achieved</b> <b>Carton : 0.32%</b> <b>Paper : 0.013%</b></p>
 <p>To achieve a satisfaction score of <math>\geq 80\%</math> in the customer satisfaction survey.</p>	<p><b>Achieved</b> <b>89% Satisfaction Score</b></p>

**Note:**

\*Primarily attributed to dissatisfaction with pricing, stemming from increased costs

sustainable procurement & local sourcing

KPI	Status
 <p>To ensure 90% of suppliers supply kraft paper sourced from certified forest-based products.</p>	<p><b>Achieved</b> <b>96.57%</b> <b>Polyplus Packages (Johor Bahru &amp; Nilai) Suppliers are FSC Certified.</b></p>
<p>To achieve minimum of 12.5% biodegradable chemicals usage in manufacturing process.</p>	<p><b>Achieved</b> <b>12.76%</b> <b>Total Amount Chemicals Increased from 87 to 94 by Maintaining 12 Types of Biodegradable Chemicals</b></p>

**sustainability targets & implementations** [GRI 2-22, 2-23, 2-24]



**social**

**engaging local communities**

KPI	Status
 <p>To conduct 1 social investment initiative.</p>	<p><b>Achieved</b>  <b>Sponsorships to Charity Homes on 5 September 2023</b></p>
 <p>To distribute hand sanitisers to 50 primary schools in Kulai, Johor.</p>	<p><b>Achieved</b>  <b>Contributions to 74 schools</b>                      - 266,000 pieces of face masks                      - 15,300 bottles of hand sanitisers                      - 150 bottles of sanitisers sprays</p>
 <p>To conduct SROI reporting on at least 3 initiatives.</p>	<p><b>Achieved</b>  <b>Completed</b></p>

sustainability targets & implementations [GRI 2-22, 2-23, 2-24]




**governance**

**eliminating bribery & corruption**

KPI	Status
 <p>To achieve zero bribery and corruption cases.</p>	<p><b>Achieved</b> <b>Zero Reported Cases</b></p>
 <p>To achieve zero bribery and corruption cases.</p>	<p><b>Achieved</b> <b>Zero Reported Cases</b></p>
 <p>To achieve zero bribery and corruption cases.</p>	<p><b>Achieved</b> <b>Zero Reported Cases</b></p>
 <p>To achieve zero bribery and corruption cases.</p>	<p><b>Achieved</b> <b>Zero Reported Cases</b></p>
 <p>To achieve zero bribery and corruption cases.</p>	<p><b>Achieved</b> <b>Completed</b></p>
<p>To establish and implement Anti-Harassment Policy by November 2023.</p>	<p><b>Achieved</b> <b>Completed</b> <b>11 September 2023</b></p>
<p>To establish Anti-Corruption Compliance Checklist for Senior Management team of KPS Berhad by June 2023.</p>	<p><b>Achieved</b> <b>Approved on 28 May 2023</b></p>

**risk management**

KPI	Status
 <p>To align aspect of TCFD recommendations for climate reporting.</p>	<p><b>Achieved</b> <b>Aligned 8 Aspects of TCFD Recommendations for Climate Reporting</b></p> <p><b>Governance Aspect: 2</b> <b>Strategy Aspect: 1</b> <b>Risk Management Aspect: 3</b> <b>Metrics &amp; Targets Aspect: 2</b></p>
<p>To conduct double materiality study in 2023.</p>	<p><b>Achieved</b> <b>Conducted in September 2023</b></p>

# stakeholder engagement [GRI 2-29]

The Group is of the view that continuing to listen and respect the views of its various stakeholders enables the Board and Management to develop market insights and to better comprehend the external environment. Hence, KPS Berhad continues to feel the pulse of its many stakeholders, and information and insights gleaned are leveraged to refine, hone, and adjust the business model, corporate goals and related business, and operational strategies and priorities.

Stakeholder engagement enables KPS Berhad to better assess whether its efforts to create value for stakeholders (its strategic efforts in generating positive social and environmental impacts and in mitigating/reducing negative impacts such as carbon emissions, waste and pollution) are effective or otherwise.

Touching base with stakeholders through regular engagement allows for a more honest assessment from those who are direct or indirect beneficiaries from KPS Berhad's efforts.



KPS Berhad's Sustainability Manager participating in an industry sharing session during ICAN Week at the Faculty of Business Management (FBM), UiTM, Puncak Alam, Selangor.



## stakeholder engagement [GRI 2-29]

### our stakeholder universe [GRI2-29]

In developing an effective management approach to engaging with stakeholders, KPS Berhad has undertaken a comprehensive stakeholder prioritisation exercise based on its 10 identified stakeholder groups.

Stakeholder engagement is achieved through both formal and informal communication channels. Different mediums are used to communicate with varying stakeholders. One of the more apparent formal modes applied in 2023 was the double materiality assessment exercise.

The following stakeholder engagement table provides further insights on the Group's engagement strategies, activities, and other pertinent details.

The inclusion of stakeholder views, aspirations, and feedback is part of KPS Berhad's integrated thinking approach, where evidently, the demands of investors, regulators, and communities at large have progressively moved into the mainstream as a key determinant of corporate strategy.


The views of the aforementioned stakeholder groups and others continue to compel companies to place increased considerations on decarbonisation and addressing the Group's contribution to climate change, to prioritise human and labour rights, to increasingly source from "greener" or sustainability suppliers, and as a whole influence Group policies and the way businesses execute their business model.



SMK Meru, winners of the U18 category in the Piala Dato' Mokhtar Dahari Cup, were honored with the grand prize by the MD/GCEO of KPS Berhad.

## stakeholder engagement in 2023 [GRI 2-29]

In the past years, KPS Berhad has established a positive track record of multi-stakeholder engagement. These included initiating specific collaborations with academic institutions, Governmental Organisations (GOs) and Non-Governmental Organisations (NGOs), and other strategic partners. The Group continues to undertake multi-stakeholder engagement as follows:

	Value Delivery	The Importance of Engagement	Engagement Channels
 <b>BOD</b>	<p>Provides strategic guidance, good governance, effective risk management and broad-based strategic leadership.</p> <p>Represents the interest of shareholders and provides a necessary degree of independence and accountability between the interests of shareholders and Management.</p> <p>Drives sustained value creation towards ensuring the long-term success and sustainability of the Group.</p>	<p>Board engagement is essential towards ensuring an informed, engaged and committed Board who is capable of discharging their fiduciary duties, providing sound judgement and advice on the Group's matters as well as ensuring and exercising a sufficient degree of independence in the case of independent directors.</p>	<ul style="list-style-type: none"> <li>● Board meetings</li> <li>● Board committee meetings</li> <li>● Annual General Meeting</li> <li>● Board briefings and training sessions</li> <li>● Other company-related engagements</li> </ul>
 <b>Employees</b>	<ul style="list-style-type: none"> <li>● Competitive salary that is above market minimum</li> <li>● Attractive benefits</li> <li>● Training and development</li> <li>● Career growth opportunities</li> <li>● Flexible working arrangement</li> <li>● Enhance Health, Safety, and Environment ("HSE") protocols</li> </ul>	<p>An empowered, forward-thinking, progressive, and innovative workforce is instrumental towards our business success.</p>	<ul style="list-style-type: none"> <li>● Structured training programmes</li> <li>● Talent development programmes</li> <li>● Induction exercise for new employees</li> <li>● Town hall meetings</li> <li>● Lunch and learn programmes</li> <li>● Social, sports, health and wellness activities</li> </ul>
 <b>Certification Bodies</b>	<p>Compliance with laws, regulations and international quality and safety standards reflects the strong governance practices at KPS Berhad.</p>	<p>Our shareholders are an important source of equity capital to fund our business and growth plans.</p>	<ul style="list-style-type: none"> <li>● On-site inspections</li> <li>● Regular meetings</li> <li>● Submission of regulatory documentation</li> <li>● Internal and external audit exercises</li> </ul>
 <b>Investors &amp; Shareholders</b>	<p>Ensuring operational continuity, consistent returns on investment, business excellence and growth, and strong corporate governance.</p>	<p>Ensuring the Group adheres to the highest standards by constantly improving internal processes and operations to ensure high quality product output and provide the know-how to secure customer confidence.</p>	<ul style="list-style-type: none"> <li>● Annual General Meeting</li> <li>● Annual report and sustainability report</li> <li>● Dedicated Investor Relations section in KPS Berhad's website and all communication channels</li> <li>● Announcements of quarterly results.</li> <li>● Analyst briefing sessions</li> <li>● One-on-one meetings with analysts and business journalists/publications</li> <li>● Non-deal roadshows</li> </ul>

stakeholder engagement [GRI 2-29]

frequency of engagement ● weekly ● monthly ● quarterly ● annually ● periodically

Areas of Interest/Discussions

Outcomes

<ul style="list-style-type: none"> <li>• Matters related to governance of KPS Berhad and the Group including macro business strategies and plans</li> <li>• Oversight on Group risks, including business, operational, fiscal and ESG risks</li> <li>• Group business and operational performance including performance of individual subsidiary companies</li> <li>• Sustainability performance against set KPIs and targets</li> <li>• Matters related to talent management and succession planning for key leadership roles in the Group</li> <li>• Latest ESG-related trends and development</li> <li>• Board competency and skills development</li> </ul>	<ul style="list-style-type: none"> <li>• Approval of the Group's new Vision and Mission</li> <li>• Further expansion of the Board's role towards establishing comprehensive oversight of subsidiary companies</li> <li>• Board role established with regard to climate change as recommended under TCFD recommendations</li> <li>• Approval of various policies and procedures and internal controls including Group risks, Sustainability Roadmap, and Anti-Harassment Policy</li> <li>• Continued high scores attained for Board members during the Board Evaluation Exercise</li> </ul>
<ul style="list-style-type: none"> <li>• Training and career development</li> <li>• Diverse and inclusive workplace</li> <li>• Employee well-being, health and safety</li> <li>• Better and improved working environment</li> <li>• Internship and industry placements</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership development programme</li> <li>• Employee development programme</li> </ul>
<ul style="list-style-type: none"> <li>• Adherence to International Organization for Standardization ("ISO") such as ISO 9001 and ISO 14001 Standards</li> <li>• Incentives for manufacturing companies:                             <ul style="list-style-type: none"> <li>- Investment tax allowance</li> <li>- Pioneer status</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Received feedback to improve operations</li> <li>• Attained necessary certifications as highlighted for responsible manufacturing and processes</li> </ul>
<ul style="list-style-type: none"> <li>• The Group's business direction and key corporate developments</li> <li>• Financial performance</li> </ul>	<ul style="list-style-type: none"> <li>• Conducted more than 90 engagements with analysts and fund managers</li> <li>• Total of three analyst coverages in 2023</li> </ul>

**stakeholder engagement** [GRI 2-29]

	Value Delivery	The Importance of Engagement	Engagement Channels
 <b>Regulators</b>	<p>Monitoring compliance through contractual obligations to the Government and stakeholders, and strong corporate governance.</p>	<ul style="list-style-type: none"> <li>To control economic, health, infrastructure, security, and environmental risks</li> <li>Ethical business practices</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory discussions and meetings with authorities</li> <li>Public consultation with local authorities</li> <li>Site inspections</li> <li>Seminars, briefings, and trainings</li> </ul>
 <b>Local Communities</b>	<ul style="list-style-type: none"> <li>To earn income beyond the minimum salary threshold</li> <li>Attractive benefits</li> <li>Training and development</li> <li>Career growth opportunities</li> <li>Work-life balance</li> <li>HSE</li> </ul>	<ul style="list-style-type: none"> <li>To address waste management and other environmental issues</li> <li>To elevate the socio-economic status of our beneficiaries</li> <li>To give opportunities to underserved community members</li> <li>To reduce poverty levels</li> </ul>	<ul style="list-style-type: none"> <li>Social investment initiatives</li> <li>Environmental initiatives</li> <li>Philanthropy</li> </ul>
 <b>Customer</b>	<ul style="list-style-type: none"> <li>Quality and safety of products are an important aspect of product creation and technical solutions</li> <li>High product standards</li> <li>Quality assurance</li> <li>Sustainable supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Ensures customers receive reliable, consistent, and satisfactory products</li> <li>Enhanced customer loyalty and positive brand perception</li> <li>Achieving high customer satisfaction rate</li> </ul>	<ul style="list-style-type: none"> <li>Marketing and promotional contents</li> <li>Website/social media</li> <li>Customer feedback surveys</li> <li>Events/roadshows</li> </ul>
 <b>Vendors &amp; Suppliers</b>	<ul style="list-style-type: none"> <li>Valuable contracts, safe procurement practices, and service improvements</li> <li>Sustainable supply chain</li> </ul>	<p>Transporting and delivering our products safely and efficiently</p>	<ul style="list-style-type: none"> <li>Vendor/supplier registration</li> <li>Procurement policies</li> <li>Performance evaluations</li> <li>Site visits and meetings</li> </ul>
 <b>Media</b>	<p>To be transparent in all our business operations, and when reporting financial performance.</p>	<p>Communicating key messages to our stakeholders</p>	<ul style="list-style-type: none"> <li>Media interview, briefing sessions, and press conferences</li> <li>Press release</li> </ul>

**stakeholder engagement** [GRI 2-29]

**frequency of engagement** ● weekly ● monthly ● quarterly ● annually ● periodically

**Areas of Interest/Discussions**

**Outcomes**

<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>HSE</li> </ul>	<ul style="list-style-type: none"> <li>Improvement in the development of the Group's regulatory approach</li> <li>Enhancement in operational strategies, processes, and procedures</li> </ul>
<ul style="list-style-type: none"> <li>Managing the impact of HSE, and social involvement</li> <li>Community engagement</li> <li>Job and other income</li> <li>Generating opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Utilisation of more than RM2.8 million that benefited more than 100,000 beneficiaries</li> <li>Significant proportion of local employment in all operations Group-wide</li> </ul>
<ul style="list-style-type: none"> <li>Product and service quality</li> <li>Product pricing and credit terms</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction scores of 88% achieved across Toyoplas, CPI, MDS Advance and Aqua-Flo</li> <li>Secured new projects and customers across subsidiary companies</li> </ul>
<ul style="list-style-type: none"> <li>Product and service quality</li> <li>Service scope and payment schedule</li> <li>Sustainable supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Toyoplas' suppliers' performance tracked on a monthly basis</li> <li>23 of CPI's suppliers were audited in 2023</li> </ul>
<ul style="list-style-type: none"> <li>Brand positioning, image, and credibility</li> <li>Business performance and growth</li> <li>Ethical business conduct and regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>17 exclusive media interviews conducted and articles on corporate and sustainability matters featured</li> </ul>

**stakeholder engagement** [GRI 2-29]

**notable stakeholder engagements** [GRI2-29]

KPS Berhad is fully committed to supporting the country's sustainability and nation building agenda. Hence, the Group continues to expand its engagement with relevant bodies and agencies, fostering strategic partnerships between the public and private sector as well as with NGOs and other sustainability based associations and bodies. Among these include the tie-up with the UNGCMYB towards advancing the realisation of the UNSDGs.



Other notable successful collaborations include working with Universiti Teknologi MARA ("UiTM") and also embarking on game-changing social value programmes with private sector organisations for the Group's KPS Caregiver Initiative.

Employees of KPS Berhad during the industry sharing ICAN Week @ Faculty Business Management (FBM) UiTM, Puncak Alam, Selangor.

## stakeholder engagement [GRI 2-29]



Various other social investment initiatives or social value based stakeholder engagements have been undertaken to deliver desired positive impacts across the Group's four social empowerment pillars. These are Entrepreneurship, Community Development, Environment, Safety and Health, and Education.

**KPS Berhad's volunteers participated in the mentoring sessions during the KPS Celik Initiative.**

The Group continues to work closely with a various GOs, NGOs, societal groups, academic institutions, and others. In doing so, KPS Berhad achieves its objective of being able to reach more and diverse stakeholder groups. It enables the Group to develop fresh insights and perspectives in terms of effective outreach methods, efficient budget allocation as well as in terms of reach, frequency, desired results, and potential positive impacts.

**One of the finalists of the KPS Ekovative Challenge showcasing their innovative project during the Grand Finale.**



# chapter 3: economic commitment

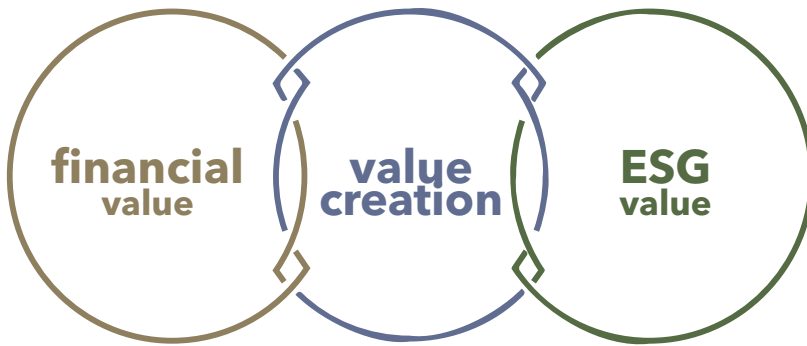


## **driving optimum business & operational performance towards maximising financial & non-financial value creation**

KPS Berhad recognises the importance of maintaining strong financial and business performance in advancing the ESG agenda. Our business revenues and earnings are intrinsically linked to budget allocation for ESG initiatives. Therefore, a solid financial performance enables us to effectively address ESG priorities.

## driving optimum business & operational performance towards maximising financial & non-financial value creation

### our business model [GRI 3-3]



Evolved value creation approach where creating value is centered on sustainability. This approach considers the interplay between financial and non-financial elements and recognises the need for both to be integrated to drive the business model. While financial goals remain important, they are considered in the context of an agile business model that can adapt to changing stakeholder views, environmental concerns, and societal needs.

As a global investment holding company, our business model involves acquiring a portfolio of companies and managing these companies to maximise their value over time. We generate revenue and profits through our ownership stake in these companies, as well as through any dividends or other distributions paid by them. We closely monitor the performance of investee companies, making strategic decisions to optimise shareholder returns while managing inherent and emerging risks.

Through our corporate expertise and resources, we provide financial and strategic support to our investee companies – enabling them to improve their operations, to expand their market reach, and ultimately, to enhance profitability. Hence, our strategic support as a holding company includes providing access to capital, technology and talent, enabling business and operational improvements that yield efficiencies and facilitating synergy across the portfolio.

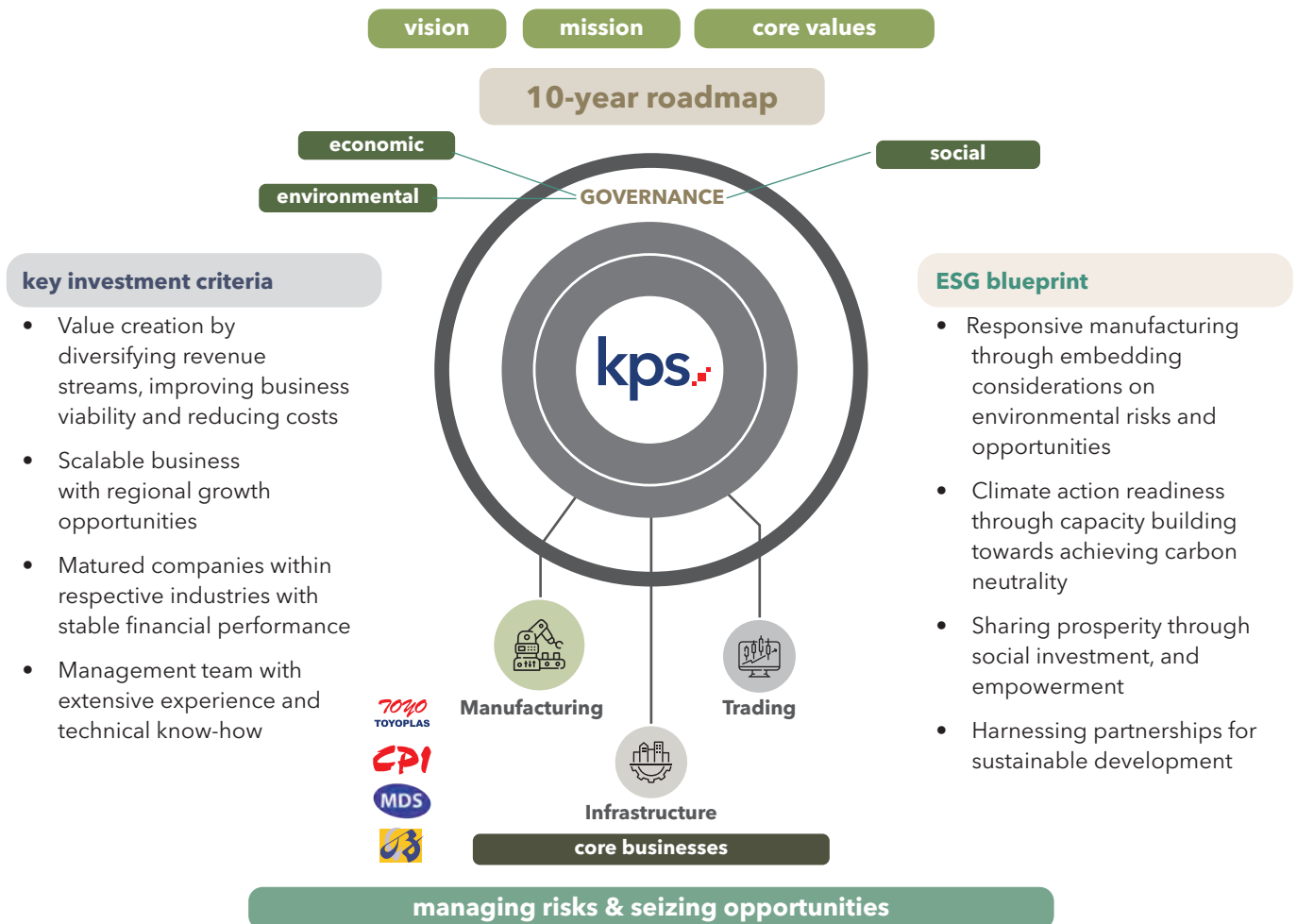
In ensuring the robustness of the business model, we continue to develop a deep understanding of the relevant markets in which our subsidiary companies operate in while taking into account factors such as the company's financial performance, market positioning and also potential for growth.

While revenues and profits are a fundamental aspect of value creation, KPS Berhad is also driven by socio-economic motives. Generating stakeholder values remain a key aspect of the Group's business philosophy, this includes social and infrastructure development, improving quality of life, supporting community programmes and local entrepreneurship.

The Group's vision and mission outline how KPS Berhad pursues our dual aspiration of financial and socio-economic (non-financial) value creation. KPS Berhad's business model is strong, with clear monitoring of capital dependencies and resource needs, and a strategic approach to considering non-financial factors, such as ESG, to drive enterprise value creation over the short, medium, and long-term.

A continued focus on the development of stakeholder values is prioritised through the alignment with selected UNSDGs.

## driving optimum business & operational performance towards maximising financial & non-financial value creation



## driving optimum business & operational performance towards maximising financial & non-financial value creation

# economic & business performance [GRI 201-1]

## direct economic values: 5-year financial highlights

		2019	2020	2021	2022	2023
		RM'000	RM'000	RM'000	RM'000	RM'000
<b>Financial Indicators</b>						
Revenue		866,786	1,076,525	1,328,148	1,360,618	<b>1,228,509</b>
EBITDA*	N1, N2	129,821	138,155	163,673	195,315	<b>128,660</b>
Profit Before Tax and Zakat ("PBT")*	N2	54,994	57,258	87,923	118,364	<b>41,305</b>
Profit After Tax and Zakat ("PAT")*	N2	29,223	40,088	63,884	85,861	<b>19,402</b>
Profit Attributable to Owners of the Parent ("PATAMI")	N2	26,882	34,116	57,200	73,213	<b>8,867</b>
<b>Financial Ratios</b>						
EBITDA Margin (%)		15.0%	12.8%	12.3%	14.4%	<b>10.5%</b>
PBT Margin (%)		6.3%	5.3%	6.6%	8.7%	<b>3.4%</b>
PAT Margin (%)		3.4%	3.7%	4.8%	6.3%	<b>1.6%</b>
Basic Earnings Per Share Attributable to Owners of the Parent (sen)		5.00	6.35	10.64	13.62	<b>1.65</b>
Dividend Per Share (sen)*		32.60^	2.50	4.50	9.00^	<b>3.50</b>
<b>Financial Indicators</b>						
Shareholders' Equity		957,763	993,632	1,040,389	1,063,643	<b>1,062,510</b>
Total Assets		2,295,756	2,276,488	2,283,752	2,163,535	<b>2,114,046</b>
Total Loans and Borrowings		668,333	616,206	591,729	537,800	<b>467,739</b>
<b>Financial Ratios</b>						
Return on Capital Employed (%)		5.1%	4.9%	6.5%	8.2%	<b>4.2%</b>
Return on Equity (%)		2.8%	3.4%	5.5%	6.9%	<b>0.8%</b>
Return on Assets (%)		1.2%	1.5%	2.5%	3.4%	<b>0.4%</b>
Gearing Ratio		0.7	0.6	0.6	0.5	<b>0.4</b>
Net Assets Per Share Attributable to Owners of the Parent (RM)		1.78	1.85	1.94	1.98	<b>1.98</b>

\*Note:

^ Including special dividend

N1 Defined as Earnings Before Interest, Taxes, Depreciation and Amortisation.

N2 Including the items below for the respective years:

2021 - RM14.8 million gain from disposal of Toyoplas properties, RM4.2 million PPP loan (from US government for KKMW and KKLC).

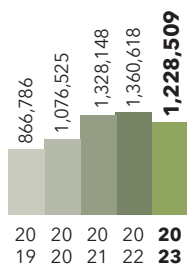
2022 - RM131.6 million gain proceed from disposal of SPRINT highway.

2023 - the figures presented above encompass both continuing and discontinuing operations.

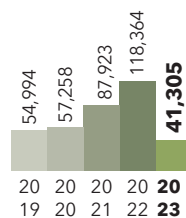
## driving optimum business & operational performance towards maximising financial & non-financial value creation

In response to operating conditions, the Group has implemented a wide range of strategic measures, including expansion of customer base, new product development, and cost reduction initiatives, including further transition to RE, automation and digital technologies. The complete account of the Group's business, financial and operational performance is provided in the Management Discussion and Analysis section of the 2023IAR.

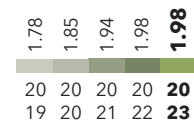
### Revenue (RM'000)



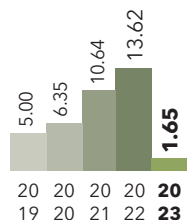
### Profit Before Tax & Zakat (RM'000)



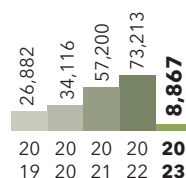
### Net Assets Per Share (RM)



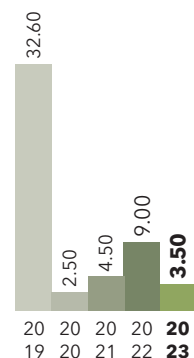
### Earnings Per Share (Sen)



### Profit Attributable To Owners Of The Parent (RM'000)



### Dividend Per Share (Sen)



## driving optimum business & operational performance towards maximising financial & non-financial value creation

### financial values for stakeholders [GRI 201-1]

Despite the most challenging and adverse external operating environment, KPS Berhad has delivered meaningful financial value to investors, employees, and society. These include creating employment and entrepreneurship opportunities, developing local supply chains, and supporting various social initiatives.

#### indirect economic values: 3-year financial highlights

	2021 RM'000	2022 RM'000	2023 RM'000
Economic Value Generated	1,388,267	1,557,760	1,308,423
Economic Value Distributed	1,354,067	1,529,278	1,315,816
Operating Cost	1,022,536	1,165,890	979,486
Community Investment	1,822	2,779	2,454
Total Payout to Employees in Salaries and Benefits	252,727	252,280	257,423
Finance Costs (Repayment to Financiers)	24,139	22,664	27,835
Corporate Taxation and Zakat	24,039	32,503	21,903
Dividend Returns to Shareholders	28,804	53,162	26,715

## driving optimum business & operational performance towards maximising financial & non-financial value creation

### sustainable procurement & local sourcing [GRI 3-3, 204-1, 308-1, 308-2, 414-1, 414-2]

KPS Berhad's approach to sustainable, local procurement is driven by the Group-wide Procurement Policy and standard operating procedures ("SOPs"). The policy and SOPs set out how both KPS Berhad and its subsidiary companies should manage their procurement requirements, focusing on progressively developing sustainability within supply chains.

The said policy covers the following aspects of procurement: vendor assessment, quality of products or services, reliability of service delivery, competitive pricing, bidding for contracts, invoicing, and inventory responsibility.

In essence, the Procurement Policy is designed to ensure that the Group's supply chains operate at a high standard of professionalism while enabling a high level of transparency and accountability and encouraging efficiency, effectiveness and flexibility in the procurement process within a system of checks, and balances to support the company's goals and objectives.

Local procurement is preferred as much as possible unless unavoidable or if foreign suppliers' overall value proposition is more compelling. This includes considerations with regard to environmental and social performance. The Group defines local procurement as sourcing products manufactured or produced locally, services provided by businesses operating within the area, and necessary items obtained from nearby suppliers or vendors. These helps reduce the environmental footprint, typically resulting in faster provision of goods and services and local job creation. Local is defined as where the Group operates and is not restricted based on national boundaries.

In 2023, no negative environmental and social impacts were identified arising from the Group's supply chains.



Toyoplas' warehouse in Senai, Johor.

## driving optimum business & operational performance towards maximising financial & non-financial value creation



### group procurement data [GRI 204-1, 308-1, 308-2, 414-1, 414-2]

	2021	2022	2023
Total Procurement Spending (RM)	249,158,107	353,591,658	462,444,736
Total Local Procurement Spending (RM)	195,594,111	276,215,295	318,162,057
Proportion of Spending on Local Suppliers (%)	78	78	69
Total Number of Suppliers	686	677	1,376
Total Number of Local Suppliers	539	533	1,168
Percentage of Local Suppliers (%)	79	79	85
Number of Suppliers Endorsed Anti-Bribery/ Anti-Corruption Policies (third party declaration)	NA	NA	825

NA: Not Available

The significant variance in 2023's procurement data compared to previous years was attributed to the expanded scope of information. 2023's procurement figure was the total from all subsidiary companies as well as KPS Berhad. This starkly contrasts 2021 and 2022, where procurement data was limited to just KPS Berhad, Toyoplas, CPI, Aqua-flo and MDS Advance.



The Facilities Management & Administration Department of KPS Berhad is primarily in charge of all procurement matters. This department is responsible for the development and implementation of the Procurement Policy, including any reviews, changes, amendments, additions, or deletions of any provision to said Policy.

The policy is universally applicable to all departments within the organisation, emphasising the importance of adherence, it asserts that non-compliance will be treated as a significant breach of discipline, warranting disciplinary actions. In the realm of procurement, whether an individual is an employee of the Group or a third party, full disclosure of any vested interests in a contract is mandatory. In the event of such an interest, the individual is prohibited from participating or being involved in the procurement process.

Additionally, a stringent restriction is imposed on the dissemination of documents to external parties, with any such action requiring prior approval from the management.

The Head of Procurement at KPS Berhad holds the authority to recommend to the Deputy Chief Executive Officer of finance & Corporate Services ("DCEOFCS") or the Managing Director/Group Chief Executive Officer ("MD/GCEO") that procurement be conducted through a tender process irrespective of the monetary value involved. This recommendation is made when the Head of the Procurement Function perceives that such procurement carries substantial risks for the Group.



## driving optimum business & operational performance towards maximising financial & non-financial value creation

Notably, operational risks are considered, involving concerns about the vendors' capacity to deliver goods or services in accordance with the Group's requirements. Financial risks are also taken into account, covering issues such as the likelihood of conflicts of interest, bribery, fraud, or money laundering during the procurement process. In the financial context, the risk extend to the potential of not securing goods, services, and works, at the optimal price, considering the nature of the items to be procured, the diversity of the supplier base, and the terms and conditions associated with procurement.

KPS Berhad adopts a thorough due diligence process for screening new suppliers. A comprehensive assessment of reputational, operational, and financial risks guides supplier selection. Reputational risks involve considerations that could impact the corporate image of the Group, while operational risks focus on the vendor's ability to deliver goods or services in line with the company's requirements.

The screening process involves factors such as pricing, service level, quality, and the vendor's profile. Pricing considerations ensure alignment with the Group's budget while evaluating service level and quality, which reflects the commitment to excellence. The vendor's profile assessment encompasses reputation, operational capacity, and financial stability. This comprehensive approach ensures that selected suppliers meet cost considerations and align with the company's values and standards, contributing to a robust and responsible procurement strategy.

	2021	2022	2023
Total Procurement Spending (RM)	2,280,844	8,395,639	3,386,780
Total Local Procurement Spending (RM)	2,225,754	8,395,639	3,386,780
Proportion of Spending on Local Suppliers (%)	99	100	100
Total Number of Suppliers	93	87	85
Total Number of Local Suppliers	92	87	85
Percentage of Local Suppliers (%)	99	100	100
Number of Suppliers Endorsed Anti-Bribery/ Anti-Corruption Policies (third party declaration)	NA	NA	71

NA: Not Available

## driving optimum business & operational performance towards maximising financial & non-financial value creation



At Toyoplas, the majority of suppliers are pre-selected by our customers. Since these suppliers undergo screening and are deemed compliant with our customers' requirements, Toyoplas typically does not conduct audits on its supplier base. However, we remain open to conducting audits if considered necessary. For non-pre-selected suppliers, the company is committed to prefer local procurement.

