SUSTAINABILITY STATEMENT

MESSAGE FROM THE CHIEF SUSTAINABILITY OFFICER

Dear Stakeholders,

It is with great pride and enthusiasm that I share with you the significant milestones and achievements of Kelington Group ("Kelington" or "the Group") in our ongoing sustainability journey. Over the past year, we have made remarkable strides in our environmental, social, and governance ("ESG") initiatives, reinforcing our commitment to creating a sustainable and resilient future.

WHAT SUSTAINABILITY MEANS TO US

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

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

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

At Kelington, sustainability is not just a goal but a core value that drives our business operations and strategic decisions. We are honored to have been recognised with several prestigious awards that highlight our dedication to excellence in sustainability practices.

In this message, I would like to highlight some of our key accomplishments and the steps we are taking to ensure that we remain at the forefront of sustainability leadership.

SUSTAINABILITY STATEMENT

THE EDGE BILLION RINGGIT CLUB AWARDS

We are honored to receive The Edge Billion Ringgit Club Awards, a testament to the dedication and hard work that has fueled our growth over the past 24 years. This prestigious recognition reflects our dedication to achieving remarkable financial performance while upholding the highest standards of corporate governance and social responsibility.

Our journey to this accolade has been driven by innovative strategies, meaningful stakeholder engagement, and a relentless pursuit of sustainable growth. As we continue to advance, we are deeply committed to addressing the pressing issue of climate change. Our climate change strategy is integral to our business operations, with a strong emphasis on decarbonisation and supporting the transition to a low-carbon future. We focus on reducing our carbon footprint, delivering innovative environmental engineering solutions, and enhancing energy efficiency.

THE EDGE MALAYSIA ESG AWARDS 2024

Kelington Group Berhad proudly emerged as a winner at The Edge Malaysia ESG Awards 2024, securing the gold award for the most improved ESG performance over three years among companies with a market capitalisation of between RM800 million and RM5 billion. This recognition underscores our unwavering commitment to sustainability and excellence in environmental, social, and governance ("ESG") practices.

One of our most significant ESG-related achievements is the launch of our carbon recovery plant in 2019. This innovative facility, driven by our commitment to reducing industrial carbon emissions and repurposing waste gases, captures carbon dioxide emissions from nearby petrochemical facilities. By capturing and repurposing carbon dioxide emissions, the plant significantly reduces the amount of greenhouse gas ("GHG") emissions released into the atmosphere, contributing to global efforts to combat climate change.

In early 2023, we expanded our services to include the design and installation of tailored GHG reduction systems for our customers. This initiative reflects our dedication to helping our clients achieve their sustainability goals.

### INVESTMENT IN CARBON CLOUD ACCOUNTING AND MANAGEMENT TOOL

We are pleased to share that we have adopted Pantas's AI-powered carbon accounting and ESG management platform — a cutting-edge tool that enhances our capabilities in measuring, tracking, and managing greenhouse gas emissions. This platform equips us with advanced digital tools to analyse our carbon footprint, gain deeper insights into our environmental impact, and implement data-driven strategies for emission reduction. By integrating carbon accounting with ESG management, this investment marks a significant step forward in our digital transformation and reinforces our commitment to achieving our sustainability goals and supporting the transition to a low-carbon future.

ESTABLISHING A NEW BASELINE WITH DECARBONISATION STRATEGY

As part of our continuous efforts to lead in sustainability, we have established a new environmental baseline using a decarbonisation strategy. This decision was driven by the full achievement of our previous environmental targets set in FY2019, and the adoption of a new carbon accounting and ESG management tool in FY2024, which enables more accurate tracking and analysis of emissions data. It is both timely and beneficial to adopt the latest data as our new baseline, ensuring that our targets are aligned with current realities and opportunities for improvement. This strategy involves a comprehensive assessment of our carbon emissions, resource utilisation, and overall environmental impact. By establishing this new baseline, we can set more accurate and realistic targets in reducing our carbon footprint and enhancing our sustainability capability. The decarbonisation strategy will guide our efforts to achieve net-zero emissions and promote sustainable practices across our operations.

2024 BUDDING VALUE INVESTOR AWARD JUDGING PANEL
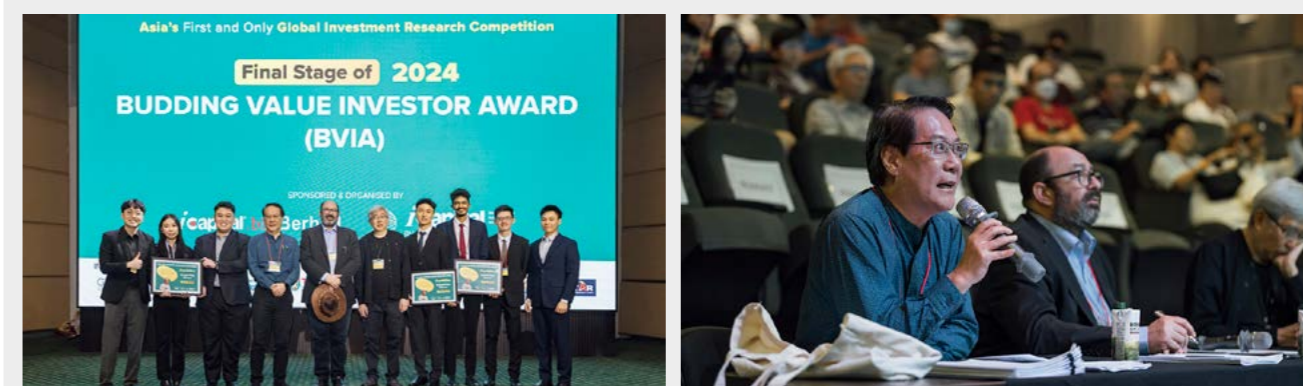
Our CEO, Ir. Gan Hung Keng is honored to have been included on the 2024 Budding Value Investor Award Judging Panel, a testament to our commitment to fostering future investment talent and promoting responsible investment practices. This prestigious competition, organised by Capital Dynamics and icapital.biz Berhad, showcases the brilliance of postgraduate, undergraduate, and diploma students as they delve into the world of value investing with a focus on Chinese stocks

We extend our heartfelt thanks to Capital Dynamics and icapital.biz Berhad for providing us with this opportunity. By participating in this panel, we are contributing to the development of a new generation of investors who prioritise sustainability and long-term value creation. This initiative aligns perfectly with our broader efforts to integrate ESG considerations into all aspects of our business operations and decision-making processes.

LOOKING AHEAD

These highlights represent significant milestones in our sustainability journey. Each achievement demonstrates our unwavering commitment to integrating sustainable practices into every facet of our business. As we look to the future, we remain dedicated to driving positive environmental and social impact while delivering value to our stakeholders. Our focus on innovation, strategic investments, and robust sustainability governance will continue to propel us towards a more sustainable and resilient future.

CLOSING

In closing, I would like to extend my heartfelt gratitude to our dedicated employees, valued partners, and supportive stakeholders. Your unwavering support and collaboration have been instrumental in our sustainability achievements. As we move forward, we invite you to join us in our mission to create a greener, more sustainable world. Together, we can make a lasting positive impact on our environment and society.
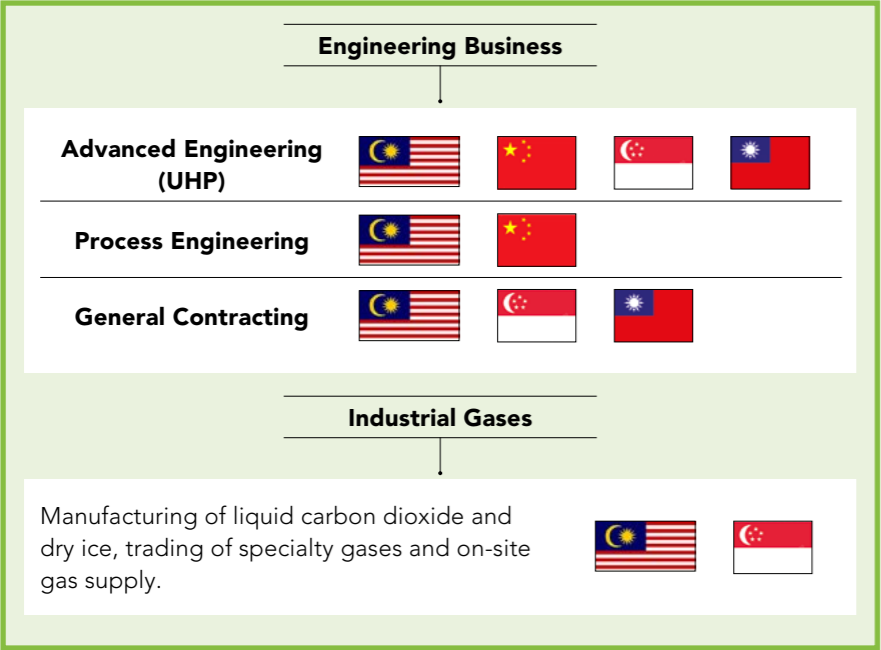
Thank you for your continued trust and support.

Sincerely,
ONG WENG LEONG
Chief Sustainability Officer
Kelington Group Berhad

SECTION 3
SUSTAINABILITY STATEMENT

KELINGTON GROUP BERHAD

ANNUAL REPORT 2024

SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

VALUE CREATION PROCESS

INPUTS

F FINANCIAL CAPITAL

- Shareholder's Equity RM474.4 million
- Retained Earnings RM240.8 million
- Banking Facilities approximately RM1 billion
- Revenue RM1.27 billion

M MANUFACTURED CAPITAL

- RM209 million worth of properties and equipment.

I INTELLECTUAL CAPITAL

- 25 years of industry experience.
- UHP & cleanroom protocols.
- Training Modules for technicians.
- Data, Process and Systems.

H HUMAN CAPITAL

- >700 employees
- RM442,000 invested in training & development.

S SOCIAL CAPITAL

- Shared values, norms, outlook in life.
- Universities, Government agencies & NGOs.

N NATURAL CAPITAL

- 59,243 m³ water consumption.
- 19,682 MWh electricity consumption.
- Minerals and metals as essential components of project materials.

VISION
To be a sustainable leading, and well-diversified high-technology Company globally

MISSION
Cultivate Kelington as a profitable organisation that is continuously investing in new technology, delivering world-class quality services and engineering solutions to meet our customers' requirements while prioritising safety and cost-effectiveness

VALUE CREATION PROCESS

CARE FOR BUSINESS

CARE FOR ENVIRONMENT

CARE FOR PEOPLE

CARE FOR SOCIETY

Governance Opportunities: Strong ESG reporting, robust anti-bribery policies, board diversity, ethical sourcing & investor confidence.

Governance Risks: Non compliance with rules and regulations, bribery and corruption, supply chain labour & ethics violations.

Social Opportunities: A diverse, skilled and engaged workforce, positive labor relations, supplier diversity, community engagement.

Social Risks Worker Safety & Health, Human Rights and community impact.

- Governance & Compliance
- Finance & Treasury
- Procurement & Sourcing
- HR Management & IT Support
- Safety, Health, Environment & Quality

BUSINESS ACTIVITIES

- Technologies & Innovation
- Design & Engineering
- Manufacturing & Production
- Project Execution & Construction
- Operation & Maintenance

Environmental Opportunities: Green technology, resource efficiency, sustainable design, energy transition, reduces CO_2 emissions.

Environmental Risks: Climate change impacts, energy inefficiency, pollution, and waste management.

VALUE DELIVERED TO OUR STAKEHOLDERS & THE ENVIRONMENT

SHAREHOLDERS / INVESTORS
- Financial performance & growth potential.
- Increased share price.
- Dividend Payment.
- Corporate Governance.
- Risk Management & Internal Control.

ENVIRONMENT
- Lower Carbon Emissions & Waste Reduction.
- Engineering Sustainable Solutions to minimise environmental impact.
- Value Engineering for Sustainability.

CUSTOMERS
- Offer customisable solutions tailored to the specific needs of semiconductor and biotechnology manufacturing facilities.
- Deliver reliable UHP gas and chemical delivery systems on schedule.
- Ensuring a reliable supply of gases tailored to meet different industrial needs.
- Construction of spherical ball tanks and terminal bulk storage tanks serves multiple industries, providing customers with storage and handling solutions for a diverse range of liquids and gases.

EMPLOYEES
- Competitive Compensation.
- Comprehensive Benefits & Perks.
- Flexible work arrangements.
- Career Development & Growth Opportunities.
- Health, Safety & Positive Work Environment.
- Employee Recognition & Rewards.

BUSINESS PARTNER / EXTERNAL PROVIDERS
- Increased innovation via collaboration and synergy.
- Fair and timely payment.
- Transparent communication and build sustain and grow partnerships.
- Continuous supply chain development.

GOVERNMENT / REGULATORS
- Contribute to economic growth and contribute to increased tax revenues for governments.
- Contribute to achieving national and local environmental goals.
- Compliance with regulations standards and contribute to the overall well-being of society.

UNIVERSITIES & NGO
- Partnering on research projects, internships, and knowledge-sharing sessions.
- Offering graduate employment opportunities.

LOCAL COMMUNITIES
- Engaging employees in corporate social responsibility initiatives.
- We are taking proactive initiatives to facilitate the transition to a low-carbon economy, aiming contribute to building stronger, healthier, and more resilient communities for the benefit of present and future generations.
- Promoting social justice, fair labour practices via ethical supply chain management.

MEDIA
- Providing accurate and relevant updates on corporate developments.
- Sharing expert opinions, trends, and analysis on key industry topics.

SUSTAINABILITY STATEMENT

REPORTING PERIOD AND SCOPE

This Sustainability Statement covers the non-financial performance of the Group's operating units during the period from 1 January 2024 to 31 December 2024:

Our Engineering business in Hong Kong and Germany, as well as the Industrial Gases business in Indonesia and India, are not covered in this report. These entities are in the early stages of establishing their operations. Future reports will include data from these regions as they become fully integrated into our business and reporting processes.

REPORTING FRAMEWORK

Our sustainability performance disclosure is guided by both Malaysian and global reporting frameworks:-

Principal Guidelines

- Bursa Malaysia Sustainability Reporting Guidelines 3rd Edition
- International Financial Reporting Standards ("IFRS") S1 and S2 (with transitional relief)

Supplementary Guidelines

- FTSE4Good Bursa Malaysia Index's Environmental, Social and Governance indicators
- Global Reporting Initiative ("GRI") Standards

Commitment

- United Nations Sustainable Development Goals ("UNSDGs")
- United Nations Global Compact ("UNGC") Principles

INDEPENDENT ASSURANCE PROCESS

In compliance with Paragraph 6.2, Practice Note 9 of the Main Market Listing Requirements, we acknowledge the importance of robust ESG data validation. As we continue to enhance our sustainability reporting practices, we have adopted carbon accounting tool and ESG management platform to support comprehensive ESG data collection. To further strengthen the credibility of our disclosures, we have adopted a phased approach and defined a timeline to procure independent assurance in accordance with recognised assurance standards.

