



KUMPULAN PERANGSANG SELANGOR BERHAD

197501002218 (23737-K)

**SUSTAINABILITY POLICY
VERSION 3/2024**

APPROVED BY THE BOARD

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1. INTRODUCTION

The purpose of the Sustainability Policy (“the Policy”) is to establish the objectives and guidelines for Kumpulan Perangsang Selangor Berhad (“KPS Berhad” or “the Company”) and its subsidiary companies (collectively referred to as the “KPS Berhad Group” or “the Group”) with regards to Sustainability-related matters.

2. SCOPE

The Sustainability Policy shall apply to all the Board of Directors and employees of the KPS Berhad Group.

3. OBJECTIVES OF THIS POLICY

Guided by the commitments to ethical governance, environmental stewardship, and social responsibility, KPS Berhad shall strive for the following objectives, which include:

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

4. GUIDING PRINCIPLES

- 4.1 This Policy refers to and shall be read together with the Delegation of Authority and Limit of Authority Policy, Anti-Bribery and Corruption Policy, and any other relevant internal policies and procedures documents adopted by KPS Berhad.
- 4.2 In formulating the Policy, the KPS Berhad Group has considered the best practice for sustainability reporting guidelines as stated in Paragraph 6.0, Part III of Practice Note 9 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”), Code of Business Ethics and other relevant documents related to KPS Berhad.

5. RESPONSIBILITY

It is the responsibility of the Chief Sustainability Officer and/or the Head of Investor Relations Sustainability and Communications (“IRSC”) to monitor the adequacy of the Policy and propose any needed changes in the Policy to the Board of Directors (“BOD”) for approval with the recommendation by the Sustainability Board Committee (“SBC”).

6. APPROVING AUTHORITY

The Board of KPS Berhad is the approving authority of the Policy document.

7. SUSTAINABILITY GOVERNANCE STRUCTURE

KPS Berhad has established a sustainability governance structure (as illustrated below) to integrate sustainability or economic and ESG initiatives, as well as sustainability-related risks, into the Group's decision-making process.



Figure 6.1 Sustainability Governance Structure of KPS Berhad

8. AUTHORITY LIMIT

The Sustainability Unit shall refer all budgeted sustainability expenditures to the SBC for approval and also making reference to the Company's Financial Limit of Authority.

9. ADMINISTRATION OF THE POLICY

- 9.1 SBC is to ensure adherence to the Policy and is responsible for ensuring that the Policy is reviewed and updated to be kept relevant.
- 9.2 IRSC Department, as the custodian of the Policy, is to ensure that the Policy is disseminated and made accessible to all members of the Board and employees within the Group.
- 9.3 IRSC is also responsible for any external communication of relevant details of this Policy to other relevant stakeholders such as customers, regulators, and shareholders.
- 9.4 The Policy is to be adopted by the Group, and the Board of Directors of each subsidiary company is responsible for ensuring that the Policy is reviewed and updated to be kept relevant.
- 9.5 The Head of Subsidiary ("HOS"), or a person appointed by the HOS, as the custodian of the Policy, is to ensure that the Policy is adhered to, disseminated and made accessible to employees of the subsidiary company.

10. DATE OF IMPLEMENTATION

The Policy will be implemented immediately after approval from the Board of KPS Berhad is obtained.

11. IMPLEMENTATION OF THE POLICY

11.1 The SBC shall address the Group's sustainability development and initiatives as part of the Group's business goals to improve the quality of sustainability-related practices and reporting as stipulated in the SBC Term of Reference ("TOR").

11.2 The implementation of this Policy will be monitored and reported via:

11.2.1. SBC reviews the sustainability initiatives at least twice yearly.

11.2.2. The production of the Sustainability Reports, which is balanced, comparable and meaningful, makes reference to the:

- I. Sustainability Reporting Guide Third Edition issued by Bursa Securities ("SRG3")
- II. United Nations Sustainability Development Goals ("UNSDG")
- III. Global Reporting Initiative ("GRI")
- IV. Financial Times Stock Exchange ("FTSE") Russel Rating Indicators
- V. International Financial Reporting Standards ("IFRS") S1, General Requirements for Disclosure of Sustainability-related Financial Information
- VI. IFRS S2 Climate-related Disclosures

12. SUSTAINABILITY APPROACH

The sustainability approach is guided by four principles, shaping our strategies to fulfil economic responsibilities and address material ESG concerns impacting the stakeholders within our operational scope.

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

12.2 Incorporate innovation and sustainable solutions to minimise negative impacts.

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

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

13. STATEMENT OF THE POLICY

In upholding our commitments to sustainability, KPS Berhad Group shall:

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

14. SUSTAINABILITY FRAMEWORK

14.1 A Sustainability Framework ("the Framework") was developed to align sustainability aspirations (the adopted UNSDGs) with current market and operational realities. The Framework aims to provide clear visibility on what Economic and ESG materiality matters and non-material matters the Group must effectively address. It seeks to demonstrate how addressing these matters will enable KPS Berhad to contribute positively and meaningfully to achieving its selected UNSDGs.