All suppliers providing goods or services to Toyoplas must submit a written declaration of their commitment to complying with the Suppliers Code of Conduct. The declaration has clauses for good governance and environmental, and social conduct. The clauses include Compliance with Laws and Regulations, Doing Business with Integrity, Social, and Working Conditions, Environment, etc.

Toyoplas Indonesia complies with the local industrial standards by aligning with the SDGs and Tujuan Pembangunan Berkelanjutan ("TPB") Indonesia established by the Government via President Rule in the year 2022. It has successfully implemented the Supplier Self-Assessment & Declaration procedure on environmental and social compliance to foster transparency and accountability in the supply chain, allowing the company to gauge and verify the environmental and social practices of the suppliers.

In 2023, all suppliers complied with the Suppliers Code of Conduct.



Product assembling line at Toyoplas' manufacturing facility.

	2021	2022	2023
Total Procurement Spending (RM)	38,157,138	99,781,390	130,917,435
Total Local Procurement Spending (RM)	16,828,768	63,704,036	75,557,156
Proportion of Spending on Local Suppliers (%)	44	64	58
Total Number of Suppliers	91	101	253
Total Number of Local Suppliers	60	66	204
Percentage of Local Suppliers (%)	66	65	81
Number of Suppliers Endorsed Anti-Bribery/ Anti-Corruption Policies (third party declaration)	NA	NA	189

NA: Not Available

## driving optimum business & operational performance towards maximising financial & non-financial value creation

### CPI

CPI aims to procure locally, given its benefits, as well as in adherence to the Group Procurement Policy. Procurement is non-centralised, with each department within the subsidiary is given autonomy to select vendors based on their specific requirements.

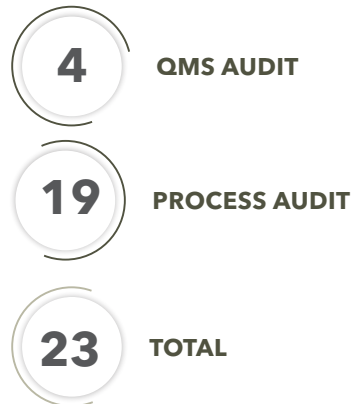
However, all procurement decisions must meet the set criteria for the optimum value proposition in terms of quality, cost, and delivery. If required, suppliers may need to expand their production capacity or adopt new technologies as part of the requirement for tender processes.

All CPI suppliers are assessed to ensure continued compliance with CPI's standards. The performance review is conducted in half yearly basis for direct suppliers and annually for service providers. In addition, all suppliers are required to perform a Supplier Quality Management Checklist self-assessment every two years, covering environmental compliance and safety and health requirements.

Underperforming suppliers will be required to undertake immediate remedial action to rectify all discrepancies, failing which, CPI can exercise its discretion to remove underperforming suppliers from its approved supplier list.

CPI will undertake verification, including performing physical audits or inspections at the suppliers' operational sites or holding a meeting at CPI's premises to enable underperforming suppliers to present the necessary performance improvement updates. A follow-up audit shall be conducted if suppliers fail to meet CPI's requirements.

In 2023, 23 supplier audits were conducted:



An assembly line at CPI's manufacturing facility.

## driving optimum business & operational performance towards maximising financial & non-financial value creation

CPI has continued to practice its Supplier Sustainability Assessment (“SSA”) process, which reviews suppliers based on their social compliance with industry standards and regulatory requirements. The following are the criteria established for the SSA:



In 2023, CPI was awarded the silver medal by 2023 Ecovadis platform for the company’s effectiveness in implementing sustainable procurement practices. This shows the company’s continuous effort to reduce the risk of supply chain disruptions, safeguarding the integrity of brands and the company’s overall reputation



	2021	2022	2023
Total Procurement Spending (RM)	87,503,111	84,508,019	73,432,149
Total Local Procurement Spending (RM)	68,589,756	65,975,194	60,369,572
Proportion of Spending on Local Suppliers (%)	78	78.07	82
Total Number of Suppliers	347	349	334
Total Number of Local Suppliers	256	257	245
Percentage of Local Suppliers (%)	74	73.64	73
Number of Suppliers Endorsed Anti-Bribery/ Anti-Corruption Policies (third party declaration)	NA	NA	NA

NA: Not Available

**driving optimum business & operational performance towards maximising financial & non-financial value creation**



CBB continues to ensure all suppliers adhere to its Code of Business Conducts and Ethics ("COBE"). The COBE has clear clauses that suppliers must comply with such as conflicts of interest, anti-corruption and bribery, and no gift policy.

In 2023, 565 suppliers submitted written agreement to abide by CBB's Supplier Integrity Pledge. As a part of its ESG KPI, the company achieved its target of ensuring that at least 90% of its suppliers are used forest-based products kraft paper certified and that at least 12.5% of the chemicals used in the production process was biodegradable.

Production of offset cartons at CBB's carton division.



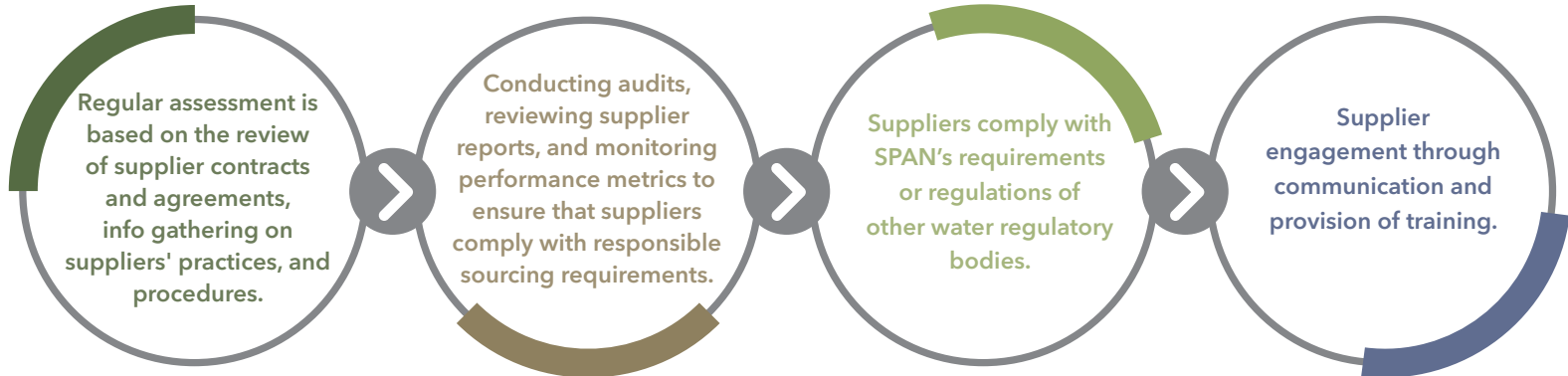
	2021	2022	2023
Total Procurement Spending (RM)	NA	NA	99,811,688
Total Local Procurement Spending (RM)	NA	NA	50,332,351
Proportion of Spending on Local Suppliers (%)	NA	NA	50
Total Number of Suppliers	NA	NA	565
Total Number of Local Suppliers	NA	NA	507
Percentage of Local Suppliers (%)	NA	NA	90
Number of Suppliers Endorsed Anti-Bribery/ Anti-Corruption Policies (third party declaration)	NA	NA	565

NA: Not Available

## driving optimum business & operational performance towards maximising financial & non-financial value creation



Aqua-Flo's management approach to sustainable procurement is driven by the following considerations:



In addition to the above, all major suppliers must register their products under Suruhanjaya Perkhidmatan Air Negara ("SPAN") and manufacturing activities must be per SIRIM and Halal product requirements.

	2021	2022	2023
Total Procurement Spending (RM)	111,750,303	149,027,306	149,440,640
Total Local Procurement Spending (RM)	98,497,895	126,354,423	123,082,355
Proportion of Spending on Local Suppliers (%)	88	85	82
Total Number of Suppliers	29	28	36
Total Number of Local Suppliers	17	20	28
Percentage of Local Suppliers (%)	59	71	78
Number of Suppliers Endorsed Anti-Bribery/ Anti-Corruption Policies (third party declaration)	NA	NA	NA

NA: Not Available

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



**driving optimum business & operational performance towards maximising financial & non-financial value creation**



MDS Advance presently has a 96% local procurement base and the company's approach to procurement is driven by its Producer IMS-06-002 Evaluation & Selection of Vendor & Subcontractors Manual.

All matters pertaining to procurement and sourcing come under the purview of the company's designated Purchasing Manager. The company does its supplier performance review annually to assess the effectiveness and quality of its suppliers.



One of the production floor at MDS Advance's manufacturing facility.

	2021	2022	2023
Total Procurement Spending (RM)	9,466,712	11,879,304	5,456,044
Total Local Procurement Spending (RM)	9,421,939	11,786,004	5,433,843
Proportion of Spending on Local Suppliers (%)	99.5	99.2	99.6
Total Number of Suppliers	126	112	103
Total Number of Local Suppliers	114	103	99
Percentage of Local Suppliers (%)	90	92	96
Number of Suppliers Endorsed Anti-Bribery/ Anti-Corruption Policies (third party declaration)	NA	NA	NA

NA: Not Available

## driving optimum business & operational performance towards maximising financial & non-financial value creation

### stringent quality control procedures [GRI 2-27, 3-3, 416-1, 416-2, 417-1, 417-2, 417-3]

KPS Berhad remains steadfast in its commitment to prioritising the quality of its products and services. The production of items and services that fulfil their intended purposes and positively impact stakeholders is a fundamental principle in the Group's value creation strategy. Ensuring and enhancing product and service quality, to achieve exceptional customer satisfaction, are non-negotiable imperatives for the Group.

All subsidiary companies have developed specific management approaches to attaining and retaining high-quality levels aligned with their respective business operations. This includes adopting various relevant ISO-based Quality Management Systems ("QMS") and other best practice industry standards for product quality and customer satisfaction.

Among general strategies or management approaches employed include comprehensively understanding and assessing customers' requirements (and aligning accordingly), focussing on research and design development of products, ensuring precision, high-quality manufacturing processes including selection of raw materials and actual production methodologies, as well as product testing to ensure fitness for purpose and delivery of final product.

Subsidiary companies also adhere to their respective KPIs and targets for quality and customer satisfaction in relation to product recalls, rejects, and customer satisfaction levels, which are ascertained via customer surveys.

Given the importance of the topic, designated individuals or teams at all subsidiary companies have been appointed to oversee aspects of operations related to quality and customer satisfaction. In addition, quality and customer satisfaction come under the purview of the respective subsidiary companies' management.

Customer satisfaction scores are analysed as part of the approach for continuous improvement to attain and retain optimum product quality, service, cost, and delivery.





## driving optimum business & operational performance towards maximising financial & non-financial value creation



The company's operations are ISO 9001, ISO 13485, ISO 14001, and IATF 16949 certified. Hence, SOPs for quality are aligned to these globally recognised best practice frameworks.

In addition, a rigorous product safety policy has been implemented to ensure all products are fit for purpose and safe for intended use. This includes comprehensive testing of all finished products prior to being shipped to customers (placed on the market).

However, quality assessments are performed not just on completed products, but throughout the production process, commencing with the selection and use of raw materials, stringent assessment at all manufacturing stages, and finally on the final product(s).




TMM  
**Achieve**  
its KPI by maintaining annual production rejection rates below the **1.5% threshold**

In addition, customer feedback on product quality and safety is also solicited via an annual survey, usually during the fourth quarter of the financial year.



Received **ZERO complaints** on the safety and health of its products in 2022 and 2023.



Toyoplas Manufacturing Malaysia ("TMM") **20<sup>th</sup> Asia Pacific International HONESTY** "Book Of Records 2023" award



TMM **Best Quality Support** from a customer for year 2022 and 2023

Compared with 2022, Toyoplas experienced a slight decline in customer satisfaction, with a 2% decrease, attributed to lower customer ratings specifically concerning pricing. This dip was due to the increased costs impacting overall customer satisfaction scores.

	2021	2022	2023
Customer Satisfaction Scores (%)	86	90	88
Customer Complaints Resolved (%)	100	100	100
Percentage of Significant Products and Service Categories for which Safety and Health Impacts are Assessed for Improvement	100	100	100
Number of Recalls Issued for Safety and Health Reasons	0	0	0
Total Number of Incidents of Non-Compliance with Regulations Concerning the Health & Safety Impacts of Products and Services within the Reporting Period	0	0	0
Number of Complaints from Regulatory Bodies	0	0	0

## driving optimum business & operational performance towards maximising financial & non-financial value creation



CPI's approach to quality and customer satisfaction is guided by its certification to the following standards: CPI is ISO 9001, ISO 13485, IATF 16949, and ISO 14001. Quality is assessed principally based on the following aspects: quality management, on-time delivery, responsiveness and effective communication.

CPI is committed to maintaining effective manufacturing and product quality as provided in its Quality Policy. The policy states strict adherence to QMS through improvement and achieving regulatory compliance by meeting customer requirements and providing quality products for total satisfaction.

Desired product quality and safety are attained by establishing a control plan of special characteristics based on industry standards and customers' requirements. Customers can designate the type of special product characteristics by using unique symbols to highlight important factors, such as those that affect customer safety, compliance with regulations, function, fit, or appearance.

A management representative has been appointed to ensure that the company's Quality Management System is always followed throughout production. The company also has a dedicated Quality department to oversee quality matters with a dedicated Customer Quality Engineer appointed to drive the quality process at the manufacturing level. A Vice President is tasked with driving the quality and customer satisfaction agenda at the Management level.

	2021	2022	2023
Customer Satisfaction Scores (%)	85	86	86
Customer Complaints Resolved (%)	100	100	100
Percentage of Significant Products and Service Categories for which Safety and Health Impacts are Assessed for Improvement	NA	NA	NA
Number of Recalls Issued for Safety and Health Reasons	0	0	0
Total Number of Incidents of Non-Compliance with Regulations Concerning the Health & Safety Impacts of Products and Services within the Reporting Period	0	0	0
Number of Complaints from Regulatory Bodies	0	0	0

NA: Not Available

## driving optimum business & operational performance towards maximising financial & non-financial value creation



CBB is committed to monitoring present quality levels as well as continuously seeking improvement opportunities across the manufacturing process. This entails constant scrutiny of the selection and procurement of raw materials, condition of existing machinery, existing production processes, and storage and distribution of final products to customers.

CBB's approach to quality and customer satisfaction is driven by its adherence to ISO 9001. The subsidiary companies' Quality Assurance unit is assigned to champion the matter company-wide. This includes conducting internal audits and reporting to management on firm action plans towards driving further enhancements with regard to quality. The unit also liaises with customers to ensure alignment between finished goods and production processes with customer preferences and requirements.

**In ensuring product quality, CBB has established product rejection rates per annum of not exceeding 0.5% for cartons and 0.25% for paper products. CBB maintained a low product rejection rate of just 0.32% and 0.013% for cartons and paper, respectively.**



Production of corrugated cartons at CBB carton division.

## driving optimum business & operational performance towards maximising financial & non-financial value creation



The company's Quality Policy drives Aqua-Flo's quality and product management approach. Aqua-Flo maintains product safety based on its Chemical Safety Data Sheet ("SDS").

An annual customer survey is conducted to gauge customer satisfaction levels. The survey is focused on the following areas: timeliness and reliability of delivery, quality of products and services, responsiveness to customers' requirements, and customer communication.

Aqua-Flo's approach to quality and product management is provided for in the Aqua-Flo Quality Policy.

### aqua-flo quality policy

Our commitment is to never compromise on safety and compliance with product specifications and to provide quality products and services. This entails personnel to be engaged, understand their responsibilities, and to be empowered to take necessary actions in order to protect themselves and their families, customers, and the products.

Our commitment for excellence is the essential element of the quality policy which includes the following:

- 1 **Establish, maintain and service a network of customers**
- 2 **Provision of quality products and services to the water industry.**
- 3 **Continuous improvement of management and operational efficiency**
- 4 **Continuous improvement of management and operational efficiency**

At Aqua-Flo, teamwork, engagement, ownership, and support by everyone is vital for achieving our quality objectives. In this context, we are committed to providing the required leadership, management and resources. We will ensure that the Quality Policy is communicated to the employees and third parties.

At its core, Quality is, first and foremost, about trust in our products, our services, and our brands. Further to this, Quality is also about delivering what we promise in everything we do. Each and every one of us is empowered to influence quality and trust through our leadership, dedication, and passion.

**driving optimum business & operational performance towards maximising financial & non-financial value creation**

	2021	2022	2023
Customer Satisfaction Scores (%)	87	87	89
Customer Complaints Resolved (%)	100	100	100
Percentage of Significant Products and Service Categories for which Safety and Health Impacts are Assessed for Improvement	NA	NA	NA
Number of Recalls Issued for Safety and Health Reasons	0	0	0
Total Number of Incidents of Non-Compliance with Regulations Concerning the Health & Safety Impacts of Products and Services within the Reporting Period	0	0	0
Number of Complaints from Regulatory Bodies	0	0	0

NA: Not Available

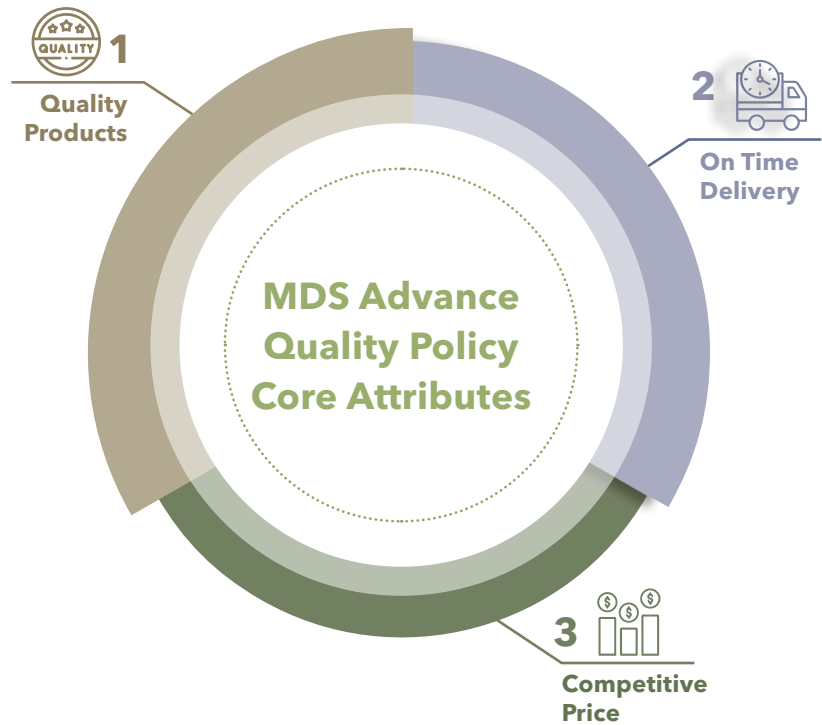


Chemical testing at Aqua-Flo's in-house laboratory.

**driving optimum business & operational performance towards maximising financial & non-financial value creation**



MDS Advance's approach to ensuring excellent product quality is driven by the company's Quality Policy as well. The policy emphasises three key aspects: on-time delivery, quality products, and competitive pricing. Dedicated company resources, including financial and human capital, have been allocated to maintain high-quality standards.



	2021	2022	2023
Customer Satisfaction Scores (%)	89	89	91
Customer Complaints Resolved (%)	100	100	100
Percentage of Significant Products and Service Categories for which Safety and Health Impacts are Assessed for Improvement	NA	NA	NA
Number of Recalls Issued for Safety and Health Reasons	0	0	0
Total Number of Incidents of Non-Compliance with Regulations Concerning the Health & Safety Impacts of Products and Services within the Reporting Period	0	0	0
Number of Complaints from Regulatory Bodies	0	0	0

NA: Not Available



MDS Advance's production floor in Permatang Tinggi, Pulau Pinang.



# chapter 4: environment commitment



## **reducing carbon emissions intensity by 45% by 2030 & ultimately pursuing carbon neutrality by 2050**

[GRI 3-3, 201-2, 305-5]

Post the Conference of Parties 28 (COP28), the momentum towards maintaining global warming to 1.5°C continues to gain traction as nations and economies pay closer attention to managing their dependence on fossil fuels, and reducing their contributory carbon emissions to global warming and climate change.

## reducing carbon emissions intensity by 45% by 2030 & ultimately pursuing carbon neutrality by 2050 [GRI 3-3, 201-2, 305-5]



Similarly, companies are now facing the stark reality of having to decarbonise in tandem with the net zero carbon emissions or carbon neutrality goals set by their respective countries or fuels, and also the increasing requirement by customers for low embodied carbon products. The shift is not motivated just by regulatory and market pressures, but also in the global acknowledgment that addressing climate change needs fast action by all players and that action must be taken immediately.

KPS Berhad also acknowledges that climate change is undeniably one of the world's major environmental risks. The Group is determined to contribute positively to SDG 13, which is combatting climate change. In 2023, KPS Berhad signed up as a member of UNGCNMYB.

However, KPS Berhad also views the present focus on climate change as an opportunity to develop climate resilience, by mitigating any potential physical or transition risks.

This includes expansion into emerging business that produces low carbon footprint products and managing the rising energy costs through use of RE (as opposed to present fossil fuel sources and grid derived electricity).

**reducing carbon emissions intensity by 45% by 2030 & ultimately pursuing carbon neutrality by 2050** [GRI 3-3, 201-2, 305-5]

## developing a firm foundation & action plan

KPS Berhad has developed a robust strategy to drive its management approach to climate change. Good governance and oversight are essential in driving effective climate action plans. Hence, in 2023, KPS Berhad formed its TCFD Committee.

KPS Berhad's approach to climate change adaptation involves a multi-pronged strategy that prioritises stakeholder interests, data-driven decision-making, and regulatory compliance to reduce our carbon footprint. This approach positions us to effectively address the impacts of climate change while fostering a sustainable and resilient business model.

In driving the Group's sustainability journey, specific strategies and initiatives have been planned from 2022 until 2035.

Since 2022, the Group has been addressing all three scopes - Scopes 1, 2 and 3 by pursuing greater energy efficiency by redesigning and rethinking production processes, progressively transitioning to local procurement as much as possible, decarbonising through the increased reliance on RE, and switching towards automation, exemplified by the installation of advanced robotic production lines within our manufacturing facilities.

The Group is aware that its manufacturing subsidiary companies would typically have a higher energy consumption profile, as manufacturing activities are more energy demanding. In particular, KPS Berhad has identified that its subsidiary companies, Toyoplas, CPI and CBB are responsible for a higher proportion of energy consumed.



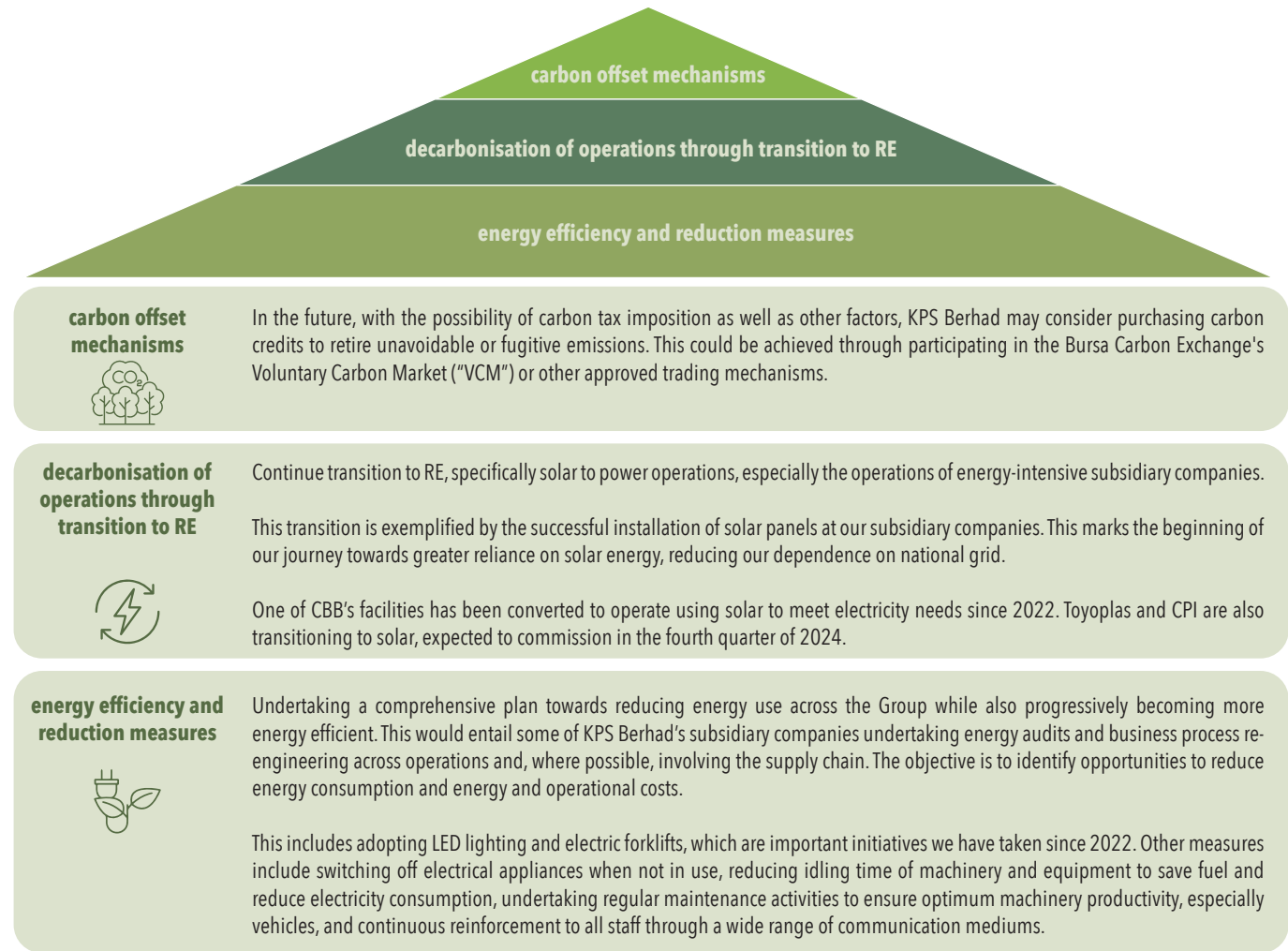
**Capacity building training on GHG inventory calculation and baseline setting with the subsidiary companies of KPS Berhad.**

However, the commitment to address energy consumption and carbon emissions have been disseminated Group-wide, and all subsidiary companies have been tasked with developing their respective operational strategies to achieve greater energy efficiency and decarbonisation. In this manner, energy efficiency and decarbonisation exercise is cascaded to the operating companies, while the Group function provides necessary support, expertise, and training.

**reducing carbon emissions intensity by 45% by 2030 & ultimately pursuing carbon neutrality by 2050** [GRI3-3, 201-2, 305-5]

**pursuing greater energy efficiency & decarbonisation** [GRI 3-3, 302-5]

The overall management approach to energy consumption is to constantly pursue cost and operational efficiency, notably given rising energy and electricity costs. The strategy is as follows:



In addition to the above macro-approaches, KPS Berhad continues to focus on the following:

**Carbon Baseline Solidification**

We solidified our carbon baseline by meticulously capturing and disclosing emissions from all our manufacturing facilities throughout Malaysia and one facility from Indonesia. In addition to this, we expanded our transparency efforts by including a Scope 3 assessment, which encompasses emissions from employee commuting and business travel.

**Collaboration with local universities**

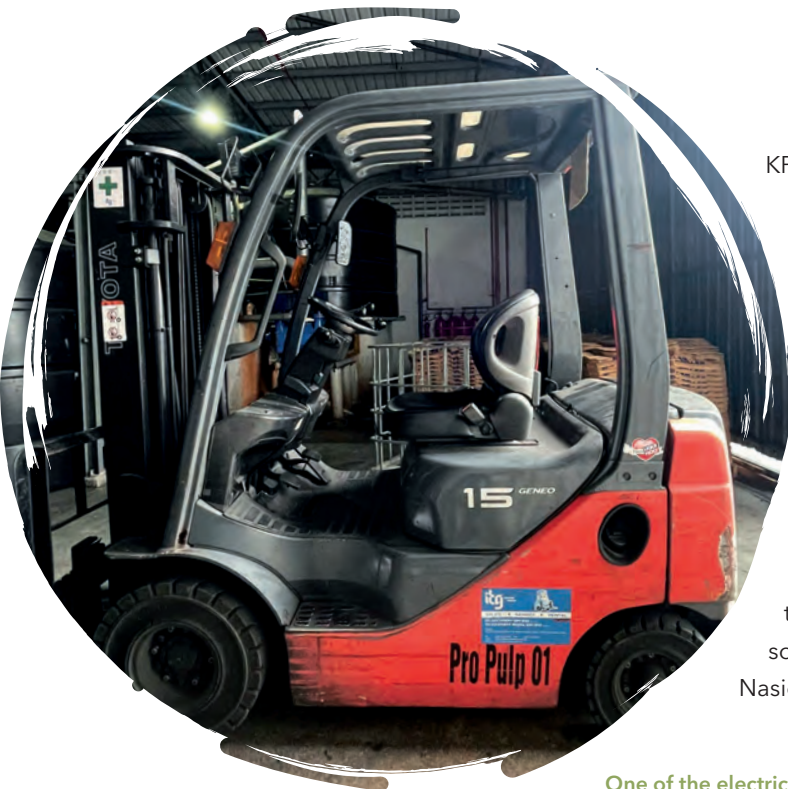
KPS Berhad collaborates with local education institutions to organise the KPS #Ekovative Challenge 2022. The KPS #Ekovative Challenge was open to all public and private universities in Malaysia with 15 teams participating in this year's competition. The teams were required to produce an eco-friendly innovation solution or a prototype using alternative eco-materials as substitutes for typical paper-based or plastic packaging. The ultimate goal was to drive ideas supporting a zero-waste approach based on circular economy concepts of reuse, reduce, repurpose and upcycle. The approach used is consistent with addressing existing environmental issues such as reducing carbon footprint, reducing waste generated, encouraging greater recycling and efficiency in resource consumption, mainly contributing to one of our subsidiary company CBB.

**reducing carbon emissions intensity by 45% by 2030 & ultimately pursuing carbon neutrality by 2050** [GRI 3-3, 201-2, 305-5]

KPS Berhad is also investing in developing internal capacity through relevant training and development and establishing subsidiary-level leadership on energy and emissions. The Group's commitment to this approach was exemplified in the two learning sessions held in 2023. These were to guide designated company champions to develop fundamental knowledge and capabilities in GHG inventory development, carbon accounting, and assessing and mitigating climate change risks, as well as identifying opportunities. This includes estimating potential and actual costs, provisions, and impairments required from climate change impacts or from necessary modifications or adaptations attributed to climate change.



**TCFD workshop involving representatives from KPS Berhad subsidiary companies.**



**One of the electric forklifts in CBB, Senai, Johor.**

KPS Berhad annually discloses its energy consumption profile as well as carbon emissions data. While data is scoped towards providing disclosure for KPS Berhad and all six subsidiary companies, the focus in 2023 was towards expanding the scope to provide more comprehensive coverage of all direct and indirect energy sources consumed by KPS Berhad and subsidiary companies. For 2023, the Group has expanded its energy disclosure boundary to include MDS Advance making it a total of 6 entities.

KPS Berhad's business operations consume a wide range of energy sources. These include various combustible fuel sources to power machinery, equipment, and company vehicles. Grid-sourced electricity provided by the state utility company Tenaga Nasional Berhad (TNB) is also consumed.

**reducing carbon emissions intensity by 45% by 2030 & ultimately pursuing carbon neutrality by 2050** [GRI 3-3, 201-2, 305-5]

**energy management**



Stationary +  
mobile fuel  
consumption

**15,433.42 mWh**

2022: 10,593.87 mWh  
2021: 1,247.01 mWh

**55,560,315.16 Mj**

2022: 38,137,924.62 Mj  
2021: 4,489,242.50 Mj



Purchased  
Electricity

**39,372.59 mWh**

2022: 29,125.17 mWh  
2021: 28,086.80 mWh

**141,741,313.20 Mj**

2022: 104,850,626.40 Mj  
2021: 101,112,462.00 Mj



Percentage of solar  
energy from total  
group energy

**2.01%**



Amount of tCO<sub>2</sub>e  
offset through solar  
energy

**874.70**



Solar derived  
electricity  
generated

**1,121.41 mWh**

2022: NA  
2021: NA

**4,037,070.78 Mj**

2022: NA  
2021: NA



Total energy  
consumed

**55,927.41 mWh**

2022: 39,719.04 mWh  
2021: 29,333.81 mWh

**201,338,699.14 Mj**

2022: 142,988,551.02 Mj  
2021: 105,601,704.50 Mj



Intensity  
(mWh/revenue)

**0.00005**

2022: 0.00003  
2021: 0.00002



Energy  
intensity  
(Mj/revenue)

**0.164**

2022: 0.105  
2021: 0.080

**reducing carbon emissions intensity by 45% by 2030 & ultimately pursuing carbon neutrality by 2050** [GRI 3-3, 201-2, 305-5]

**energy management**



Electricity is the primary type of energy consumed by KPS Berhad. Electricity is used to power Wisma Perangsang, which is owned by the Group and is where the KPS Berhad is situated.