In line with Chapter 10 of Bursa Malaysia Sustainability Reporting Guide, we are currently working to align our Sustainability Statement with recognised assurance best practices. We remain committed to progressively integrating assurance measures, including internal reviews and independent verification, to enhance transparency and stakeholder confidence in our sustainability reporting.

ACCESSIBILITY & FEEDBACK

This report, which is available in HTML & PDF format is available at our corporate website at https://kelington-group.com/sustainability-2/. We welcome and value feedback on our sustainability disclosures and consider it as an opportunity to identify areas for improvement for future reports. Please direct any questions or comments to the Sustainability Working Group at ccid@kelington-group.com

OUR VISION FOR ENGINEERING A SUSTAINABLE SOCIETY

Kelington operates in a world facing pressing challenges, from climate change and resource depletion to social inequalities and the digital divide. Acknowledging these realities, we are committed to being part of the solution—driving innovation, responsible resource management, and promote equitable opportunities working towards building a more sustainable and inclusive future for generations to come.
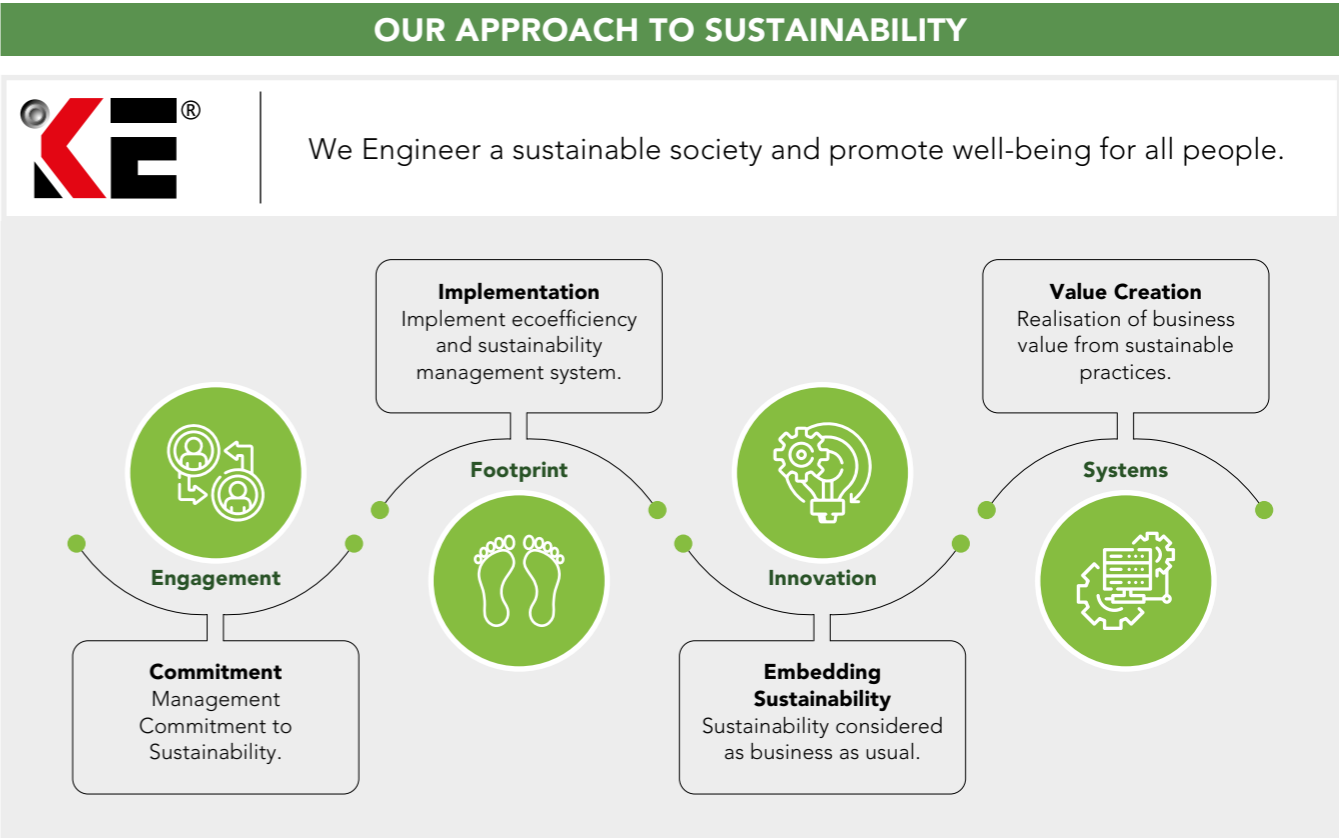
SUSTAINABILITY GOVERNANCE

The Group's sustainability governance structure is integrated into our corporate governance framework. The Board of Directors is ultimately responsible for the Group's strategic direction on sustainability while being supported by the Risk Management Committee ("RMC").

The Board of Directors strives to continuously equip themselves with the necessary knowledge regarding the management of sustainability (including climate-related risks and opportunities) by attending periodic capacity-building programs. The Board also ensures that the required competencies in relation to sustainability are periodically assessed to strengthen board leadership and oversight of sustainability matters.

Oversight

Sustainability strategies and performance are overseen by the Group's Board of Directors ("BOD"), which provides strategic direction and governance to ensure the Group achieves long term profitability and sustainable value creation. The Board is supported by the RMC which has been delegated the responsibility of providing risk management oversight, taking into considerations of environmental, social, and governance ("ESG") factors.

In line with its mandate under the Board Charter, the RMC ensures the effective implementation of the Group's Enterprise Risk Management Framework to identify, assess, and mitigate principal risks that may impact business sustainability. The RMC also actively reviews ESG-related risks and opportunities, ensuring they are integrated into the Company's overall risk management strategy and aligned with the Group's sustainability commitments.

SUSTAINABILITY STATEMENT

The Board discusses ESG matters at least twice a year, reinforcing its commitment to sustainability at the highest level of governance. Additionally, the RMC reviews and deliberates ESG risks and opportunities twice a year to ensure ESG factors are effectively incorporated into the Group's risk management framework.

To effectively discharge these responsibilities, the Board collectively possess diverse expertise, including corporate governance, financial management, risk assessment, regulatory compliance, HR and sustainability leadership, and industry-specific technical knowledge. Their combined competencies enable informed decision-making, proactive risk management, and the integration of ESG considerations into the Group's long-term strategic objectives.

Strategic Management

The Group CEO, supported by the Executive Management Committee ("EMC") and the Chief Operating Officer ("COO"), is responsible for overseeing sustainability strategy and risk management across the Group.

The EMC is tasked with managing sustainability risks and opportunities, reviewing the Group's sustainability roadmap, and ensuring that best practices are consistently upheld across the organisation. The EMC works closely with other senior leaders to align sustainability efforts with business objectives, ensuring cross-functional collaboration.

The COO, also acting as the Chief Sustainability Officer ("CSO"), leads the Sustainability Working Group and drives the integration of sustainability strategies into the Group's business plans. The CSO ensures the execution of policies, procedures, and controls related to sustainability and provides regular reports on their effectiveness.

The CSO is responsible for approving major sustainability initiatives, ensuring that all sustainability-related actions comply with established controls and risk management frameworks. Procedures are in place to assess and review the implementation of sustainability initiatives, ensuring continuous improvement.

To ensure proper integration, the CSO engages with the RMC to identify sustainability risks within the Group's broader risk profile. Additionally, the Internal Audit function supports various components of ESG by evaluating the effectiveness of sustainability-related controls and ensuring alignment with Group policies and best practices. IA also provides reasonable assurance, along with valuable insights and recommendations.

The CSO determines the relevant financial and non-financial metrics that align with the Group's operational and sustainability priorities. These metrics are used to track performance against ESG commitments as well as business objectives.

Execution

The Sustainability Working Group ("SWG") plays a crucial role in operationalising the Group's sustainability strategy. Comprised of middle management representatives from operating countries and business units, the SWG is responsible for:

- Identifying key ESG improvement areas and overseeing their execution.
- Establishing systems for data collection and real-time tracking to monitor sustainability performance.
- Conducting regular performance reviews to assess progress and recommend necessary adjustments.
- Developing the Sustainability Statement and reporting directly to the CSO on a quarterly basis.
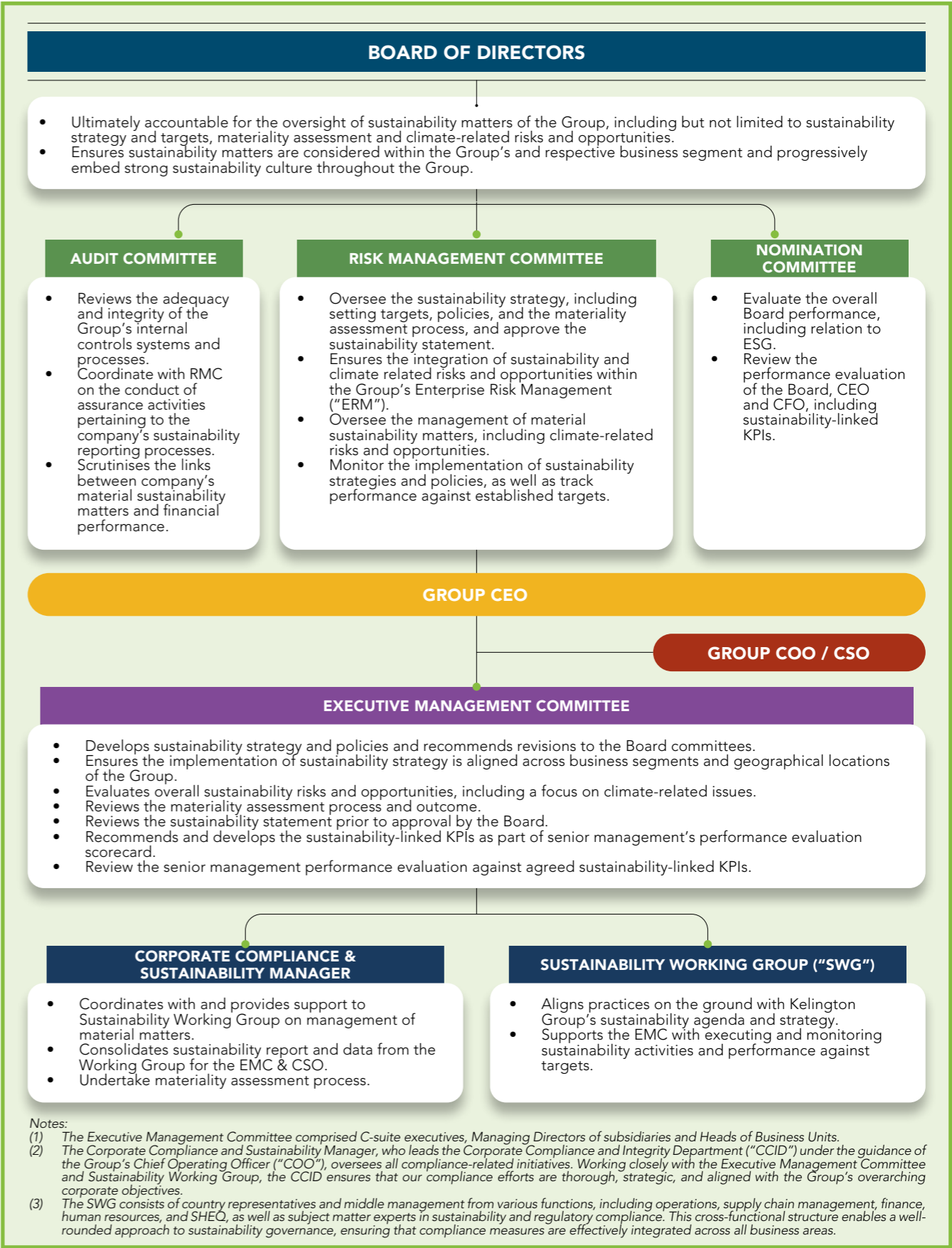
The CSO consolidates reports from the SWG and provides updates to the Board of Directors, ensuring sustainability risks and opportunities are effectively managed to support Kelington's long-term resilience and ESG commitments.

Additionally, the Heads of Business Functions play a vital role in supporting the implementation of the sustainability strategy. Their responsibilities include:

- Embedding sustainability processes and controls within their respective departments. For example, Finance & Treasury ensures the alignment of sustainability strategy with financial planning and risk management, implementing controls to monitor the financial impact of sustainability initiatives. Human Resources ensures employee engagement and training on sustainability practices, among other functions.
- Aligning day-to-day operations with the Group's sustainability goals to ensure integration across all areas.
- Reporting management targets in a timely manner to facilitate effective strategic decision-making and tracking of progress.

This structured governance ensures that sustainability is effectively integrated across all levels of the organisation, supporting Kelington's commitment to long-term value creation and ESG excellence.

BOARD OF DIRECTORS

- Ultimately accountable for the oversight of sustainability matters of the Group, including but not limited to sustainability strategy and targets, materiality assessment and climate-related risks and opportunities.
- Ensures sustainability matters are considered within the Group's and respective business segment and progressively embed strong sustainability culture throughout the Group.

AUDIT COMMITTEE

- Reviews the adequacy and integrity of the Group's internal controls systems and processes.
- Coordinate with RMC on the conduct of assurance activities pertaining to the company's sustainability reporting processes.
- Scrutinises the links between company's material sustainability matters and financial performance.

RISK MANAGEMENT COMMITTEE

- Oversee the sustainability strategy, including setting targets, policies, and the materiality assessment process, and approve the sustainability statement.
- Ensures the integration of sustainability and climate related risks and opportunities within the Group's Enterprise Risk Management ("ERM").
- Oversee the management of material sustainability matters, including climate-related risks and opportunities.
- Monitor the implementation of sustainability strategies and policies, as well as track performance against established targets.

NOMINATION COMMITTEE

- Evaluate the overall Board performance, including relation to ESG.
- Review the performance evaluation of the Board, CEO and CFO, including sustainability-linked KPIs.

GROUP CEO

GROUP COO / CSO

EXECUTIVE MANAGEMENT COMMITTEE

- Develops sustainability strategy and policies and recommends revisions to the Board committees.
- Ensures the implementation of sustainability strategy is aligned across business segments and geographical locations of the Group.
- Evaluates overall sustainability risks and opportunities, including a focus on climate-related issues.
- Reviews the materiality assessment process and outcome.
- Reviews the sustainability statement prior to approval by the Board.
- Recommends and develops the sustainability-linked KPIs as part of senior management's performance evaluation scorecard.
- Review the senior management performance evaluation against agreed sustainability-linked KPIs.