14.2 As referenced in the Sustainability Framework, KPS Berhad identified six (6) commitments that are aligned with the UNSDGs and serve as the foundation for businesses. These commitments have been internally developed to guide our actions effectively, all conceptualised with the following objectives in mind:

- 15.2.1. **Economic Commitment:** Driving business and operational excellence towards sustainable value creation.
- I. KPS Berhad recognises the importance of maintaining strong financial and business performance to advance 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 address ESG priorities effectively.
- 15.2.2. **Environmental Commitment:** Reducing carbon emissions intensity by 45% by 2030 and ultimately pursuing carbon neutrality by 2050.
- I. KPS Berhad also acknowledges that climate change is undeniably one of the world's significant environmental risks. The Group is determined to contribute positively to SDG 13 in combatting climate change.
 - II. To combat climate change or climate-related risks, KPS Berhad is committed to minimising Greenhouse Gas ("GHG") emissions and related environmental issues across the Group. Aligning with this objective, the Group is steadfast in optimising the adoption of renewable energy sources and enhancing operational efficiency whenever feasible.
- 15.2.3. **Environmental Commitment:** Pushing for more environmentally responsible manufacturing practices.
- I. Beyond regulatory compliance to avoid pollution, KPS Berhad committed to reducing waste production by adopting circular economy methodologies, increasing recycling rates, and, as much as possible, preventing or reducing quantities of waste sent to disposal at landfills or other sites.
- 15.2.4. **Social Commitment:** Being the champion in community development.
- I. Promoting access to education, healthcare, and social mobility and addressing income disparity are core commitments for KPS Berhad, defining its purpose as a responsible corporate organisation that addresses societal socio-economic gaps.

15.2.5. **Social Commitment:** Upholding human rights, labour rights, safety, equality and diversity throughout business operations.

- I. As the Universal Declaration of Human Rights prescribes, KPS Berhad remains committed to upholding human rights. It also subscribes to the UN Global Compact 10 Principles. In addition, KPS Berhad adheres strictly to the essential provisions outlined in the Children and Young Persons (Employment) (Amendment) Act 2010 and 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.

15.2.6. **Governance Commitment:** Upholding good corporate governance and establishing frameworks for decision-making, accountability, and ethical behaviour.

- I. KPS Berhad believes that good governance, robust institutionalisation and adherence to high corporate integrity and ethical standards form the basis for mitigating business and operational risks. These practices also enable strategic oversight and leadership, driving the organisation towards achieving its value-creation aspirations.

15. SUSTAINABILITY PERFORMANCE MEASUREMENT & REPORTING

15.1 KPS Berhad's sustainability performance measurement is based on the identified materiality matters and selected non-materiality matters. The basis for the identified matters 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:

16.1.1. How ESG topics can / will impact financial performance, and to what extent (financial materiality).

16.1.2. How ESG topics can / will impact society and the physical environment, and possibly even national agendas, and to what extent (impact materiality).

15.2 MATERIALITY MATTERS

16.2.1. KPS Berhad's decision to undertake its double materiality assessment is in line with the Sustainability Reporting Guide Third Edition, which stipulates that listed companies should undertake a full-scale materiality assessment at least once every three (3) to five years (5) or if there are significant changes to its business model or operating context. Materiality assessment surveys were sent to most stakeholder groups, such as Board members, Senior Management, institutional investors, customers, regulators, media, business partners, fund managers and financial analysts.

15.3 NON-MATERIALITY MATTERS

16.3.1. Non-materiality matters shall be identified based on the requirements and recommendations from SRG3, UNSDG, GRI, FTSE Russel Rating Indicators, International Financial Reporting Standards, IFRS S1 and IFRS S2 standards.

15.4 Once ESG data is collected for materiality and non-materiality matters, either annually or bi-annually, the results and trends will be presented to Management for deliberation and approval. After completion, the final results and findings will be presented to the SBC and the Board. The final results, including the new materiality matrix and top matters, will be disclosed in the Group's subsequent sustainability report.

16. MANAGEMENT & DOCUMENT CONTROL

The IRSC Department shall review this Policy and seek approval from the Board of KPS Berhad whenever there are changes to the Group's sustainability approach. This ensures its contents' relevance and appropriateness, considering any updates in applicable guidelines, regulations, or existing practices. The IRSC Department is the custodian of this Policy and is responsible for its continuous development, maintenance, and distribution.

17. EXCEPTIONS

Any exception to the Policy shall require approval of the BOD unless it is deemed operational.

18. REVIEW FREQUENCY

The Policy will be reviewed once every three (3) years, at the minimum, to ensure that it remains consistent with the overall objectives of the Group and the Company and with current changes and updates on relevant rules & legislation.

19. GLOSSARY OF TERMS

Meanings of the following terms and abbreviations are described below:

No.	Abbreviation	Meaning
1	KPS Berhad or the Company	Kumpulan Perangsang Selangor Berhad
2	KPS Group or the Group	Kumpulan Perangsang Selangor Berhad and its subsidiary companies or KPS Berhad and its subsidiary companies
3	Board or BOD	KPS Berhad's Board of Directors
4	Policy	Sustainability Policy
5	Bursa Securities	Bursa Malaysia Securities Berhad
6	MMLR	Main Market Listing Requirements
7	IRSC	Investor Relations, Sustainability and Communications
8	SBC	Sustainability Board Committee
9	Framework	Sustainability Framework
10	ESG	Environmental, Social and Governance
11	SRG3	Sustainability Reporting Guide Third Edition issued by Bursa Securities
12	UNSDGs	United Nations Sustainability Development Goals
13	GRI	Global Reporting Initiative
14	FTSE	Financial Times Stock Exchange
15	IFRS	International Financial Reporting Standards
16	TOR	Term of Reference

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