Total energy consumed

**2,549.56 mWh**

2022: 2,990.59 mWh  
2021: 3,063.70 mWh

**9,178,430.40 Mj**

2022: 10,766,127.60 Mj  
2021: 11,029,323.60 Mj



Toyoplas' primary energy sources are diesel and petrol for company vehicles and electricity for powering premises, machinery, and equipment. Diesel is also used to power electricity generators (stationary combustion) at the Indonesia operations (TMI), in the event generators are required due to electricity cuts. Several machineries were replaced with lower energy consumption models at the Indonesia operations.

Striving for greater energy efficiency, Toyoplas Malaysia originally planned to install solar panels at one of their sites in 2023. However, the project has been postponed until 2024 due to ongoing deliberations concerning the roofing structure of the operating site.

In 2023, Toyoplas experienced a significant increase in energy consumption, rising over 60%. This spike occurred as the company began accounting for the energy consumption of its Indonesia manufacturing facility. Previously, Toyoplas had solely calculated the energy consumption of its Malaysian manufacturing facilities.



Stationary + mobile fuel consumption

**1,150.24 mWh**

2022: 494.90 mWh  
2021: 961.01 mWh

**4,140,868.10 Mj**

2022: 1,781,638.30 Mj  
2021: 3,459,637.67 Mj



Purchased electricity

**17,701.49 mWh**

2022: 11,276.40 mWh  
2021: 8,751.56 mWh

**63,725,353.20 Mj**

2022: 40,595,044 Mj  
2021: 31,505,616 Mj



Total energy consumed

**18,851.73 mWh**

2022: 11,771.30 mWh  
2021: 9,712.57 mWh

**67,866,221.30 Mj**

2022: 42,376,681.90 Mj  
2021: 34,965,253.67 Mj

**reducing carbon emissions intensity by 45% by 2030 & ultimately pursuing carbon neutrality by 2050** [GRI 3-3, 201-2, 305-5]

**energy management**

**CPI**

CPI’s SHE Policy compels the company to conserve energy. CPI’s main energy source is electricity, which is consumed to power factory operations, specifically machinery and equipment, including 1.5 tonnes EV-based forklifts. Larger forklifts, i.e. the 2.5 tonnes variant, use diesel fuel. Diesel is also used to power the water sprinkler system.

Going forward into 2024, CPI shall install solar panels for its CPI-ETP and CPI-EMS operations. This will enable the subsidiary to reduce its energy costs by reducing reliance on grid-sourced electricity while reducing Scope 2 carbon emissions.

CPI has set performance targets focused on enhancing energy efficiency, which are intensity-based. As of 2023, the energy intensity figures for both of CPI’s manufacturing facilities are as follows:

CPI (Plastic) (“CPIP”):  
**RM0.036** / Revenue

CPI (Electronics) (“CPIE”):  
**RM0.019** / Revenue

The CPIP manufacturing facility has faced difficulties achieving its energy efficiency target for electricity usage cost/revenue, set below RM0.036, primarily due to an increase in the Imbalance Cost Pass-Through (ICPT) surcharge rate by TNB.

The energy consumption data provided encompasses both the CPIP and CPIE manufacturing facilities.



Stationary +  
mobile fuel  
consumption

**277.09 mWh**  
2022: 276.83 mWh  
2021: 286.00 mWh



Purchased  
electricity

**10,427.12 mWh**  
2022: 9,965.85 mWh  
2021: 10,135.45 mWh

**997,520.01 Mj**  
2022: 996,596.27 Mj  
2021: 1,029,604.83 Mj

**37,537,617.60 Mj**  
2022: 35,877,049.20 Mj  
2021: 36,487,612.80 Mj



Total energy  
consumed

**10,704.20 mWh**  
2022: 10,242.68 mWh  
2021: 10,421.45 mWh

**38,535,137.61 Mj**  
2022: 36,873,645.47 Mj  
2021: 37,517,217.63 Mj

Solar panels have been installed at one of CPI’s manufacturing facilities in Pulau Pinang.





**reducing carbon emissions intensity by 45% by 2030 & ultimately pursuing carbon neutrality by 2050** [GRI 3-3, 201-2, 305-5]

**energy management**



CBB's use of solar energy via installations at its factories has enabled the company to meet its energy needs while reducing Scope 2 carbon emissions and providing insulation from rising costs of grid-derived electricity. CBB consumes diesel for company vehicles, power generators, and heavy machinery such as forklifts used at operational sites. Electricity is used to power corrugators, printing machines, and all other machinery in its business division.

CBB's overall energy consumption saw an increase in 2023. **Having said that, solar energy usage constituted approximately 4.9% of the company's total energy consumption.**



Solar derived electricity generated

**1,121.41 mWh**

2022: NA  
2021: NA



Total energy consumed

**22,977.55 mWh**

2022: 14,612.70 mWh  
2021: 6,112.21 mWh

**4,037,070.78 Mj**

2022: NA  
2021: NA

**82,719,185.53 Mj**

2022: 52,605,718.01 Mj  
2021: 22,003,941.60 Mj



CBB solar energy usage  
**4.9%**

CBB has also implemented a Company-wide energy efficiency monitoring programme. The programme aims to identify opportunities to reduce energy consumption by eliminating wastage and replacing diesel forklifts to electric forklifts.



Stationary + mobile fuel consumption

**13,844.51 mWh**

2022: 9,744.69 mWh  
2021: NA



Purchased electricity

**8,011.63 mWh**

2022: 4,868.01 mWh  
2021: 6,112.21 mWh

**49,840,246.75 Mj**

2022: 35,080,882.01 Mj  
2021: NA

**28,841,868.00 Mj**

2022: 17,524,836.00 Mj  
2021: 22,003,941.60 Mj



Solar panels have been installed at one of CBB's manufacturing facility in Senai, Johor

**reducing carbon emissions intensity by 45% by 2030 & ultimately pursuing carbon neutrality by 2050** [GRI 3-3, 201-2, 305-5]

**energy management**



In addition to electricity, Aqua-Flo's other sources of direct energy are petrol and diesel, which are consumed by the company machinery and vehicles such as forklifts and pick-up trucks.



Stationary + mobile fuel consumption

**67.05 mWh**

2022: 77.45 mWh  
2021: NA

**241,369.79 Mj**

2022: 278,808.04 Mj  
2021: NA



Purchased electricity

**37.74 mWh**

2022: 24.33 mWh  
2021: 23.88 mWh

**135,874.80 Mj**

2022: 87,570.00 Mj  
2021: 85,968.00 Mj



Total energy consumed

**104.79 mWh**

2022: 101.77 mWh  
2021: 23.88 mWh

**377,244.59 Mj**

2022: 366,378.04 Mj  
2021: 85,968.00 Mj



MDS Advance aligns with its Environmental Policy and ESH Policy, that provides a comprehensive management approach towards maintaining energy efficiency and reducing carbon emissions. The policy is based on the ISO-based IMS-04-006 Energy Conservation best practice. The subsidiary consumes electricity primarily for its production processes with fuel consumed by company vehicles.

Since MDS Advance is a newly acquired subsidiary by KPS Berhad, the company has initiated to account for energy consumption data from 2023 onwards.



Stationary + mobile fuel consumption

**94.53 mWh**

**340,310.52 Mj**



Purchased electricity

**645.05 mWh**

**2,322,169.20 Mj**



Total energy consumed

**739.58 kWh**

**2,662,479.72 Mj**

## reducing carbon emissions intensity by 45% by 2030 & ultimately pursuing carbon neutrality by 2050 [GRI 3-3, 201-2, 305-5]

### emissions

[GRI 3-3, 201-2, 305-1, 305-2, 305-3, 305-4, 305-5]

KPS Berhad's concern and commitment to addressing climate change is to strive towards reducing carbon emissions intensity by 45% by 2030 and pursuing carbon neutrality by 2050. KPS Berhad's aspirations are consistent with the Malaysian government's target of achieving carbon neutrality as early as 2050. While high-level ambitions have been set, the Group is presently working towards establishing operational targets that will enable more specific reduction targets over shorter, tactical timeframes.

The ambition is to achieve progressive and meaningful reductions in both emissions intensity and absolute emissions.

As in the previous year, KPS Berhad's disclosures on emissions cover Scopes 1, 2 and 3 emitted by KPS Berhad as well as from the subsidiary companies. The focus has been on expanding the GHG inventory and strengthening carbon accounting methodologies towards developing a more accurate profile of carbon emissions and the realisation of a robust carbon baseline comprising Scopes 1, 2, and 3 for the Group.

For 2023, the Group has expanded its emission boundary to include MDS Advance, making it a total of 6 entities.



**Scope 2 emissions** are from indirect fuel sources, primarily electricity consumption.

The Grid Emission Factor ("GEF") in Malaysia was based on Malaysia Energy Information Hub.

**Scope 1 emissions**, KPS Berhad, accounted for emissions produced from the consumption of direct fuel sources. In general, fuel consumption comprises the following:

- Stationary sources: boiler, heater, gen-sets (petrol, diesel and liquefied natural gas or LNG)
- Mobile sources: company-owned vehicles (petrol and diesel)

Measurement of Scope 1 emissions produced is based on the GHG Protocol and IPCC Guidelines for National Greenhouse Gas Inventories.



**Scope 3 emissions** are produced from activities outside the Group's business but for which KPS Berhad is directly or indirectly responsible. In line with the reporting requirements of SRG3, KPS Berhad has aimed to provide Scope 3 emissions arising from **employee commuting and business travel**.

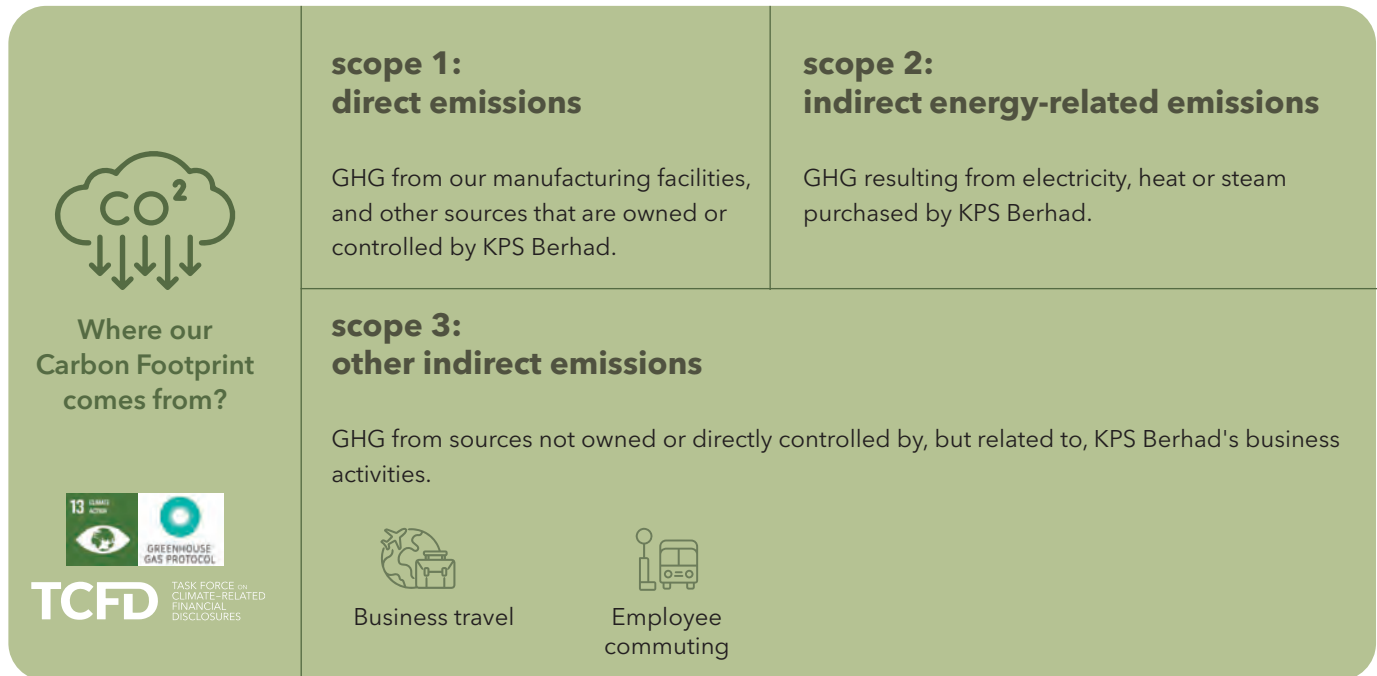
KPS Berhad has effectively addressed employee commuting arrangements at all operational sites in Malaysia, as well as at one site in Indonesia. In addition, as of 2023, KPS Berhad, Toyolas (Malaysia and Indonesia operating sites) and MDS Advance have begun declaring business travel emissions.

Measurement of emissions produced is based on the KPS Berhad, Toyolas (Malaysia and Indonesia operating sites) and MDS Advance have begun including business travel emissions.

GHG Protocol and IPCC Guidelines for National Greenhouse Gas Inventories.

**reducing carbon emissions intensity by 45% by 2030 & ultimately pursuing carbon neutrality by 2050** [GRI 3-3, 201-2, 305-5]

**progress in enhancing emission scope and boundaries**



KPS Berhad's carbon emissions are primarily derived from its KPS Berhad and its main subsidiary companies, which include Toyoplas and CBB, which operate manufacturing facilities not only in Malaysia but also in Indonesia, China, and Vietnam.

Since 2021, KPS Berhad has been consistently broadening its carbon baseline on a yearly basis, showcasing the Group's commitment to solidifying its carbon footprint. The diagram below illustrates the expansion in KPS Berhad's emission boundaries over the past three years.

In accounting for Scope 1 and Scope 2 emissions, the Group factors in emissions from all Malaysian manufacturing facilities and one manufacturing facility of Toyoplas in Indonesia. However, for Scope 3 emissions, only emissions from Malaysian manufacturing facilities, specifically the KPS Berhad, Toyoplas, and MDS Advance, are taken into account.










**reducing carbon emissions intensity by 45% by 2030 & ultimately pursuing carbon neutrality by 2050** [GRI 3-3, 201-2, 305-5]

**progress in enhancing scope and boundaries of emissions**

	 Scope 1	 Scope 2	 Scope 3 (Employee Commuting)	 Scope 3 (Business Travel)
 <b>KPS Berhad</b>	2021: Not Applicable 2022: Not Applicable 2023: Not Applicable	2021: ● 2022: ● 2023: ●	2021: ● 2022: ● 2023: ●	2021: ● 2022: ● 2023: ●
 <b>Toyoplas Malaysia</b>	2021: ● 2022: ● 2023: ●	2021: ● 2022: ● 2023: ●	2021: ● 2022: ● 2023: ●	2021: ● 2022: ● 2023: ●
 <b>Toyoplas Indonesia</b>	2021: ● 2022: ● 2023: ●	2021: ● 2022: ● 2023: ●	2021: ● 2022: ● 2023: ●	2021: ● 2022: ● 2023: ●
 <b>CPI</b>	2021: ● 2022: ● 2023: ●	2021: ● 2022: ● 2023: ●	2021: ● 2022: ● 2023: ●	2021: ● 2022: ● 2023: ●
 <b>M3</b>	2021: ● 2022: ● 2023: ●	2021: ● 2022: ● 2023: ●	2021: ● 2022: ● 2023: ●	2021: ● 2022: ● 2023: ●
 <b>Aqua-flo</b>	2021: ● 2022: ● 2023: ●	2021: ● 2022: ● 2023: ●	2021: ● 2022: ● 2023: ●	2021: ● 2022: ● 2023: ●
 <b>MDS</b>	2021: ● 2022: ● 2023: ●	2021: ● 2022: ● 2023: ●	2021: ● 2022: ● 2023: ●	2021: ● 2022: ● 2023: ●

## reducing carbon emissions intensity by 45% by 2030 & ultimately pursuing carbon neutrality by 2050 [GRI 3-3, 201-2, 305-5]

### emissions

	 Scope 1	 Scope 2	 Scope 3
	<b>Not Applicable</b> 2022: Not Applicable 2021: Not Applicable	<b>1,932.57</b> 2022: 2,332.66 2021: 2,389.69	<b>171.08</b> 2022: 86.19 2021: NA
	<b>305.06</b> 2022: 133.14 2021: 257.87	<b>13,701.78</b> 2022: 8,795.59 2021: 6,826.22	<b>199.71</b> 2022: NA 2021: NA
	<b>73.93</b> 2022: 73.10 2021: 77.41	<b>7,903.75</b> 2022: 7,773.36 2021: 7,905.65	<b>454.13</b> 2022: NA 2021: NA
	<b>3,249.91</b> 2022: 2,281.42 2021: NA	<b>6,072.83</b> 2022: 3,797.05 2021: 4,767.52	<b>185.26</b> 2022: NA 2021: NA
	<b>17.34</b> 2022: 20.05 2021: NA	<b>28.61</b> 2022: 18.97 2021: 18.63	<b>25.75</b> 2022: NA 2021: NA
	<b>24.50</b> 2022: NA 2021: NA	<b>488.95</b> 2022: NA 2021: NA	<b>45.15</b> 2022: NA 2021: NA
<b>total by scope (tonnes CO<sub>2</sub>e)</b>	<b>3,670.73</b> 2022: 2,507.72 2021: 335.28	<b>30,128.47</b> 2022: 22,717.64 2021: 21,907.71	<b>1,081.09</b> 2022: 86.19 2021: NA

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

Source of emissions factors:

Scope 1: IPCC Guidelines for National Greenhouse Gas Inventories.

Scope 2: Malaysia: Grid Emission Factor (GEF) in Malaysia, 2017-2021, by Malaysia Energy Information Hub.

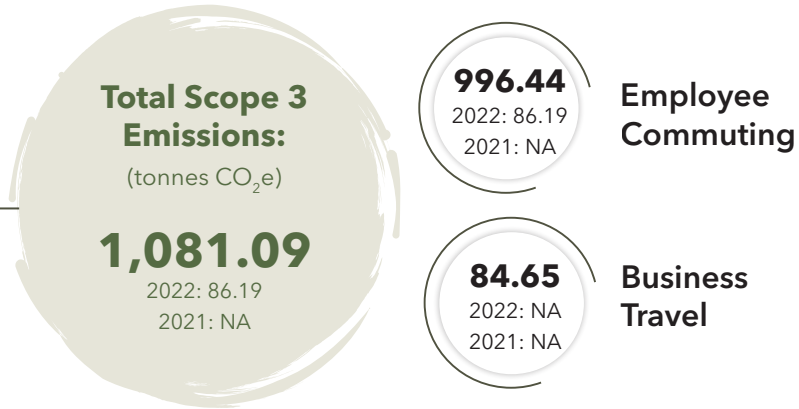
Indonesia: Faktor Emisi Gas Rumah Kaca (GRK) Sistem Interkoneksi Ketenagalistrikan by Kementerian Energi dan Sumber Daya Mineral Direktorat Jenderal Ketenagalistrikan.

Scope 3: Conversion factors 2023: condensed set (for most users) - updated 28 June 2023 by Department for Energy Security and Net Zero, United Kingdom.

NA: Not Available

**reducing carbon emissions intensity by 45% by 2030 & ultimately pursuing carbon neutrality by 2050** [GRI 3-3, 201-2, 305-5]

**emissions**



The sharp rise in Scope 3 emissions is due to the inclusion of Toyoplas (Malaysia and Indonesia operating sites) and MDS Advance in the Scope emissions calculations, while 86.19 tonnes CO<sub>2</sub>e in 2022, Scope 3 emissions were restricted to just KPS Berhad.

**total emissions**  
(all Malaysia and one Indonesia operating sites only)



# continuously implementing environmentally responsible manufacturing practices

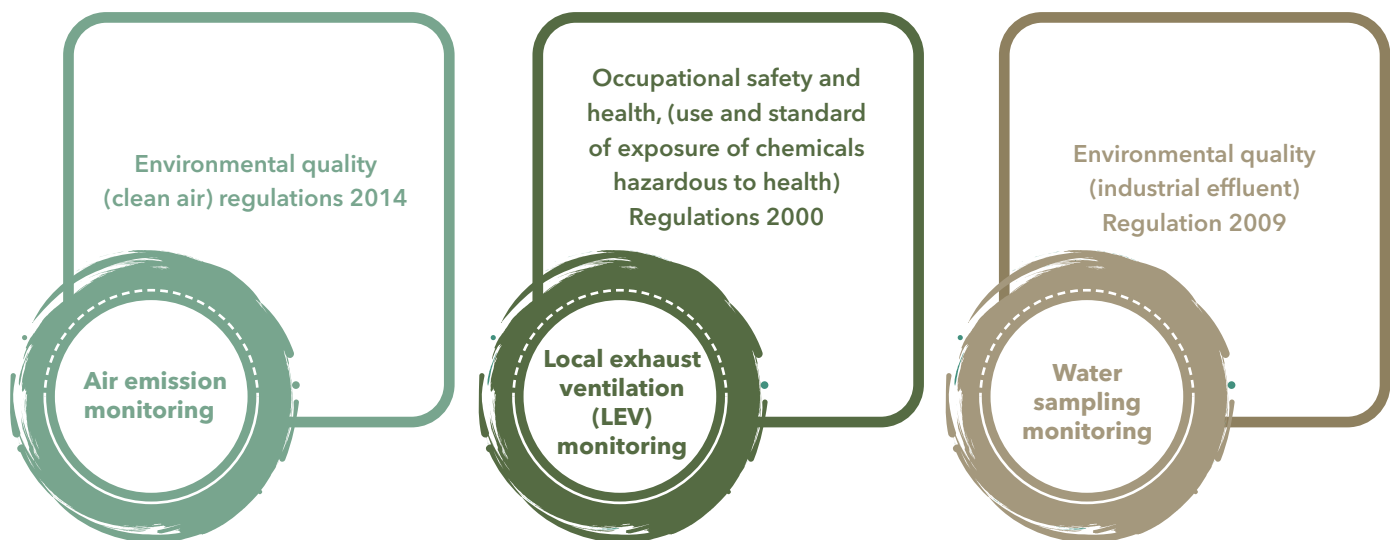
[GRI 3-3]

KPS Berhad's commitment to reducing and avoiding environmental impacts has been cascaded to all subsidiary companies. The Group's alignment to UNSDGs 12 and 13 further guides the approach.

Hence, beyond regulatory compliance to avoid pollution, the objective remains to reduce waste production through the adoption of circular economy methodologies, to increase recycling rates, and, as much as possible, prevent or reduce quantities of waste sent to disposal at landfills or other sites.

All subsidiary companies subscribe to the principle of good manufacturing practice, and most are ISO 14001 certified. This reflects the commitment towards implementing environmentally friendly practices and, where possible, going further towards repurposing waste as inputs on the production process to reduce the consumption of fresh/virgin materials.

KPS Berhad's management approach with regard to waste is based on a 4R approach comprising reduce, reuse, recycle, and repurpose, which is consistent with the principles of a circular economy application.





## continuously implementing environmentally responsible manufacturing practices [GRI 3-3]


All subsidiary companies of KPS Berhad comply with the following legislation (and equivalents in relevant jurisdictions):



**ISO 9001**  
Quality Management System

**ISO 13485**  
Medical Devices Quality Management System

**ISO 14001**  
Environment Management System



**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

**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 (Clause 8.3 product design of IATF 16949 : 2016 is justifiably excluded)

**Good Manufacturing Practices**  
GMP-WHO



**ISO 9001**  
Quality Management System

**ISO 14001**  
Environment Management System



**ISO 9001**  
Quality Management System

## continuously implementing environmentally responsible manufacturing practices [GRI 3-3]

### ensuring compliance through actions [GRI 2-27, 3-3]

KPS Berhad has appointed compliance officers in all subsidiary companies to ensure environmental compliance. There is regular engagement between compliance officers and at KPS Berhad, including quarterly compliance assessments as well as an annual compliance visit by the KPS Berhad to all subsidiary companies. These are in addition to adherence to compliance requirements set by the respective authorities.

KPS Berhad continues to emphasise continuous education, and thus, throughout 2023, had focussed on organising talks and briefings for relevant internal stakeholders and arranging for staff pertinent to attend internal and external training sessions. Matters of compliance and incidents of non-compliance are brought to the attention of the Board.

**The Group successfully recorded zero instances of environmental non-compliance in 2023.**

### waste reduction

[GRI 3-3, 301-2, 301-3, 306-1, 306-2, 306-3, 306-4, 306-5]

To the best of their ability, all relevant operating subsidiary companies are to implement circular economy methods in their operations progressively. The goal is to reduce or eliminate waste by keeping materials in use for as long as possible.

Where waste cannot be avoided, all subsidiary companies continue to adhere to regulatory requirements for treating, managing and disposing of waste, notably hazardous or scheduled waste. Scheduled waste is disposed of by specific waste management companies certified by Department of Environment ("DOE") Malaysia as fit for this purpose.

In adhering to best practices regarding waste management, subsidiary companies have implemented the ISO 14001 standard as a management approach for implementing effective waste management practices.

## kps. KPS Berhad Group

Total waste generated (tonnes)

**2,217.03**

2022: 1,757.19  
2021: 856.13

Waste diverted from disposal i.e. recycled waste (tonnes)

**408.12**

2022: 358.67  
2021: 777.66

Waste diverted from disposal - sold to recyclers

**1,637.24**

2022: 1,225.99  
2021: NA

Waste directed to disposal or non-recycled waste (tonnes)

**171.67**

2022: 172.53  
2021: 78.72

Hazardous waste or scheduled waste (tonnes)

**83.18**

2022: 94.48  
2021: 55.53

Percentage of hazardous wastes generated (%)

**3.75**

2022: 5.38  
2021: 6.48

Non-hazardous waste or non-scheduled waste (tonnes)

**2,133.84**

2022: 1,662.71  
2021: 800.84

Percentage of non-hazardous waste or non-scheduled waste generated (%)

**96.25**

2022: 94.62  
2021: 93.54

Percentage of recycled waste (%)

**92.26**

2022: 90.18  
2021: 90.81



### continuously implementing environmentally responsible manufacturing practices [GRI 3-3]



Toyoplas produces both scheduled and non-scheduled waste, which are managed and disposed of according to DOE requirements.

Toyoplas appoints a licensed 3rd party waste disposal company to manage all treated scheduled waste disposal.

The company regularly conducts waste audits to analyse its composition to reduce waste produced. Toyoplas intends to strengthen existing waste recycling efforts either on its own or by collaborating with waste disposal companies. This includes arranging for non-hazardous waste collection to be sent to recycling centres.

Toyoplas monitors its waste management based on the annual performance achieved to set KPIs:

**The subsidiary's current main KPI is ensuring waste collection compliance, with 100% compliance achieved in 2023.**



**100%**  
disposal via licensed contractors for scheduled waste

▶ **Achieved**

Conduct monthly waste audit and analyse the composition through the segregation of waste

▶ **Achieved**

To achieve more than **RM50,000** in savings

▶ **Achieved RM51,000 in savings**

Embedding waste reduction initiatives in our operational processes.



**continuously implementing environmentally responsible manufacturing practices** [GRI 3-3]



CPI adheres to its waste management procedure and is guided by its ISO 14001 certification. The procedure covers the collection, labelling, storage, inventory, and disposal methods for waste.

CPI recycles unused steel, plastics and other mixed wastes and continues to focus on reducing the scrap rate from production rejects.

**CPI has established performance targets aimed at reducing waste and both of CPI's operating facilities have effectively managed to reduce their waste through below KPIs:**

Reduce rejections/scrap per production or sales by:

**CPIP: 1.70%**  
**CPIE: 0.05%**



**Achieved:**  
**CPIP: 1.1%**  
**CPIE: 0.03%**

Reduce disposal of scheduled waste/revenue by:

**CPIP: 0.058%**  
**CPIE: 0.060%**



**Achieved:**  
**CPIP: 0.039%,**  
**CPIE: 0.041%**

**recycled non-production waste (tonnes)**



**Aluminium cans**

**0**  
2022: 0  
2021: 0.003



**Plastics (bottles/packaging, etc)**

**0.004**  
2022: 0.118  
2021: 0.018



**Black and white coloured papers**

**0**  
2022: 0  
2021: 0.069



**Cartons**

**0**  
2022: 0.026  
2021: 0.033



**Papers**

**0**  
2022: 0.025  
2021: 0



**Mixed coloured papers**

**0**  
2022: 0.035  
2021: 0.038



**Mixed waste**

**0.514**  
2022: 3.59  
2021: 0.08



**Unused steel**

**1.001**  
2022: NA  
2021: NA

**Total**

**1.518**  
2022: 3.79  
2021: 0.241

**continuously implementing environmentally responsible manufacturing practices [GRI 3-3]**



CBB has achieved a 100% conversion rate for repurposing all carton trim waste into moulded pulp casings. CBB intends to formulate its dedicated Waste Policy, which shall stipulate the company's commitment to reduce and eliminate waste generated from its production operations and processes.

**CBB has successfully achieved**  
 **100%**  
**conversion rate in converting carton trim waste to moulded pulp casings**

Non-hazardous waste reused  
(Carton to Pulp) (tonnes)  
**370**  
 2022: 355  
 2021: 777

Non hazardous Waste  
sold to recyclers  
**1,637.24**  
 2022: 1,225  
 2021: Not reported

Revenue (from conversion of carton trim  
waste to pulp moulding) (RM)  
**2,259,453**  
 2022: 3,246,608  
 2021: 8,835,531



CBB's carton division.


CBB monitors its performance against the following KPIs:

Recycle  
**100%**  
 carton trim waste to  
produce moulded pulp  
casing


  
**Achieved:**

Reduce production waste for paper  
production by:

1% for cement;  
2% for non-cement

  
**Not Achieved:**  
**1.82% for cement bags;**  
**3.48% for non-cement bags:**  
 CBB was unable to achieve this KPI due to  
maintenance constraints stemming from ongoing  
machine upgrades.

To achieve target below 13%  
of rejection rate for setting waste

  
**Not Achieved:**  
**17.75%**  
 CBB fell short of meeting its targeted  
KPI due to the ongoing upgrades of  
the corrugator machine.

## continuously implementing environmentally responsible manufacturing practices [GRI 3-3]

# pollution & effluents management [GRI 3-3, 303-2, 303-4]

KPS Berhad strives to ensure that all of its operations continue to achieve environmental compliance, ensuring emissions, effluents, and noise produced are within permissible limits as stipulated by the law.



Toyoplas conducts regular environmental activities in accordance with its ISO 14001:2015 certification. All relevant personnel are provided with personal protective equipment ("PPE"). All work sites have good air ventilation to minimise air pollution risks. Water testing is done regularly by independent third parties. Waste is stored and disposed of in accordance with SOPs set by law. Licensed third-party, disposal companies handle all waste.



CPI has established a comprehensive HSE policy, which provides governance in terms of how the company should operate to ensure minimal environmental and social impacts and the highest compliance level with regulatory requirements. The policy is consistent with the targets under UNSDG 13.

An independent, government-recognised external party undertakes yearly environmental assessments. This includes sampling water from the canteen grease trap, air compressor, and chiller. All results from monitoring and measurement are analysed in line with the company's KPIs.



The production of paper and packing products does create waste products. Many of these are reused within the business through adopting circular economy methods or sent for recycling by external parties. The aforementioned is mainly applies to pulp and paper waste.

Wastewater generated from production is treated to permissible standards as provided in the Environmental Quality (Industrial Effluent) Regulation 2009 before being discharged. Regular internal assessment is conducted to ensure wastewater meets regulatory standards prior to discharge. External assessments are also performed on a periodic basis by the DOE.

Similarly, regular monitoring is also undertaken for air emissions and noise levels, both internally as well as by the DOE.

Results for 2023 show that CBB has complied with regulatory requirements.