CORPORATE COMPLIANCE & SUSTAINABILITY MANAGER

- Coordinates with and provides support to Sustainability Working Group on management of material matters.
- Consolidates sustainability report and data from the Working Group for the EMC & CSO.
- Undertake materiality assessment process.

SUSTAINABILITY WORKING GROUP ("SWG")

- Aligns practices on the ground with Kelington Group's sustainability agenda and strategy.
- Supports the EMC with executing and monitoring sustainability activities and performance against targets.

Notes:
(1) The Executive Management Committee comprised C-suite executives, Managing Directors of subsidiaries and Heads of Business Units.
(2) The Corporate Compliance and Sustainability Manager, who leads the Corporate Compliance and Integrity Department ("CCID") under the guidance of the Group's Chief Operating Officer ("COO"), oversees all compliance-related initiatives. Working closely with the Executive Management Committee and Sustainability Working Group, the CCID ensures that our compliance efforts are thorough, strategic, and aligned with the Group's overarching corporate objectives.
(3) The SWG consists of country representatives and middle management from various functions, including operations, supply chain management, finance, human resources, and SHEQ, as well as subject matter experts in sustainability and regulatory compliance. This cross-functional structure enables a well-rounded approach to sustainability governance, ensuring that compliance measures are effectively integrated across all business areas.

Ethics & Compliance Program

Kelington Group is dedicated to fostering a strong culture of compliance and integrity at every level of the organisation. In FY2024, we conducted a compliance culture diagnosis using the Heart and Mind Matrix, gathering 309 responses from our employees, which highlighted a deep commitment to our ethics and compliance programs.

The results revealed a Mind score of 79% and a Heart score of 82%, demonstrating high levels of engagement, buy-in, and proactivity across the company. Our employees not only understand compliance policies but also actively contribute to their improvement, championing ethical behavior and encouraging peers to follow suit. This reflects a strong alignment between personal values and the organisation's compliance goals.

Our compliance initiatives aim to strengthen the management of ESG issues, raise awareness of key corporate governance matters, and ensure adherence to evolving regulatory requirements and industry standards. Areas of focus include anti-bribery and corruption, harassment and discrimination, data privacy and security, human rights, environmental sustainability, and supply chain integrity. By continuously improving our compliance programs, we uphold the highest ethical standards.

The Corporate Compliance and Integrity Department ("CCID") conducts annual assessments of the Group's integrity and compliance performance, providing detailed reports to the Risk Management Committee ("RMC") to inform strategic decision-making.

At Kelington Group, our ethics and compliance program is structured around three key pillars: Prevention, Detection, and Correction, ensuring we conduct business with integrity and accountability at all levels.

Ethics and Compliance Program

PREVENTION	**Commitment to Ethics**
	Our commitment to maintaining a culture of ethical conduct is reinforced through continuous engagement with our employees and leaders. We also focus on actively collaborating with external partners to uphold and enhance our ethical standards.
	Communication & Training
	We prioritise ongoing communication and training to ensure our employees are equipped with the knowledge and resources to adhere to our ethics and compliance standards.
DETECTION	**Risks & Monitoring**
	We proactively monitor and assess risks related to ethical conduct and compliance through rigorous processes.
	Whistleblowing Channel
	Our Whistleblowing Channel provides a safe, confidential platform for employees and the public to report concerns or violations, allowing us to act swiftly.
CORRECTION	**Consequence Management**
	We hold individuals and legal entities accountable for any violations of our ethics and compliance policies, ensuring that consequences are enforced appropriately.

Through these initiatives, Kelington Group demonstrates its unwavering commitment to ethics, compliance, and sustainability. By continually reinforcing our standards and holding ourselves accountable, we aim to maintain the trust and confidence of our stakeholders while driving sustainable, responsible growth.

STAKEHOLDER ENGAGEMENT

Kelington regularly engages with its stakeholders in soliciting a wide range of inputs, perspectives and other types of feedback towards guiding its sustainability journey. Key stakeholders were identified by mapping their level of influence on and level of interest in the Company to ensure that the Group is inclusive in its approach and remains on track towards ensuring value creation for both the Group and its stakeholders.

EMPLOYEES

Employees are the driving force behind KGB's operations. Sustaining operations relies heavily on effective leadership.

Engagement Channels & Frequency

- Annual Performance Appraisal Review
- Annual Staff Meeting
- Daily Toolbox meeting
- Weekly Safety & Health Committee Meeting at Sites
- Quarterly Safety & Health Communication Report
- Always welcome employees' feedback.
- Annual Dinner & Festive Celebration

As & when required:

- Recreational, training and employee engagement activities
- Environment, Safety & Health Campaign
- On-job training & workshops
- Internal Newsletters

KGB's Response

- Leadership training and personal development workshops to enable personal growth.
- Recognising and rewarding employees' contribution.
- Maintain an inclusive workplace culture that leads to more creativity and innovation.
- Regular quality, environmental, safety and health training to raise awareness on potential risks.
- Transparent compensation policies.
- Inclusive recruitment practices & zero tolerance for discrimination.
- Engage employees in quality assurance processes and provide training to ensure they meet customer expectations.

Value Created for Stakeholders

For Employees:
- Ensures a safe and healthy working environment, reducing the risk of accidents and incidents. This leads to higher employee morale, reduced absenteeism, and improved productivity.
- Fosters a diverse and inclusive workforce, which brings a variety of perspectives and ideas, enhancing creativity and problem-solving.
- Empowers employees to grow within the company, increasing their engagement and loyalty.

For Customers:
- Ensures that products and services meet high standards, reducing errors and enhancing customer satisfaction.

For Investors:
- Positions the company as a socially responsible organisation.

For Local Communities:
- Promotes social equity and inclusion, positively impacting the community.

Top 5 Material Matters Concerned:

S6 **Talent Management & Development**
- Opportunities for career enhancement.

S7 **Diverse & Inclusive Workplace**
- Sense of belonging.

S5 **Occupational Safety & Health**
- Safe & humane workplace.

S8 **Respect Human Rights**
- Fair & equitable compensation.

S13 **Quality Products & Services**
- Direct personal and professional needs.

Capital:

H **Human Capital:**
- Structured and disciplined work environments enhance employees' project management skills and reliability.

S **Social Capital:**
- Delivering tailored solutions strengthens partnerships and collaboration, fostering a network of loyal customers and advocates.

I **Intellectual Capital:**
- Employees' insights into customer needs enhance the company's market knowledge and strategic capabilities.

CUSTOMERS

Kelington has a vast customer base across different geographies with a majority being multinational corporations that are committed to high standards for social, safety, health and environmental practices. We support our customers to achieve sustainable manufacturing process.

Engagement Channels & Frequency

As & when required:

- Qualification process
- Regular project meetings
- Customer Visit
- Customer Satisfaction Surveys

KGB's Response

- Engaging in dialogue to identify customer expectations and preferences, and pain points.
- Provide customised solutions tailored to meet the unique needs of customer.
- Prioritise quality assurance and adhering to industry standards and best practices.
- Timely delivering projects.
- Optimise cost structures to offer high-quality solutions at competitive prices.
- Implement energy-efficient and low-carbon technologies to support sustainable innovation.
- Commitment on sustainability management to meet customers' expectation.
- Implement waste reduction and recycling programs to minimise environmental impact and improve operational efficiency.
- Implement responsible sourcing practices and require suppliers to adhere to ESG standards.
- Enforce strict labor rights policies, ensuring fair wages, working hours, and safe conditions across the supply chain.

Value Created for Stakeholders

For Customers:

- Provide customers with access to technical expertise, support, and guidance throughout the project lifecycle.
- Delivering high-quality, dependable solutions and help customers minimise downtime, reduce risks, and enhance operational efficiency.
- By leveraging cutting-edge technologies, expertise, and design approaches, we integrating resilience measures into design and planning and help customers minimise risks, enhance safety, and protect investments.

For Investors:

- Demonstrates the company's capability to meet diverse customer needs, showcasing our flexibility and potential for market expansion.

For Employees:

- Enhance job satisfaction and motivation.
- Employees are empowered to think creatively and develop tailored solutions, which can be intellectually stimulating and rewarding.

Top 5 Material Matters Concerned:

S13 Quality Products & Services
- Reliability & performance.
- Cost vs. value.

S14 Technology and Innovation
- Cutting-edge solutions to fulfil the high expectation of semiconductor and electronics industries.
- Customisation & adaptability

S9 Sustainable Supply Chain
- ESG commitments & certifications.
- Carbon footprint & environmental impact.

S2 Pollution & Waste Management
- ESG commitments & certifications.

S8 Respect Human Rights
- Human rights & labor practices.

Capital:

F Financial Capital:
- Satisfied customers boosting market share and profitability.

H Human Capital:
- Employees gain insights into customer needs, enhancing their skills and knowledge, making them more valuable assets to the company.

S Social Capital:
- Consistent quality builds brand reputation and customer trust, enhancing the company's social standing.
- Developing climate change solutions meets customer needs while promoting environmental stewardship, enhancing the company's green credentials.

SHAREHOLDERS / INVESTORS, ANALYSTS / BANKERS

Investors and bankers investing in the Group's business and we have obligations rooted in the principles of transparency, accountability, and fiduciary duty.

Engagement Channels & Frequency

- Annual General Meeting
- Annual Report
- Quarterly Analyst Briefing

As & when required:

- Company announcements and press released
- Updated investor relations webpage
- Social media platform
- Stakeholders Engagement Survey

KGB's Response

- Ensure full compliance with environmental laws and regulations to avoid penalties and protect the company's reputation.
- Implement waste reduction and recycling programs to minimise environmental impact and improve operational efficiency.
- Set emission reduction targets and integrate ESG initiatives into operations.
- Adhere to strict occupational safety standards to ensure a safe workplace.
- Conduct regular safety training and risk assessments to mitigate workplace hazards.
- Maintain transparency in reporting OSH performance and incident management.
- Expand into new markets and diversify revenue streams to drive economic growth.
- Reward shareholders according to the dividend policy.
- Implement robust corporate governance practices to ensure transparency and accountability.
- Strengthen crisis preparedness and business continuity planning to mitigate potential risks.
- Innovate and diversify product & service offerings to maintain a competitive edge and expand into new markets.

Value Created for Stakeholders

For Investors:

- Ensures long-term growth and market relevance.
- Reduces financial and regulatory risks, enhancing ESG ratings.
- Reduces legal liabilities and operational disruptions.
- Builds trust, reduces risks, and ensures business resilience.
- Delivers sustainable financial returns and business growth.

For Local Communities:

- Supports environmental sustainability and public health.

For Employees:

- Enhances workplace safety, morale, and productivity.

For Contractors & Suppliers:

- Creates opportunities for business expansion.

Top 5 Material Matters Concerned:

S2 Pollution & Waste Management
- Regulatory & compliance risks.
- Reputation & ESG performance.

S5 Occupational Safety & Health
- Regulatory compliance & legal risks.
- Reputation & ESG performance.

S12 Economic Growth & Profitability
- Market expansion & revenue growth.

S11 Governance & Ethics
- Financial & Operational Risks.
- Crisis preparedness & business continuity.

S14 Technology & Innovation
- Competitive advantage & market leadership.

Capital:

- Direct contribute to **F** finance capital via investment/bank facilities.
- Indirectly contribute to the acquisition and development of **M** manufactured capital and **I** intellectual capital.
- Contribute to **S** social capital by supporting long term sustainable growth and value creation.

CONTRACTORS, INDUSTRY PARTNERS AND SUPPLIERS

We build partnerships and leverage external expertise, resources and capabilities to deliver high quality solutions on time and within budget.

Engagement Channels & Frequency

- Annual Suppliers and Sub-Contractors Evaluation

As & when required:

- Communication of Kelington's Expectations
- Vendors Due Diligence Questionnaire

KGB's Response

- Strive to be transparent when dealing with subcontractors and supplier.
- Fair tender practice and ensure transparent procurement process.
- Setting realistic expectations regarding project deliverables, timelines and performance standards.
- Proactively identify and mitigate risked associated with vendors including potential delays, cost overruns and quality issues.
- Monitor performance via annual vendor evaluation.
- Develop comprehensive safety training programs, regular safety audits, and provide personal protective equipment to ensure a safe working environment.
- Implement and maintain ISO 9001 quality management systems.
- Implement ISO 14001 to manage environmental impact and ensure compliance with regulations.
- Communicate Kelington's Code of Ethics and Conduct and Company Policies.
- Ensure fair labor practices, including non-discrimination, fair wages, and reasonable working hours.

Value Created for Stakeholders

For Contractors, Industry Partners and Suppliers:

- Provide business opportunities which in turn generates revenue for them.
- Leverage expertise to improve products and services, fostering innovation and mutually beneficial advancements.

For Local Communities:

- Promote social responsibility through fair labor standards, environmental sustainability, and community involvement, contributing to overall societal well-being.

Top 5 Material Matters Concerned:

S11 Governance & Ethics
- Positive business environment.

S5 Occupational Safety & Health
- Safe & humane workplace.

S13 Quality Products & Services
- Ensuring customer satisfaction.

S2 Pollution & Waste Management
- Environmental compliance.

S8 Respect Human Rights
- Social compliance.

Capital:

M Manufactured Capital:

- Ensure a steady supply of essential inputs for production.
- Supply labour, provide production equipment & machinery, enhance manufacturing capabilities and operational efficiency.

I Intellectual Capital:

- Provide access to innovative technologies. enable KGB to integrate cutting-edge solutions into its operations.
- Foster continuous learning and improvement through collaborative expertise.

F Financial Capital:

- Provide trade credit and improve cash flow management and financial stability for KGB.

GOVERNMENTS / REGULATORS

Governmental bodies regulate day-to-day business activities of Kelington and we are committed to adhering to all relevant local, national, and international laws and regulations.

Engagement Channels & Frequency

As & when required:

- Submission of statutory documents such as financial reports, tax filings, permits and licenses

KGB's Response

- Implement carbon reduction strategies aligned with national and global climate commitments.
- Develop and promote sustainable products and services that help customers reduce their own environmental impact.
- Implement anti-bribery and anti-corruption measures, ensuring compliance with legal frameworks.
- Maintain clear and timely disclosures on financial and non-financial performance.
- Ensure full compliance with environmental regulations to prevent pollution and protect public health.
- Enforce strict policies against forced labor, child labor, and workplace discrimination.
- Ensure compliance with local and international workplace safety standards.

Value Created for Stakeholders

For Governments / Regulators:

- Supports national climate policies, enhancing environmental sustainability.
- Promotes regulatory compliance and ethical corporate behavior.
- Supports environmental policies and public health initiatives.
- Reduces workplace injuries, contributing to national productivity.
- Strengthens national labor laws and global trade credibility.