## continuously implementing environmentally responsible manufacturing practices [GRI 3-3]



Aqua-Flo has implemented the following management approach to managing and controlling potential occurrences of chemical and other forms of pollution:

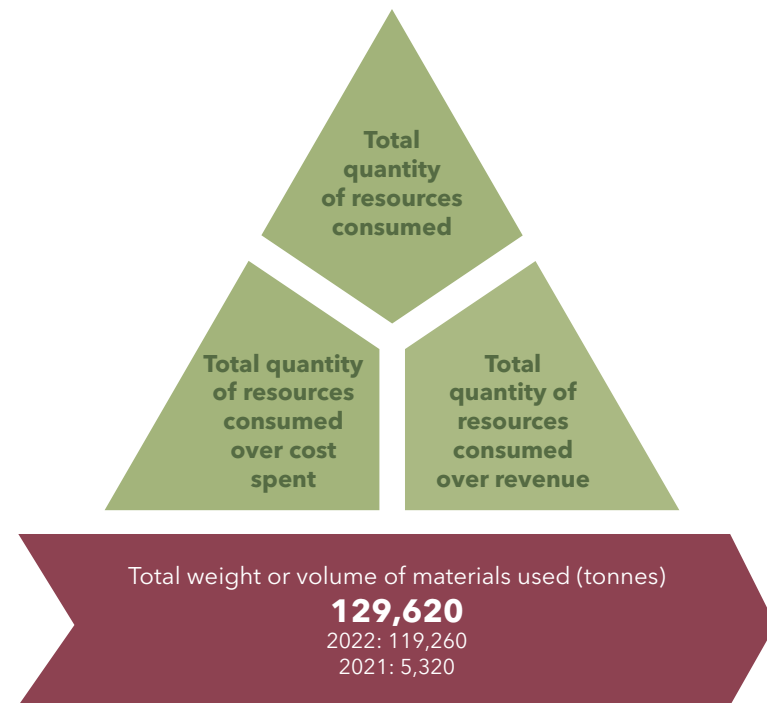
- 1 Source responsible suppliers**  
Work only with suppliers that have demonstrated commitment to sustainability and responsible chemical management. 
- 2 Proper labelling and packaging**  
Proper labelling and packaging of chemicals to minimise the risk of spillage. Ensure that the labelling provides adequate information about the chemical's properties, hazards, and safe handling and disposal practices. 
- 3 Safe storage**  
Store chemicals in a secure and safe manner to prevent releases and spills. This may involve using secondary containment, such as dikes and spill berms, to contain any spills or leaks. 
- 4 Emergency response planning**  
Develop and implement an emergency response plan to address any releases or spills that may occur during storage, transportation, or handling of chemicals. Also, employees are well-trained in proper emergency response procedures. 
- 5 Risk Assessment**  
Conduct regular risk assessments to identify potential sources of chemical pollution and to implement measures to mitigate those risks. This may involve switching to a safer alternatives, improving storage and transportation practices, or modifying production processes. 
- 6 Waste management**  
Ensure that all waste generated from the handling, storage, and transportation of chemicals is managed by the supplies in a responsible manner according to method stated in chemical SDS. This may involve treating or disposing of the waste in an environmentally responsible manner, or recycling and reusing it where possible. 

## continuously implementing environmentally responsible manufacturing practices [GRI 3-3]

# material consumption [GRI 3-3, 301-1]

Typically, manufacturing processes require a wide range of input materials. These include plastics, resin, latex, and other relevant chemicals. The focus remains on efficient material use and avoidance of wastage by constantly refining production processes. This offers a dual benefit of promoting cost and operational efficiencies while also reducing potential and actual environmental impacts.

The material consumption approach includes reviewing operations or aspects of the Group's business that are within its control and considering how subsidiary companies can best work with their respective supply chains towards achieving improved efficiencies. Material consumption is measured in terms of the following:



Since 2021, the Group's material consumption has consistently risen, primarily attributable to the expanded scope of KPS Berhad.

- In 2021, the Group solely recorded the material consumption of Toyoplas and CPI.
- Throughout 2022 and 2023, the Group expanded its accounting to include material consumption from Toyoplas, CPI, and CBB.

**7040**  
TOYOPLAS

Toyoplas practices the reuse of packaging material, which reduces the quantity of waste produced, the consumption of new materials, and corresponding operational costs.

At the end of 2023, Toyoplas has achieved an 8.6% reclaimed material rate.

Total weight or volume of materials used (tonnes)  
**3,239**  
2022: 4,052  
2021: 3,677

Percentage of reclaimed products (%)  
**8.6**  
2022: 5.18  
2021: 7.49



**continuously implementing environmentally responsible manufacturing practices [GRI 3-3]**

# CPI

CPI continues to achieve full compliance with its implemented RoHS and REACH compliance programme under the EU Amendment Directive 2011/65/EU.

The use of specific forecast methods enables CPI to accurately determine its future resource requirements. This avoids excess supply, promotes reduced requirements for storage space and also supports the reduce wastage.

Total weight or volume of materials used (tonnes)

**1,340**

2022: 1,551  
2021: 1,643



Up to 90% of paper sourced by CBB is forest-based products kraft paper. The company continues to prefer biodegradable and environmentally friendly chemicals. In terms of recycled material use, 100% of cartons trim waste is reused to produce moulded pulp casings.

In 2023, total material consumption had increased due to increased production activities. However, compared to the material intensity (tonne/revenue), CBB has become more efficient year-on-year.

Total weight or volume of materials used (tonnes)

**125,041**

2022: 113,657  
2021: NA

NA: Not Available



CBB's paper division.

## continuously implementing environmentally responsible manufacturing practices [GRI 3-3]

### water security

[GRI 3-3, 303-1, 303-3-, 303-5]

KPS Berhad's operations are not located in water-stressed locations, and most operations are not heavily dependent on water as a key component in manufacturing. Costs of water for Malaysia-based operations are comparatively low; hence, considerations of water consumption as a material topic is not driven by financial considerations, but rather from the perspective of water as a shared resource with local communities.

The Group's operations have not been adversely affected by drought-induced water rationing incidents. In the event of water supply disruption, all relevant subsidiary companies have reserve water tanks, which can be tapped accordingly to ensure zero or minimal disruption to daily operations.

Where feasible, efforts have been made to reduce water consumption and recycle and reuse wastewater for non-potable industrial or commercial use.



#### KPS Berhad Group

Total water consumption (liter)

**192,362,050**

2022: 140,693,000

2021: 142,681,000

In 2023, the Group experienced a notable 37% increase in water consumption compared to 2022. This surge can be attributed to the inclusion of water consumption data from Toyoplas Indonesia and MDS Advance, as well as all CBB manufacturing facilities within the Group's accounting boundary for the year 2023.



At KPS Berhad, situated at Plaza Perangsang, water consumption primarily revolves around cleaning and maintaining the building. The reduction in water usage is attributed mainly to the implementation of work-from-home practices among KPS Berhad staff and Plaza Perangsang tenants.

Total water consumption (liter)

**8,919,000**

2022: 19,725,000

2021: 24,388,000

**continuously implementing environmentally responsible manufacturing practices** [GRI 3-3]



Toyoplas consumes water for its manufacturing processes as well as by personnel on site. Water is mainly sourced from the local utility provider. However, one of the company's operating sites are located in Johor, adjacent to Sg Kulai, utilises direct river water, which is treated prior to use for production purposes. This reduces reliance on utility-supplied water, making the operation less prone to operational disruption caused by occasional water cuts.

In 2023, Toyoplas observed a notable surge in water consumption, primarily due to the inclusion of water usage from its Indonesia manufacturing facility in its accounting. Previously, Toyoplas had only accounted for the water consumption of its Malaysian manufacturing facilities.

**TMM has upheld its KPIs when assessing water consumption efficiency by maintaining a water intensity below RM0.0005.**

Total water consumption (litres)  
**54,679,000**  
2022: 20,910,000  
2021: 23,680,000

For most operations, water is sourced from the local utility water provider. In the case of Toyoplas, river water is also used for manufacturing purposes and for non-potable water.



CPI implements an environmental management programme that documents, categorises, and monitors water sources, water use and discharge, records opportunities to conserve water; and prevents contamination.

CPI's Responsible Business Alliance ("RBA") Policy explicitly states a commitment to reducing water consumption. The company has identified risks and consequences associated with water usage and has integrated relevant information into its EMS Risk & Opportunity register.

CPI uses water sourced from the utility service provider, with water consumed for cooling equipment and machinery, for the manufacture of products, and by employees and workers on site.

CPI is guided by its water consumption intensity targets, whereby the it has continued to meet them for the past three consecutive years.

CPI-ETP	CPI-EMS
<b>0.49</b>	<b>0.17</b>
2022: 0.50	2022: 0.21
2021: 0.50	2021: 0.26

Total water consumption (litres)  
**78,496,000**  
2022: 89,118,000  
2021: 73,180,000



Water is a primary input in the manufacture of paper and paper-based products. Hence, CBB consumes significant quantities of potable water. In reducing its dependence on potable water, CBB leverages rainwater harvesting.

Total water consumption (litres)  
**46,984,050**  
2022: 10,503,000  
2021: 21,433,000



Water is mainly used for daily staff usage at the office, store and warehouse sites. Water is not used for chemical dilution or preparation.

Total water consumption (litres)  
**469,000**  
2022: 437,000  
2021: NA  
NA: Not Available



MDS Advance typically consumes water for the personal hygiene use of staff and for washing of machinery.

Total water consumption (litres)  
**2,815,000**  
2022: 1,549,000  
2021: NA  
NA: Not Available



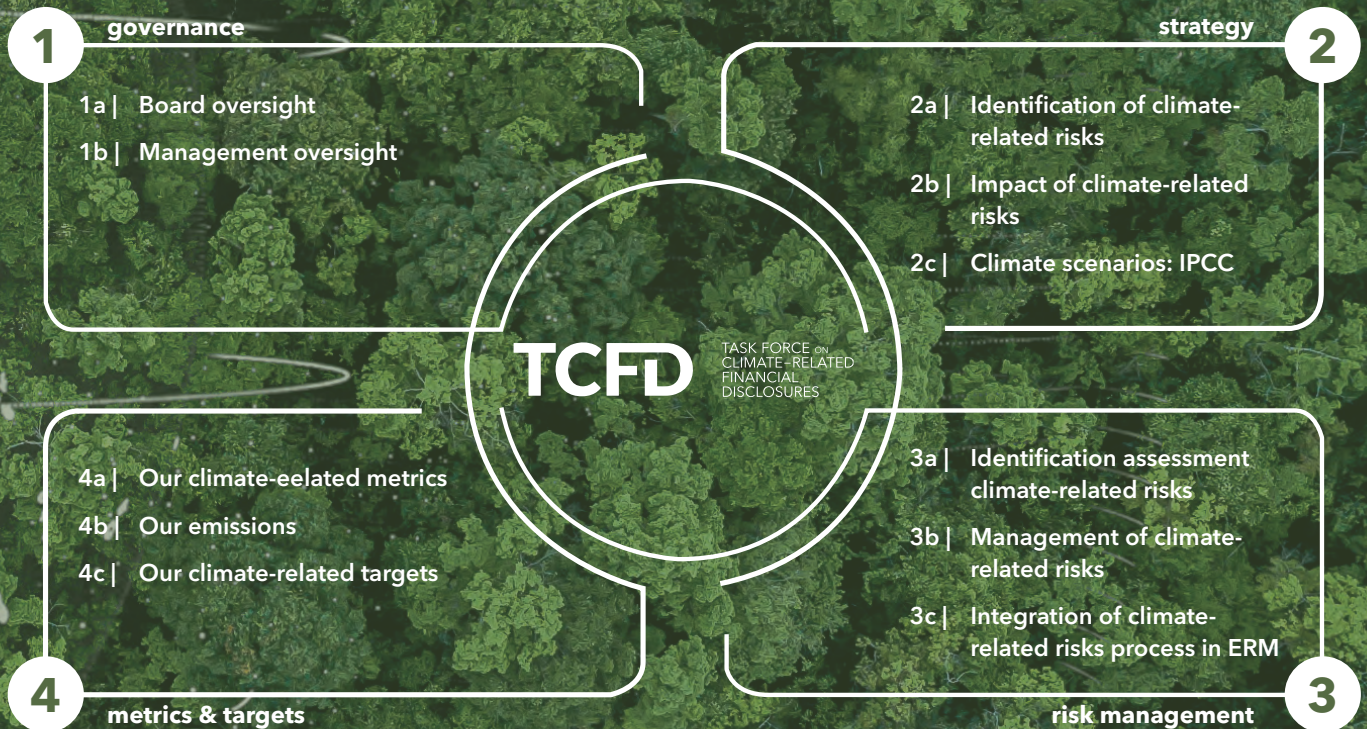
# **task force on climate-related financial disclosures (TCFD) report**

[GRI 2-12, 2-13, 3-3, 201-2]

## task force on climate-related financial disclosures (TCFD) report [GRI 2-12, 2-13, 3-3, 201-2]

Since declaring support for the TCFD Framework and its recommendations, KPS Berhad has looked to identify its physical and transition climate risks while also aligning with the recommendations of the Framework with regard to energy management, scenario planning and risk management.

Hence, beyond generic disclosures on energy consumption and management and emissions, KPS Berhad for 2023 has chosen to also report on climate matters using the prescribed four-pillar format of the TCFD Framework of Governance, Strategy, Risk Management & Metrics and Targets.



**task force on climate-related financial disclosures (TCFD) report** [GRI 2-12, 2-13, 3-3, 201-2]**1 governance****1a | Board oversight**

The Board is fully engaged in KPS Berhad's strategic planning process, conducting an in-depth strategy review annually and overseeing progress throughout the year. Setting the tone for the Group's sustainable development effort, the Board is responsible for the governance of sustainability practices within the Group. It is assisted by the SBC, which directly oversees the implementation of the Group's Sustainability Policy, sustainability strategies and plans, the management of sustainability materiality matters, and achieving targets.

The SBC is primarily responsible for overseeing climate-related issues, assisted by the TCFD Committee.

The SBC also oversees the ongoing action plan for decarbonisation and ultimately achieving carbon neutrality.

The respective subsidiary boards will provide counsel to advance sustainability practices within their operations, integrating sustainability climate-related considerations into their strategies, practices, and decision-making to help subsidiary companies transition to a more sustainable and responsible business landscape.

**1b | Management oversight**

At the strategic level, the TCFD Committee will identify, assess, and manage the Group's climate-related risks and opportunities. It is a cross-functional group comprising senior executives which include the Chairperson of the committee, Managing Director/ Group Chief Executive Officer ("MDGCEO"), or Deputy Chief Executive Officer (Finance & Corporate Services) ("DCEOFCS") in the absence of MDGCEO, members of Corporate Sustainability Champion ("CSC"), Risk Management Department ("RMD") of KPS Berhad, Finance Department of KPS Berhad, Finance Departments of subsidiary companies and the rest of the Head of Departments ("HODs") which are Human Resource Development Department ("HRD") and Legal and Compliance Department ("LCD") of KPS Berhad.

The TCFD Committee will assist the SBC in sharing information on the Group's climate-related disclosures and the resiliency strategies to mitigate the risks and capitalise on opportunities. The committee will coordinate and communicate climate issues within the Group, identify response measures to climate issues, formulate strategies, and categorise and assess the materiality of climate-related risks and issues.

**task force on climate-related financial disclosures (TCFD) report** [GRI 2-12, 2-13, 3-3, 201-2]

**2 strategy**

**2a | Identification of climate-related risks**

**2b | Impact of climate-related risks**

KPS Berhad continues to incorporate climate change into its corporate planning by exploring the resilience of our business strategy under a range of climate scenarios.



After our commitment to support TCFD, we considered physical risks, although we opine the impact of physical risks on us would occur in the later part of our business horizon. We also considered transition risks, whose impacts we believe would be more apparent within the short and medium-term, from policy, technology, market, and reputation perspective as well as opportunities arising from, such as resource efficiency, energy sourcing, new markets, and business resilience.

To facilitate clear and insightful discussion, KPS Berhad grouped all the climate risk and opportunities from its six subsidiary companies with similar climate risk and opportunity characteristics.

TCFD training was provided to all the members of the TCFD Committee. Each subsidiary company has preliminarily identified their respective climate risks and opportunities upon the training.







**task force on climate-related financial disclosures (TCFD) report** [GRI 2-12, 2-13, 3-3, 201-2]

Physical Risks Categories	Potential Risks	Potential Impacts
 <p><b>Acute Risk</b></p>	Flash floods due to extreme weather.	Inability of the workforce to travel to work.
		Operational site shutdown or major damages to site.
		Delays/impacts to manufacturing processes that affect the supply and quality of products.
		Supply chain disruptions.
		Increase in osh incidents at the site.
		Disruption in the supply of water chemicals and meters.  Delays in providing technical services to water and sewage treatment plants.
 <p><b>Chronic Risks</b></p>	Rising temperature.	Rising heat affects the functionality of machinery.
		Heat impacts the quality of raw materials.
		Heat leads to increased worker health issues and OSH incidents.
		Heat reduces worker productivity and overall productivity of operations.
	Water scarcity due to drought.	Water supply cuts disrupt production operations.
		Less demand for water chemicals during dry season.





**task force on climate-related financial disclosures (TCFD) report** [GRI 2-12, 2-13, 3-3, 201-2]

**Transition Risks**

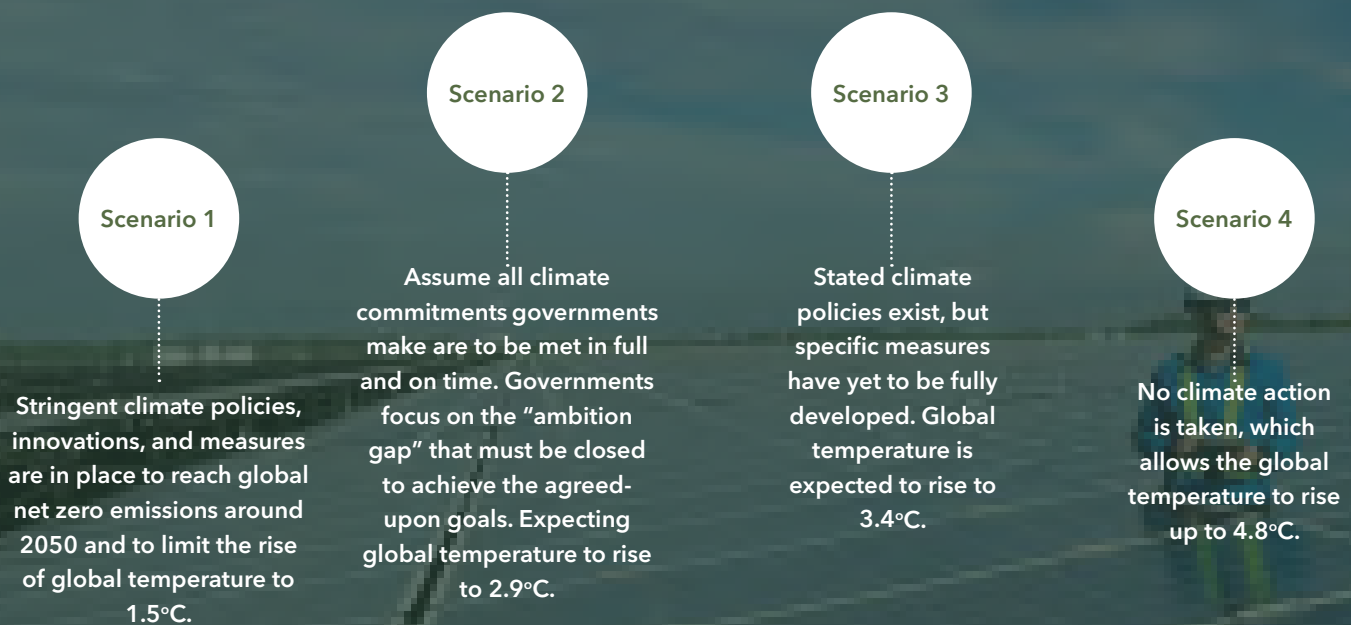
Categories	Potential Risks	Potential Impacts
 <b>Policy</b>	Government and industry regulations (increased green requirements). <ul style="list-style-type: none"> <li>Carbon Border Adjustment Mechanism ("CBAM")</li> <li>Carbon tax</li> <li>Energy efficiency and conservation act (EECA)</li> </ul>	The increasing operational cost of high-emission assets or products.
	Requirement to adopt greener methods and materials.	
	Increased requirements for the use of green-certified materials or green-certified suppliers.	
	Potential for fines censures due to non-compliance.	Loss in revenue.
	Potential for delays in regulatory approvals due to non-compliance.	Delays in demand delivery.
 <b>Technology</b>	Requirement to finance low-emission technologies.	Likelihood of reduced margin of financing or higher interest rates based on Economic and ESG performance.
	Requirement to redesign processes to be more energy efficient.	Increased costs and disruptions.
	Requirements to adopt RE.	Allocation of additional capital expenditures
 <b>Market</b>	Failure to meet climate responsibility standards may face barriers to entering markets that prioritise eco-friendly suppliers.	Loss of revenue and potential new customers.
 <b>Reputation</b>	Exposure to litigation and reputation risk.	Negative media exposure highlighting group's contribution to carbon emissions.

**Opportunity Categories**

Categories	Potential Opportunities	Potential Impacts
 <b>Market</b>	Increasing demand for green products and services due to government mandate.	Increase in market share and revenue.
	Business expansion into new niche sectors within the industry.	
 <b>Reputation</b>	Transitioning to greener technologies to produce lower carbon footprint products can be an opportunity for brand-building.	Can be the brand leader in providing greener products.

**task force on climate-related financial disclosures (TCFD) report** [GRI 2-12, 2-13, 3-3, 201-2]**2c | Climate scenarios: IPCC**

Moving forward, KPS Berhad will consider IPCC scenarios to develop its understanding further and strengthen its perspective on imminent climate risks and opportunities, and related financial impact assessment. This analysis will serve as a robust foundation for informed decision-making and strategic planning in the face of a dynamic and evolving climate landscape. Based on the IPCC, four scenarios shall be considered for both the physical and transition risks:



Although four scenarios have been identified, KPS Group will first focus on analysing Scenario 1 and Scenario 2 to assess the financial impacts on the Group. In worst-case scenarios, during the Business-as-Usual (4°C) scenario, the Group is highly impacted by physical risks, while in the aggressive mitigation (2°C or less) scenario, the organisation is highly affected by transition risks.

The physical risks are most material in a 4°C warming scenario when global efforts fail to limit the emissions of carbon. At the same time, transition risks are most material in the 2°C or less warming scenario due to stakeholder demands for businesses to speed up the transition to low-carbon production processes.

Hence, focusing on Scenario 1 and Scenario 2 will help the Group remain adaptable and open to revisiting the transition analysis regularly. More stringent policies and regulations from local and international organisations are anticipated in the short term due to the pledge taken by the world leaders to limit global temperatures to 1.5oC. Meanwhile, there are certain regions and countries in which we operate could announce pledges towards net zero emissions. However, there are ongoing gaps the authorities have to focus on to ensure the pledges can be met on time. Comparatively, the Group is expecting severe financial implications in Scenario 1 than scenario 2.

As understanding climate-related risks and opportunities evolve, the Group may update the approach and include additional scenarios.

**task force on climate-related financial disclosures (TCFD) report** [GRI 2-12, 2-13, 3-3, 201-2]**Our decarbonisation strategy**

A substantial transformation in our energy sources is imperative to tackle the climate change risks and opportunities to meet our climate goals. We have established clear, measurable, and ambitious initiatives to steer our sustainability endeavours.

**1****Setting environment-related KPIs:**

In alignment with this ambition, in 2023, KPS Berhad has identified 24 environmental-related KPIs covering resource efficiency, energy efficiency, waste management, water management, and emissions reduction initiatives. These KPIs align with the environmental materialities that are most significant to our operation across KPS Berhad and our subsidiary companies.

**2****Carbon baseline solidification:**

We solidified our carbon baseline by capturing and disclosing emissions from all our manufacturing facilities throughout Malaysia and Indonesia. In addition to this, we expanded our transparency efforts by including a Scope 3 assessment, which encompasses emissions from employee commuting and business travel. This comprehensive approach ensures that we clearly understand our carbon footprint and can work towards reducing it.

**3****Enhancing energy efficiency:**

We are committed to enhancing energy efficiency within our subsidiary companies. Initiatives include converting to the use of electric forklifts. Another promising opportunity is the shift towards automation exemplified by installing advanced robotic production lines within our manufacturing facilities. To illustrate, consider our subsidiary, MDS Advance, where the integration of fully automated machinery has enabled uninterrupted 24/7 production with minimal reliance on manual labour. This transformative step enhances production capabilities and significantly reduces error rates and waste, aligning perfectly with our sustainability goals.

**4****Transition to RE:**

We are gradually transitioning to RE sources to power our operations. This transition is exemplified by the successful installation of solar panels at our subsidiary companies. This marks the beginning of our journey towards greater reliance on solar energy, reducing our dependence on fossil fuels. One significant avenue is to continue implementing RE efficiency strategies, such as using solar power to operate manufacturing facilities. KPS Berhad can substantially decrease our carbon footprint by reducing reliance on fossil fuels and grid electricity.

**5****Capacity building:**

In line with our commitment to capacity building, we regularly organise meetings and workshops designed to enhance knowledge and expertise within the organisation. These sessions include specialised training in GHG emissions management and the introduction of principles outlined by the TCFD Framework. These initiatives are extended to all employees of the Group, ensuring that everyone within the organisation comprehends and contributes to our sustainability objectives.

KPS Berhad's decarbonisation strategy for climate change adaptation involves a multi-pronged strategy that prioritises stakeholder interests, data-driven decision-making, and regulatory compliance to reduce our carbon footprint. This approach positions us to effectively address the impacts of climate change while fostering a sustainable and resilient business model.

task force on climate-related financial disclosures (TCFD) report [GRI 2-12, 2-13, 3-3, 201-2]

## 3 risk management

### 3a | Identification assessment climate-related risks

We have established an enhanced ERM Framework based on the ISO 31000:2018 International Standard of Risk Management-Principles and Guidelines to proactively identify, evaluate, and manage key risks.

A wide range of risks faced by KPS Berhad are included in this ERM process, including ESG-related issues that could present enterprise-wide financial, operational, or strategic risks. This includes evaluating issues associated with climate change, which mainly covers both physical risks and transition risks, as stated in the TCFD Framework.

Having embedded sustainability in the ERM, VaR assessment is expected to be carried out on other matters such as operational issues, including new climate-related regulations, supply chain challenges, weather-related disruptions, and natural disasters.

In addition, the TCFD Committee has identified climate-related risks through engaging with subsidiary companies and working with external industry advisors. We continue to explore options to better evaluate the likelihood and materiality of potential climate-related risks. At this stage, the assessments are expected to be more qualitative as we have not modelled the potential financial impacts of different climate scenarios with historical data. As this effort progresses, we shall continue to explore options for more quantitative analysis.

KPS Berhad's Risk department is part of the TCFD Committee. Climate risks and opportunities will be assessed from 2024 onwards by the risk department and will then be incorporated into the Group's ERM.

### 3b | Management of climate-related risks

At a minimum, TCFD Committee meetings are planned to be held biannually, where significant climate-related risks and opportunities are deliberated on, identified, and assessed before recommendations are made to the SBC, which will guide Management on suitable plans. Information pertaining to sustainability strategies, priorities, targets, and performance against the KPIs are communicated to internal and external stakeholders in the Group's Sustainability Report, which is published annually together with the Integrated Report.

Functionally, RMD is responsible for developing, coordinating, and facilitating the Risk Management processes within the Group. Climate-related risks and mitigation strategies are captured in risk registers and will be updated in a timely manner.



### 3c | Integration of climate-related risks process in ERM

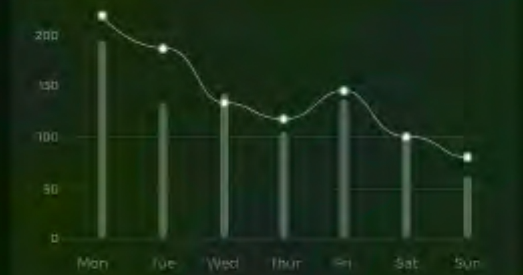
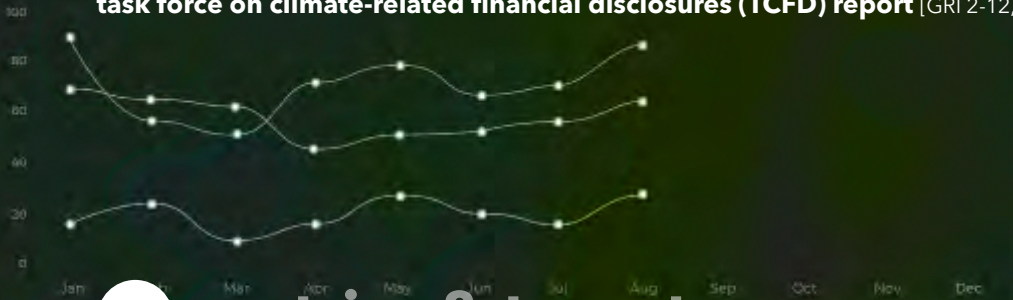
KPS Berhad has executed ERM initiatives based on the approved ERM framework, including continuous review, tracking and monitoring of key mitigation strategies, implementing action plans, and identifying key risk areas.

In 2024, the RMD will assess the climate risks to understand the short-, mid- & long-term impact levels based on the different climate scenarios.

As a part of the TCFD Committee, the RMD shall enhance the existing risk management processes to systematically assess, and manage climate-related risks, considering both short-term and long-term impacts of shifts in the policy, technology, and economic landscape, that are imminent in the transition to a low carbon economy. This will involve integrating climate scenarios and stress testing into our risk assessment methodologies, developing strategies to minimise vulnerabilities and enhance resilience, and accounting for different climate scenarios. RMD will validate regular monitoring and reporting of climate-related risks to ensure continuous improvement.



**task force on climate-related financial disclosures (TCFD) report [GRI 2-12, 2-13, 3-3, 201-2]**



**4 metrics & targets**

**4a | Our climate-related metrics**

**4b | Our emissions**

As of 2023, KPS Berhad tracks its carbon emissions, energy consumption, material consumption, water usage, and waste generation. Moving forward, appropriate reduction targets will be determined.

The Group measures its Scope 1, Scope 2 and Scope 3 carbon emissions and related energy sources.

As financial quantitative analysis is performed, metrics and targets will include financial figures related to climate change. These could be related to provisions or impairments or increased expenditures to be incurred due to climate change and potential savings derived from increased solar adoption or quantification of new revenue sources.

**4c | Our climate-related targets**

To ensure that our climate strategy aligns with the global transition to a low-carbon economy, as per the aforementioned, the Board approved our sustainability roadmap, thus enacting our commitment to reduce GHG emissions by 45% by 2030 and reach carbon neutrality by 2050, in addition to other sustainability initiatives in response to increasingly expansive stakeholder expectations with regards to sustainable manufacturing.



**task force on climate-related financial disclosures (TCFD) report [GRI 2-12, 2-13, 3-3, 201-2]**





kp  
KPS  
BAG  
SCH  
KUMPULAN PERANG

chapter 5:  
social commitment





## be the champion in addressing socio-economic gaps within the society [GRI 3-3]

The aspiration of shared prosperity is reflected in the ongoing efforts to deliver equitable socio-economic progress, where the effects of value creation are cascaded to all segments of society, notably the underprivileged. These include needy students in both rural and urban locations, the poor, *Asnaf*, single mothers, *Orang Asal*, and deserving families and individuals from the B40 segment.

## be the champion in addressing socio-economic gaps within the society [GRI 3-3]

The commitment to address socio-economic gaps within the society, such as promoting access to education, healthcare, social mobility, mobility and income disparity remains a core element that defines KPS Berhad's purpose as a responsible corporate organisation.

Consistent with its objectives, KPS Berhad's social investment initiatives are segmented into the following four pillars: Educational Development, Entrepreneurial Development, Community Development, and Environment, Safety & Health.

KPS Berhad intends to optimise limited resources towards realising more impactful and measurable positive outcomes to society.

The Group will continue to work closely with government bodies, NGOs, and non-profit organisations to enrich the communities and create long-lasting positive impacts.

Besides, we are also committed to communicating our initiatives' progress through our social media platforms; LinkedIn and Instagram and above the line medium such as television and radio channels.

### achievements

In 2023, KPS Berhad  
contributed **RM 2,847,816.15**  
for social investment initiatives



**Collaborated with 80**  
government organisations,  
non-government organisations and  
non-profit organisations



**1,089 volunteerism**  
hours for social  
investment initiatives



**Creating positive impact**  
in the life of  
**103,095 beneficiaries**



be the champion in addressing socio-economic gaps within the society [GRI 3-3]

## measuring true values created through social return on investment methodology [GRI 3-3, 203-1, 203-2, 413-1, 413-2]

KPS Berhad has developed a methodology to assess the impact of social values created from our social investment initiatives, namely through the measurement of SROI generated from all initiatives conducted across the Group's four main pillars.

In essence, SROI is a framework for measuring and accounting for a broader concept of value; it seeks to reduce inequality and environmental degradation and improve well-being by considering the value produced for multiple stakeholders.

Hence, SROI measures the financial benefits that the community, stakeholders and impact investors receive. It considers the inputs or resources used, consumed or invested towards delivering outputs and outcomes. The former typically comprises time, money, personnel, materials, and equipment. Next is the determination of attribution, which refers to the changes that occur from the programme's implementation. In many ways, these indicators or criteria will be measured to determine the success of initiatives or the lack thereof. The ratio of the value of the social outcomes (attributions) to the resources used (inputs) is the SROI ratio. This ratio provides decision-makers with a comprehensive understanding of the impact of the initiative intervention and helps them allocate resources more effectively.

The use of SROI differs from the typical measurements of social impact, which revolve primarily around monies spent, the number of beneficiaries, and data that provides a little perspective of positive impact. Such measurements are, for the most part, unable to objectively quantify the full range of impacts in terms of outputs and outcomes, including longer-term and indirect impacts and benefits.

The SROI measurement is one of KPS Berhad's commitments to show our accountability towards social investment initiatives to our stakeholders, especially our shareholders. KPS Berhad conducted a SROI measurement in 2022 on the KPS Caregiver Initiative, and in 2023, we carried the SROI measurement to the following initiatives, which cumulatively recorded SROI at an average of 1.53 times:



1.78 times



1.18 times



1.45 times



1.73 times



1.51 times

**be the champion in addressing socio-economic gaps within the society** [GRI 3-3]

## engaging local communities through social investment initiatives

[GRI 3-3, 203-1, 203-2, 413-1, 413-2]

Beyond short-term, reactionary measures, KPS Berhad adopts a long-term view as the basis for its approach to community betterment. A strategic approach focusing on long-term benefits typically supports improved results for targeted community segments, including vulnerable groups. Hence, the development of a comprehensive social investment framework as follows:

### The Framework: Creating Impact



#### Educational Development

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 Development

To assist in the promotion and enablement of business opportunities.

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



#### Community Development

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

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



#### Environment, Safety & 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



**be the champion in addressing socio-economic gaps within the society [GRI 3-3]**

**educational development**

Under the Educational Development pillar, KPS Berhad strives to contribute to the development of talents and skills among specific stakeholders. The Group is committed to addressing illiteracy, promoting soft skills development, enhancing students' self-esteem and self-confidence, and cultivating a systematic thought process to encourage innovation among students.

KPS Berhad's efforts have proven to be effective in delivering a wide range of positive outcomes, and the Group persists in its efforts to promote education. The Group focuses on working with underprivileged students in several schools to improve literacy and enable students to perform better from an academic perspective.



Participants discussing with their teachers during the KPS Celik Initiative workshop.

**1. KPS Celik Initiative**

The Group's KPS Celik initiative is a coaching and training initiative, now in its second consecutive year, that encourages youth to think critically and creatively while nurturing their interest in learning through workshops, clinics, and coaching. This initiative aims to develop youth to achieve high levels of competency in cognition and application of science, technology, engineering and mathematics ("STEM"), innovative and technical rubrics. Students in teams must build STEM-based innovation projects focusing on the following five SDGs: good health and well-being, quality education, clean water and sanitation, affordable and clean energy, and climate change by incorporating technology solutions.

KPS Celik targets B40 secondary school students to pursue higher education in STEM-related fields. The challenge lies in bridging the gap between the programme's aspirations and the current disinterest or lack of understanding among B40 students, hindering their potential engagement with STEM subjects.

Effectively addressing this problem is crucial to ensuring the success and impact of the programme. The KPS Celik Initiative exemplified the Group's dedication and efforts to attain social sustainability in accordance with the UNSDGs.

**be the champion in addressing socio-economic gaps within the society** [GRI 3-3]

**impact**

Fostering interest in STEM subjects among students.

Improving their academic performance and learning outcomes in STEM disciplines.

Developing students' critical thinking and problem-solving skills.

Cultivating a culture of innovation and creativity by providing opportunities for students to explore, experiment, and create, in STEM disciplines.

**achievement**

**RM145,959.96**

invested in KPS Celik Initiative



**1,000** direct participants and almost **20,000** indirect

participants from 20 secondary schools from Selangor, Federal Territory Kuala Lumpur, Putrajaya and Negeri Sembilan states were involved in the initiative.



**SROI: 1.45 times**



**be the champion in addressing socio-economic gaps within the society** [GRI 3-3]

**2. Graduate Attainment Programme**

KPS Berhad's Graduate Attainment Programme ("GAP") is a structured one-year career development programme tailored to empower fresh graduates with essential skills, enhancing their employability. GAP provides candidates with real-world experience and the opportunity to work on live projects across different engineering, digital, and business functions. It addresses the challenge of high unemployment rates among graduates while simultaneously identifying and nurturing high-potential talents.


This is an industry-oriented learning initiative that offers practical, on-the-job experience to graduates. The programme consists of two distinct components: the industrial attachment (internship) and the industrial placement (university graduate).

Experienced KPS Berhad personnel serve as mentors, guiding the GAP candidates through their stint with the Group. After completing their GAP period, candidates will be exposed via on-the-job learning, which will equip them with the necessary competencies to be highly employable talents.

Further training will be provided as GAP candidates are placed within the Group's talent pool and trained in a structured development programme that includes standard, relational, and experiential modules.

Since its inception in March 2020, KPS Berhad's GAP has developed 21 GAP trainees from various local universities.

**RM90,249.90**  
invested for GAP 2023



**2023 summary:**

**industrial attachment**

**5** trainees

- Human resource
- Finance
- Strategic planning
- Investor relations
- Communications

**industrial placement**

**1** trainee

- Communications



KPS Berhad's Director of HRD delivering a briefing on the GAP.

## be the champion in addressing socio-economic gaps within the society [GRI 3-3]

### entrepreneurial development

KPS Berhad is dedicated to advancing community well-being by promoting suitable businesses and developing entrepreneurial skills in underprivileged communities.

Additionally, there is a focus on supporting vocational initiatives within the community to cultivate diverse skills among its members. This approach aims to boost employability, foster entrepreneurship, and contribute to overall socioeconomic advancement. Through these initiatives, KPS Berhad is making a meaningful impact on individual livelihoods and the broader economic landscape.

One of the ways to deliver a significant and sustainable positive societal impact is through the creation of entrepreneurship opportunities. Entrepreneurship, especially small business opportunities, directly uplift families and communities through the creation of income streams. These enable various community segments, such as the unemployed, single mothers and even the physically challenged to be gainfully employed and to earn income. This reduces their dependence on welfare and social aid and, ultimately, promotes poverty alleviation.

Incomes generated go on to deliver many other positive outcomes for the family, such as enabling children to remain in school (as opposed to dropping out to have to work to support the family or being unable to afford schooling) and more.



KPS Caregiver Initiative participants attending training sessions.

#### 1. KPS Caregiver

The KPS Caregiver initiative is a flagship initiative and pioneering scheme established to enable low-income earners and *Asnaf*, to develop skills in caring for the elderly or individuals with disabilities. The programme dovetails with KPS Berhad's social investment aspirations of providing sustainable recruitment/employment programmes that enable poverty alleviation and socio-economic mobility.

As the programme develops trained caregivers, it also directly addresses the issue of the lack of professionally trained and empathetic caregivers in Malaysia, with the demand for such skills increasing exponentially over time.

With Malaysians enjoying longer lifespans and declining birthrates, Malaysia is fast becoming an aged nation. Yet, support systems such as sufficient caregivers have yet to evolve to meet the needs of an increasingly aged society. In addition, modern urban living, which often demands a fast-paced, career-based lifestyle, makes it uncondusive for many Malaysians to care for their aged parents or elderly family members. More so when the latter have specific and demanding health conditions such as dementia, impaired movement ability and more.

This is where the KPS Caregiver initiative continues to make its mark in effectively addressing the various aspects of the present problem of quality aged care provision.



**be the champion in addressing socio-economic gaps within the society [GRI 3-3]**

Participants for the programme were selected from the B40 and *Asnaf* communities nationwide. They were provided training, enabling them to be gainfully employed as aged care professionals, capable of working in homes, hospitals and individuals' homes. The effort is designed to enhance the employability and self-sufficiency of impoverished Malaysians by equipping them to work as qualified caregivers for the aged.

Since its inception, the KPS Caregiver initiative has grown from strength to strength, with the number of skilled aged-care manpower produced increasing.

**impact**

Addresses the shortage of qualified caregivers in the nation.

Improves the socioeconomic status of low-income and *Asnaf* communities.

Creates new job opportunities among low-income and *Asnaf* communities.

**achievement**

**RM195,415.00**  
invested for KPS Caregiver



**Creating a positive impact on the lives of 45 beneficiaries**



**100% of candidates**  
have successfully obtained the certificate level 3 (SKM)



**80% participants** earned between RM1,500-RM2,000 monthly income



**20% participants** earned more than RM2,000 monthly income



**SROI: 1.78 times**



## be the champion in addressing socio-economic gaps within the society [GRI 3-3]

### 2. KPS Sustainable Community Poultry Project ("SCoPP")

In a bid to uplift the socio-economic status of small-scale poultry farmers in Selangor and simultaneously bolster food security in communities, KPS Berhad first unveiled a groundbreaking initiative in 2022 at four locations in Selangor suitable for poultry farming.

The primary goal of this initiative is to fortify the food security by concentrating on poultry production within selected communities. This approach aims to ensure a more resilient and sustainable food supply. The initiative represents a multifaceted approach to addressing economic and nutritional challenges faced by these communities.

Through the provision of comprehensive assistance, KPS Berhad seeks to empower small agropreneurs to expand their poultry businesses. The initiative plays a pivotal role in supporting the growth and sustainability of these entrepreneurial ventures.

An additional key objective is the creation of a united and cohesive network of entrepreneurs within the poultry supply chain. This collaborative effort aims to facilitate knowledge sharing, resource pooling, and collective growth among poultry farmers. By fostering a sense of community and collaboration, the initiative strives to amplify the impact of individual businesses.

This multifaceted approach addresses immediate economic challenges and sets the stage for long-term community development. Through these strategic objectives, KPS Berhad aims to create a positive domino effect, where the growth of individual businesses contributes to the overall development of the poultry supply chain.

By focusing on economic empowerment and food security, this initiative can elevate the socioeconomic status of small-scale poultry farmers while fortifying communities against nutritional challenges.

#### impact

Entrepreneurs in the poultry industry received crucial assistance, helping them restart and revitalise their sources of income.

As entrepreneurs grow their businesses, they gain ownership of valuable assets, contributing to long-term economic stability.

Empowering residents to take charge of their economic activities, the initiative aims to build independent and self-sustaining communities.

Empowered communities capable of sustaining themselves contribute significantly to reducing poverty levels as they become self-sufficient.

KPS Berhad's poultry initiative in Selangor represents a comprehensive and impactful approach to uplifting communities through poultry farming. By addressing not only economic aspects but also community development and food security, this initiative can potentially create lasting positive change in the region.

be the champion in addressing socio-economic gaps within the society [GRI 3-3]

### achievement

**RM215,000.00**

invested in KPS SCoPP



**RM3,057.87**

average income  
generated per  
beneficiary per cycle



**20 poulterers:**

- from 4 districts in Selangor
- have completed 4 cycles which has produced 4,795 chickens in the span of 8 months



**RM1,528.93**

average monthly  
income generated  
per beneficiary



**SROI: 1.18 times**



The candidates of KPS SCoPP attending the harvesting workshop.

## be the champion in addressing socio-economic gaps within the society [GRI 3-3]

### community development

In 2023, KPS Berhad emphasised sports programmes and also nurtured the spiritual aspects of employees and their families through religious initiatives. This holistic approach aims to create a well-rounded and supportive community where both physical well-being and spiritual growth are valued and promoted.

#### 1. Sports Programmes

Sports programmes were designed to support school children and young athletes within Selangor state. This integration of sports and empowering young adults aligns with KPS Berhad's commitment to bringing people together and cultivating teamwork, discipline, and resilience. The Group envisions a community where individuals of all abilities can aspire to lead fulfilling lives, and the advantages of sports are accessible to everyone. By promoting such sporting events, we contribute to the overall well-being of our communities, encouraging an active and healthy lifestyle.



One of the teams gearing up for the Piala DYT M Raja Muda Selangor Under-12 tournament championship match.

#### a. Piala DYT M Raja Muda Selangor (U-12)

**RM100,000.00**  
invested for Piala DYT M Raja  
Muda Selangor (U-12) 2023



Named in honour of His Royal Highness Sultan Sharafuddin Idris Shah, Sultan of Selangor, the Piala DYT M Raja Muda Selangor Under-12 tournament serves as a platform to unearth young footballing talents for the state and country. The tournament has become a prestigious state-level competition that draws young talents from primary schools across Selangor. KPS Berhad has remained the main sponsor of the HRH Raja Muda of Selangor Cup Under-12 Football Championship 2023 for eight consecutive years, save for 2020 and 2021, when the COVID-19 pandemic disrupted the holding of the event.

KPS Berhad has contributed RM800,000 to the tournament since its inception in 2014.

Year 2014 - 2019 : **RM100,000 annually**

Year 2022 - 2023 : **RM100,000 annually**

Total for 8 years : **RM800,000**

In 2023, the tournament was launched on 7 September 2023, and the Grand Finale of this tournament was held on 3 October 2023, which took place at the Selangor Football Association Training Centre in Shah Alam. In a thrilling showdown, Sekolah Kebangsaan Seksyen 20 emerged as the Raja Muda Selangor Cup champion, prevailing over Sekolah Kebangsaan Taman Alam Megah. Meanwhile, Sekolah Kebangsaan Puchong secured a well-deserved third place, followed by Sekolah Kebangsaan SERI Selangor in fourth. In 2023, the tournament attracted more than 500 Under-12 footballers representing 32 qualified schools across the Selangor state.

be the champion in addressing socio-economic gaps within the society [GRI 3-3]

b. Piala Dato' Mokhtar Dahari (U-18)

**RM125,000.00**  
invested for Piala Dato' Mokhtar  
Dahari (U-18) 2023



In 2023, KPS Berhad was again the main sponsor for the Piala Dato' Mokhtar Dahari football tournament. This marks the eighth consecutive year that the Group has supported the tournament as the primary sponsor. This sponsorship reflects our dedication to fostering a sense of unity and sportsmanship within the community. 32 secondary school teams participated in the championship, involving 576 young football players under 18 years old.

With the exception of 2020 and 2021, where the tournament was not held due to the COVID-19 pandemic, KPS Berhad has lent its support annually since the tournament's inception in 2014.

In 2023, the tournament attracted 576 Under-18 footballers representing 32 qualified schools selected from the District Schools Sports Council ("MSSD") football championship. The tournament was launched on 11 October 2023, and the Grand Finale of this tournament was held on 6 November 2023, which took place at the Stadium Arena MBSJ, Selangor. In a thrilling showdown, Sekolah Menengah Kebangsaan (SMK) Meru emerged as the Dato' Mokhtar Dahari Cup champion, prevailing over SMK Dato' Harun.

In total, KPS Berhad has contributed RM1.12 million in sponsorship since 2014:

Year 2014	: RM120,000
Year 2015 - 2019	: RM150,000 annually
Year 2022 - 2023	: RM125,000 annually
Total for 8 years	: RM1,120,000



The final match of the Piala Dato' Mokhtar Dahari (U-18) tournament, featuring SMK Dato' Harun against SMK Meru.

## be the champion in addressing socio-economic gaps within the society [GRI 3-3]

### 2. Philanthropy

Aside from specific focus areas and targeted programmes, KPS Berhad also undertakes general philanthropy comprising ad-hoc contributions such as one-off donations or other forms of assistance to the needy and more structured programmes and contributions.

Philanthropic assistance is provided in both financial and non-financial forms, including activities that see active employee volunteer participation. Beneficiaries include orphanages, schools, religious bodies, impoverished individuals or communities or those affected by floods, fires, natural disasters, or unfortunate circumstances.

The table below provides an overview of KPS Berhad's contributions to charitable activities and corporate donations.

**RM1,537,494.00**  
invested for activities under  
Philanthropy.



#### Contributions

Lembu Korban (Bendahari Negeri Selangor)

PIBG SMK Seksyen 7 & 18- Santapan Kasih SPM

Riang Raya KPS Berhad - Ramadan & Aidilfitri Foodbank  
(1 Mosque & 4 NGO & Association)

Bubur Lambuk KPS Berhad & Donation to Pusat Tahfiz AKMAL  
(In collaboration with LHDN & Masjid Al-Munawwarah)

KPS Back to School 2023 for non-employees  
(6 schools & 3 orphanages)

Zakat redistribution (4 batches)

Contribution for the month of September 2023  
(4 educational institutions)

Contribution for the month of November 2023, batch 1  
(2 individuals, 3 schools and 3 NGO & Association)

Contribution for the month of November 2023, batch 2  
(2 schools and 2 NGO & Association)

Perbadanan Wakaf Selangor ("PWS")

Flood Emergency Assistance in collaboration with MyFundAction  
& Jabatan Pertahanan Awam Malaysia



KPS Berhad's volunteers assisting students during one of the KPS Back to school initiatives.

be the champion in addressing socio-economic gaps within the society [GRI 3-3]

### 3. Social Activities for KPS Berhad's Employees

**RM30,775.90**  
invested for social activities by  
KPS Berhad



KPS Berhad offers a platform to inculcate Islamic values among Muslim employees through various religious activities. The summary of the activities conducted by KPS Berhad in 2023 is as follows:

initiatives	Beneficiaries
Qiamullail Perdana 1444H	Participants: 136 staff and family members Location: Tamu Hotel, Kuala Lumpur
Ihya' Ramadan 1443H Majlis Khatam Al-Quran	Ramadan Gift for 70 Staff
Majlis Khatam Al-Quran	Women staff
Weekly Tazkirah	Total 8 Friday Tazkirah session (327 attendance)
Majlis Meraikan Bakal Haji	Puan Noor Aameen Mahbob (Cosec Dept)
KPS Back to School for employees' children	36



One of the Islamic initiatives conducted for KPS Berhad's employees during the month of Ramadan.

## be the champion in addressing socio-economic gaps within the society [GRI 3-3]

### environment, safety & health [GRI 203-1, 203-2, 413-1]

KPS Berhad also emphasises the importance of environment, safety, and health ("ESH"). The Group's goals are to uphold environmental sustainability, foster spiritual well-being, and inspire individuals and communities to lead healthier lifestyles. This is consistent with the persistent rise in non-communicable diseases.

The Group is of the view that continued reinforcement of the importance of ESH contributes to societal well-being. Ultimately, the sustained attention on ESH pushes home the key message of safety and how good health should be prioritised, while also further impressing on society that preserving our physical environment ultimately contributes to the benefit of the community and the nation. This ethos goes towards developing a more progressive and caring society in tune with the values and aspirations of nation-building.

#### 1. KPS WeCare

Healthcare and hygiene are important areas of our daily lives. Maintaining good personal hygiene is crucial because it is one of the most effective ways to protect society from various diseases.

In line with the government's "Agenda Nasional Malaysia Sihat (AMNS) 2020" health plan, KPS Berhad took the initiative to introduce a healthcare programme to target communities in order to promote a healthy living lifestyle and facilitate the prevention, early detection, and management of communicable and non-communicable diseases.

In 2023, the initiative was targeted at two communities, mainly refugees and the B40 group. There are approximately 182,990 UNHCR registered refugees and asylum seekers in Malaysia. The majority of refugees numbering 158,160, are people fleeing persecution in Myanmar, which include 106,120 Rohingyas, 23,280 Chins, and 28,760 people from other ethnic groups. KPS Berhad is aware that refugees are vulnerable to and spread serious and chronic diseases such as Polio and Measles, which poses a significant threat to surrounding communities. Meanwhile, according to the Household Income and Basic Facilities Survey Report, 2.91 million households are in the B40 group. Non-communicable diseases (NCD), such as diabetes and hypertension, are prevalent among the B40 demographic.

The initiative was conducted in four targeted locations in Klang Valley.



KPS Berhad's staff participating in KPS WeCare initiative.



**be the champion in addressing socio-economic gaps within the society [GRI 3-3]**

**Activities conducted during the Initiative**

- 1 Mobile healthcare unit that personally visits the targeted communities.
- 2 Participants will get a free consultation sessions with the medical team on their health conditions.
- 3 Participants will get complementary basic and comprehensive health screening.
- 4 Participants will get free toiletries/basic personal hygiene pack.
- 5 Improve the cleanliness of their surroundings through 'gotong-royong' activities.

**impact**

During the screening, the doctors and therapists were able to advise the individuals on preventative measures, health monitoring, treatment options, and future health risks.

We were able to educate communities about hygiene in order to prevent communicable disease outbreaks in their communities and surrounding areas and to promote awareness of non-communicable yet, life-threatening diseases such as diabetes and hypertension.

Communities were educated on the importance of environment cleanliness through the awareness talks and gotong-royong activities.

**achievement**

**RM218,587.90**  
invested for  
KPS WeCare



**Total beneficiaries:**  
**1,016**



**Beneficiaries**

- Refugees: 586
- B40: 430

**SROI: 1.73 times**



Health screening conducted as part of the KPS WeCare initiative.

## be the champion in addressing socio-economic gaps within the society [GRI 3-3]

### 2. KPS Ekovative Challenge

The KPS Ekovative Challenge is an inter-varsity competition focusing on the development of eco-friendly innovative solutions that promulgate sustainable production concepts using alternative sustainable materials. It draws from circular economic principles, where methods of consumption and production should be as much as possible resources sourced from items/materials that can be replenished and recycled.

The KPS Ekovative Challenge was open to all public and private universities of Malaysia and was held in collaboration with the Ministry of Higher Education, SIRIM Tech Ventures, and Century Bond Bhd, a subsidiary company. Participants have been assigned the challenge of creating prototypes and innovations using alternative eco-materials, specifically thermo-plastic resin, to produce environmentally friendly solutions for industrial packaging in the form of paper-based or plastic materials.

In 2023, the KPS Ekovative Challenge received 26 proposals. Of these, 14 proposals were selected to proceed to the next level of the challenge: the project implementation phase. The KPS Ekovative Challenge has attracted 265 students from 23 local universities since initiated last year and to date, it has produced 35 innovative prototypes to help find solutions to the sustainable use of plastic and paper.

During the Grand Finale, 5 teams from 3 universities were selected. The 3D Plabstic of Universiti Kebangsaan Malaysia ("UKM") emerged as the winner of the KPS Ekovative Challenge 2023 for their designation of 3D protective packaging for electronic equipment.

### impact

Encourages rethinking of waste as inputs and not items to be discarded.

Stirs the minds of tomorrow's generation of leaders and captains of industry to put on their thinking caps and conceptualise workable solutions for environmental and climate-related sustainability applications.

Testament to kps KPS Berhad's commitment and actions to achieve social sustainability.

Provide a conducive platform for university students to innovate and expand their creative minds through meaningful and impactful contributions to the environment.

### achievement

**RM189,333.49** invested for  
KPS Ekovative Challenge



**Number of students benefited:**  
125



**Number of universities benefited:**  
15

**SROI: 1.51 times**



be the champion in addressing socio-economic gaps within the society [GRI 3-3]

## social investment initiatives in our subsidiary companies



**be the champion in addressing socio-economic gaps within the society** [GRI 3-3]

**employee volunteerism** [GRI 203-1, 203-2]

KPS Berhad encourages its employees to participate on a voluntary basis in any company-organised social investment activities. Time spent on such activities or engagement is deemed as official Group time, and voluntary participation is validated when such volunteerism is given merit in employees' appraisals. Time spent on volunteering is deemed as time spent on undertaking Group-related work or matters. Employees who volunteer during the weekend will be granted replacement leave as compensation.

The benefit of employee volunteerism to the Group is the cultivation of teamwork, a resilient spirit, and camaraderie among staff. It also promotes improved communication between employees.

In 2023, KPS Berhad's employees have recorded:

**Contributing  
1,089 volunteerism hours  
across all the social investment initiatives**



In soliciting volunteers from the Group, the Sustainability Unit typically makes an email announcement requesting volunteers for a specific social cause or causes that KPS Berhad is organising or participating in.



KPS Berhad's volunteers participating in the 'Bubur Lambuk Cinta Ramadhan' initiative at Plaza Perangsang, Shah Alam, Selangor.

be the champion in addressing socio-economic gaps within the society [GRI 3-3]

## hiring from local communities [GRI 2-7, 2-8, 3-3, 202-1, 202-2]

KPS Berhad is dedicated to prioritising local talent in its employee recruitment strategy, defining "local" as individuals residing in proximity to the Group's operational areas and being local citizens of that jurisdiction. Although there is no formal policy mandating this preference, it is widespread across the organisation, from KPS Berhad to subsidiary levels, to offer initial employment opportunities to local candidates whenever feasible.

While the Group is committed to hiring locally, certain operational necessities, particularly in manual labour roles within Malaysian operations, may necessitate the recruitment of foreign workers. This decision is driven by the challenge of attracting local individuals to such professions.

At KPS Berhad, all personnel from the non-executive level to the MD/GCEO as well as the Board of Directors, are local.

	Local Employees	Foreign Employees
	69	0
	208	1,437
	421	394
	345	440
	17	0
	45	28
<b>Total Group Employees</b>	<b>1,105</b>	<b>2,299</b>
<b>Employee Breakdown</b>		
<b>Total Group Employees</b>	<b>Local</b>	<b>Foreign</b>
<b>3,404</b>	<b>32.46%</b>	<b>67.54%</b>

# upholding human rights, labour rights, safety, equality, & diversity throughout business operations [GRI 3-3]

## human rights [GRI 3-3, 402-1, 407-1, 408-1, 409-1]

KPS Berhad remains committed to upholding human rights as prescribed in the Universal Declaration of Human Rights. It also subscribes to the UN Global Compact 10 Principles. The Group's approach is reflected in the following principles which are applied throughout business operations:

In addition, KPS Berhad adheres strictly to the essential provisions outlined in the Children and Young Persons (Employment) (Amendment) Act 2010, as well as the Employment Act 1955. The Group firmly opposes the utilisation of child labour, forced labour, slavery, involuntary prison labour, and trafficking of persons under any circumstances. KPS Berhad also adheres to the following:

**ACT 265 Employment Act 1955**

**ACT 177 Industrial Relations Act 1967**

**ACT 514 Occupational Safety and Health Act 1994**

**ACT 452 Employees Provident Fund Act 1991**

**ACT 4 Employees Social Security Act 1969**

**ACT 53 Income Tax Act 1967**

**ACT 2018 Employment Insurance System Act 2017**

**ACT 753 Minimum Retirement Age Act 2012**

**ACT 732 National Wages Consultative Council Act 2011**

**ACT 350 Children and Young Persons (Employment) (Amendment) Act 2019**

**Section 24D(1) Workers' Minimum Standards of Housing and Amenities (Amenities) Act 2019**

**Regulation 5 (1) of Employees' Minimum Standards of Housing, Accommodation, and Centralised Accommodation Regulations 2020**

**Minimum Wage Order 2020**

**upholding human rights, labour rights,  
safety, equality, & diversity throughout business operations [GRI 3-3]**

**our commitment to the ten principles of the UN global compact**



**Human Rights**

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 4: The elimination of all forms of forced and compulsory labour;

Principle 5: The effective abolition of child labour;

Principle 6: Eliminate discrimination in respect of employment and occupation.



**Environment**

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility;

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



**Anti-Corruption**

Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.

## upholding human rights, labour rights, safety, equality, & diversity throughout business operations [GRI 3-3]

By incorporating the Ten Principles of the UN Global Compact into strategies, policies and procedures, and establishing a culture of integrity, KPS Berhad is not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.

The Ten Principles of the United Nations Global Compact are derived from the:

### Universal Declaration of Human Rights

<https://www.un.org/en/about-us/universal-declaration-of-human-rights>

### International Labour Organisation's Declaration on Fundamental Principles and Rights at Work

<http://www.ilo.org/declaration/lang--en/index.htm>

KPS Berhad believes that the Group's existing employee handbook and the social investment framework provide sufficient structure to effectively focus on upholding human rights.

In compliance with Malaysian (and local) laws, KPS Berhad does not employ child labour. Neither do any subsidiary companies based in Malaysia nor overseas employ forced labour.

In addition to relevant laws and legislations such as the Employment Act 1955, CPI comply with the RBA policy.

All subsidiary companies are required to assess their operations periodically to ensure that workers are of legal age and are working on their own volition, without coercion or any use of threat or force. Progressively, this requirement is being extended to supply chains. 2023 continues to see KPS Berhad maintain a track record of zero reported child or forced labour cases within its operations or supply chains.

However, the commitment to upholding human rights is not confined to the Group's operations alone; it also includes society. That enables all segments of society to ensure that rights to decent living, education, health, and more are respected and upheld. A good example of KPS Berhad supporting human rights is through the Group's various community programmes that promote education, gainful employment, and access to healthcare.



## upholding human rights, labour rights, safety, equality, & diversity throughout business operations [GRI 3-3]

### communication of human rights to employees & stakeholders

KPS Berhad has sought to create awareness of human rights among employees Group-wide. This includes efforts by HRD through townhalls to educate employees on forced labour practices, the latest laws, requirements of customers, and more.

Beyond awareness, KPS Berhad also aims to provide employees with actionable knowledge, which employees can implement to prevent incidences of forced labour or other human rights violations. Following are some of the human-related employee engagements undertaken in 2023:



Human rights-related issues are translated into employees' native languages and incorporated into the induction programmes to ensure awareness of their rights.



Employees engaged in human rights during their induction phase, with HRD providing a clear explanation of the Human Rights and Ethical Code of Conduct to each employee on their first day of work.

### human rights impact assessment

Through RMD, KPS Berhad has addressed assessments on potential risk impacts from human rights issues or concerns. Operations of subsidiary companies are also required to undertake regular assessments or audits for potential human rights issues.

In 2023, there were zero incidents reported concerning human rights violations.

**2023: 0 case**  
**2022: 0 case**  
**2021: 0 case**

One of KPS Berhad's human rights activities aimed at supporting refugees as part of the KPS WeCare initiative.



## upholding human rights, labour rights, safety, equality, & diversity throughout business operations [GRI 3-3]

### labour rights [GRI 3-3, 402-1, 409-1, 406-1]

Employee management is a key focus area for KPS Berhad as its ability to create and sustain values is intrinsic to the calibre of professional competency within the Group. This includes the individual and aggregated skills, expertise, knowledge, and capabilities of its workforce. Hence, the Group continues to prioritise employee management, comprising the four aspects of effective recruitment, retention, training, and satisfaction, which are fundamental to the Group's employee management approach.

However, the focus on employees is driven by the Group's commitment to becoming an employer of choice that reflects the priorities we set on health and safety, competitive salaries, comprehensive benefits, a positive work culture, opportunities for career development, flexible work arrangements and employee recognition programmes. The Group also provides a conducive, competitive organisational culture that supports the development of highly skilled, knowledge-based, world-class employees.

The Group's approach to employee management is in adherence to the legislation in Malaysia (as well as equivalents in Vietnam, China, Indonesia, and the US).

The Group continues to refer its performance management framework to the Employee Handbook; that is, all decisions in relation to hiring, rewarding and compensation, promotions, training, and more are based purely on the skills, performance, contributions, and aptitude of employees, with an exception being made to provide locals with first opportunities to job vacancies.

Training is also driven by a needs basis, where the most deserving candidates with an urgent or tangible need for relevant professional development exposure are provided with relevant opportunities. The Group also subscribes to the principle of equal work for equal pay, with no discrimination allowed on the basis of ethnicity, gender, religious beliefs, marital status, age, seniority, or any other socio-demographic characteristic.

### collective bargaining [GRI2-30, 3-3, 407-1]

Across the Group's subsidiary companies, the right of workers to collectively bargain or discuss any particular matter with their Management is respected. Toyoplas' operations in Indonesia are governed by Collective Bargaining agreements with a union formed for eligible employees. Presently, 72.6% of Toyoplas' Indonesia staff are unionised.

No other aspects of the Group's operations have formal collective bargaining agreements in place. However, workers are not discouraged or impeded in any way should they choose to establish any entity, formally or informally, to collectively negotiate with management. Workers are periodically reminded of their rights through formal and informal internal communication channels. This includes the right to establish collective representation should workers choose to do so.

Across the Group, management also ensures that communication to employees is conducted on an equal and fair access basis, with information made available to employees at the same time as much as possible.

**upholding human rights, labour rights,  
safety, equality, & diversity throughout business operations** [GRI 3-3]

**freedom of association** [GRI 3-3, 407-1]

As provided for in the laws of the country, all employees have the right to join any social, political or professional body as they see fit, provided such bodies are not illegal. Employee who are active participants in any association or political party are required to declare as such to Management accordingly.










**employees compensation & benefits**

Remuneration as well as employment benefits comply with the requirements of the Employment Act 1955 and the Minimum Wage Order 2020. In most cases, remuneration far exceeds the Act's statutory requirements and the Wage Order 2020. KPS Berhad subscribes to the practice of equal work for equal pay Group-wide.

Other factors influencing individual remuneration packages include the employee's tenure and seniority within the Group, the relevant position of responsibility and significance of the role, professional expertise and qualifications. This consists of an additional 4% of employer contribution to the Employees Provident Fund ("EPF") on top of the prevailing rate of between 12% and 13% for employees who has served more than five consecutive years.

Non-executive employees are entitled to overtime pay with overtime working hours set at the compliance levels stipulated by the Employment Act 1955. This is to prevent cases of workers being overworked, whether by compulsion or of their own volition. KPS Berhad's approach ensures that remuneration is competitive or superior to present industry standards for all positions. This is in line with attracting and retaining talent and to firmly entrench the KPS Berhad brand name as an employer of choice.

**employees compensation**

- 1** Club Membership for Management positions and above. 
- 2** Professional Membership for employees. The annual subscription/membership fee which is recognised by the company. 
- 3** Car allowance and car maintenance allowance for Top Management and Senior Management positions. 
- 4** Service Award for employees who have served more than 10 years and beyond based on yearly performance. 
- 5** Group Term Takaful ("GTT") Insurance for all employees. 
- 6** Group Personal Accident ("GPA") Insurance for all employees. 
- 7** Academic Achievement Award for employees with children who have excelled in public examinations. 
- 8** Provision of Medical Assistance such as Hospitalisation & Surgical ("GHS") and Medical Outpatient ("OP") for employees, spouses and dependents aged below 23, single and full-time students. 
- 9** Uniforms and Shoes Allowance for drivers and maintenance employees. 