For Customers:

- Customers benefit from sustainable products and services that help them contribute to a healthier planet, enhancing their environmental responsibility.

For Investors:

- Demonstrates the company's commitment to sustainability and compliance, increasing its attractiveness to investors who prioritise responsible, long-term growth.

Top 5 Material Matters Concerned:

S1 Preventing Climate Change
- National carbon reduction targets and net-zero commitments.
- Corporate accountability for greenhouse gas ("GHG") emissions and sustainability initiatives.

S11 Governance & Ethics
- Corporate transparency, anti-corruption, and compliance with regulations.

S2 Pollution & Waste Management
- Public health & safety.

S8 Respect Human Rights
- Prevention of forced labor, child labor, and discrimination in workplaces.
- Protection of workers' rights, including fair wages, freedom of association, and safe working conditions.

S5 Occupational Safety & Health
- Compliance with workplace safety laws and labor rights regulations.

Capital:

S Social Capital:

- Ensures fair working conditions, contributing to social stability and workforce development.

N Environment Capital:

- Ensures long-term environmental sustainability by safeguarding ecosystems and reducing environmental harm.

I Intellectual Capital:

- Fosters innovation and knowledge-sharing by supporting educational initiatives and research and development efforts.

SUSTAINABILITY STATEMENT

LOCAL COMMUNITIES

KGB is dedicated to actively fostering social economic development through sustainable practices, job creation, and community engagement initiatives.

Engagement Channels & Frequency

As & when required:

- Community Investment Programme
- Local employment and internship opportunities

KGB's Response

- Implement strict environmental management systems to minimise pollution.
- Provide ongoing OSH training and safety equipment for employees and contractors.
- Provide medical benefits to employees and their immediate family members, ensuring access to quality healthcare for overall well-being.
- Provide engineer solutions to reduce environmental impact.
- Support local education and healthcare projects.
- Implement policies ensuring fair treatment and diversity in hiring.

Value Created for Stakeholders

For Local Communities:

- Provides employment opportunities, enhancing the financial stability of individuals and families within the community.
- Improves skills and capabilities of the community workforce, contributing to long-term social and economic development.
- Supports local communities by investing in initiatives that address social and environmental challenges.
- Enhances the overall health of the community by promoting well-being through wellness programs for employees and their families.
- Contributes to local economic development by generating revenue, paying taxes, and supporting other local businesses through procurement and partnerships.
- Ensures sustainable practices that reduce environmental damage and preserve natural resources for future generations.

Top 5 Material Matters Concerned:

S2 **Pollution & Waste Management**
- Preventing harm to air, water and soil quality.

S5 **Occupational Safety & Health**
- Safe working conditions for local workers.

S1 **Preventing Climate Change**
- Impacts of climate change.

S10 **Community Investment**
- Investing in community

S8 **Respect Human Rights**
- Non-discrimination and equal opportunities.

Capital:

F **Financial Capital**
from retail investor.

H **Human Capital:**
- The local workforce's skills and expertise contribute to KGB's success in the community, fostering business growth and development.

S **Social Capital:**
- Building relationships and partnerships within the community provides KGB with critical resources, support, and networking opportunities.

N **Natural Capital:**
- KGB relies on natural resources and environmental assets, ensuring sustainable practices that support business operations while minimising environmental impact.

UNIVERSITIES AND NON-GOVERNMENTAL ORGANISATIONS

Universities provide research expertise and talent development, while NGOs connect KGB with stakeholders, offering valuable insights to enhance our social and environmental initiatives.

Engagement Channels & Frequency

As & when required:

- Discussion on collaboration and partnership
- Support campaign of environmental sustainability
- Donations and sponsorships

KGB's Response

- Offer structured programs for students to gain hands-on experience in engineering and sustainability.
- In progress: Integrating climate risk assessment into financial reporting to enhance stakeholders' confidence.
- Work with researchers to enhance semiconductor and industrial gas solutions, integrating ESG-friendly practices.
- Making public statement on sustainable development and climate change.
- Implement recycling programs and waste reduction strategies.
- Set sustainability standards in the supply chain, ensuring alignment with ESG principles
- Partner with NGOs to fund projects that directly improve the livelihoods of the communities

Value Created for Stakeholders

For Employees
- Enhances job readiness, career growth, and productivity by equipping future talent with industry-relevant skills.

For Investors
- Drives innovation, ensuring long-term sustainable growth and market competitiveness.
- Enhances transparency in ESG performance, reducing financial risk and ensuring regulatory compliance.

For Contractors, Industry Partners and Suppliers:
- Strengthens industry collaboration, fostering knowledge sharing and technological advancements.

For Local Communities:
- Supports education, healthcare, and social programs, enhancing overall well-being.

All Stakeholders:
- Encourages long-term partnerships, driving collective success and shared value creation.

Top 5 Material Matters Concerned:

S6 **Talent Management & Development**
- Internship programs, industry training, and skill-building initiatives for students.

S1 **Preventing Climate Change**
- Environmental conservation and climate action.

S14 **Technology & Innovation**
- Collaboration on cutting-edge technologies, sustainable engineering, and process improvements.

S2 **Pollution & Waste Management**
- Environmental protection, public health, and sustainable development.

S10 **Community Investment**
- Improve social, economic, and environmental conditions.

Capital:

H **Wealth of human capital:**
- The skills, expertise, and capabilities of employees contribute to organisational success and growth.

S **Social Capital:**
- Extensive networks and relationships with diverse stakeholders enhance the company's ability to leverage resources, knowledge, and opportunities.

I **Intellectual Capital:**
- Innovation-driven activities address social, environmental, and economic challenges, strengthening the company's knowledge base and market competitiveness.

SUSTAINABILITY STATEMENT

MEDIA

The Media has great influence over the public perception of the Group.

Engagement Channels & Frequency

- Quarterly press released on financial results.

As & when required:

- Interviews
- Media inquiries

KGB's Response

- Providing access to key executives and spokespersons and ensure that accurate and balanced information is conveyed to the public.
- Transparent and open in communication.
- Conduct human rights due diligence to ensure that suppliers and partners comply with these policies and regularly audit operations.
- Track and report on workplace incidents and take swift action to address any safety violations.
- Commit to regulatory compliance and report on environmental impacts.
- Leverage social media platforms to engage with the media and the public, share news and updates.

Value Created for Stakeholders

For Shareholders and Investors:

- Strong governance practices ensure long-term profitability and risk mitigation.

For Customers:

- Ethical governance ensures Kelington delivers on its promises, providing customers with trust in the products or services offered.

For Employees:

- Providing a safe and inclusive working environment where human rights are respected improves employee retention and satisfaction.

For the Environment:

- Effective waste management and pollution reduction practices help minimise environmental degradation, contributing to healthier ecosystems and sustainable resource use.

For Local Communities:

- We address climate change through sustainable practices help build resilience in communities.

Top 5 Material Matters Concerned:

S11 Governance & Ethics
- Corporate accountability, transparency, and leadership integrity.

S8 Respect Human Rights
- Workers' rights, consumer protection, and community impacts.

S5 Occupational Safety & Health
- Accidents, labor strikes, or violations of safety standards.

S2 Pollution & Waste Management
- Public health and ecological impacts.

S12 Economic Growth & Profitability
- Corporate success/ quarterly results.

Capital:

F Financial Capital

- Strengthened brand recognition leads to increased market demand, attracts new customers, and boosts investor confidence, driving business growth.
- Positive media exposure enhances the company's reputation, attracting investment capital and solidifying its position as a trusted, high-potential opportunity in the market.

MATERIAL MATTERS

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

While we aim to conduct a comprehensive materiality assessment once every 3 years, we undertake an annual review of the relevance of our previously prioritised economic, environment, social and governance impacts arising from our day-to-day activities. The annual process for determining material sustainability topics involves three steps: identification, prioritisation and validation.

In FY2024, a limited scale materiality assessment was conducted, involving both our key internal and external stakeholders to ensure their interests and concerns are addressed. This assessment concluded that all our existing 14 material matters are aligned with Kelington's strategic priorities and stakeholder expectations. These were also benchmarked against our local and regional peers, and considered emerging risks and relevant frameworks, including Bursa Malaysia's Sustainability Reporting Guide (3rd Edition), GRI Standards, and SASB Standards.

The outcome of the process was reviewed by the Executive Management Committee and approved by the Executive Director.

FY2018

- Conducted our first full material assessment with internal stakeholders and key external stakeholder groups using a rating approach.
- Resulted in identifying 13 relevant material sustainability matters. The top 4 most material sustainability matters were workers' safety & health; business growth; risk management; and quality products & services.

FY2020

- Reviewed FY2019 materiality matrix and revised to encompass a total of 19 material issues.
- The top 6 most material topics were safety & health; economic growth & profitability; quality products & services; risk management; skilled workforce; and asset integrity & reliability.

FY2021

- Focus external stakeholder groups and review FY2020 materiality matrix. Revised materiality matrix to encompass a total of 14 material issues with 8 material topics being prioritised.

FY2022

- Continue to manage the 14 material issues with 8 material topics being prioritised.

FY2023

- Reviewed our material matters, taking into consideration the following factors in view of the current operating environment: Operational Impact; Regulatory and legal compliance; Reputation; Stakeholder expectations and ESG considerations.
- Continue to prioritise the 14 material issues.

FY2024

- While the material matters remain unchanged, the overall ranking for all topics has been adjusted based on the results of the stakeholders' engagement survey and an internal assessment exercise. The materiality review exercise revealed a shift in stakeholder priorities, with pollution and waste management gaining greater significance due to the heightened focus on climate action. Additionally, the sustainability topic previously named "Technology and Operational Innovation" has been refined to "Technology and Innovation" for better clarity.
- Out of the 14 sustainability matters identified, the company has prioritised 10 key sustainability matters that are most critical to its operations and stakeholders. The updated materiality matrix, along with the materiality assessment process, has been reviewed by the Risk Management Committee and endorsed by the Board of Directors.

Looking ahead, Kelington is committed to enhancing its sustainability practices by conducting a financial materiality assessment in FY2025. This assessment will focus on identifying and evaluating the most significant financial impacts and risks that may affect Kelington's financial performance and long-term value creation. By concentrating on financial materiality, Kelington aims to strengthen its sustainability strategy, align with evolving stakeholder expectations and regulatory standards, and ensure resilience in a rapidly changing global landscape.

SUSTAINABILITY STATEMENT

MATERIALITY MATRIX 2024

HIGH

LOW

Influence on Stakeholder Assessments and Decisions

Significance of the Company's Economic, Environmental and Social Impacts

HIGH
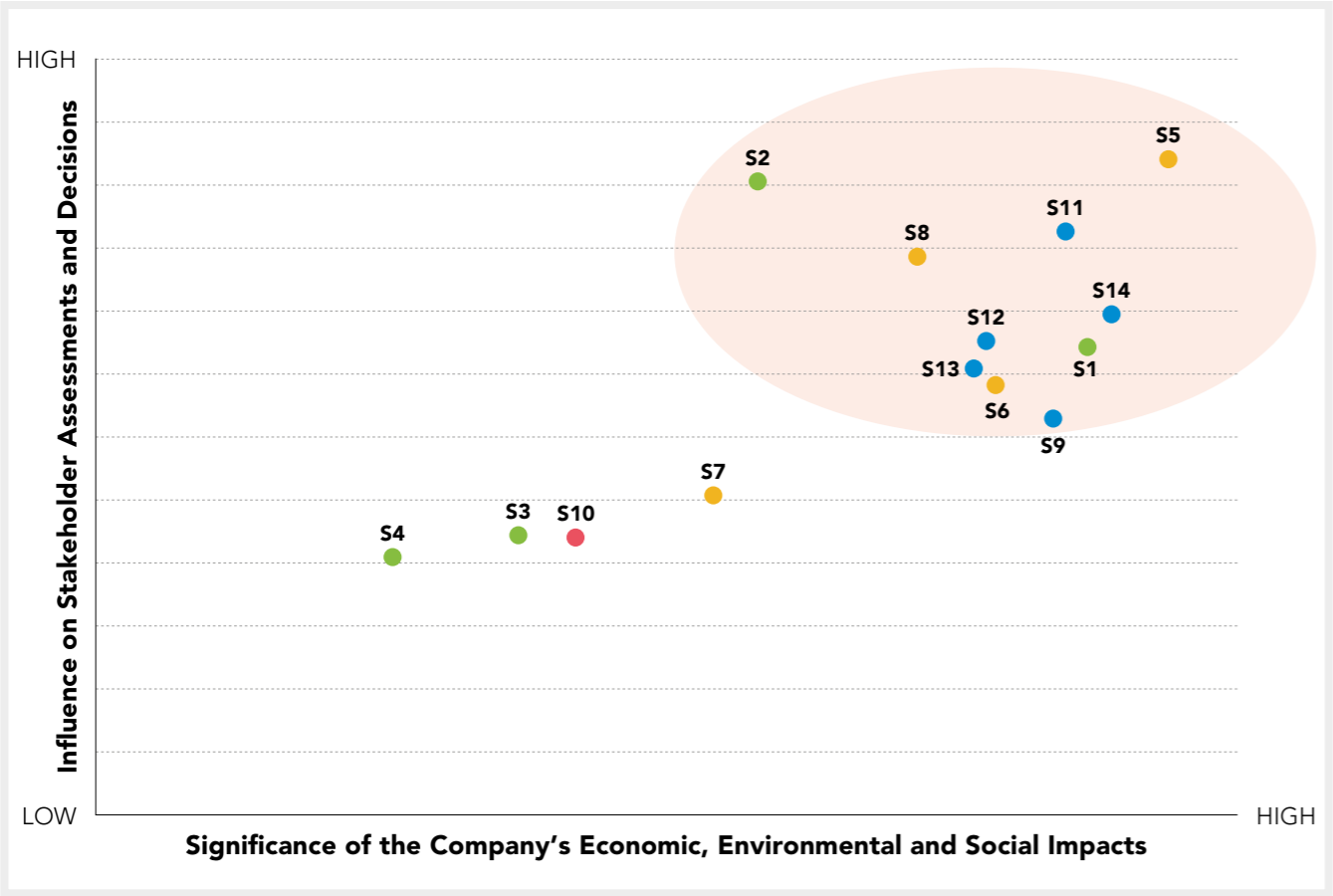
We manage Sustainability Issues

S1	Preventing Climate Change	S8	Respect Human Rights
S2	Pollution and Waste Management	S9	Sustainable Supply Chain
S3	Resources Management	S10	Community Investment
S4	Support Biodiversity	S11	Governance & Ethics
S5	Occupational Safety & Health	S12	Economic Growth & Profitability
S6	Talent Management & Development	S13	Quality Products & Services
S7	Diverse and Inclusive Workplace	S14	Technology & Innovation