**upholding human rights, labour rights, safety, equality, & diversity throughout business operations** [GRI 3-3]

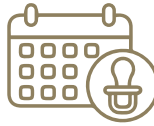
**employees compensation & benefits**

KPS Berhad complies with the mandatory 98-day maternity and 7-day paternity leave for parents of newborns. As for 2023, KPS Berhad have recorded the return to work rates and other data pertaining to parental leave:



**Employees entitled for maternity and paternity leave**

**2023: 43**  
2022: 58  
2021: 50



**Employees who took paternity leave**

**2023: 1**  
2022: 1  
2021: 4



**Employees who took maternity leave**

**2023: 0**  
2022: 5  
2021: 2



**Return to work<sup>1</sup>**



**2023: 100%**  
2022: 100%  
2021: 100%



**2023: 100%**  
2022: 100%  
2021: 100%



**Retention rate<sup>2</sup>**



**2023: 100%**  
2022: 100%  
2021: 57%



**2023: NA<sup>3</sup>**  
2022: 100%  
2021: 100%

Note:

<sup>1</sup> Return to work after parental leave period.

<sup>2</sup> Remain with the organisation for 12 months or more post parental leave.

<sup>3</sup> Not applicable as no female staff took maternity leave.

**upholding human rights, labour rights,  
safety, equality, & diversity throughout business operations [GRI 3-3]**

## diversity & inclusivity

[GRI 3-3, 405-1, 405-2, 406-1]

The commitment to diversity and inclusivity is provided for in the Group's Employee Handbook under clause 2.2 of Employment Composition, which states: the ethnic composition of employees shall reflect the multi-racial society of the country and shall comply with prevailing laws and legislation.

Hence, the Group practices a non-discriminatory approach in recruiting, rewarding, and training staff. A similar approach is also taken in terms of guiding stakeholder engagements.

Diversity and inclusivity comes under the executive purview of HRD at Group level and at the respective HRD of each subsidiary company. Matters of diversity and inclusivity receive Board oversight through the SBC, and thereafter by the Board.

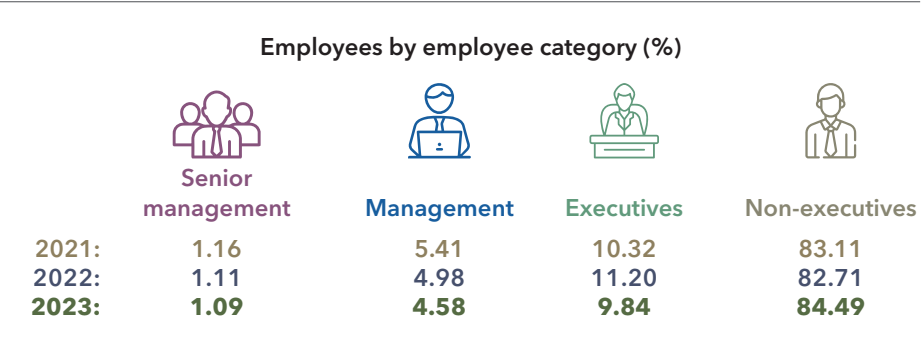
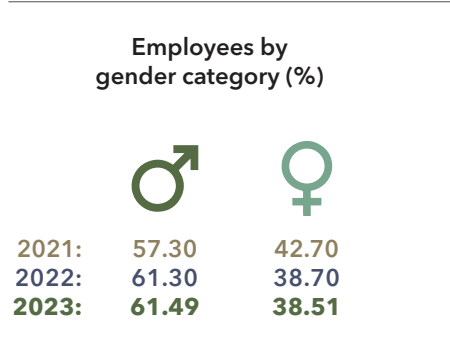
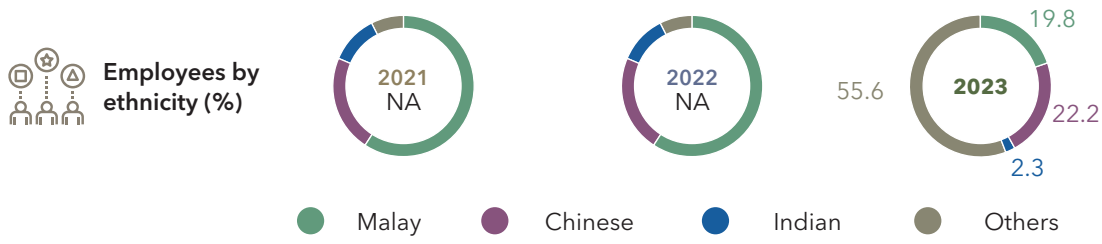
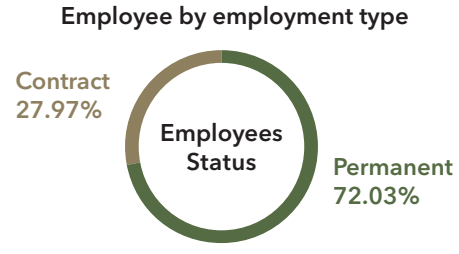
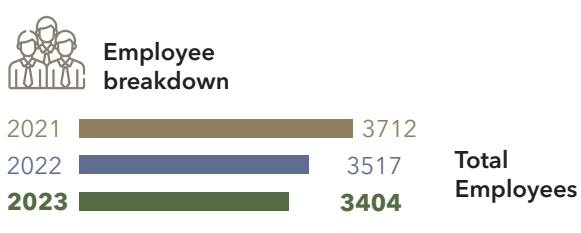
We also value inclusivity and diversity of thoughts and perspectives. Our team members bring varied backgrounds and experiences to the table, fostering dynamic discussions that challenge norms and shape our corporate objectives. By embracing inclusivity and diversity of thought, we cultivate resilience, adaptability, and a forward-thinking spirit, propelling us towards greater success and relevance in today's rapidly evolving landscape.



KPS Berhad's employees celebrating Hari kebangsaan Malaysia.

**upholding human rights, labour rights, safety, equality, & diversity throughout business operations** [GRI 3-3]

**employee breakdown**



**Employees by age group for each employee category (%)**





Age Group	Senior management			Executives		
	2021	2022	2023	2021	2022	2023
Aged less than 30	NA	0	0	NA	17.02	20.90
Aged 31-50	NA	56.41	51.35	NA	75.08	64.18
Aged more than 50	NA	43.59	48.65	NA	7.90	14.92

Age Group	Management			Non-executives		
	2021	2022	2023	2021	2022	2023
Aged less than 30	NA	1.72	1.28	NA	36.89	41.90
Aged 31-50	NA	65.14	60.90	NA	55.75	54.45
Aged more than 50	NA	33.14	37.82	NA	7.36	3.65

NA: Not Available

**upholding human rights, labour rights,  
safety, equality, & diversity throughout business operations [GRI 3-3]**

Employees by gender For each employee category (%)				Percentage of directors by gender (%)			
		♂	♀		♂	♀	
 <b>Senior management</b>	2023:	85.71	14.29	<b>2023:</b>	62.5	37.5	
	2022:	82.05	17.95		62.5	37.5	
	2021:	81.40	18.60		62.5	37.5	
 <b>Management</b>	2023:	66.67	33.33	<b>Percentage of Directors by Age Group (%)</b>			
	2022:	70.29	29.71				
	2021:	72.64	27.36	2021	2022	2023	
 <b>Executives</b>	2023:	44.36	55.64	Aged <30	0	0	0
	2022:	46.19	53.81	Aged 31-50	12.50	12.50	12.50
	2021:	46.48	53.52	More than 50	87.50	87.50	87.50
 <b>Non-executives</b>	2023:	63.19	36.81	NA: Not Available			
	2022:	62.53	37.47				
	2021:	57.31	42.69				

Men comprise the majority of the Group's workforce, at 61.49%. However, the disparity narrows for office-based jobs. This is evident at the KPS Berhad, where about 47.83% of the workforce are women.


**2023**  
 Group new hire:  
**26%**


**2023**  
 Group turnover:  
**27%**

**Total number of employee turnover by employee category:**


**Senior Management 9**


**Management 46**


**Executives 84**


**Non-Executives 804**

## upholding human rights, labour rights, safety, equality, & diversity throughout business operations [GRI 3-3]

### employee engagement

Employee engagement remains a fundamental aspect of KPS Berhad's approach to talent management. Regular, two-way engagement utilising a wide range of communication channels enables Management to feel the pulse of employees while enabling the talents Group-wide to convey their views and inputs towards continuously developing a conducive workplace environment and organisational culture that emphasises high performance, and also focusses on employee satisfaction and well-being. Ultimately, KPS Berhad is an inclusive employer who upholds employees' right to access to information and to be heard.

Engagement also enables Management to directly convey information and updates on the Group's performance, and plans going forward to employees in a timely manner, as well as its business and operational strategies. This enables the Management to provide accurate and unobscured information to employees, avoiding misinterpretations while allowing employees to directly elicit responses to any queries that they may have.

Physical interactions are during townhalls, written communications are such as newsletters, social activities are such as annual dinners, team building and sports activities organised by the sports club, and engagements are explicitly held for staff.

### Staff town hall

At our recent Townhall, MD/GCEO, disclosed significant developments regarding the 2022 performance bonus and the forthcoming Performance Increment for 2023. The HRD also extended recognition to long-serving employees with 10 to 20 years of dedicated service.

MD/GCEO delivering a briefing on the Group's business performance.



### International Women's Day - Flowers distributed to women employees

On International Women's Day, KPS Berhad celebrates the remarkable strength and achievements of women globally. Notably, 48% of KPS Berhad is comprised of women, highlighting our commitment to promoting diversity. As we spotlight women leaders at KPS Berhad, our dedication extends beyond today—advocating for gender equality and empowering women daily.

### Health & Well-being Day

KPS Berhad, in partnership with PMCare, delivered the impactful 'Health & Well-being Day Programme 2023' at KPS Berhad. Comprising complimentary health screenings, this initiative was aimed to prioritise employee well-being and champion proactive health management.

Employees received free health screenings and assessments such as biometric health screening, musculoskeletal screening, 3-D foot scanning, BMI assessment, and more. The programme was aimed to encourage employees to monitor their health regularly, to live a healthy lifestyle, and to take preventive and preemptive measures to address any health concerns at an early stage.



## upholding human rights, labour rights, safety, equality, & diversity throughout business operations [GRI 3-3]

### 'Bubur Lambuk Cinta Ramadan' at Plaza Perangsang

KPS Berhad employees prepared 'bubur lambuk' packs for Maahad Tahfiz Akademi Al-Quran Amalillah (AKMAL) and Masjid Al-Munawwarah. Additionally, KPS Berhad handed over sponsorship funds for Maahad Tahfiz.

### Strava & Weight Loss Challenge Ceremony

In the initial quarter of this year, KPS Berhad conducted a dynamic Strava and weight loss challenge, and we are delighted to present some noteworthy achievements. Over the 10-week competition period, participants collectively covered an impressive total distance of 15,555km. Notably, Team Discipline exhibited exceptional dominance, securing victories in all team and individual categories.

### Majlis Rumah Terbuka Aidilfitri

In collaboration with the HRD, KPS Berhad's Sports & Recreational Club orchestrated an exclusive Mini Raya Get-Together. This corporate event featured a delightful Raya spread for employees, coupled with engaging games and the distribution of traditional 'duit raya,' creating a festive and collaborative atmosphere among team members.

### Team Building

KPS Berhad successfully conducted the 2023 virtual team-building event earlier today with the theme "The Lost Pyramid". The activities were designed to be engaging and challenging while also promoting teamwork and communication. As we strive towards a common goal, the importance of alignment and collaborative efforts cannot be overstated.

### KPS HR Marketplace

The inaugural KPS HR Marketplace 2023 offered employees direct access to government agencies like KWSP, PERKESO, Tabung Haji, Zakat Selangor, ASNB, and PTPTN. PMCare provided services, including Basic Health Screenings, bone examinations, and physiotherapy. This initiative also extended its benefits to employees' family members.

### Merdeka Month Celebration

Initiating the Hari Merdeka celebration with enthusiasm, the KPS Sports & Recreation Club hosted a memorable evening aimed at fostering unity among participants. Attired in traditional dress, a significant number of attendees added a cultural touch to the festivities, contributing to the overall vibrant atmosphere.

The event provided a platform for members to come together, share in the spirit of independence, and engage in meaningful interactions. Amidst the celebration, participants relished a delectable spread of local fruits, creating an enjoyable and communal experience that echoed the values of togetherness and celebration within the KPS Berhad community.

## upholding human rights, labour rights, safety, equality, & diversity throughout business operations [GRI 3-3]

### training & career development [GRI 3-3, 404-1, 404-2, 404-3]

KPS Berhad invests in the continuous development of its workforce's professional capabilities, viewing this as essential for staff to remain relevant and effective in their ability to contribute to the realisation of company goals and objectives.

Training and development initiatives are implemented through a diverse array of structured programmes and courses following the determination of the annual budget.

Priority for selection of training courses is given to courses and training programmes approved by the Human Resources Development Corporation ("HRDC").

Provision of training and professional development is typically customised to the individual employee's unique training needs context, usually developed through annual appraisals undertaken by HRD of the Group as well as the employee's immediate superior.

In 2023, 100% of employees were appraised at least once, with the appraisal of performance serving as the basis for salary increments as well as the development of training requirements. The employee works with his or her line manager and HRD to then identify and attend relevant training courses. HRD coordinates the preparation of the yearly Training Plan and Budget for all employees.

KPS Berhad's Training Policy, outlined in the Employee Handbook, applies universally to all employees and aims to:

Enhance employees' skills, knowledge, and competencies so they may continue to perform at desired levels of professional competence.

To develop the next echelon of leaders and enable effective succession planning for key positions across the Group.

Enhance employee morale and productivity.



#### KPS Berhad Group

	2021	2022	2023
Total Training Hours	3,134.25	21,967.00	32,049.00
Average Training Hours per Employee	0.84	6.25	9.42
Average Training Days per Employee	0.04	0.78	1.18

**upholding human rights, labour rights,  
safety, equality, & diversity throughout business operations [GRI 3-3]**

	2021	2022	2023
<b>Total Training Hours by Employee Category</b>			
Senior Management	NA	NA	951.50
Management	NA	NA	4,424.00
Executive	NA	NA	11,760.00
Non-Executive	NA	NA	14,214.50

NA: Not Available

KPS Berhad began tracking employee training hours in 2021 at its KPS Berhad. By 2023, the scope had further expanded to include training hours not only at the KPS Berhad but also across four subsidiary companies (except CBB).

	2021	2022	2023
<b>kps.</b>			
<b>Total Training Hours</b>	3,134.25	6,628.00	5,200.50
Total Employees Attended Training	NA	74	74*
Total Male Employees Attended Training	NA	40	40
Total Female Employees Attended Training	NA	34	34
Average Training Hours per Employee (Male)	NA	82.63	130.01
Average Training Hours per Employee (Female)	NA	97.72	152.94

\*The number of employees, including 5 employees who resigned in 2023.

NA: Not Available

	2021	2022	2023
<b>Total Training Hours by Employee Category</b>			
Senior Management	NA	855.00	512.50
Management	NA	2,468	1,727.50
Executive	NA	2,872	2,284
Non-Executive	NA	433	676.50

NA: Not Available

One of the highlighted training sessions conducted by the HRD was the inaugural Leadership Development Programme 1.0 for Senior Management Leaders of the Group, hosted at in Shah Alam. This transformative initiative focused on key topics such as 'Being Agile' and 'Business Model Innovation'. KPS Berhad firmly believes that such a strategic programme equips our leaders with essential skills to effectively navigate challenges and foster innovation in our dynamic business environment.

## upholding human rights, labour rights, safety, equality, & diversity throughout business operations [GRI 3-3]



Annually, Toyoplas HRD will get feedback from all the departments and consolidate their training requirements and prepare a list of training plan for the coming year. The training list will focus on future manpower requirements, succession planning, and the upskilling of staff towards working with technology and more. From here, HRD will source the appropriate training programme provided by qualified professional training company to make sure that employees are well equipped with the right skill.

Training is then sourced and provided to identified talents and their progress in terms of capability. Productivity and contributions are closely monitored over the financial year.

Toyoplas accomplished its 2023 KPI by achieving an average of 3.6 hours of training per employee, demonstrating a commitment to workforce development and skill enhancement.

	2021	2022	2023
Total Training Hours	NA	1,968	4,850
Total Employees Attended Training	NA	570	1,054
Total Male Employees Attended Training	NA	271	468
Total Female Employees Attended Training	NA	299	586
Average Training Hours Per Employee (Male)	NA	NA	5.23
Average Training Hours Per Employee (Female)	NA	NA	4.10

NA: Not Available

	2021	2022	2023
<b>Total Training Hours by Employee Category</b>			
Senior Management	NA	0	32
Management	NA	48	208
Executive	NA	904	1,362
Non-Executive	NA	1,016	3,248

NA: Not Available

**upholding human rights, labour rights,  
safety, equality, & diversity throughout business operations [GRI 3-3]**

# CPI

At CPI, the assessment of training requirements of employees is typically performed by the HODs, using a customised Individual Competency Skill Matrix. Findings from the application of the matrix enable the development of comprehensive employee training profiles. The training needs are formalised within a personal action report, and employees are then provided with training opportunities. Upon completion of training, participants shall complete the Training Effective Evaluation form to provide feedback on the overall effectiveness of the training provided.

In 2023, CPIP employees averaged 1.59 training hours, while CPIE employees averaged 3.40 hours. Additionally, the company offered seven internship placements for future employees.



CPIP employees averaged  
**1.59** training hours

CPIE employees averaged  
**3.40** training hours



offered  
**7** internship placement

	2021	2022	2023
Total Training Hours	7,795.00	13,231.00	21,090.50
Total Employees Attended Training	NA	NA	815
Total Male Employees Attended Training	NA	NA	606
Total Female Employees Attended Training	NA	NA	209
Average Training Hours Per Employee (Male)	NA	NA	9.18
Average Training Hours Per Employee (Female)	NA	NA	74.28

NA: Not Available

Total Training Hours by Employee Category	2021	2022	2023
Senior Management	NA	NA	324
Management	NA	NA	2,234.5
Executive	NA	NA	7,673
Non-Executive	NA	NA	10,859

NA: Not Available

## upholding human rights, labour rights, safety, equality, & diversity throughout business operations [GRI 3-3]



In 2023, CBB embarked on an initiative to enhance the skills of 5 employees through structured training with the aim of promoting them to the next level within the company. This has become an annual practice for the company's HRD, highlighting their commitment to employee development and career advancement.

Identifying and selecting participants for relevant training programme will be conducted through HRD in collaboration with the respective HODs. This ensures alignment between individual training needs and organisational objectives, fostering a culture of continuous learning and professional growth within CBB.



Aqua-Flo recognises the importance of investing in its employees' growth and skills enhancement. In 2023, the company took a proactive step by implementing a system to record and track the training hours of its staff members. By prioritising personal development training, Aqua-Flo has invested in its employees' individual growth and strengthened its overall organisational capabilities, positioning itself for sustained success in the competitive market landscape.

	2021	2022	2023
Total Training Hours	NA	140.00	148.00
Total Employees Attended Training	NA	8	11
Total Male Employees Attended Training	NA	5	6
Total Female Employees Attended Training	NA	3	5
Average Training Hours Per Employee (Male)	NA	NA	24.67
Average Training Hours Per Employee (Female)	NA	NA	29.60

NA: Not Available

Total Training Hours by Employee Category	2021	2022	2023
Senior Management	NA	11	51
Management	NA	114	79
Executive	NA	15	18
Non-Executive	NA	0	0

NA: Not Available

**upholding human rights, labour rights,  
safety, equality, & diversity throughout business operations [GRI 3-3]**



Despite being newly acquired, MDS Advance has recognised the importance of recording and monitoring employee training data. In 2023, the company showcased its unwavering commitment to nurturing its workforce by promptly initiating the process of tracking training data. By swiftly implementing systems to record training data, MDS Advance sets a foundation for empowering its employees and enhancing their professional development journey.

	2021	2022	2023
<b>Total Training Hours</b>	NA	NA	760.00
<b>Total Employees Attended Training</b>	NA	NA	29
<b>Total Male Employees Attended Training</b>	NA	NA	20
<b>Total Female Employees Attended Training</b>	NA	NA	9
<b>Average Training Hours Per Employee (Male)</b>	NA	NA	30.4
<b>Average Training Hours Per Employee (Female)</b>	NA	NA	16.9

NA: Not Available

<b>Total Training Hours by Employee Category</b>	2021	2022	2023
<b>Senior Management</b>	NA	NA	32
<b>Management</b>	NA	NA	176
<b>Executive</b>	NA	NA	136
<b>Non-Executive</b>	NA	NA	416

NA: Not Available

## upholding human rights, labour rights, safety, equality, & diversity throughout business operations [GRI 3-3]

### safety & health

[GRI 3-3, 403,-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-8, 403-9, 403-10]

KPS Berhad continues to practice a high level of vigilance towards maintaining a high-level compliance with set KPIs and targets for occupational safety and health ("OSH"). In essence, KPS Berhad continues to prioritise the well-being of all employees and workers operating on any sites controlled by the Group. This includes as much as possible providing a safe and secure working environment and to continue maintaining a track record of zero fatalities across all operations.

The Group's focus in terms of OSH is the prevention of injuries and fatalities, which can have tragic and irreversible impacts on individuals, families and even communities. In addition, OSH incidents would cause disruptions to operations that would disrupt productivity, primarily at manufacturing sites which would impact revenues.

It's worth mentioning that the Plaza Perangsang building, where KPS Berhad headquarters is located, has successfully obtained ISO 45001 certification. Although subsidiary companies have aligned their management approaches with this standard in 2023, none of the operating facilities within the Group have yet achieved ISO 45001 certification.

KPS Berhad also maintains a comprehensive Safety, Health, and Environment ("SHE") Policy that provides governance and strategic direction on OSH Group-wide. The Policy establishes essential principles to promote optimal safety standards for employees, contractors, suppliers, and all other stakeholders. As specific to business operations, each subsidiary company within KPS Berhad has its own SHE policy. At Toyoplas, ultimate responsibility for OSH resides with the company's Vice President of Operations.

The aforementioned are just some of the resources allocated for the achievement of a zero accident, zero fatality workplace across all of KPS Berhad's operations. By leveraging these organisational resources, KPS Berhad is actively working towards promoting a culture of safety, safeguarding the well-being of our employees, and enhancing overall OSH performance.

All the subsidiary companies are committed in achieving 'Zero' incidents and accident cases across all operations annually.

### OSH committees

All relevant subsidiary companies have established joint employer and employee OSH Committees to provide necessary oversight on OSH matters.

Committees are to meet either monthly or quarterly, depending on the nature of the operating subsidiary, where relevant OSH matters are discussed. This includes OSH leading and lagging indicator data and other issues. These meetings serve as a platform for communication, allowing employees to actively contribute to the development, implementation, and evaluation of the OSH system. The committee reports to the Board of Directors of the respective subsidiary company. Matters of serious concern will be brought up to the Board. At the Group-level, IRSC will also take up notable OSH issues during each SBC meetings.

Alongside the OSH Committee, an OSH officer or coordinator is responsible for establishing and discussing the safety programme, considering budget limitations, operational capacity, and specific requirements. As all companies expects to have zero lost time injury ("LTI") cases, each subsidiary companies are required to report OSH updates to their respective Board of Directors.



**upholding human rights, labour rights,  
safety, equality, & diversity throughout business operations [GRI 3-3]**

**OSH training & programmes**

OSH training is provided to all relevant staff across the year. At KPS Berhad, a budget of RM26,000 per annum has been allocated for OSH matters, including training. Training comprised specialised courses such as the ISO-HIRARC training, first aider and emergency response team training, and others. In 2023, the Group began recording the number of staff who received some level of health and safety training in KPS Berhad and MDS Advance.

**Number of staff who received some level of health and safety training:**



All subsidiary companies have established policies, and SOPs in relation to OSH. Beyond policies, all subsidiary companies adhere to regulations established by DOSH. Other activities conducted include:

- 1 HSE Awareness Sessions.
- 2 Annual Inspections by Department of Safety & Health ("DOSH") and Fire Department.
- 3 KPS Staff- STRAVA Competition & Lost Weight Challenge 2 January-12 March 2023.
- 4 Health & Well-being Day Programme 21 March 2023.
- 5 'PERKESO' Book Doc Challenge.
- 6 Emergency Response Team ("ERT") training.
- 7 Certified First Aid course selected floor wardens and KPS Berhad employees.
- 8 Evacuation Drill with the local Fire and Rescue Department of Malaysia.
- 9 Health check-up by PERKESO for selected staff KPS Berhad.
- 10 Workplace assessment for building tenants and selected staff.



KPS Berhad's Safety Officers oversee regular safety and health procedures.

## upholding human rights, labour rights, safety, equality, & diversity throughout business operations [GRI 3-3]

### hazard identification

Risk assessments are conducted periodically at all operational locations Group-wide using the Identification, Risk Assessment, and Risk Control ("HIRARC") Framework. KPS Berhad and each subsidiary company have separate HIRARC assessments.

OSH matters come under the oversight of the Group Deputy Chief Executive Officer as well as the human resources department. Where relevant, subsidiary companies apply the HIRARC based on DOSH's guidelines and complies with all requirements under the Occupational Safety And Health Act 1994.

### OSH audits

Safety audits in all subsidiary companies are performed quarterly, taking into account incident performance. OSH performance data is reviewed by Senior Management during the quarterly management meetings. All OSH data has been verified internally as well as through external audits.

### identified potential OSH risks within operations

In terms of the workplace environments, the following potential OSH risks have been identified:

**Electrical breakdown, high tension and low voltage.**

**Lift breakdowns.**

**Working in confined spaces for prolonged durations.**

**Plumbing breakdowns.**

**Improper use of personnel protective equipment.**

**Covid-19.**

**Electrical shock.**

**Noise exposure.**

**Exposure to paint fumes or odour.**

**Exposure to dust.**

**Moving conveyors.**

**Chemical spillage.**

**upholding human rights, labour rights, safety, equality, & diversity throughout business operations [GRI 3-3]**

**incident reporting and management**

KPS Berhad remains steadfast in its pursuit of achieving zero incidents and accidents across all its manufacturing facilities. This unwavering commitment underscores the Group's dedication to continuously enhancing our safety and health record without compromise.

In 2023, 11 OSH LTI cases were recorded, each by CBB. All other operations, including KPS Berhad, recorded zero OSH incidents

In the event of any OSH incident, KPS Berhad has established reporting of all incidents. All the LTI cases has been submitted to relevant external authorities, as well as to the Group's internal reporting hierarchy.

The accidents and incidents are to be reported from the ground-up first to line managers, then to subsidiary heads and ultimately to the Group's Board Governance and Risk Committee.

KPS Berhad and its subsidiary companies ensure OSH committees promptly report any accidents or cases of LTIs through OSH Accident Investigation Report (JKKKP 6). As per DOSH requirements, the subsidiary companies are obligated to submit reports related to JKKKP 8.

When incidents or accidents are reported within KPS Berhad's operations, a specific protocol is followed to investigate and take appropriate actions. The details of the protocol are as follows:

**1. Incident to be reported to OSH Personnel**

**2. Quarterly review on OSH accident/incident performance by Subsidiary Management through Compliance Report**


**3. Follow defined SOP for Accident and Incident Investigation and Reporting**

**4. All incidents, especially LTI must be reported to DOSH**


	2021	2022	2023
<b>Number of Lost Time Injuries</b>	NA	2	11
<b>LTIFR %</b>	NA	NA	2.01
<b>LTIR %</b>	NA	NA	0.40
<b>Fatalities</b>	0	0	0

NA: Not Available


## upholding human rights, labour rights, safety, equality, & diversity throughout business operations [GRI 3-3]

	2021	2022	2023
 Number of Lost Time Injuries	NA	0	0
LTIFR %	NA	0	0
LTIR %	NA	0	0
Fatalities	NA	0	0


NA: Not Available

	2021	2022	2023
 Number of Lost Time Injuries	NA	0	0
LTIFR %	NA	0	0
LTIR %	NA	0	0
Fatalities	NA	0	0

NA: Not Available


	2021	2022	2023
 Number of Lost Time Injuries	NA	0	0
LTIFR %	NA	0	0
LTIR %	NA	0	0
Fatalities	NA	0	0

NA: Not Available


	2021	2022	2023
 Number of Lost Time Injuries	NA	2	11
LTIFR %	NA	1.38	10.91
LTIR %	NA	0.276	2.18
Fatalities	NA	0	0

NA: Not Available

**upholding human rights, labour rights,  
safety, equality, & diversity throughout business operations [GRI 3-3]**

	2021	2022	2023
Number of Lost Time Injuries	NA	0	0
LTIFR %	NA	0	0
LTIR %	NA	0	0
Fatalities	NA	0	0

NA: Not Available

	2021	2022	2023
Number of Lost Time Injuries	NA	NA	0
LTIFR %	NA	NA	0
LTIR %	NA	NA	0
Fatalities	NA	NA	0

NA: Not Available

# ESG

## chapter 6: governance commitment

## upholding good corporate governance

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

Corporate governance remains at the heart of KPS Berhad, given its significant importance to value creation. Good governance, a robust institutionalisation and practice of high corporate integrity and ethical standards, provide the fundamental basis for KPS Berhad to mitigate business and operational risks, as well as implement strategic oversight and leadership in driving the organisation towards the realisation of its value creation aspirations.

## upholding good corporate governance [GRI 3-3, 2-23, 2-24]

In essence, upholding good corporate governance and related best practices is at the heart of business and operational sustainability; in ensuring resources are correctly allocated and that strategies have been well implemented, and results are accurately assessed and achieved. It ensures effective check and balance systems, promotes transparency and accountability, and supports the continued cultivation and proliferation of a high-performance organisational culture, driven by the achievement of both business, and sustainability aspirations.

The Board is responsible for ensuring KPS Berhad's long-term value creation plan, which takes into account considerations for both financial and non-financial aspects of the business model is robust and resilient.

The Board is supported by various committees, each tasked with specific duties related to governance of the Group:



### Board Audit Committee

Provides oversight of the financial reporting process, the audit process, system of internal controls, and compliance with laws and regulations.



### Nomination & Remuneration Committee

Ensures that the Board and its committees retain an appropriate composition and are fairly remunerated to support KPS Berhad's strategic objectives and values. Reviews staff performance, annual salary increment, and employees' benefits.



### Board Governance & 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.



### Board Investment Review Committee

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 good corporate governance [GRI 3-3, 2-23, 2-24]

## commitment to ethical conduct and high corporate integrity

KPS Berhad's COBE reflects the strong commitment of the Board and Senior Management to execute its business model and operations in a responsible manner, undertaking all business exchanges, dealings, contracts, and engagements, in an ethical manner and in compliance with all laws, legislations, and good business practices. The Group's COBE can be viewed here: <https://kps.com.my/code-of-business-conduct-ethics-cobe-inner>.

Among the significant topics addressed by the COBE are anti-corruption, conflicts of interest, and stakeholder management, including employee well-being, investor interests, and others.

The COBE is communicated to all Board members, Management, and employees of the Group, and all are required to abide by the COBE. In addition to the COBE, the conduct and behaviour of directors are further governed by a distinctive Code of Conduct for Directors, which can be found here: <https://kps.com.my/code-of-business-conduct-ethics-cobe>.

Both the COBE and the Code for Directors are regularly reviewed and updated to ensure relevance amidst ongoing changes in the corporate sector. Changes are also made to support the continuing efforts of desired organisational culture development better.

The Group has also complied with most of the Malaysian Code on Corporate Governance ("MCCG") Practices for Corporate Governance. A comprehensive report on the application of the practices by KPS Berhad is provided in the 2023 KPS Berhad CG Report, which can be viewed here: <https://kps.com.my/index.php/investor-relations/reports>.

In addition to the COBE, KPS Berhad's approach to good conduct is guided by the Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries ("GCD") and the MCCG issued by Securities Commission Malaysia ("SC").



The Chairman and MD/GCEO of KPS Berhad attended the Majlis Ikrar Bebas Rasuah event, witnessed by representatives of the Malaysia Anti-Corruption Commission.

## upholding good corporate governance [GRI 3-3, 2-23, 2-24]

### key policies in KPS Berhad

- |  |   |   |
|--|---|---|
| <ul style="list-style-type: none"> <li>• Conflict of Interest Policy</li> <li>• Credit Policy</li> <li>• Board Diversity Policy</li> <li>• Whistleblowing Policy</li> <li>• Directors' Remuneration Policy</li> <li>• Dividend Policy for Subsidiary</li> <li>• Talent Management &amp; Succession Planning Policy</li> <li>• Independent Directors' Tenure Policy</li> <li>• External Auditors Assessment Policy</li> <li>• Policy on Appointment of External Auditors for</li> </ul> | <ul style="list-style-type: none"> <li>• Internal Document Policy</li> <li>• Treasury Policy</li> <li>• Investor Relations Policy</li> <li>• Entertainment and Gift Policy</li> <li>• Information Technology Policy</li> <li>• Personal Data Protection Policy</li> <li>• Performance Management Framework Policy</li> <li>• Delegation of Authority Policy and Limit of Authority</li> <li>• Foreign Exchange Policy and Guidelines</li> <li>• Policy for Board Representation in Kumpulan Perangsang Selangor Berhad Subsidiaries and Associates</li> <li>• Related Party Transactions Policy &amp; Procedures</li> </ul> | <ul style="list-style-type: none"> <li>• Procurement Policy</li> <li>• Dividend Policy</li> <li>• Sustainability Policy</li> <li>• Compliance Policy</li> <li>• Head of Subsidiary Appointment</li> <li>• Business Continuity Management</li> <li>• Enterprise Risk Management Policy</li> <li>• Senior Management Remuneration Policy</li> <li>• Anti-Bribery and Corruption Policy</li> <li>• Policy for Executive Appointment in Subsidiaries of Kumpulan Perangsang Selangor Berhad</li> <li>• Quality, Safety &amp; Health and Environmental Policy</li> </ul> |
|--|---|---|

As per Internal Document Policy ("IDP"), all policies to be reviewed at least once in three years or as and when required.

## upholding good corporate governance [GRI 3-3, 2-23, 2-24]

## risk management [GRI 2-16]

A fundamental aspect of good governance is comprehensive risk oversight and the development of effective mitigation measures for all significant business, operational, and sustainability-related risks. KPS Berhad has developed a robust risk management approach comprising a regularly updated Risk Register, a triple-tier identification approach, which allows for risks to be identified early or at the operational levels and the development of comprehensive oversight systems as well as stringent operational controls and internal processes that emphasise shared accountability, full transparency, and collective responsibility.

The following are some key elements of risk management governance in KPS Berhad:

**Board Oversight:**

The Board is assisted by the BBGRC; the latter is responsible for overseeing the Group's risk management activities. BGRC is supported by the Risk and Governance Working Committee ("RGWC"), which convenes on a quarterly basis. RGWC is made up of all head of departments from KPS Berhad.

**Risk Mitigation and Control:**

KPS Berhad has effective risk mitigation and control measures in place to manage identified risks. This may include implementing risk management policies and procedures, developing contingency plans, and implementing internal controls.

**Risk Appetite and Risk Tolerance:**

KPS Berhad's risk appetite and tolerance have been clearly defined and communicated to all stakeholders. This helps ensure that risk-taking activities are aligned with KPS Berhad's objectives and are within acceptable levels of risk.

**Reporting and Disclosure:**

KPS Berhad provide regular reporting and disclosure of its risk management activities to stakeholders. This includes providing information on the company's risk profile, risk management policies and procedures, and significant risks facing the company.

**Risk Identification and Assessment:**

KPS Berhad has a robust process in place to identify and assess risks. This involves understanding the nature and extent of risks facing the Group and evaluating the likelihood and potential impact of those risks on each subsidiary's operations and financial performance.

**Adoption Of Best Practice, Globally Recognised Standards:**

KPS Berhad's management approach to risk management is based on the ERM31000: 2018 standard, which prescribes benchmark standards, recommendations, and guidelines for the development of a robust approach for identifying and mitigating risks.

In line with the spirit of good corporate governance, effective 2023, KPS Berhad has committed to the MCCG and industry-recommended practice of auditor rotation.

## upholding good corporate governance [GRI 3-3, 2-23, 2-24]

### anti bribery & corruption [GRI 3-3, 205-1, 205-2, 205-3, 415-1]

KPS Berhad continues to practice a no-compromise, zero-tolerance stance Group-wide with regard to corrupt acts and practices. The Group has aligned its management approach pertaining to the topic with the Malaysia Anti-Corruption Commission (“MACC”) Act Section 17A and has also adopted various other industry best practices towards ensuring a corrupt-free approach across all of its business practices, processes and dealings Group-wide. The Group’s motivation to maintain a no-compromise stance on corruption at all times, and throughout the organisation and its supply chains, is due to the massive negative ramifications that corruption causes to the Group, supply chains, society, the industry, and the nation.

Failure to implement robust anti-corruption measures can lead to financial losses, legal liabilities, tarnished reputations, stifled productivity, poor decision-making, and growth impediments. Societal repercussions include weakened governance, exacerbated inequality, and entrenched corruption cycles. The Group’s commitment to anti-corruption is explicitly defined in its Anti-Bribery and Corruption (“ABC”) Policy, which has been formulated and implemented to ensure robust practices, policies and procedures in relation to preventing corruption. The policy is binding to all KPS Berhad personnel, including the Board and also covers all external stakeholders. The Policy can be viewed here: <https://kps.com.my/anti-bribery-and-corruption-policy-inner>.

Through the ABC Policy and the implementation of stringent controls, KPS Berhad aims to continue proliferating a culture of integrity and compliance Group-wide towards ensuring the continued realisation of zero-tolerance stance on corruption. Ultimately, this is also to be extended to the Group’s supply chains and relationships/dealings with all stakeholders.

The ABC Policy clearly defines what actions, behaviours, or conduct are deemed as being of corrupt in nature or could lead to incidences and, ultimately, the prevalence of corruption within operations. Said ABC Policy, the SOPs, and the Group’s whistleblowing policy are consistent with Section 17A MACC Act 2009 and Section 17A (Amendment) MACC Act 2018. All have adopted the aforementioned and have implemented stipulated process and procedures as well as controls across their respective business operations.

The ABC Policy covers bribery, kickbacks, incentives, money laundering, unacceptable forms and levels of entertainment, gifts, abuse of position and power, theft, fraud, extortion, embezzlement, favouritism and nepotism, creating and exploiting conflicting interest, improper political contribution, corporate hospitality, facilitation payments, donations and others.

The ABC, together with the COBE, provide clear governance on the prevention of corruption within KPS Berhad’s operations. This includes spelling out how any personnel of KPS Berhad should conduct themselves with regard to procurement, stakeholder engagement and other business and operational aspects towards the continued prevention of corruption.

Toyoplas and CBB have made it mandatory for suppliers and customers to sign off on the COBE as a reflection of their commitment to stay corrupt, free throughout all business engagements with CBB.

All suppliers for MDS Advance have to fill up and sign the Integrity Pledge as their commitment towards the practice of zero bribery and corruption.

## upholding good corporate governance [GRI 3-3, 2-23, 2-24]

**organisation anti-corruption plan**

In 2023, KPS Berhad launched its Organisation Anti-Corruption Plan 2023-2026 ("OACP"). The OACP is a reflection of the company's strong commitment to maintaining a corruption-free workplace and corruption-free engagements and dealings with all external parties.

The plan looks at further strengthening the existing management approach with regard to anti-corruption, namely in the areas of procurement, governance, and human capital, all of which are essential to KPS Berhad's business operations. The plan aims to drive action to identify potential weaknesses and to develop strategies to correct them.

This OACP serves as a guiding framework that outlines KPS Berhad's commitment to upholding the highest ethical standards, fostering a culture of transparency, and deterring any form of corrupt practices.

**strong stance against money laundering**

To avoid violating anti-money laundering laws, employees are expected to always conduct counterparty due diligence to understand the business and background of KPS Berhad's prospective business counterparties, and to determine the origin and destination of money, property, and services.

Counterparty means any party that KPS Berhad is currently in relationship with or intends to engage or enter into a business contract in the future, either on a regular or once-off basis. Counterparties include but are not limited to customers, contractors, suppliers, consultants, agents, joint venture partners, and any other business partners. In addition to the policy, the Group has implemented strict SOPs that spell out accepted norms and behaviour for the Board, Management and employees of the Group with regard to their professional conduct.



KPS Berhad, along with other subsidiaries of MBI Selangor, participated in the launching of OACP.

## upholding good corporate governance [GRI 3-3, 2-23, 2-24]

Matters pertaining to corruption also come under the purview of the BGRC before being reported to the Board. This ensures comprehensive oversight and leadership in driving the anti-corruption agenda.

### list of formulated policies / documentation in driving the anti-corruption agenda:

1. Anti-Corruption & Bribery Policy
2. Whistleblowing Guidelines
3. Organisation Anti-Corruption Plan (OACP)
4. Corruption Risk Management Framework
5. Code of Business Conducts and Ethics (COBE)
6. Conflict of Interest Policy
7. Conflict of Interest Policy for BOD
8. Declaration on Conflict of Interest annually
9. Anti-Harassment Policy
10. SOP on Tender Process
11. SOP on Quotation Process
12. Supplier Integrity Pledge
13. Supplier Anti-Corruption Pledge in all tender documents
14. Procurement Policy

## driving compliance and a corruption-free culture through the internal governance unit

KPS Berhad has also established a dedicated Integrity and Governance Unit ("IGU"). The IGU headed by the Chief Integrity & Governance Officer ("CIGO") and assisted by the Associate Director of Integrity & Governance. The IGU reports periodically to the Board and Senior Management. The IGU's tasks encompass the following:

- Regularly reviewing the existing ABC policy and SOPs, and recommending improvements in tandem with changes in legislation, or developments in the operating environment

- Conducting timely anti-corruption assessments across the Group to identify aspects of operation that may be prone to higher corruption risks

- Conducting employee awareness and education sessions in relation to corporate integrity and ethical behaviour

- Reviewing all anti-corruption related data Groupwide

While the Board provides strong oversight, the adoption of a zero-tolerance, corruption-free stance is the responsibility of every person within the Group, with responsibility for oversight, action, and adherence cascaded to all business units/departments.

## upholding good corporate governance [GRI 3-3, 2-23, 2-24]

### due diligence procedures

KPS Berhad has additionally designed an internal SOP to facilitate KPS Berhad's operating companies to conduct their own due diligence when dealing with various stakeholders, primarily, suppliers and customers. This is to reduce potential exposure to bribery or corruption risks that can arise from potential unscrupulous practices from external stakeholders.

The due diligence process entails applying a set criteria for assessment as follows: service provider selection, employee recruitment, supplier selection, and tender interviews and awarding processes, acquiring new companies, among others.

### whistleblowing policy

In addition to the policy, the strong anti-corruption stance is further reinforced through the implementation of a whistleblowing mechanism and Policy. The Whistleblowing Policy provides a mechanism for all stakeholders to raise concerns anonymously on any potential wrongdoing, including alleged corrupt practices, matters of unethical conduct/improper behaviour, and more.

All reports will be reviewed by the IGU, and if there is just cause, the report will be investigated, and findings will be presented to the BGRC. Whistleblowers will be protected, and their identities will be kept confidential in accordance with the Whistleblower Protection Act 2020 (Act 711). Possible actions on the offending party may include warnings, suspensions, dismissals or being reported to the respective enforcement authorities. Following are the ways a whistleblowing complaint can be submitted:



Lodging a complaint in-person at the IGU



Writing a 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](mailto:integrity@kps.com.my) or [chairmanbgrc@kps.com.my](mailto:chairmanbgrc@kps.com.my)



Whistleblowing Form can be downloaded via KPS Berhad  
<https://kps.com.my/index.php/investor-relations/corporate-governance>



+603-5524 8448

**In 2023, zero number of whistleblowing cases were reported.**

The Whistleblowing Policy can be viewed here:  
<https://kps.com.my/whistleblower-policy-inner>

## upholding good corporate governance [GRI 3-3, 2-23, 2-24]

### guidance on gift giving and receiving, and entertainment

As part of its anti-corruption approach, KPS Berhad has established its Entertainment and Gift Policy. The policy provides employees with clarity with regard to how they should conduct themselves in any instances of gifts or gratification being offered to them by external or internal parties.

KPS Berhad continues to extend its strict no-corruption position to its supply chain. The Group encourages all suppliers to abide by the Group's Supplier Integrity Pledge, which binds suppliers, vendors, contractors, etc, to remain corruption-free in order to remain a procurement partner to KPS Berhad.

### anti-corruption awareness and training

As a prerequisite for employment or entering into a contract with KPS Berhad, all personnel of the Group, as well as suppliers or vendors or any other party, level must provide written acknowledgement or a sign-off of their unequivocal commitment to remain corrupt free in all business dealings, practices, relationships with KPS Berhad.

In addition, regular training sessions are organised by the Group for Senior Management, employees, and also employees in subsidiary companies. A notable training and education highlight pertaining to anti-corruption awareness, was a talk provided by a former magistrate who was imprisoned on corruption charges. The individual shared his experiences in jail and life thereafter (tarnished reputation, loss) with staff.

Anti-Bribery and Corruption Talk *Tumbuk Rusuk Pengkisahan dari Tirai Besi* on 13 October 2023 to all staff, including participation of two of the Group's Board of Directors. The Group also regularly disseminates anti-corruption information via email, WhatsApp, and numerous other company communication channels.



KPS Berhad's MD/GCEO signing the Corruption-Free Pledge at the Ikrar Bebas Rasuah event.



**upholding good corporate governance** [GRI 3-3, 2-23, 2-24]

**anti-corruption audit and assessments**

The Group's IGU unit conducts comprehensive anti-corruption audits and assessments. This is in line with identifying potential/ actual weaknesses in the present governance systems that may lead to corrupt acts.

An in-depth review was undertaken, followed by a comprehensive review in 2023 to assess the level of corruption risks. The review or corruption risk assessment ("CRA") in 2023 included Toyoplas, CPI, CBB, and MDS Advance. All operations were deemed to be at low risk of exposure to corruption as a direct result of robust internal controls in place in all assessed organisations.

Hence, no specific or additional procedures have been put in place beyond existing controls, as no subsidiary companies, departments or units were considered to have high-risk exposure to corruption. However, the Group continues to see how best to strengthen its approach to comprehensively addressing all types of corruption, including bribery. This includes the establishment of the OACP 2023-2026.



MD/GCEO posing with the signed Corruption-free Pledge at Ikrar Besar Rasuah event.

## upholding good corporate governance [GRI 3-3, 2-23, 2-24]

	2021	2022	2023
<b>Anti-Corruption Assessment</b>			
Total Number of Operations Assessed for Risks Related to Corruption	NA	15	15
Percentage of Operations Assessed for Risks Related to Types of Corruption (%)	NA	60	62.5
Significant Risks Related to Corruption Identified Through the Risk Assessment	NA	0	0

\*NA: Not Available

	2021	2022	2023
<b>Anti-Corruption Training Performance</b>			
Total Number of Board of Directors	8	8	8
Number of board of Directors who have Received Training on Anti-Corruption	NA	NA	2
Percentage of Board of Directors who have Received Training on Anti-Corruption (%)	NA	NA	25
Number of Hours Board of Directors have Received training on Anti-Corruption	NA	NA	2

\*NA: Not Available

	2021	2022	2023
<b>Percentage of Employees who have Received Training on the Anti-Corruption, by Employee Category (%)</b>			
Senior Management	NA	NA	14
Management	NA	NA	28
Executive	NA	NA	47
Non-executive	NA	NA	11

\*NA: Not Available

**upholding good corporate governance** [GRI 3-3, 2-23, 2-24]

Anti-Corruption Training Performance	<b>2021</b>	<b>2022</b>	<b>2023</b>
Total Number of Confirmed Incidents of Corruption	0	0	0
Actions Taken in Dealing with Confirmed Incidence(s) of Corruption in the Company (If Any)	0	0	0
Total Number of Confirmed Incidents in which Employees were Dismissed or Disciplined for Corruption	0	0	0
Total Number of Confirmed Incidents when Contracts with Suppliers & Contractors were Terminated or Not Renewed due to Violations Related to Corruption	0	0	0
Cost of Fines, Penalties, or Settlements in Relation to Corruption (RM)	0	0	0
Total Amount of Political Contribution (RM)	0	0	0

## upholding good corporate governance [GRI 3-3, 2-23, 2-24]

### complaints & grievance mechanisms

[GRI 2-16, 2-25, 2-26, 3-3, 406-1]

KPS Berhad's whistleblowing mechanism also functions as a grievance mechanism for all stakeholders, including employees. Employees can choose to use formal internal channels such as lodging complaints with their superiors or human resources department or use the existing whistleblowing mechanism should they feel the extent of their grievance warrants such action.

The existence of the complaints and grievance mechanism provides unbiased, easy-to-access channels for those who wish to raise matters of concern directly with Management. These include issues pertaining to corruption, bribery, sexual or physical abuse, discrimination, or any other serious matter, violation of labour and human rights including employment conditions, breach of employment contracts, provision of improper accommodation facilities and living environments, unsafe workplaces and practices, and various other matters.

All grievance reports received are treated seriously and are investigated as necessary.

In 2023, zero complaints regarding grievances were received.

#### Number of Grievance Cases:

**2023 : 0**

**2022 : 0**

**2021 : 0**

### cybersecurity [GRI 3-3, 418-1]

KPS Berhad's operations span several countries, and a wide range of manufacturing and non-manufacturing businesses, typically produce, receive, disseminate, and store voluminous data. This data includes proprietary Group information as well as highly sensitive customer-related information. Hence, it is of the utmost importance that such data be well protected, more so with the increasing and more rampant threat of data breaches due to hacking, scams, and other illicit tactics by unscrupulous forces.

KPS Berhad is committed to strengthening its cybersecurity measures to protect the Group from imminent cyber threats. The Group's approach to protecting its technology, assets, and data is well-defined through cybersecurity protocols, as well as with the 2023 KPS Data Protection Framework. The Framework includes data encryption, multiple firewalls, restricted user access, and various other salient features to prevent data breaches.

KPS Berhad's cybersecurity infrastructure is supported by continued user education and awareness, of the importance of good data management practices. Often, breaches occur due to human activity or errors. Hence, several control and monitoring systems have been initiated in 2023.

**upholding good corporate governance** [GRI 3-3, 2-23, 2-24]



**Asset Monitoring & Management**

- Our devices and infrastructures have been onboarded to Microsoft Intune
- Provides real-time physical and application status, such as operating system version, security patch update, remote data wipe out
- Centralised deployment for latest security patch, system policy assignments
- Monitoring and investigation of potential threats and provide automatic remediation



**Data Protection and Data Loss Prevention**

- Continuous efforts on data inventory is focused on physical data inventory, functional data inventory, and data governance inventory
- Activation of data compliance on Microsoft 365



**Identity Privileged Management and Monitoring**

- Multi Factor Authentication ("MFA") to prevent unauthorised access as it requires additional validation of login credentials
- Provide self-service functionalities i.e, resetting PIN, password, applications version, audit trail, hardware health, and others
- Provide real-time, "force update" and auto install latest security patch update to KPS Berhad laptops

## upholding good corporate governance [GRI 3-3, 2-23, 2-24]



### Endpoint Security, Internet & Web Protection

- Our devices and infrastructures upgraded to Microsoft Business Premium
- Microsoft Firewall software have been activated to provide additional protection while working outside of KPS Berhad IT network and infrastructure i.e, connecting to public Wi-Fi or Hotspot
- Provide real-time monitoring and detection to block any suspicious activities i.e, network intrusion, malware
- Providing malware security for daily Internet browsing by removing any potential threats to the KPS Berhad system and data, as well as monitoring and providing protection for web browsers and the Internet
- Ransomware protection and monitoring provides early detection for suspicious or unauthorised access to KPS Berhad system and data



### Enforce Cyber Hygiene and Resiliency

- Improved cybersecurity maturity level across the Group



### Cybersecurity Awareness

- KPS Berhad's Information Technology Department shared with subsidiary companies on the latest Black Cat Ransomware, and provide mitigations to reduce the risk of being compromised by Black Cat
- Enabling of [External] email label, to provide external email warning, which helps to alert users from clicking malicious links and phishing emails sent by external senders
- Guideline on Best Practice-Keep Yourself Safe from online Identity Theft
- Awareness on phishing email on Microsoft Multi-Factor Authentication Setup

**upholding good corporate governance** [GRI 3-3, 2-23, 2-24]

**leadership development programme on cybersecurity**

The Group adheres to the Malaysia Personal Data Protection Act ("PDPA") 2010 to protect data and ensure information is used only as intended. This includes ensuring that data is collected only for intended purposes, is safely stored with access limited only to the rightful parties, that information is collected with the full consent and knowledge of the data owner, and that information is only disseminated with the consent of the owner. Cybersecurity is categorised as a risk, which is placed under the Risk Register and reported periodically to the BGRC.

To promote cybersecurity and customer data privacy awareness within our community, the Associate Director of Information Technology for the Group shared KPS Berhad's cybersecurity journey at an event hosted by FatNinjas SRKK Group in collaboration with Microsoft and Datto. This session has highlighted the importance of cybersecurity in today's digital landscape, the measures KPS Berhad has taken to safeguard customer data and sensitive information, and the proactive steps they have adopted to stay ahead of emerging threats.



**ZERO**  
**substantiated data breach cases**  
from stakeholders which directly or indirectly mentioned the Group

**Number of substantiated complaints concerning breaches of customer privacy and losses of customer data**



**2023 : 0**  
**2022 : 0**  
**2021 : 0**



**2023 : 0**  
**2022 : 0**  
**2021 : 0**



**2023 : 0**  
**2022 : 0**  
**2021 : 0**



**2023 : 0**  
**2022 : 0**  
**2021 : 0**



**2023 : 0**  
**2022 : 0**  
**2021 : 0**



**2023 : 0**  
**2022 : 0**  
**2021 : 0**

As a globally listed investment holding company on Bursa Securities, KPS Berhad is proactive, ensuring robust cybersecurity measures across KPS Berhad and subsidiary companies. The IT department plays a pivotal role in refining operations, improving decision-making, and enhancing overall efficiency.



chapter 7: what's next



For 2024, KPS Berhad will be unveiling its new materiality matrix, developed through a comprehensive double materiality assessment exercise towards prioritising and determining its most significant material topics.

The basis for reassessment post-pandemic is, to enable a clearer and more updated perspective of what is material to the Group based on a double materiality perspective consisting of the following two materiality perspectives:

- **How ESG topics can / will impact financial performance, and to what extent (financial materiality)**
- **How ESG topics can / will impact society and the physical environment, and possibly even national agendas, and to what extent (impact materiality)**

## what's next

KPS Berhad's decision to undertake its double materiality assessment is in line with the SRG3 which stipulates that listed companies should undertake a full-scale materiality assessment at least once every three to five years and/or if there are major changes to its business model or operating context.

A thorough evaluation of materiality is also a requirement or highly recommended by a wide range of sustainability reporting frameworks, including GRI, IFRS, TCFD and others.

The double materiality assessment was conducted from September to October 2023 and received responses from 160 respondents from diverse stakeholder groups. Two surveys were conducted with different levels of sophistication towards soliciting input from internal and external stakeholders.

The simple survey was sent to most stakeholder groups, and a secondary advanced survey was targeted at Board members Senior Management, and institutional investors, as well as specific stakeholders i.e. respondents from our fund managers and financial analysts. Response data was analysed, and findings were developed, including the provisional materiality matrix for 2023.

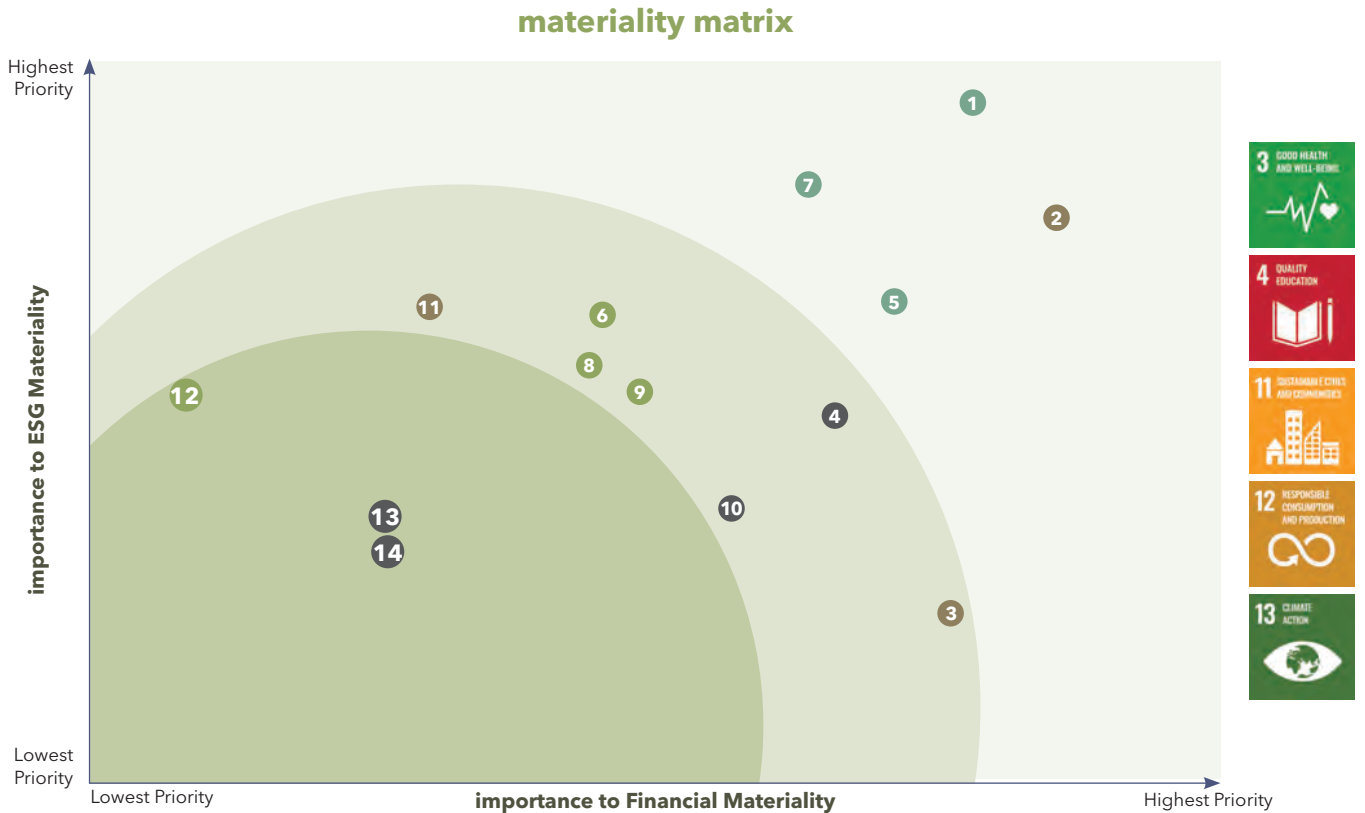
The provisional results and materiality matrix was presented to Management for their deliberation and approval. Upon completion, the final results and findings were presented to the SBC and thence the Board.

The full results, including the new materiality matrix and top topics, will be disclosed in the Group's subsequent sustainability report.

Based on the identified topics, KPS Berhad will look to further align its risk management process with the Group's risk management guidelines to build readiness and resilience through the identification and management of potential risks encountered by our organisation.

# double materiality assessment [GRI 3-1, 3-2, 3-3]

In the process of conducting the materiality assessment, a total of 17 material matters were evaluated. The data and feedback collected during this assessment were analysed to identify a new list of top 14 material topics. These topics were then plotted in the materiality matrix, which underwent refinement through feedback from the Management team.



**Economic**

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



**Environment**

- 6 Energy Efficiency
- 8 Waste Reduction, Recycling & Circular Economy
- 9 Climate Change & Emission
- 12 Water Security



**Social**

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



**Governance**

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

## double materiality assessment [GRI 3-1, 3-2, 3-3]




The Group's top material topics from an Economic and ESG perspective is provided as per the following:

- 1** Digitalisation & Technology
- 2** Quality Control & Customer Satisfaction
- 3** Economic & Business Performance
- 4** Employee Training & Career Development
- 5** Environmental & Social Compliance
- 6** Energy Efficiency
- 7** Good Governance & Anti-Corruption
- 8** Waste Reduction, Recycling & Circular Economy
- 9** Climate Change & Emissions

Materiality Matters	Definition	Risks
<div style="background-color: #4CAF50; color: white; padding: 5px; display: flex; align-items: center;"> <span style="font-weight: bold; color: white;">governance</span> </div> <p><b>Digitalisation &amp; Technology</b></p>	<p>The constant evolution of related technologies such as AI, automation, IR 4.0 and others and how these positively or negatively can impact KPS Berhad's business model or operations.</p>	<p>Digitalisation and technological risks include inappropriate selection of technology, long gestation period and ineffective implementation. It is also possible that acquired technology may not be fully leveraged to deliver the optimum strategic benefits and advantages.</p> <p>The aforementioned, collectively or individually, could lead to reduced or poor ROI from technology adoption.</p> <p>In addition, acquiring technology would likely entail substantial costs and investments, including changes to the manufacturing processes at subsidiaries, which could disrupt present operational productivity.</p>
<p><b>Good Governance &amp; Anti-Corruption</b></p>	<p>The continued focus on ensuring corruption-free operations in all dealings/interactions with all stakeholders.</p>	<p>Any incidents of bribery, kickbacks or other forms of corruption and unethical behaviour could lead to enforcement action by regulatory authorities, resulting in fines, closure of operations, loss of key personnel and reputational loss.</p>
<p><b>Environmental &amp; Social Compliance</b></p>	<p>Continued performance in meeting regulators' standards in ensuring minimal impact on the physical environment and local communities.</p>	<p>Any issue or non-compliance by the Group's subsidiaries with environmental and social regulations pertaining to waste and effluents, emissions, labour and human rights, and more could result in fines, operational shutdown, inability to meet customer demand on time and ultimately, financial and reputational loss.</p>

**double materiality assessment** [GRI 3-1, 3-2, 3-3]




- 10** Occupational Health & Safety
- 11** Sustainable Procurement & Local Sourcing
- 12** Water Security
- 13** Labour Standards
- 14** Human Rights

Opportunities	Impacted Stakeholders	UNSDGs
<p>Technology offers tremendous potential as a business enabler, potentially facilitating cost and operational efficiencies, reducing resource and labour dependences through process automation, improving speed to market and expediting implementation of strategies to up the value chain to undertake more advanced and commercially lucrative high-tech manufacturing activities.</p> <p>Technology may also support and enhance research and development efforts and enable the development of more market oriented business and operational strategies. Ultimately, technology supports the Group's competitive and prevents loss of market and commercial relevance over the medium and short-term.</p>	<p>Employees Customers Institutional investors Retail investors</p>	
<p>Strengthening good governance and anti-corruption may drive all-round organisational improvements as internal processes and controls are strengthened. These include improvements in procurement practices, a higher quality pool of suppliers, increased ability to attract and retain talent and stronger oversight on all aspects of business operations.</p>	<p>Employees Suppliers BOD Business partners Institutional investors Retail investors Regulators Media Local communities State entities</p>	
<p>Demonstrates the Group's commitment to ethical business practices. This can enhance the Group's reputation among consumers, investors, and other relevant stakeholders, leading to increased brand value.</p>	<p>Regulators Certification bodies Customers Suppliers State entities BOD</p>	

**double materiality assessment** [GRI 3-1, 3-2, 3-3]

Materiality Matters	Definition	Risks
 <p><b>economic</b></p> <p><b>Quality Control &amp; Customer Satisfaction</b></p>	<p>The focus on meeting customers' product or service requirements, as well as industry standards that ensure manufactured goods are fit for purpose.</p>	<p>Increasingly exacting specifications and higher customer expectations (while striving to retain cost efficiency) can affect the quality of products and services, and the delivery of compelling value propositions to customers.</p> <p>A lack of understanding of customers' evolving preferences and requirements could also lead to potential mismatches that affect the quality of products manufactured.</p> <p>In addition, supply chain issues revolving around poor quality of raw materials, delayed shipments, and other issues can also impact end-product quality control and, ultimately, customer satisfaction.</p>
<p><b>Economic &amp; Business Performance</b></p>	<p>The continued delivery of stable and growing fiscal results, and achievement of set fiscal targets.</p>	<p>KPS Berhad, as with all businesses, depends on external and market-driven trends and developments.</p> <p>Lower-than-forecast customer demand resulting from languid global economic growth had impacted business and operational performance.</p>
<p><b>Sustainable Procurement &amp; Local Sourcing</b></p>	<p>Continued performance in meeting regulators' standards in ensuring minimal impact on the physical environment and local communities.</p>	<p>Reliability of supply chain relationships, raw material deliveries, and service disruptions.</p>

**double materiality assessment** [GRI 3-1, 3-2, 3-3]

Opportunities	Impacted Stakeholders	UNSDGs
<p>Focusing on quality control offers a wide range of business improvements including opportunities to better understand customer requirements, develop more market attuned products, work with customers to identify specific challenges and pain points, and develop truly bespoke products and solutions.</p> <p>Emphasising product quality and customer satisfaction also fuels improvement across the business value chain, driving closer collaboration with suppliers and encouraging greater focus on improving existing manufacturing.</p>	<p>Customers Suppliers</p>	
<p>Continued analysis of the larger market environment supports improved identification of expansion opportunities based on geographic location.</p>	<p>Employees Customers Institutional investors Retail investors BOD State entities Local communities</p>	
<p>Supporting local suppliers, better control of logistical management, and increasing the speed of delivery to customers.</p>	<p>Vendors and suppliers</p>	