SUSTAINABILITY PERFORMANCE INDICATORS
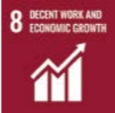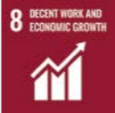
Key Indicator	Unit of measure	FY2022	FY2023	FY2024 (new baseline)	Target 2030
Environmental Performance					
Carbon Emissions (Scope 1 & 2)	tCO_2e	14,177	16,302	19,068	10% reduction
Carbon Emissions (Scope 3)	tCO_2e	33,605	24,137	94,285.59	10% reduction (Target 2035)
Renewable Energy Use	%	0	0	0	30% (Target 2035)
Recycling Rate	%	8.5	11.1	66	30%
Total energy consumption	mWh	12,886.6	16,328.9	19,681.8	N/A
Total volume of water used	m^3	31,241	76,813	59,243	N/A
Social Performance					
Total recordable incident frequency rate ("TRIFR")	Number of recordable injuries per 200,000 hours worked	0.15	0.14	0	YoY improvement
Work-related fatality	unit	Zero	Zero	Zero	Zero
Lost Time Incident Rate ("LTIR")	LTI per 200,000 hours worked	0	0.09	0	Zero
Board of Director - Female	%	20%	20%	30%	30%
Overall Workforce [Executive level & above]. - Female	%	27%	28.6%	34.4%	30%
Training hours per employee	hours	15.1	15.5	14.8	20
Incident of unfair employment practices or violation of labour laws	unit	Zero	Zero	Zero	Zero
Number of substantiated complaints concerning human rights violations	unit	Zero	Zero	Zero	Zero
Total investments in community programs	MYR	44,000	125,135	32,219	N/A
Governance & Ethical Performance					
Employees Trained in Ethics	%	100%	100%	100%	100%
Case of non-compliance of laws and regulations against act of corruption.	unit	Zero	Zero	Zero	Zero
Incident of Material Data Loss or Data Breach	unit	Zero	Zero	Zero	Zero
Local Sourcing Rate	%	90%	82.6%	88.3%	80%
Operations reviewed annually for corruption risks / undergoing full corruption risk assessment	%	Nil	100%	100%	100%
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	unit	Zero	Zero	Zero	Zero
Customer Satisfaction Rate	%	91%	88%	92%	≥90%

SUSTAINABILITY STATEMENT

GOALS AND TARGETS

We are dedicated to embedding sustainability into every aspect of our operations. Our future sustainability goals and targets are designed to ensure we continue to create value for our stakeholders while minimising our environmental footprint and fostering social well-being. Setting clear and ambitious sustainability goals is crucial for guiding our strategic actions and measuring our progress towards a more sustainable future.

Our sustainability goals focus on value creation and managing impacts. Each goal is crafted to align with our vision and mission, as well as the United Nations Sustainable Development Goals ("UNSDGs"), ensuring that we grow responsibly and sustainably.

Category	Goal	Strategic Plans	Alignment with SDGs
Value Creation: S12 Economic Growth & Profitability	To continue generating and distributing economic value to stakeholders by sustaining a resilient financial performance	• Strengthen financial management. • Diversify revenue streams. • Enhance cost efficiency. *Please refer to, Page 111 of this report*	8 DECENT WORK AND ECONOMIC GROWTH
Value Creation: S6 Talent Management & Development	Develop and retain top talent to drive innovation and growth.	• Implement continuous learning and development programs. • Foster an inclusive and diverse workplace. • Enhance employee engagement and satisfaction. *Please refer to, Page 90 of this report*	8 DECENT WORK AND ECONOMIC GROWTH
Value Creation: S13 Quality Products & Services	Delivering world class quality services to meet our customers' requirements.	• Leverage specialised engineering expertise. • Develop innovative technologies to mitigate and adapt to climate change challenges. • Maintain robust quality assurance processes. *Please refer to, Page 112 of this report*	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Value Creation: S7 Diverse & Inclusive Workplace	Ensure women's full and effective participation and equal opportunities for leadership.	• Inclusive Recruitment and Promotion Practices. • Establish and monitor specific targets for female representation at all levels of the organisation, including leadership positions. *Please refer to, Page 98 of this report*	5 GENDER EQUALITY

Category	Goal	Strategic Plans	Alignment with SDGs
Value Creation: S10 Community Investment	Implement programme to improve access to education for underprivileged.	• Engaged in NGO events and provided support to underprivileged students. *Please refer to, Page 117 of this report*	4 QUALITY EDUCATION
Managing Impacts: S1 Preventing Climate Change	Achieve a significant reduction in carbon emissions and support our customers to achieve sustainable manufacturing process and mitigate climate change.	• Establish and implement decarbonisation strategies. • Consider climate risks from the way we design and construct new projects to closure and beyond. • Engineer solutions to reduce environmental impact *Please refer to, Page 47 of this report*	13 CLIMATE ACTION
Managing Impacts: S5 Occupational Safety & Health	Maintain zero work related fatalities.	• Implement stringent safety protocols and training programs in accordance with the ISO 45001 management system. • Regularly audit and review safety practices to ensure compliance and continuous improvement. • Promote a safety-first culture throughout the organisation. *Please refer to, Page 78 of this report*	8 DECENT WORK AND ECONOMIC GROWTH
Managing Impacts: S2 Pollution and Waste Management	Reduce pollution and manage waste effectively.	• Proactively mitigate pollution risks through rigorous monitoring initiatives. • Carbon capture and utilisation processes. • Implement solid waste segregation practices. *Please refer to, Page 66 of this report*	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Managing Impacts: S3 Resources Management	Efficiently manage resources to minimise environmental impact.	• Optimise energy and water usage. • Aim to increase the usage of clean energy. *Please refer to, Page 71 of this report*	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SECTION 3
SUSTAINABILITY STATEMENT

KELINGTON GROUP BERHAD

ANNUAL REPORT 2024

SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

SUSTAINABILITY FRAMEWORK

OUR ESG VISION

We strive to contribute and be part of the solution in building a sustainable society for future generations.

| ① Care for Business | ② Care for Environment | ③ Care for People | ④ Care for Society |

OUR COMMITMENTS TO SUSTAINABILITY

We are dedicated to driving innovation and delivering cutting-edge engineering solutions that enhance operational efficiency and sustainability for our clients. By focusing on continuous improvement and ethical practices, we aim to lead the industry in sustainable engineering.

We commit to minimising our environmental footprint through responsible resource management, reducing emissions, and protecting natural ecosystems. Our efforts support global environmental sustainability and align with our goal of achieving net zero emissions by 2050.

We prioritise the well-being, development, and diversity of our employees. By creating a safe, inclusive, and empowering workplace, we aim to nurture talent and promote equal opportunities for all, contributing to overall human development and prosperity.

We strive to make a positive impact on the communities we serve by supporting education, health, and social initiatives. Through active engagement and partnerships, we aim to enhance the quality of life and foster social equity, supporting the broader goals of sustainable development.

VALUE CREATION

Value Engineering through Innovation and Collaboration:
We drive sustainable solutions by fostering innovation and collaborating closely with our partners.

Effective, Accountable, and Transparent Organisation:
We maintain high standards of ethics and transparency, ensuring accountability in all our operations.

Committing to Reduce Carbon Emissions:
We are dedicated to reducing our carbon footprint and helping our clients achieve their environmental goals through advanced engineering solutions.

Building a Thriving Workplace for Employees:
We prioritise the well-being, growth, and inclusion of our employees, creating a safe and empowering work environment.

Empowering Communities and Protecting Our Planet:
We support educational initiatives that provide opportunities for underprivileged communities, fostering social equity.

We are committed to sustainable practices and the implementation of robust climate change strategies to protect our planet.

We manage sustainability matters

S9	S11	S12	S13	S14
S1	S2	S3	S4
S5	S6	S7	S8
SI0

SUPPORTING UNSDGs

ALIGNMENT WITH UNITED NATIONS GLOBAL COMPACT

Principles 1, 9, 10	Principles 7, 8, 9	Principles 2, 3, 4, 5, 6	Principle 1
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	**Principle 7:** Businesses should support a precautionary approach to environmental challenges.	**Principle 2**: Make sure that they are not complicit in human rights abuses.	**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights.
Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	**Principle 8:** Undertake initiatives to promote greater environmental responsibility.	**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	**Principle 9:** Encourage the development and diffusion of environmentally friendly technologies.	**Principle 4:** Eliminate all forms of forced and compulsory labor.	
		Principle 5: Abolish child labor.	
		Principle 6: Eliminate discrimination in respect of employment and occupation.	

Policies and Standards available online

• Responsible Supply Chain Policy. • Code of Ethics & Conduct. • Anti-Bribery & Corruption Policy. • Conflict of Interest Policy. • Whistleblowing Policy. • Risk Management Policy. • Corporate Disclosure Policy. • Shareholder's Right. • Quality Policy.	• Sustainable Development & Climate Change Position Statement. • Environmental Policy.	• Safety & Health Policy. • Diversity, Equity and Inclusion Policy. • Human Rights Policy. • Board Diversity Policy.	• Community Investment Policy.

Principal risks that have key links to the sustainability issues

• Legal and reputational risks. • Ethical misconduct. • Compliance risks. • Operational risks. • External risks. • Contractual risks. • Cybersecurity threats. • Data security and data breach.	• Climate related risk and financial impact. • Physical and transition risks. • Compliance risk. • Pollution and contamination. • Natural resources scarcity. • Production inefficiency and financial impact. • Loss of ecosystem and resouce availability.	• Accident & injuries. • Legal and reputational risk. • Skills gap and difficult to adapt to market changes and technological advancements. • Ineffective leadership and management practices. • Changes in customer perception and / or preferences. • Poor labor relations and inadequate human capital management.	• Talent risk.

Opportunities that have key links to the sustainability issues

• Enhance supply chain resilience. • Strengthen operational stability. • Pursue long-term sustainability. • Build stakeholders' trust. • Increase customer satisfaction and loyalty. • Achieve market differentiation.	• Green Revenue. • Align with global trends and evolving customer preferences. • Increase corporate value with innovative technology. • Supplying carbon credit or RECs (Renewable Energy Certificate). • Cost savings and operational efficiency. • Investment in renewable energy. • Corporate reputation.	• Enhance workplace safety, reduce accident costs / insurance premium. • Customer preferences & global competitiveness. • Attraction top talent and prepares high-potential employees for leadership roles. • Ethical supply chain. • Enhanced organisational culture.	• Talent pool expansion. • Enhanced corporate culture & brand image.

SUSTAINABILITY STATEMENT

① **Care for Business**
② **Care for Environment**
③ **Care for People**
④ **Care for Society**

NON–FINANCIAL TARGETS

Care for Business

- Achieve **80%** Local Sourcing
- Achieve **90%** Customer Satisfaction
- Ensure **100%** Key External Providers Trained on Kelington's Expectations.
- **Zero** Incidents of Corruption and Bribery.
- Ensure **100%** Employee trained on ethics.
- **Zero** material data loss or data breach Incidents annually.

Care for Environment

- Reduce Scope 1 and 2 absolute GHG emissions by **10%** (Baseline 2024) by 2030.
- Achieve **Net Zero** Scope 1 and 2 emissions by 2050.
- Reduce Scope 3 net emissions by **10%** (Baseline 2024) by 2035.
- Increase renewable energy usage to **100%** of total energy consumption by year 2045.
- Achieve **30%** Recycling Rate by 2030
- Achieve **30%** Green Revenue by 2030.

Care for People

- Maintain **Zero** work related fatalities.
- Maintain **Zero** incidents of violations of labour laws / unfair employment Practices.
- Maintain at least **30%** female representation within the organisation.
- Maintain **30%** female directors on Board.
- Ensure an average of **20** training hours per employee per year by 2030.
- Maintain at least **85%** Employee Satisfaction Rate.

Care for Society

- By 2030, ensure access to quality education for at least **100** disadvantaged youth through scholarships, mentorship programs, and partnerships with educational institutions.

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13 CLIMATE ACTION

Care for Environment

"We Engineer Solutions to reduce environmental impact"

IR. RAYMOND GAN
Chief Executive Officer

KE®

We Care for Environment

At Kelington, we empower our customers to achieve their decarbonisation goals by implementing low-carbon technologies that reduce emissions and enhance resource efficiency. Through tailored engineering solutions, we collaborate closely to identify opportunities for carbon reduction, optimise processes, and integrate sustainable practices across operations. Our approach not only minimises environmental impact but also drives long-term value, enabling customers to transition toward a low-carbon future.

SUSTAINABILITY STATEMENT

Alignment of Decarbonisation Strategy with Climate Change Strategy

KELINGTON'S BOLD STEPS TOWARDS A SUSTAINABLE FUTURE: ADDRESSING CLIMATE CHANGE

Kelington recognises the urgent need to address climate change and is committed to reducing carbon emissions through a structured decarbonisation strategy. Our approach integrates sustainable engineering solutions, enhances operational efficiency, and fosters stakeholder collaboration to minimise environmental impact while driving business value.

This decarbonisation strategy aligns with our broader climate action efforts, ensuring that every aspects of our operations contribute to a low-carbon future. Below is a breakdown of how both strategies align:

1 IMPLEMENT VALUE ENGINEERING FOR SUSTAINABILITY

Climate Change Link	Decarbonisation Impact
Integrate sustainability principles into the value engineering process to optimise resource efficiency and minimise environmental impact.	Applying value engineering in design to optimise systems and processes, reducing carbon footprints while maintaining cost efficiency and performance.

2 DEVELOP ENGINEERING SOLUTIONS TO MINIMISE ENVIRONMENTAL IMPACT

Climate Change Link	Decarbonisation Impact
Designs solutions to mitigate adverse environmental effects.	Implements low-carbon technologies to reduce emissions and enhance resource efficiency.

3 MEASURE AND ANALYSE GREENHOUSE GAS ("GHG") EMISSIONS

Climate Change Link	Decarbonisation Impact
Establishes a data-driven approach for emission reduction targets.	Tracks and reports GHG emissions, identifying reduction opportunities and implementing mitigation strategies.

4 ENHANCE ENERGY EFFICIENCY

Climate Change Link	Decarbonisation Impact
Supports global efforts to reduce reliance on fossil fuels.	Invest in renewable energy technologies and energy-efficient operational practices to optimise energy use, reduce emissions, and lower carbon footprint.

5 MINIMISE WASTE GENERATION

Climate Change Link	Decarbonisation Impact
Supports a circular economy to reduce environmental degradation.	Implements waste management strategies, including recycling, reuse, and sustainable disposal, to minimise landfill emissions.

6 RAISE AWARENESS OF THE URGENT NEED TO ADDRESS CLIMATE CHANGE

Climate Change Link	Decarbonisation Impact
Ensures that all stakeholders understand their role in climate mitigation.	Engages employees and partners in sustainability initiatives, fostering a culture of environmental responsibility.

S1 PREVENTING CLIMATE CHANGE

Tackling Climate Change

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

Our role in a low-carbon future

Climate change is a critical global challenge, and addressing it is of strategic importance to Kelington. We recognise that without decisive action from governments, businesses, and society, the long-term risks and uncertainties will continue to escalate. At the same time, climate action presents opportunities for innovation and sustainable growth.

Kelington is committed to being part of the solution by integrating decarbonisation into our core operations and engineering expertise. Through value engineering for sustainability, the development of low-carbon engineering solutions, and the adoption of energy-efficient technologies, we strive to reduce emissions and minimise environmental impact. Our role extends beyond ensuring the safe handling and distribution of specialty gases and chemicals—we are actively enabling new technologies to tackle environmental challenges. By measuring and analysing our greenhouse gas ("GHG") emissions, enhancing resource efficiency, and fostering climate awareness, we are taking decisive steps to contribute to a more sustainable future.

How does exhaust affect the environment?

Exhaust streams in semiconductor fabrication plants (fabs) often contain highly corrosive and/or toxic gases that, if released untreated, can have severe environmental impacts. These gases can contribute to air pollution, acid rain, and harm to ecosystems and human health. To mitigate these effects, the process exhaust is directed to a centralised exhaust treatment facility where chemical scrubbing removes harmful substances before the exhaust is released into the atmosphere. These facilities, known as exhaust "scrubbers," play a critical role in reducing the environmental footprint of semiconductor manufacturing.

How can Kelington be a part of the solution?

Kelington delivers complete solutions for Wet Scrubber System; Greenhouse Gas Reduction System; VOCs Removal System; Odor Control System; and acid / general / exhaust / solvent ductwork system which capable to remove harmful gases from the semiconductor fabrication process.

Harmful gases include hydrogen fluoride, hydrogen chloride, chlorine, fluorine, silicon tetrafluoride, carbon dioxide, methane, nitrous oxide, fluorinated gases (HFCs, PFCs, SF6, NF3), nitric and sulphuric acids, as well as with other acidic and caustic compounds.

Kelington supply and install wet scrubbers system which is a type of air pollution control device that is used to remove harmful gases and particles from industrial exhaust streams and we can customise to meet specific emission control requirements.

Exhaust systems are generally associated with emissions of pollutants and GHG that contribute to air pollution and climate change. However, we engineer solutions to design exhaust systems with emission reduction technology and used to reduce the environmental impact.

How does industrial water / wastewater affect the environment?

The manufacturing of semiconductors generates wastewater that often contains heavy metals, toxic solvents, and other harmful chemicals. If left untreated, this wastewater can contaminate groundwater, posing significant risks to both the environment and public health. The contamination of water sources with hazardous substances is one of the primary contributors to water pollution, impacting ecosystems, drinking water supplies, and overall water quality.

How can Kelington be a part of the solution?

Wastewater Treatment System is used to convert spent streams into an effluent that can either be reused or safely discharged to the environment or municipal treatment facility.

We provide solutions for wastewater treatment system used to remove contaminants from prior to returning the treated water back to the water cycle / sewage.

Kelington's well-designed wastewater treatment system helps the facility avoid harming the environment, human health, and a facility's equipment, process or products (especially if the wastewater is being reused).

Valuable materials used in manufacturing process can be expensive to dispose of as waste.

The photolithography process is widely employed in the semiconductor industry to create microcircuits and microelectronic devices, such as computer processors, memory chips, and integrated circuits. It is also essential in the production of flat-panel displays, including LCD, OLED, and plasma displays. As a critical manufacturing step for many high-tech industries, photolithography enables the creation of circuitry and components on semiconductor wafers.

Once the circuitry is completed, a chemical solution is applied to strip away unwanted layers, leaving only the desired components on the wafer. These chemical solutions often contain valuable metals or other materials, which, if not properly managed, can be expensive to dispose of as waste. The high cost of disposal for these valuable materials, combined with environmental concerns, underscores the importance of finding sustainable waste management practices in the semiconductor manufacturing process.

How can Kelington be a part of the solution?

As part of the solution to reduce waste and disposal costs, Kelington has designed and built the Stripper Reclaim System ("SRS"), which enables semiconductor manufacturers to recover and recycle valuable materials used in the photolithography process. By reclaiming these materials, the SRS not only reduces waste but also helps manufacturers save on material costs and minimise their environmental impact. The system employs advanced filters and chemical treatment processes to recover, purify, and reuse these materials, ensuring a more sustainable and cost-effective manufacturing process.

Emissions

Emissions from the combustion of fossil fuels, cement production, and other human activities contribute to the buildup of greenhouse gases in the atmosphere. This accumulation warms the climate, leading to widespread environmental changes, including shifts in weather patterns, rising sea levels, and disruptions to ecosystems on land and in the oceans. These changes are a significant environmental issue, posing risks to biodiversity, human health, and the global economy.

How can Kelington be a part of the solution?

One solution to reduce CO_2 emissions is through the process of Separation and Utilisation. Kelington captures waste gas emitted by petrochemical complexes and reuses it as a key raw material to produce Liquid Carbon Dioxide via CO_2 separation technologies. The liquid CO_2 produced is then used in various industries, including food production for freezing and chilling, and in beverages for carbonation. This approach not only reduces CO_2 emissions but also provides a sustainable way to repurpose waste gas, contributing to both environmental protection and industrial efficiency.

In addition to this, the company is also exploring carbon capture and storage ("CCS") technologies as part of its commitment to supporting carbon reduction efforts.

Climate related Disclosures

Kelington Group reaffirms its commitment to transparency and sustainability by aligning our climate-related disclosures with the ISSB IFRS S2 standards and TCFD recommendations. While we have made progress integrating these frameworks into our management processes, we recognise the ongoing need for continuous improvement, particularly in refining our strategy and improving the disclosure of metrics and targets related to climate change.

In FY2025, we will conduct financial materiality assessment to evaluate the financial implications of climate-related risks and opportunities. Additionally, we are undertaking a scenario analysis to better understand potential climate-related outcomes and strengthen our strategic response.

To further enhance transparency and credibility, we are preparing for third-party assurance. This process is supported by a cloud-based carbon accounting system that ensures all climate-related data is securely collected, managed, and readily accessible.

SUSTAINABILITY STATEMENT

A. Governance - Managing Climate Risks and Opportunities

Kelington's Board of Directors provides oversight to ensure that climate-related risks and opportunities are effectively integrated into the company's overall business strategy. The Board receives biannual updates on the company's sustainability strategy and initiatives, including progress on climate-related commitments. The Board also approves the Sustainability Statement, which comprehensively discloses Kelington's environmental and climate change agenda.

Board Oversight

The Board is responsible for providing oversight on the development of strategies that promote and strengthen the ESG culture across the Group, ensuring alignment with long-term sustainability and climate-related goals. As the ultimate authority overseeing ESG risk management, the Board ensures that Kelington's sustainability principles remain aligned with the Group's broader business objectives and evolving regulatory expectations.

The Board reviews and approves the ESG goals and climate-related targets set by management, ensuring they align with Kelington's long-term business objectives and regulatory expectations. ESG and climate-related considerations are embedded into the Board's agenda, guiding discussions on strategic planning, risk management, and investment decisions. These targets are periodically reviewed to ensure alignment with industry benchmarks and international sustainability frameworks.

The Risk Management Committee ("RMC") plays a central role in overseeing the identification, assessment, and management of sustainability risks and opportunities, including climate-related physical and transition factors. The RMC also monitors performance against Kelington's climate-related targets and met twice during FY2024 to review these risks, opportunities, and corresponding mitigation strategies.

Additionally, the Audit Committee, with support from the RMC, oversees the Group's risk management and internal control framework. The Board seeks assurance from the CEO and CFO on the adequacy and effectiveness of the company's risk management and internal control systems, including addressing climate-related risks and opportunities.

Management Role

Climate-related transition risks and scenarios are integral to Kelington's strategic discussions, with regular engagement by both the Executive Management Committee ("EMC") and the Board. In response to the evolving operational landscape, the Board, supported by management, adapts business strategies that view sustainability as a key driver of long-term value creation and innovation.

Executive Directors are responsible for incorporating climate-related risks and opportunities ("CRO") into the company's long-term business strategy. They oversee the implementation of key initiatives and report to the Board on progress toward ESG objectives, addressing a range of sustainability challenges.

The Group CSO leads the development and execution of the Group's climate change strategy, under the oversight of the RMC. The EMC is proactive in addressing the impacts of climate change, managing the challenges of rising energy costs, and leveraging operational efficiencies for cost savings. Additionally, the EMC emphasises continuous monitoring of CRO, while implementing resilience measures to mitigate the potential impact of natural disasters on operations.

Execution

The Sustainability Working Group ("SWG") plays a critical role in tracking, assessing, and managing climate-related and other environmental metrics to ensure alignment with Kelington's sustainability and decarbonisation strategies. The SWG is responsible for monitoring performance against climate and sustainability targets, conducting climate risk assessments, and developing policies and mitigation strategies to address both physical and transition risks.

The SWG reports directly to the Group CSO on a regular basis, ensuring that CRO are incorporated into business decisions. It also supports the preparation of the Sustainability Statement, which provides a transparent disclosure of Kelington's climate-related performance, targets, and governance framework in alignment with regulatory requirements.

B. Strategy

Since its inception, Kelington has prioritised safety and sustainability by addressing environmental and social risks in its operations. Given the complexities of handling flammable, explosive, or toxic materials, we integrate robust safety measures to protect people, property, and the environment while enhancing operational efficiency.

Today, as climate action becomes increasingly urgent, we empower customers to achieve their decarbonisation goals through tailored engineering solutions that reduce emissions, optimise processes, and integrate sustainable practices. Our approach not only lessens environmental impact but also drives long-term value, enabling a transition toward a low-carbon future.

Our climate action strategy aligns with our commitment to delivering world-class, high-quality services that meet customer requirements—safely, efficiently, and with minimal environmental impact.

EXPECTED OUTCOME:

- Reduce Kelington's carbon footprint, enhance operational sustainability, and support the transition to a low-carbon future.
- Empower customers to adopt sustainable manufacturing processes and contribute to climate change mitigation.

Kelington's Approach:

Carbon Reduction:	Sustainable Engineering:	Environmental Solutions:	Advocacy & Awareness:	Innovation & Collaboration:
Setting a new emissions baseline and establishing targets to achieve Scope 1 and 2 net-zero emissions by FY2050. Given the energy-intensive nature of our Industrial Gases manufacturing, we prioritise innovative technologies and processes to optimise efficiency while lowering emissions.	Embedding sustainability principles in design, construction, and operations to minimise environmental impact and address climate risks.	Promoting the adoption of advanced engineering solutions, such as central abatement systems for GHG reduction and stripper reclaim systems for material recovery, to enhance sustainability, resource efficiency, and environmental stewardship.	Engaging employees and stakeholders to drive climate action and promote a culture of sustainability.	Partnering with global experts to explore emerging technologies, including energy storage and carbon capture, to support climate resilience.

Kelington remains steadfast in developing and implementing sustainable solutions that ensure both environmental and business resilience.

SUSTAINABILITY STATEMENT

Managing Climate Risks and Opportunities:

Given that greenhouse gas ("GHG") emissions are a significant contributor to climate change, transitioning to a low-carbon economy will profoundly impact Kelington's long-term strategy and operations.

At Kelington, we proactively manage climate-related risks through a comprehensive risk management framework that addresses financial, operational, and compliance uncertainties. These risks can affect our business performance, reputation, and overall ability to operate successfully. Our risk management framework establishes clear oversight responsibilities across different levels of governance.

Risk Identification and Evaluation

Kelington identifies and assesses climate-related risks through a systematic process, which includes internal and external reviews, stakeholder consultations, and scenario analysis. Risks are categorised into physical (acute and chronic) and transition (regulatory, technological, market, reputational) risks.

Climate Risks	Identification	Evaluation
Physical Risks Chronic Hazards - Sea Level Rise - Temperature Patterns - Air Pollution Acute Hazards - Flooding - Tropical Cyclones - Landslides	• Conducting on-site vulnerability assessments of facilities, supply chains, and infrastructure to identify exposure to physical risks like flooding, drought, and extreme heat. • Analyses historical weather patterns, climate models, and scientific reports to assess the potential impact of physical risks such as extreme weather events, rising temperatures, floods, and sea-level rise on our operations and supply chain.	• Evaluating the potential financial, operational, and supply chain impacts of identified physical risks to understand which risks pose the greatest threat to business continuity and growth.
Transition Risks - Policy & Legal risks - Market risks - Technology risks	• Monitoring policy developments, such as carbon pricing, emission reduction targets, and environmental regulations, to identify new legal obligations and compliance requirements. • Tracking shifts in consumer preferences, technological advancements, and competition in the transition to a low-carbon economy, which could create risks or opportunities.	• Assessing the potential costs of complying with new environmental regulations, including the investment needed to meet emissions standards or achieve sustainability goals. • Evaluating the risk of technological obsolescence or the need for new investments in clean technologies, renewable energy, or sustainable products.
Transition Risks - Reputational risks	• Monitor public perception and media coverage related to our climate actions and sustainability performance. • Regularly gathering feedback from customers, employees, investors, and other stakeholders to understand concerns related to the company's sustainability performance and climate-related actions.	• Analysing the potential reputational damage from negative media coverage, public scrutiny, or stakeholder backlash, and quantifying the potential impact on customer loyalty and investor relations. • Evaluate the company's readiness to respond to climate-related scandals or public criticisms, ensuring effective mitigation strategies are in place.