**double materiality assessment** [GRI 3-1, 3-2, 3-3]


Materiality Matters	Definition	Risks
 <p><b>environmental</b></p> <p><b>Energy Efficiency</b></p>	<p>Focus on ensuring optimal balance between cost and meeting the Group's energy requirements.</p>	<p>Amidst rising energy costs, the pursuit of greater energy efficiency is integral to sustaining cost competitiveness and gross product margins.</p> <p>However, a well-defined and customised energy management approach is required for varying subsidiary companies. Improperly conducted energy audits may lead to costly expenditures that may not result in desired cost savings and results. In addition, any requirement for business process re-engineering may lead to significantly higher costs and a longer gestation period.</p>
<p><b>Waste Reduction, Recycling &amp; Circular Economy</b></p>	<p>Constant efforts to reduce waste produced from business operations, while striving for improved waste efficiency in tandem with revenue and output.</p>	<p>Poor management of waste would lead to increased environmental pollution and potentially, negative societal impacts. Inability or reticence to adopt more sustainable waste management methods could lead to loss of contracts or affect competitive ability.</p>
<p><b>Climate Change &amp; Emissions</b></p>	<p>Impacts, positive or negative arising from the onset of climate change.</p>	<p>Climate change may pose both physical and transitional risks for KPS Berhad's subsidiary companies. Among the identified risks include flash flooding, rising temperatures, as well as impacted access to financing, and increased requirements to produce low carbon products by customers.</p>
<p><b>Water Security</b></p>	<p>Availability, access, quality, and sustainable management of water resources to meet the diverse needs of people and business ecosystem.</p>	<p>Poor management of water would lead to increased environmental issues and potentially, negative societal impacts. Insufficient availability of water could lead to drought, water pollution, and potentially water conflicts.</p>




**double materiality assessment** [GRI 3-1, 3-2, 3-3]

Opportunities	Impacted Stakeholders	UNSDGs
<p>Driving energy efficiency provides a measure of insulation against rising energy costs, notably post the upward revision in imbalance Cost Pass-Through (ICPT) rates.</p> <p>Energy efficiency may also indirectly accelerate the transition towards decarbonisation and promote more efficient manufacturing practices across all subsidiary companies.</p>	<p>Employees Suppliers BOD Business partners Institutional investors Regulators</p>	 
<p>Potential opportunities for resource, process, and cost efficiency can be identified and leveraged to transform waste management from a cost centre into more productive revenue generating opportunities.</p>	<p>Employees Regulators Certification bodies</p>	 
<p>Opportunities include accelerating the decarbonisation process, and exploring new commercial potential in emerging business sectors.</p>	<p>Employees Suppliers BOD Business partners Institutional investors Regulators Certification bodies Local communities State entities</p>	 
<p>Implementing water-saving practices to reduce water consumption, optimise water use efficiency, and minimise water waste in operations, manufacturing processes, and supply chains.</p>	<p>Employees Business partners State entities Suppliers and vendors</p>	  

**double materiality assessment** [GRI 3-1, 3-2, 3-3]

Materiality Matters	Definition	Risks
 <p><b>social</b></p> <p><b>Human Rights</b></p> <p><b>Labour Standards</b></p> <p><b>Occupational Health &amp; Safety</b></p> <p><b>Employee Training &amp; Career Development</b></p>	<p>The role of business in economic empowerment and positive social impact for employees and local communities.</p> <p>Principles, regulations, guidelines, and standards for workers' rights, working conditions, and employment practices.</p> <p>The pursuit of a zero fatality and zero LTI, accident and injury free work environment.</p> <p>The provision of training opportunities to upskill the existing talent pool to meet present and future competency requirements.</p>	<p>Stagnated traditional approach that is focussed on employee rights and community charitable acts.</p> <p>Creating robust initiatives to identify root causes of societal issues that address the Group's business objectives; through understanding, engaging in, and acting upon critical workplace and marketplace.</p> <p>Non-compliance with labour laws, regulations, and standards can result in legal penalties, fines, lawsuits, or regulatory sanctions.</p> <p>Any OHS incident, notably major incidents that lead to injuries or fatalities, may significantly impact continuity of operations, resulting in operational disruption, reputational loss, inability to meet production orders, and exposure to fines and other punitive measures by regulatory bodies.</p> <p>Investing in the upgrading of employees' skills, as well as providing career pathways for continued upward mobility, is essential for employee attraction and retention.</p> <p>However, mismatches in talent development strategies and actual organisational needs can impact success rates, potentially leading to ineffective expenditures.</p>

double materiality assessment [GRI 3-1, 3-2, 3-3]

Opportunities	Impacted Stakeholders	UNSDGs
<p>Provides insights to develop impactful social initiatives and uphold human rights concerns.</p>	<p>Employees Business partners State entities</p>	
<p>Derive value and competitive advantage from our commitment to upholding labour standards and employment rights.</p>	<p>Employees Regulators Certification bodies</p>	
<p>A strong OHS track record strengthens brand reputation and credibility and would instil greater market confidence. This would translate into more traction with customers as well as talent.</p>	<p>Employees Customers Media Regulators Certification bodies BOD</p>	
<p>By enabling a comprehensive training and career development approach, Management is better positioned to upskill talent to address existing competency gaps, improve employee productivity, and ultimately increase employee morale, contributing to reduced attrition rates.</p> <p>Training also indirectly strengthens the company's reputation and position as a people-focused, preferred employer, which may be advantageous in attracting talent, notable amidst a talent-scarce environment.</p>	<p>Employees Local communities</p>	

# independent assurance statement [GRI 2-5]

independent assurance by SIRIM



## SIRIM QAS INTERNATIONAL SDN BHD INDEPENDENT ASSURANCE STATEMENT

**To Board of Directors, Stakeholders, and Interested Parties,**

SIRIM QAS International Sdn. Bhd. was engaged by Kumpulan Perangsang Selangor Berhad (hereafter referred to as KPS Berhad) to perform an independent verification and provide assurance of the KPS Berhad's Sustainability Report 2023. The main objective of the verification process is to provide assurance to KPS Berhad and its stakeholders on the accuracy and reliability of the information as presented in this statement. The verification by SIRIM QAS International applies to sustainable performance information (subject matter) within the assurance scope which is included in KPS Berhad Sustainability Report 2023.

The Management of KPS Berhad was responsible for the preparation of the Sustainability Report. The objective and impartiality of this statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of KPS Berhad's Sustainability Report and Integrated Annual Report 2023.

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 organisation's ability to achieve its objectives, targets or expectations on their subject matter and sustainability-related issues. The assurance activity evaluates the adequacy of KPS Berhad's 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. Details are provided in Appendix 1.

The verification was carried out by SIRIM QAS International between February and March 2024, with the following methodologies:

- Reviewing and verifying the traceability, consistency and accuracy of information collected from various sources; internal and external documentation which are made available during the conduct of assessment.
- Verification of data presented in the Sustainability Report includes a detailed review of the sampled data.
- Interviewing key personnel responsible for collating information and writing various parts of the report to substantiate the veracity of the claims.

### Enhancements in 2023

In 2023, KPS Berhad's newly formed TCFD Committee collaborated closely with the Board Governance Risk Committee (BGRC) and the Sustainability Board Committee (SBC). Their joint efforts focus on managing climate-related risks and opportunities, aiming to enhance transparency and sustainability concept in mitigating overall business risks. KPS Berhad has broadened the boundary of the organisation's GHG reporting and accounting to more subsidiary companies in aligning with the completeness principles and expanded the SROI concept to all their social programmes, emphasizing the holistic value generated by their operations beyond financial returns. Notably, KPS Berhad has also introduced a new materiality matrix that considers double materiality perspectives, ensuring a comprehensive assessment of both outward impacts on environmental and social matters and their interrelation with financial outcomes.

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of other information reported in KPS Berhad Integrated Annual Report 2023.
- The corporate office at Plaza Perangsang in Shah Alam was visited as part of this assurance engagement. The verification process did not include physical inspections of any of KPS Berhad's buildings, managed leased and leased assets. And,
- The verification team did not verify any contractor or third-party data.

### 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 was reviewed by Management to ensure that the approach and assurance are strictly followed and operated transparently. During the verification process, issues were raised, and clarifications were sought from the Management of KPS Berhad relating to the accuracy of some of the information contained in the report. In response to the raised findings, the Sustainability Report was subsequently reviewed and revised by KPS Berhad. It is confirmed that changes that have been incorporated into the final version of the report have 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 Berhad has not complied, in all material respects, with the referred assurance standard and guide. The following represents SIRIM QAS International's opinion:

- The level of data accuracy included in KPS Berhad Sustainability Report 2023 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 Berhad's sustainability performance.

## independent assurance statement [GRI 2-5]

- The sustainability report provides a reasonable and balanced presentation of KPS Berhad'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. Aine Jamaliah Mohamad Zain	:	Team Member

Statement Prepared by:



**AERNIDA BINTI ABDUL KADIR**

Team Leader  
Management System Certification Department  
SIRIM QAS International Sdn. Bhd.

Date: 27 March 2024

Statement Approved by:



**Ts. MD ADHA BIN RAHMAT**

Senior General Manager  
Management System Certification Department  
SIRIM QAS International Sdn. Bhd

Date: 2 April 2024

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 (27 March 2024).

## independent assurance statement [GRI 2-5]

Appendix 1 The topics and information covered in this assessment is tabulated below:		CLASSIFICATION OF DATA			
		HIGH	MEDIUM	LOW	UN SUBSTANTIATED
Sustainability at KPS Berhad	KPS Berhad sustainability approach and philosophy				
	Sustainability governance structure				
	Materiality matters				
	Sustainability targets & implementation				
	Stakeholder engagement				
Economic Commitment	Driving optimum business and operational performance towards maximizing financial and non-financial value creation				
Environmental Commitment	Reducing carbon emissions intensity by 45% by 2030 and ultimately pursuing carbon neutrality by 2050				
	Continuously implementing environmentally responsible manufacturing practices				
Social Commitment	Be the champion in addressing socio-economic gaps within the society				
	Upholding human rights, labour rights safety, equality and diversity throughout business operations				
Governance Commitment	Upholding good corporate governance				

## Note 1:

This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd shall not be responsible for any changes or additions made after the referred date (27 March 2024).

## Note 2:

The assurance involves activity aims to obtain sufficient appropriate evidence to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party, about the subject matter information. It comprises of activities carried out to assess the quality and credibility of the qualitative and quantitative information reported by the organization. This assurance is different from activities used to assess or validate the organization's performance, such as compliance assessments or the issuing of certifications against specific standards.

## Note 3:

Definition of HIGH, MEDIUM, LOW and UNSUBSTANTIATED Classification of Data in this Appendix 1.

**HIGH:** The data and information reviewed has been confirmed with the direct owners. The source of the data origin was provided during the conduct of the assessment.

**MEDIUM:** Data and information have been confirmed with the direct owners. However, the source of the data has been based on secondary data, where the data origin is not accessible by the verifiers during the conduct of the assessment.

**LOW:** Data and information reviewed has been based on information endorsed by the data owners. Verifiers did not have access to the source of the data origin. It has been identified as one of the limitations during the conduct of the assessment.

**UNSUBSTANTIATED:** The sources of data and information disclosed were not made available during the assessment review period due to reasons like confidentiality, unattainable data source and unavailable data owner. It has been identified as one of the limitations during the conduct of the assessment.

# bursa securities mandatory disclosure index

Indicator	Measurement Unit	2023
<b>Bursa (Supply chain management)</b>		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	69.00
<b>Bursa (Anti-corruption)</b>		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	14.00
Management	Percentage	28.00
Executive	Percentage	47.00
Non-Executive	Percentage	11.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	62.50
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
<b>Bursa (Health and safety)</b>		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.40
Bursa C5(c) Number of employees trained on health and safety standards	Number	37
<b>Bursa (Labour practices and standards)</b>		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	952
Management	Hours	4,425
Executive	Hours	11,473
Non-Executive	Hours	15,200
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	27.97
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	9
Management	Number	46
Executive	Number	84
Non-Executive	Number	804
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
<b>Bursa (Energy management)</b>		
Bursa C4(a) Total energy consumption	Megawatt	55,927.41
<b>Bursa (Diversity)</b>		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management Between 30-50	Percentage	51.35
Senior Management Above 50	Percentage	48.65
Management Under 30	Percentage	1.28
Management Between 30-50	Percentage	60.90
Management Above 50	Percentage	37.82
Executive Under 30	Percentage	20.90
Executive Between 30-50	Percentage	64.18
Executive Above 50	Percentage	14.92
Non-Executive Under 30	Percentage	41.90
Non-Executive Between 30-50	Percentage	54.45
Non-Executive Above 50	Percentage	3.65



## bursa securities mandatory disclosure index

Indicator	Measurement Unit	2023
<b>Bursa (Diversity)</b>		
Gender Group by Employee Category		
Senior Management Male	Percentage	85.71
Senior Management Female	Percentage	14.29
Management Male	Percentage	66.67
Management Female	Percentage	33.33
Executive Male	Percentage	44.36
Executive Female	Percentage	55.64
Non-Executive Male	Percentage	63.19
Non-Executive Female	Percentage	36.81
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	62.50
Female	Percentage	37.50
Under 30	Percentage	0.00
Between 30-50	Percentage	12.50
Above 50	Percentage	87.50
<b>Bursa (Community/Society)</b>		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	2,847,816.15
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	103,095
<b>Bursa (Data privacy and security)</b>		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
<b>Bursa (Water)</b>		
Bursa C9(a) Total volume of water used	Megalitres	192.360000

Internal assurance External assurance No assurance (\*)Restated

## Note:

- The Bursa Securities mandatory disclosure index table above is generated from the 'Standard' template of Bursa Securities' ESG reporting platform.
- For indicator C7(a), the data is based on the Group's proportion of spending on local suppliers' disclosure. Further information is available on page 86.
- For indicators C1(a), C1(b) and C1(c), the data is based on the Group's anti-corruption audit and assessment disclosures. Further information is available on page 200 and 201.
- For indicators C5(a) and C5(b), the data is based on the Group's safety and health disclosures. Further information is available on page 185.
- For indicator C5(c), the data is based on the Group's OSH training and programme disclosures. Further information is available on page 183.
- For indicator C6(a), the data is based on the Group's training and career development disclosures. Further information is available on page 176 and 177.
- For indicators C6(b) and C6(c), the data is based on the Group's employee breakdown disclosures. Further information is available on page 172 and 173.
- For indicator C6(d), the data is based on the Group's human rights impact assessment disclosure. Further information is available in page 167.
- For indicator C4(a), the data is based on the Group's energy management disclosures. Further information is available on page 108.
- For indicators C3(a) and C3(b), the data is based on the Group's employee breakdown disclosures. Further information is available on page 172 and 173.
- For indicators C2(a) and C2(b), the data is based on the Group's contribution for social investment initiatives. Further information is available on page 144.
- For indicator C8(a), the data is based on the Group's number of substantiated data breach cases disclosure. Further information is available on page 205.
- For indicator C9(a), the data is based on the Group's water consumption (litre) disclosure. Further information is available on page 128.

# GRI content index

Statement of use : Kumpulan Perangsang Selangor Berhad has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards.

GRI 1 used : GRI 1: Foundation 2021

PILLAR	GRI STANDARD	GRI CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT
<b>ORGANISATIONAL OVERVIEW</b>	<b>GRI 2: General Disclosures 2021</b>	2-1	Organisational details	-
		2-2	Entities included in the organization's sustainability reporting	Scope and Basis of Scope
		2-3	Reporting period, frequency and contact point	Scope and Basis of Scope
		2-4	Restatements of information	Scope and Basis of Scope
		2-5	External assurance	Assurance
		2-6	Activities, value chain and other business relationships	--
		2-7	Employees	Labour Practices & Standards
		2-8	Workers who are not employees	Labour Practices & Standards
<b>SUSTAINABILITY GOVERNANCE</b>		2-9	Governance structure and composition	
		2-10	Nomination and selection of the highest governance body	
		2-11	Chair of the highest governance body	
		2-12	Role of the highest governance body in overseeing the management of impacts	
		2-13	Delegation of responsibility for managing impacts	
		2-14	Role of the highest governance body in sustainability reporting	
		2-15	Conflicts of interest	Sustainability Governance
		2-16	Communication of critical concerns	
		2-17	Collective knowledge of the highest governance body	
		2-18	Evaluation of the performance of the highest governance body	
		2-19	Remuneration policies	
		2-20	Process to determine remuneration	
		2-21	Annual total compensation ratio	

GRI content index

F4GBM ALIGNMENT	SASB ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE	EXTERNAL ASSURANCE
				Who We Are; Corporate Structure; Where We Operate (pg 10-13)	Yes
	TC-ES-000.A, TC-ES-000.B, RR-PP-000.A, RR-PP-000.B, TC-SC-000.A, TC-SC-000.B, IF-WU-000.A, IF-WU-000.B, IF-WU-000.C, IF-WU-000.D, IF-WU-000.E			Reporting Period & Scope, Boundary, Exclusions (pg 6-7)	Yes
				About This Report (pg 5-9)	Yes
				None	Yes
				Assurance (pg 8)	Yes
				Where We Operate; Information on Subsidiary Companies, Associate Companies & Other Investments; Value Creation Model (pg 13-25)	Yes
Labour Standards	TC-ES-000.C, TC-SC-330a.1	SDG 5, 8	Principle 6	Hiring from Local Communities (pg 163); Employee Breakdown (pg 172-173)	Yes
Labour Standards	TC-ES-000.C, TC-SC-330a.1	SDG 5, 8	Principle 6	Upholding Human Rights, Labour Rights, Safety, Equality & Diversity Throughout Business Operations (pg 164-167)	Yes
				Sustainability Governance Structure (pg 48-52); Board of Directors' Profile (2023IAR)	Yes
				Board Appointments (2023IAR)	Yes
				Board Leadership (2023IAR)	Yes
				Sustainability Governance Structure (pg 48-52)	Yes
				Sustainability Governance Structure (pg 48-52); Governing Sustainability (2023IAR)	Yes
				Board's Approval (pg 8); Sustainability Governance Structure (pg 48-52)	Yes
Corporate Governance	-	SDG 16, 17	Principle 10	Board of Directors' Profile (2023IAR); Board Administration (2023IAR); Related Party Transactions Policy (2023IAR)	Yes
				Materiality Matters (pg 57-61); Complaints & Grievance Mechanisms (pg 202); Whistleblowing Policy (pg 197); Risk Management (pg 193)	Yes
				Keeping Abreast Sustainability Issues (2023IAR); Board Skills Matrix (2023IAR)	Yes
				Annual Board Evaluation (2023IAR)	Yes
				Materiality Matters (pg 57-61); Complaints & Grievance Mechanisms (pg 202); Whistleblowing Policy (pg 197); Risk Management (pg 193)	Yes
				Annual Board Evaluation (2023IAR)	Yes

## GRI content index

PILLAR	GRI STANDARD	GRI CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT
SUSTAINABILITY GOVERNANCE	GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy	Sustainability Governance
		2-23	Policy commitments	
		2-24	Embedding policy commitments	
		2-25	Processes to remediate negative impacts	
		2-26	Mechanisms for seeking advice and raising concerns	
		2-27	Compliance with laws and regulations	
		2-28	Membership associations	
		2-29	Approach to stakeholder engagement	
STAKEHOLDER		2-30	Collective bargaining agreements	
MATERIALITY	GRI 3: Material Topics 2021	3-1	Process to determine material topics	Materiality Assessment
		3-2	List of material topics	
		3-3	Management of material topics	Management Approach
ECONOMIC	GRI 201: Economic Performance 2016	3-3	Management of material topics	-
		201-1	Direct economic value generated and distributed	-
		201-2	Financial implications and other risks and opportunities due to climate change	TCFD Aligned Disclosure
		201-3	Defined benefit plan obligations and other retirement plans	-
		201-4	Financial assistance received from government	-
	GRI 202: Market Presence 2016	3-3	Management of material topics	-
		202-1	Ratios of standard entry level wage by gender compared to local minimum wage	
		202-2	Proportion of senior management hired from the local community	
	GRI 203: Indirect Economic Impacts 2016	3-3	Management of material topics	
		203-1	Infrastructure investments and services supported	
		203-2	Significant indirect economic impacts	
	GRI 204: Procurement Practices 2016	3-3	Management of material topics	Supply Chain Management C7(a)
		204-1	Proportion of spending on local suppliers	

GRI content index

F4GBM ALIGNMENT	SASB ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE	EXTERNAL ASSURANCE
				Message from the MD/Group CEO (pg 26-32); Review from the Chief Sustainability Officer (pg 34-40)	Yes
				Sustainability Targets & Implementation (pg 62-69); Commitment to Ethical Conduct and High Corporate Integrity (pg 191-192)	Yes
Risk Management; Human Rights & Community	-	-	Principle 1, 2, 3, 7, 10	Feedback & Distribution (pg 8); Complaints & Grievance Mechanisms (pg 202); Whistleblowing Policy (pg 197)	Yes
				Stringent Quality Control Procedures (pg 94-100); Ensuring Compliance through Actions (pg 120); Anti-Corruption Audit and Assessments (pg 199-201)	Yes
				Membership & Partnership of Associations (pg 41)	Yes
				Stakeholder Engagement (pg 70-77)	Yes
Labour Standards				Collective Bargaining (pg 168)	Yes
				Materiality Matters (pg 57-61); Materiality Assessment (pg 57; pg 209-211)	Yes
				Economic Commitment (pg 79-100); Environment Commitment (pg 103-141); Social Commitment (pg 143-187); Governance Commitment (pg 189-205)	Yes
				Out Business Model (pg 80-81)	
		SDG 1, 8, 10, 13		Economic & Business Performance (pg 82-83); Financial Values for Stakeholders (pg 84)	
				Identification of Climate-Related Risks; Impact of Climate-Related Risks; Identification Assessment Climate-Related Risks (pg 130-141)	Yes
				Employees Compensation & Benefits (pg 170)	
				Not Applicable.	
				Where We Operate (pg 10-13)	
Human Rights & Community		SDG 5,8, 10	Principle 6	Employees Compensation & Benefits (pg 170)	Yes
				Hiring from Local Communities (pg 163)	
Human Rights & Community		SDG 4, 8, 9, 11, 12		Measuring True Values Created through Social Return on Investment Methodology; Engaging Local Communities through Social Investment Initiatives (pg 143-162)	Yes
Human Rights & Community		SDG 8, 17		Sustainable Procurement & Local Sourcing (pg85)	Yes
				Group Procurement Data (pg 86-93)	

## GRI content index

PILLAR	GRI STANDARD	GRI CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT
GOVERNANCE	<b>GRI 205: Anti-corruption 2016</b>	3-3	Management of material topics	
		205-1	Operations assessed for risks related to corruption	Anti-Corruption C1(a) C1(b) C1(c)
		205-2	Communication and training about anti-corruption policies and procedures	
		205-3	Confirmed incidents of corruption and actions taken	
ENVIRONMENTAL	<b>GRI 301: Materials 2016</b>	3-3	Management of material topics	
		301-1	Materials used by weight or volume	Materials S5(a)
		301-2	Recycled input materials used	
		301-3	Reclaimed products and their packaging materials	
	<b>GRI 302: Energy 2016</b>	3-3	Management of material topics	
		302-1	Energy consumption within the organization	
		302-2	Energy consumption outside of the organization	Energy Management C4(a)
		302-3	Energy intensity	
		302-4	Reduction of energy consumption	
		302-5	Reductions in energy requirements of products and services	
	<b>GRI 303: Water and Effluents 2018</b>	3-3	Management of material topics	
		303-1	Interactions with water as a shared resource	
		303-2	Management of water discharge-related impacts	Water C9(a)
		303-3	Water withdrawal	Effluents S8(a)
		303-4	Water discharge	
		303-5	Water consumption	
	<b>GRI 305: Emissions 2016</b>	3-3	Management of material topics	
		305-1	Direct (Scope 1) GHG emissions	Emissions Management C11(a) C11(b) C11(c)
		305-2	Energy indirect (Scope 2) GHG emissions	
		305-3	Other indirect (Scope 3) GHG emissions	
305-4		GHG emissions intensity		
305-5		Reduction of GHG emissions		
305-6		Emissions of ozone-depleting substances (ODS)	Emissions - Air Quality/ Pollution S4(a)	
305-7		Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		

## GRI content index

F4GBM ALIGNMENT	SASB ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE	EXTERNAL ASSURANCE
Anti-Corruption		SDG 4, 16	Principle 10	Upholding Good Corporate Governance (pg 189-205), Anti Bribery & Corruption (pg 194-201)	Yes
Pollution & Resources	TC-ES-440a.1, RR-PP-430a.1, RR-PP-430a.2, RR-PP-000.C, TC-SC-410a.1, TC-SC-440a.1	SDG 12	Principle 7, 8, 9	Continuously Implementing Environmentally Responsible Manufacturing Practices (pg 118-129); Material Consumption (pg 126-127); Waste Reduction (pg 120-123)	Yes
Climate Change	RR-PP-130a.1, TC-SC-130a.1, TC-SC-410a.2, IF-WU-130a.1	SDG 7, 12, 13	Principle 7, 8, 9	Pursuing Greater Energy Efficiency & Decarbonisation (pg 106-107); Energy Management (pg 108-112);	Yes
Water Use Pollution & Resources	TC-ES-140a.1, RR-PP-140a.1, RR-PP-140a.2, TC-SC-140a.1, IF-WU-140b.1, IF-WU-140b.2	SDG 6, 12	Principle 7, 8, 9	Pollution & Effluents Management (pg 124-125); Water Security (pg 128-129)	Yes
Climate Change	RR-PP-110a.1, RR-PP-110a.2, TC-SC-110a.1, TC-SC-110a.2	SDG 7, 12, 13	Principle 7, 8, 9	Reducing Carbon Emissions Intensity by 45% by 2030 & Ultimately Pursuing Carbon Neutrality by 2050 (pg 103-117); Developing a Firm Foundation & Action Plan (pg 105); Pursuing Greater Energy Efficiency & Decarbonisation (pg 106-107); Emissions (pg 116-117); Continuously Implementing Environmentally Responsible Manufacturing Practices (pg 118-129); Task Force on Climate-Related Financial Disclosure (TCFD) Report (pg 130-141)	Yes
Pollution & Resources	RR-PP-120a.1			Omitted, information unavailable.	Yes

## GRI content index

PILLAR	GRI STANDARD	GRI CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT
ENVIRONMENTAL	<b>GRI 306: Waste 2020</b>	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 C10(a) C10(a)(i) C10(a)(ii)
		306-3	Waste generated	
		306-4	Waste diverted from disposal	
		306-5	Waste directed to disposal	
	<b>GRI 308: Supplier Environmental Assessment 2016</b>	3-3	Management of material topics	
		308-1	New suppliers that were screened using environmental criteria	Supply Chain (Env) S6(a) S6(b)
		308-2	Negative environmental impacts in the supply chain and actions taken	
SOCIAL	<b>GRI 401: Employment 2016</b>	3-3	Management of material topics	
		401-1	New employee hires and employee turnover	
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Labour Practices and Standards C6(c)
		401-3	Parental leave	
	<b>GRI 402: Labor/ Management Relations 2016</b>	3-3	Management of material topics	
		402-1	Minimum notice periods regarding operational changes	
	<b>GRI 403: Occupational Health and Safety 2018</b>	3-3	Management of material topics	
		403-1	Occupational health and safety management system	
		403-2	Hazard identification, risk assessment, and incident investigation	Health and Safety C5(a) C5(b) C5(c)
		403-3	Occupational health services	
		403-4	Worker participation, consultation, and communication on occupational health and safety	
		403-5	Worker training on occupational health and safety	



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F4GBM ALIGNMENT	SASB ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE	EXTERNAL ASSURANCE
Pollution & Resources	TC-ES-150a.1, TC-ES-410a.1, TC-SC-150a.1	SDG 6, 12	Principle 7, 8, 9	Waste Reduction (pg 120-123)	Yes
Supply Chain (Environment)		SDG 8, 11, 12, 16	Principle 7, 8	Sustainable Procurement & Local Sourcing (pg 85); Group Procurement Data (pg 86-93)	Yes
Labour Standards		SDG 5, 8	Principle 6	Upholding Human Rights, Labour Rights, Safety, Equality & Diversity Throughout Business Operations (pg 164-173); Employees Compensation & Benefits (pg 170); Employee Breakdown (pg 172-173)	Yes
		SDG 8		Upholding Human Rights, Labour Rights, Safety, Equality & Diversity Throughout Business Operations (pg 164-187);	Yes
				Safety & Health (pg 182);	Yes
Health & Safety	TC-ES-310a.1, TC-ES-320a.1, TC-ES-320a.2, TC-ES-320a.3, TC-SC-320a.1, TC-SC320a.2	SDG 3, 4, 8		Hazard Identification; OSH Audits; Identified Potential OSH Risks within Operations (pg 184); Incident Reporting and Management (pg 185-187)	Yes
				OSH Committees (pg 182)	Yes
				OSH Training & Programmes (pg 183)	Yes

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PILLAR	GRI STANDARD	GRI CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT
SOCIAL	<b>GRI 403: Occupational Health and Safety 2018</b>	403-6	Promotion of worker health	
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and Safety C5(a) C5(b) C5(c)
		403-8	Workers covered by an occupational health and safety management system	
		403-9	Work-related injuries	
		403-10	Work-related ill health	
	<b>GRI 404: Training and Education 2016</b>	3-3	Management of material topics	
		404-1	Average hours of training per year per employee	Labour Practices and Standards C6(a)
		404-2	Programs for upgrading employee skills and transition assistance programs	
		404-3	Percentage of employees receiving regular performance and career development reviews	
	<b>GRI 405: Diversity and Equal Opportunity 2016</b>	3-3	Management of material topics	
		405-1	Diversity of governance bodies and employees	Diversity C3(a) C3(b)
		405-2	Ratio of basic salary and remuneration of women to men	
	<b>GRI 406: Non-discrimination 2016</b>	3-3	Management of material topics	
		406-1	Incidents of discrimination and corrective actions taken	
	<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	3-3	Management of material topics	
		407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
	<b>GRI 408: Child Labor 2016</b>	3-3	Management of material topics	
		408-1	Operations and suppliers at significant risk for incidents of child labor	
	<b>GRI 409: Forced or Compulsory Labor 2016</b>	3-3	Management of material topics	
		409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	

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F4GBM ALIGNMENT	SASB ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE	EXTERNAL ASSURANCE
				Employee Engagement (pg 174-175)	Yes
Health & Safety	TC-ES-310a.1, TC-ES-320a.1, TC-ES-320a.2, TC-ES-320a.3, TC-SC-320a.1, TC-SC320a.2	SDG 3, 4, 8		Not Applicable.	Yes
				Safety & Health (pg 182)	Yes
				Incident Reporting and Management (pg 185-187)	Yes
Labour Standards		SDG 4, 5, 8		Training & Career Development (pg 176-181)	Yes
Labour Standards		SDG 5, 8, 10	Principle 6	Diversity & Inclusivity (pg 171-173); Board of Directors' Profile (2023IAR)	Yes
Labour Standards		SDG 5, 8, 10, 16	Principle 6	Diversity & Inclusivity (pg 171-173); Labour Rights (pg 168); Complaints & Grievance Mechanisms (pg2 02)	Yes
Labour Standards		SDG 8, 10, 16	Principle 1, 2, 3	Human Rights (pg 164-167); Collective Bargaining (pg 168); Freedom of Association (pg 169)	Yes
Labour Standards		SDG 8, 10, 16	Principle 1, 2, 5	Human Rights (pg 164-167)	Yes
Labour Standards		SDG 8, 10, 16	Principle 1, 2, 4	Human Rights (pg 164-167) Labour Rights (pg 168)	Yes

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PILLAR	GRI STANDARD	GRI CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT
SOCIAL	<b>GRI 413: Local Communities 2016</b>	3-3	Management of material topics	
		413-1	Operations with local community engagement, impact assessments, and development programs	Community/ Society C2(a) C2(b)
		413-2	Operations with significant actual and potential negative impacts on local communities	
	<b>GRI 414: Supplier Social Assessment 2016</b>	3-3	Management of material topics	
		414-1	New suppliers that were screened using social criteria	Supply Chain (Social) S7(a) S7(b)
		414-2	Negative social impacts in the supply chain and actions taken	
	<b>GRI 415: Public Policy 2016</b>	3-3	Management of material topics	
		415-1	Political contributions	
	<b>GRI 416: Customer Health and Safety 2016</b>	3-3	Management of material topics	
		416-1	Assessment of the health and safety impacts of product and service categories	Customer Health & Safety/ Product Responsibility S3(a) S3(b) S3(c)
		416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	
	<b>GRI 417: Marketing and Labeling 2016</b>	3-3	Management of material topics	
		417-1	Requirements for product and service information and labeling	
		417-2	Incidents of non-compliance concerning product and service information and labeling	
		417-3	Incidents of non-compliance concerning marketing communications	
	<b>GRI 418: Customer Privacy 2016</b>	3-3	Management of material topics	
418-1		Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Privacy and Security C8(a)	

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F4GBM ALIGNMENT	SASB ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE	EXTERNAL ASSURANCE
Human Rights & Community		SDG 1, 2, 3, 4, 8, 11, 16, 17		Be the Champion in Addressing Socio-Economic Gaps within the Society (pg 142-163); Measuring True Values Created through Social Return on Investment Methodology (pg 145); Engaging Local Communities through Social Investment Initiatives (pg 146-163)	Yes
Supply Chain (Social)		SDG 8, 10, 11, 16	Principle 1, 2	Sustainable Procurement & Local Sourcing (pg85); Group Procurement Data (pg 86-93); Human Rights Impact Assessment (pg 167)	Yes
Anti-Corruption		SDG 16	Principle 10	Anti Bribery & Corruption (pg 194-201)	Yes
Customer Responsibility	IF-WU-250a.1, IF-WU-250a.2	SDG 3, 16		Stringent Quality Control Procedures (pg 94-100)	Yes
Customer Responsibility		SDG 16		Stringent Quality Control Procedures (pg 94-100)	Yes
Human Rights & Community		SDG 16		Cybersecurity (pg 202-205)	Yes

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