Resilience of Strategy in the face of climate risks

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

Category	Future Inquiry	Key Risks Considered	Resilience Measures
Short-Term Horizon (1–3 years)	**How can we adapt to immediate sustainability shifts?**	**Regulatory changes** Implementation of carbon pricing, emissions reporting requirements, and potential environmental tax or compliance expenses.	Strengthened compliance framework in alignment with Bursa Malaysia's sustainability disclosure requirements and IFRS S1 & S2.
		Customer expectations Major semiconductor and electronics manufacturers increasingly require suppliers to meet strict ESG criteria.	Ensure that our ESG strategy effectively addresses environmental impact, social responsibility, and governance practices. Introduction of sustainable engineering solutions.
		Supply Chain Sustainability Need for management of supply chain risks to align with client sustainability goals.	Enhanced engagement with suppliers to ensure ESG compliance across the supply chain.
Medium-Term Horizon (3–10 years)	**How can we strengthen our market position through sustainability innovation?**	**Financial & Investment** Investments in sustainability project (e.g., CCS, hydrogen) require significant upfront capital with uncertain ROI. Prices for RECs and carbon offsets may fluctuate, affecting financial planning.	Use scenario planning to model different financial outcomes and adjust investment strategies accordingly.
		Technological & Innovation Risks Clients may be slow to adopt sustainability-driven solutions due to cost concerns.	Avoid over-reliance on one sustainability solution; invest in multiple green tech pathways.
Long-Term Horizon (10–30 years)	**What are our strategies for sustainable growth?**	**Global net-zero commitments** Countries and industries implementing strict emissions reductions.	Commitment to achieving net-zero Scope 1 and 2 emissions by 2050, aligning with global climate goals.
		Physical climate risks Potential impact of extreme weather events on operational sites and supply chains.	Secure parametric insurance for extreme weather risks to ensure rapid financial recovery after disruptions. Integrating climate-resilient into the design and construction of new facilities.
		Policy-driven transformations Shift towards a carbon-neutral industrial economy affecting project viability.	Shift the business portfolio towards low-carbon and energy-efficient solutions that align with carbon-neutral regulations.

SUSTAINABILITY STATEMENT

Scenario Analysis

As part of our commitment to sustainability and risk management, the Executive Management Committee is conducting an ongoing climate scenario analysis, which includes the following steps:-

1. Define Climate Scenarios
2. Identify Key Variables and Risks
3. Assess Potential Impacts
4. Develop Strategic Responses
5. Monitor & Update

Kelington's Path to Net Zero & Strategic Positioning

As industries transition toward a low-carbon future, Kelington recognises the need to navigate evolving technological, regulatory, market, and environmental dynamics. We are currently reviewing our scenario analysis to assess potential future landscapes and will determine the appropriate timing for disclosure based on our readiness.

The analysis explores three potential scenarios:

- Scenario 1: Accelerated Green Transition (High Regulation, High Adoption)
- Scenario 2: Delayed Decarbonisation (Moderate Regulation, Slow Adoption)
- Scenario 3: Business-As-Usual (Weak Regulation, Low Adoption)

These scenarios help evaluate interconnected risks and opportunities related to advancements in green hydrogen and carbon capture, policy shifts such as carbon taxes and mandatory ESG disclosures, evolving client ESG expectations, and potential disruptions from extreme weather events. As this review is ongoing, the scenarios are subject to change.

This ongoing analysis will support Kelington in anticipating challenges, seize emerging opportunities, and aligning its business model with a rapidly evolving sustainability landscape. The findings will guide our strategic decisions as we continue on the path toward net-zero emissions.

C. Climate-related Risks and Opportunities

Kelington's climate-related risks and opportunities ("*CRO*") are seamlessly integrated into our comprehensive risk management framework. Climate risks are evaluated alongside other business risks, ensuring a holistic and coordinated approach to risk management. Each identified risk is assigned to the appropriate risk owner, such as senior management or specific departments, to ensure accountability for its mitigation and management.

The Board, RMC, and EMC regularly review *CRO* as part of their ongoing risk assessments, with the support of the SWG. This collaborative approach enables Kelington to proactively identify and capitalise on climate-related opportunities, such as advancing renewable energy projects, enhancing operational efficiencies, developing sustainable products and services, and exploring carbon capture solutions, thereby driving growth and innovation while mitigating risks.

Potential Impacts of CRO

Under Kelington's risk management framework, emerging risks are identified, assessed, and appropriately managed. Kelington utilises the major risk categories outlined in IFRS S2, which incorporate and build upon the former TCFD recommendations, as the basis for its climate risk assessment:

i. Physical risks – Risks arising from the physical impacts of climate change, including acute and chronic climate-related events.

ii. Transition risks – Risks associated with the shift to a lower-carbon economy, including regulatory changes, market shifts, technological advancements, and reputational risks.

By aligning our risk management practices with IFRS S2, we ensure comprehensive and transparent climate-related disclosures, enhancing our ability to manage risks effectively and capitalise on climate-related opportunities.

Potential Financial Impact Level:

🟩 Low | 🟨 Medium | 🟥 High | 🔺 Risk | 🔵 Opportunity

Climate Risks	Potential Impacts of CRO on our business	Our Strategic Responses	Short (Less than 3 Years)	Medium (3-10 Years)	Long (More than 10 Years)
Physical Risks					
Acute physical risks	🔺 **- Profit** Changes to the intensity and frequency of extreme events, such as severe floods, have the potential to damage infrastructure and interrupt business operations. This could result in increased operational costs and loss of revenue from reduced LCO2 production or suspension of works.	Enhance financial resilience through climate-specific insurance policies that cover damages from extreme weather events. Conduct comprehensive risk assessments to identify vulnerable infrastructure and operations.	🟩	🟨	🟥
	🔺 **- Profit** 🔺 **+ Legal & Compliance Cost** Changing nature of extreme weather events impacting design criteria (flood defences, resilient building materials) for new projects. Tightened regulations and more complex design processes may slow down the execution of projects.	We consider climate risks from the way we design and construct new projects to closure and beyond. We have seen the impacts of climate change in recent years and we are using scenarios to assess further medium to long-term risks.	🟩	🟩	🟨
Chronic physical risks	🔺 **+ Operational Cost** Long-term trends associated with chronic physical risks can be more challenging to identify and address. Chronic physical risks, such as prolonged shifts in climate patterns (e.g., droughts, heatwaves, or changing precipitation patterns), can disrupt supply chains. These disruptions can result from shortages of raw materials, transportation challenges due to infrastructure damage, or delays in production due to changes in environmental conditions.	Diversify the supply chain by sourcing raw materials from multiple regions. Regularly monitor climate trends and supply chain performance to identify early warning signs of potential disruptions.	🟩	🟩	🟨
	🔺 **+ Healthcare Cost** Extreme temperature changes and increasing frequency of heatwaves could adversely affect employee health and safety, particularly for those working outdoors or in high-temperature environments. This could lead to higher healthcare costs and absenteeism.	Regular monitoring of environmental conditions and the adoption of cooling systems or shaded areas for employees working outdoors or in high-temperature environments. Provide training to employees on recognising the symptoms of heat-related illnesses, safe work practices in extreme temperatures, and how to use cooling equipment effectively. Foster a culture of safety and encourage peer support to monitor each other's well-being.	🟩	🟩	🟨

SUSTAINABILITY STATEMENT

Climate Risks	Potential Impacts of CRO on our business	Our Strategic Responses	Short (Less than 3 Years)	Medium (3-10 Years)	Long (More than 10 Years)
Transition Risks					
Policy and regulations risks	🔺 **+ Carbon tax** 🔺 **+ Compliance cost** Current and emerging regulation has the potential to impact business costs associated with meeting regulatory requirements. This includes the introduction of a carbon tax and the associated financial implications for emissions-intensive activities.	Establish a regulatory compliance team to stay ahead of current and emerging regulations related to carbon pricing, emissions reporting, and other environmental obligations. Regularly monitor changes in local, national, and global regulatory landscapes to ensure the company is prepared for any new requirements. Accelerate internal initiatives aimed at reducing emissions through process optimisation, energy-efficient technologies, and low-carbon alternatives.	🟩	🟨	🟨
	🔵 **+ Green Revenue** Manufacturers will require advanced engineering solutions to reduce their environmental impact.	Provide engineering solutions that enable manufacturers to capture and reduce emissions, such as carbon capture and storage ("CCS") technologies and low-emissions production processes.	🟨	🟨	🟨
Market risks	Chip manufacturing contributes to the climate crisis. As the semiconductor industry grows, and so with its carbon footprint. The chip industry used different gases during the production process, many of which have significant climate impact. 🔵 **+ Green Revenue** Kelington's products and services have an important role in a low-carbon economy.	Develop innovative solutions that address environmental challenges while enhancing Kelington's competitiveness and attracting environmentally conscious clients. Explore tender opportunities for systems that contribute to environmental sustainability, including: • Wet Scrubber Systems • Greenhouse Gas Reduction Systems • VOCs Removal Systems • Odor Control Systems • Acid/General/Exhaust/Solvent Ductwork Systems designed to remove harmful gases from semiconductor fabrication processes. Promote our capability to design and build Stripper Reclaim Systems ("SRS") that enable manufacturers to recover and recycle valuable materials, reducing waste, lowering material costs, and minimising environmental impact.	🟨	🟨	🟨

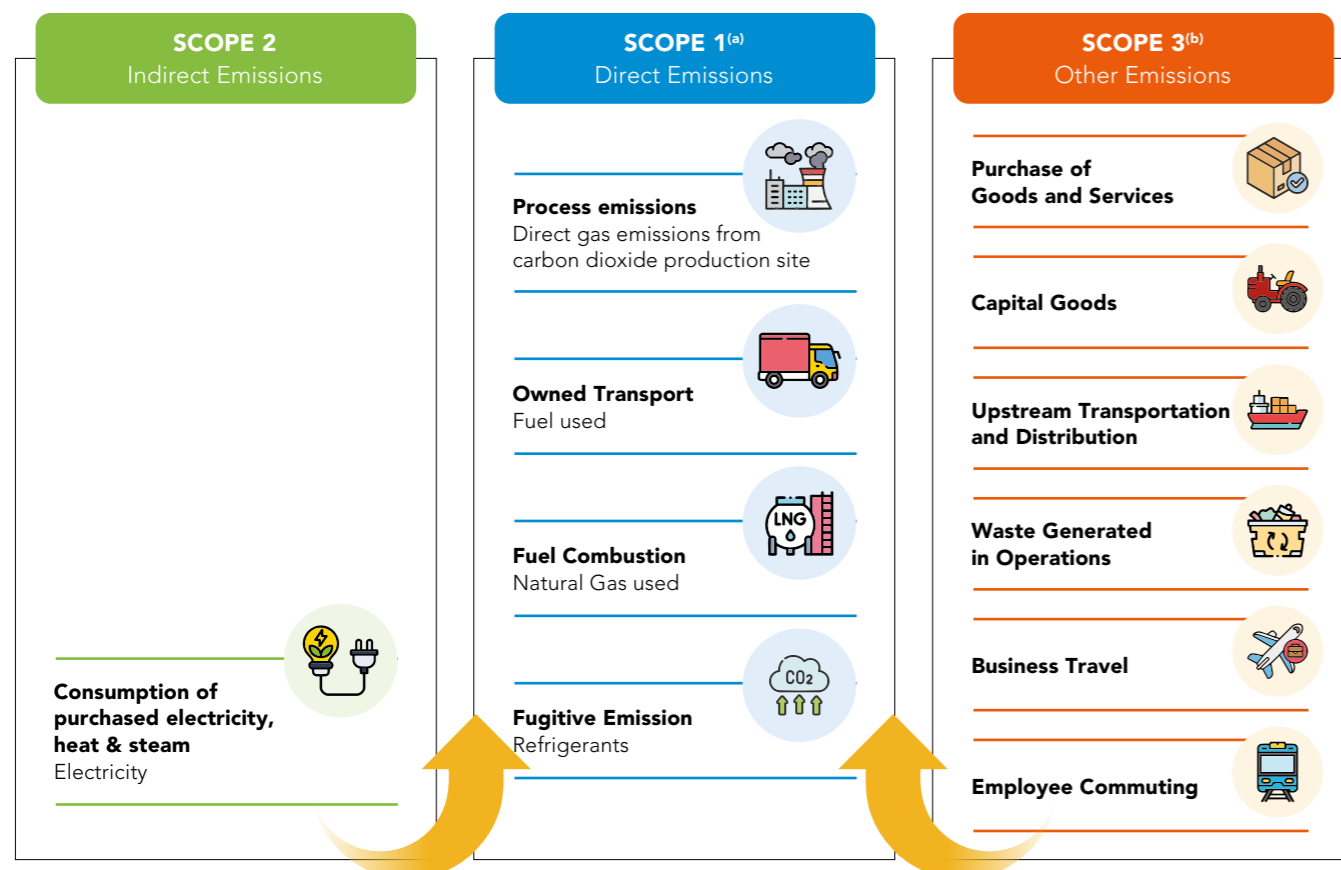| Climate Risks	Potential Impacts of CRO on our business	Our Strategic Responses	Short (Less than 3 Years)	Medium (3-10 Years)	Long (More than 10 Years)
Transition Risks					
Technology risks	🔺 **+ Energy cost** In the electricity sector, the transition to low-carbon technologies has the potential to impact the future price of purchased electricity.	Negotiate long-term supply contracts with energy providers or renewable energy developers to secure stable and predictable electricity prices.	🟩	🟨	🟨
	🔵 **+ Green Revenue** Promote low-emissions technology and engineering solutions that offer customers opportunities for cost savings, improved efficiency, and long-term alignment with regulatory requirements.	Collaborate with international partners to develop innovative technologies that contribute to both climate change mitigation and adaptation. This will enhance corporate value and drive revenue growth through expanded collaborations. We aim to identify the most relevant and impactful technologies for our business and, where beneficial, form strategic partnerships to leverage these innovations.	🟩	🟨	🟨
Legal risks	🔺 **+ Legal Liabilities** Climate change has the potential to lead to legal compliance issues and litigation. There is growing emphasis on the duty of directors to consider and disclose climate change risks.	Regularly review sustainability management framework includes policies, governance structure, ESG integration process, communications and continuous improvements.	🟩	🟨	🟨
Reputational risks	🔺 **- Revenue** **- Brand Value** **- Market Share** Failing to meet sustainability targets, inadequate response to climate change, or involvement in environmental scandals could lead to public backlash. This may result in negative media coverage, loss of public trust, and damage to the company's reputation. 🔵 **+ Revenue** **+ Brand Value** **+ Market Share** By proactively implementing sustainable practices, transparently communicating efforts, and meeting or exceeding environmental expectations, the company can build a strong reputation as a leader in sustainability.	Reinforce and publicly commit to clear, measurable sustainability targets, such as carbon neutrality or waste reduction. Regularly update stakeholders on progress through transparent reporting, demonstrating the company's commitment to environmental goals and building trust. Foster a company-wide culture of sustainability by providing employees and key external providers with training on environmental responsibility and best practices. Develop and implement a comprehensive crisis management and communication strategy to quickly address any potential environmental and social issues.	🟩	🟨	🟨

D.   Metrics and Targets

Green House Gas ("GHG") Emission Management

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

We strive to protect our environment and planet via mitigation of carbon dioxide emissions, waste reduction and the preservation of natural resources. In FY2024, we identified and managed our environmental risks in accordance with the ISO14001:2015 Environmental Management System.

Our Carbon footprint

In FY2024, Kelington engaged Pantas Software Sdn. Bhd. ("Pantas") to provide climate solutions services and conduct a thorough and comprehensive accounting of Greenhouse Gas ("GHG") emissions across Scopes 1, 2, and 3. Pantas utilises the GHG Protocol methodology to identify the reporting boundaries applicable to Kelington Group for calculating and reporting GHG emissions. Additionally, Pantas' methodology and calculations align with ISO 14064-1, ensuring they meet global standards in sustainability reporting.

SCOPE 2 Indirect Emissions	SCOPE 1[a] Direct Emissions	SCOPE 3[b] Other Emissions
	Process emissions Direct gas emissions from carbon dioxide production site	**Purchase of Goods and Services**
	Owned Transport Fuel used	**Capital Goods**
		Upstream Transportation and Distribution
	Fuel Combustion Natural Gas used	**Waste Generated in Operations**
Consumption of purchased electricity, heat & steam Electricity	**Fugitive Emission** Refrigerants	**Business Travel**
		Employee Commuting

Notes:

(a)   Except for Carbon Dioxide (CO$_2$, Kelington's current operations do not emit other Scope 1 GHG emissions -- such as Methane (CH$_4$); Nitrous Oxide (N$_2$O); Chlorofluorocarbons (CFCs); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); sulfur hexafluoride (SF$_6$); or Nitrogen Trifluoride (NF$_3$) -- in FY 2024. Furthermore, Kelington Group's operations, including manufacturing and construction processes are not likely to cause emissions of Nitrogen Oxide (NO$_x$), Sulphur Oxides (SO$_x$), Particular Matter (PM) and Volatile Organic Compounds (VOCs), or other forms of air pollution.

(b)   Scope 3 emissions are indirect emissions resulting from Kelington's operations but originate from sources not owned or controlled by Kelington. To enhance our environmental sustainability efforts, we are currently working with a carbon accounting provider and actively collecting data on six categories of Scope 3 upstream emissions.

Kelington's Net Zero Transition Strategy

At Kelington, we are committed to achieving net-zero emissions by 2050, in alignment with Malaysia's national carbon neutrality target. This commitment is a key part of our long-term sustainability strategy and reflects our role in supporting the country's transition to a low-carbon economy.

Our focus is on reducing our carbon footprint across our operations and supply chain, while driving innovation and environmental stewardship. We specifically aim to achieve net-zero Scope 1 and Scope 2 emissions across all business operations by 2050, with defined milestones to track our progress. Our strategy will be reviewed periodically to adapt to emerging technologies, regulatory changes, and market developments, ensuring we remain aligned with global best practices.

Transition towards low carbon future

KGB Group: Reduce Scope 1 & 2 emissions by **10%** by 2030.	Industrial Gas Division: Reduce Emission Intensity by **5%** by 2030.	KGB Group: Reduce net Scope 3 emissions by **10%** by 2035.	Operations in Malaysia: **100%** renewable electricity by 2045	KGB Group: Net zero Scope 1 and 2 emissions by 2050

Short-Term (2025-2030): Laying the Foundation	Medium-Term (2031-2040): Scaling Up Decarbonisation	Long-Term (2041-2050): Achieving Net-Zero
Key Actions	**Key Actions**	**Key Actions**
• Monitor energy efficiency across major facilities to reduce operational emissions. • Commit to increasing renewable energy adoption through on-site generation or procurement strategies. • Collaborate with suppliers, customers, and partners to drive industry-wide decarbonisation. • Design and implement innovative low-carbon engineering solutions to help clients reduce emissions.	• Identify high-emission industrial hubs and partner with key players for large-scale CCS projects. • Develop CO$_2$ transport and storage infrastructure near major industrial zones. • Establish an internal carbon offset strategy to balance unavoidable emissions with verified removals. • Require suppliers to disclose and set reduction targets for their emissions.	• Implement on-site solar, wind, or PPAs to transition to fully renewable energy by 2045. • Mandate low-carbon sourcing and require suppliers to commit to Net Zero target. • Lead cross-sector partnerships to advance carbon-neutral technologies.

SUSTAINABILITY STATEMENT

Balancing Sustainability and Financial Performance in the Journey to Net Zero

Kelington's commitment to Net Zero reflects a forward-thinking approach to sustainability, while also highlighting the challenges businesses face in balancing environmental goals with profitability and return on investment ("ROI"). Transitioning to energy-efficient technologies and renewable energy sources is essential but requires significant upfront capital, which may affect short-term financial performance.

The integration of renewable energy, particularly through large-scale installations and power purchase agreements, demands significant financial resources and careful planning to ensure cost-effectiveness and operational efficiency.

Similarly, investments in carbon capture and storage ("CCS") and high-quality carbon offset projects, although critical for addressing hard-to-abate emissions, pose challenges in terms of technological feasibility and financial viability.

Businesses must navigate these complexities while maintaining competitive pricing and delivering value to shareholders. This balance necessitates a strategic approach, leveraging innovation, stakeholder engagement, and strong partnerships across the value chain.

By embedding sustainability into core business operations and viewing it as an integral component of long-term success, Kelington can transform challenges into opportunities, ultimately driving sustainable growth and enhancing resilience in a carbon-conscious market.

Transition towards low carbon future

Target	FY2022 (Manual Data)	FY2023 (Manual Data)	FY2024 (New Baseline)	Short to Medium Term Target	Long Term Target
Reduce Scope 1 & 2 absolute emissions	14,177 tCO$_2$e	16,302 tCO$_2$e	19,068 tCO$_2$e	10% Reduction by 2030	Net Zero by 2050
Reduce Scope 3 net emissions	33,605 tCO$_2$e	24,137 tCO$_2$e	94,286 tCO$_2$e	5% Reduction by 2030	10% Reduction by 2035
100% renewable energy	0%	0%	0%	30% by 2035	100% by 2045

Notes:
1) FY2022 and FY2023 data were manually collected as part of Kelington's initial efforts to measure emissions and identify reduction opportunities.
2) In FY2024, Kelington adopted a new cloud-based carbon management tool to enhance the accuracy and comprehensiveness of our emissions tracking. FY2024 marks the establishment of a new baseline with improved data accuracy, serving as the foundation for tracking progress toward Kelington's net-zero ambitions.
3) The increase in reported emissions for FY2024, compared to the previous year, reflects our expanded emissions inventory and improved calculation accuracy following the implementation of an end-to-end carbon management system at the start of FY2024. This transition from manual calculations to an automated, data-driven approach marks a significant advancement in our emissions reporting, particularly within Scope 3 categories such as purchased goods and services. The uplift in reported figures stems from improved data capture and greater precision, rather than a material rise in actual emissions. This enhanced methodology aligns with global best practices, reinforces our leadership in transparent, data-driven sustainability, and strengthens our commitment to effective carbon management in line with industry standards.

GHG ("CO$_2$") Emission FY2024 - breakdown by Scope from the operations of KGB

Legend:
- 1- Stationary Combustion
- 1- Mobile Combustion
- 1- Fugitive Emissions
- 2- Electricity
- 3- Purchased Goods and Services
- 3- Business Travel
- 3- Employee Commuting
- 3- Waste Generated in Operations
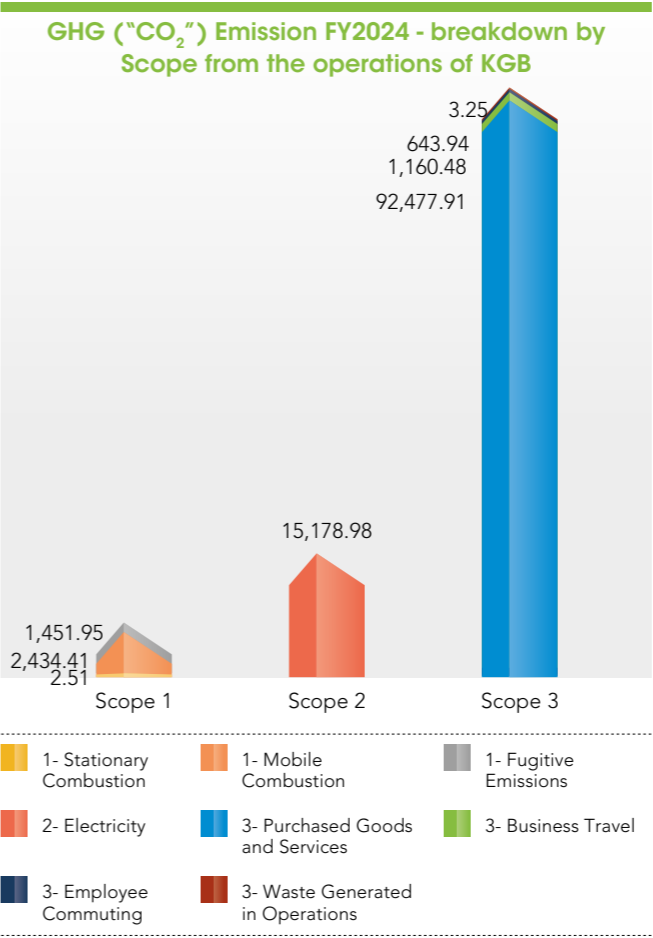
Scope 1 - Direct Emissions

The primary driver of Scope 1 emissions is diesel fuel consumption, categorised under Mobile Combustion. Diesel usage is the largest individual contributor to KGB's Scope 1 emissions, primarily as an energy source for operating its vehicles (e.g., gas delivery fleet), accounting for 2,366.18 tCO$_2$e.

For Scope 1 - Stationary Combustion, the main contributor is diesel fuel consumption by generators, which accounts for 2.51 tCO$_2$e of KGB's Scope 1 emissions.

For Scope 1 - Fugitive Emissions, the primary source is the use of refrigerants. In FY2024, KGB's two main sources of fugitive emissions are R-507 and R-22. R-22 is used as a refrigerant in AC units, while R-507 is mainly used for industrial cooling. The largest individual contributor to KGB's Scope 1 - Fugitive Emissions is the usage/refill of R-507 refrigerant gas, accounting for 1,440.98 tCO$_2$e.

It is noted that although R-32, R-410A, and carbon dioxide (used in fire extinguishers) are inventoried, they did not undergo any refills in FY2024, indicating no emissions from this activity.

Scope 2 - Indirect Emissions (Electricity Consumption)

In FY2024, KGB's operations consumed a total of 19,681,811.45 kWh of electricity, resulting in 15,178.9 tCO$_2$e of Scope 2 emissions. The increase is primarily due to the adoption of region-specific Grid Emission Factors ("GEFs"), replacing the previously applied uniform average of 0.225 tCO$_2$e/MWh. For Peninsular Malaysia, a GEF of 0.774 tCO$_2$e/MWh—sourced from the Malaysia Energy Information Hub ("MEIH") – was applied, reflecting the higher carbon intensity of local electricity generation.
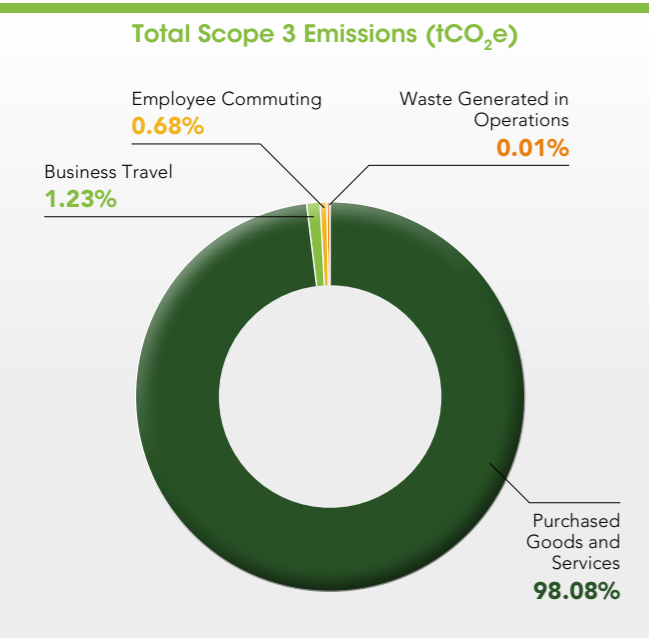
Scope 2 - Emissions by Geographical Region

Region	Electricity Consumption (kWh)	Emissions (tCO$_2$e)	Renewable Energy Usage (%)
Malaysia	19,123,234.00	14,788.31	0%
Singapore	112,196.23	45.52	0%
China	436,883.22	340.45	0%
Taiwan	9,498.00	4.70	0%
	19,681,811.45	15,178.98	

Scope 3 - Indirect Emissions

Total Scope 3 Emissions (tCO$_2$e)

Employee Commuting **0.68%**
Waste Generated in Operations **0.01%**
Business Travel **1.23%**
Purchased Goods and Services **98.08%**

The current scope of KGB's Scope 3 emissions includes Purchased Goods and Services, Waste Generated in Operations, Business Travel, and Employee Commuting. Capital Goods and Upstream Transportation and Distribution are currently included under Purchased Goods and Services. Moving forward, the company will improve data tagging for proper categorisation and reporting purpose.

Purchased Goods and Services

Emissions from Purchased Goods and Services for KGB amounted to 92,477.91 tCO$_2$e. The largest contributor was business services, which include general contracting, consultancy, and installation activities. These accounted for 56.90% of the total emissions (52,620.22 tCO$_2$e). The next most significant sources were fabricated metal products and machinery and equipment purchases, collectively contributing 31,197.90 tCO$_2$e (33.37%).

Business Travel

KGB's Business Travel emissions amounted to 1,160.48 tCO$_2$e, with car travel (mileage claims) being the main contributor at 1,080.87 tCO$_2$e (93.14%). Other transit and ground transportation accounted for 56.00 tCO$_2$e (4.83%).

Employee Commuting

A survey covering 77.17% of KGB employees was conducted to estimate commuting emissions, which totalled 643.95 tCO$_2$e. Personal vehicle use (small passenger cars) was the largest contributor at 344.47 tCO$_2$e (53.49%).

Waste Generated in Operations

KGB's emissions from waste generation are minimal compared to other Scope 3 categories, totalling 3.25 tCO$_2$e. Most emissions come from recycled metals (2.77 tCO$_2$e, 85.03%), followed by recycled plastics (0.39 tCO$_2$e, 11.97%) and recycled paper (0.10 tCO$_2$e, 3.00%).

The emissions from waste generated are minor and may not align with the total waste generated, as stated in S2 Pollution & Waste Management. This is because KGB does not have specific waste data or information on the treatment methods (e.g., incineration or landfill) for carbon accounting purposes.

GHG (CO$_2$) Emission	Unit of Measure	FY2022 *(Manual Data)*	FY2023 *(Manual Data)*	FY2024 *(New Baseline)*
Direct Emissions from manufacturing facilities & distribution tankers.				
Scope 1: Mobile Combustion	tCO$_2$ e	1,406	1,842	**2,434.41**
Scope 1: Stationary Combustion	tCO$_2$ e	1	1	**2.51**
Scope 1: Fugitive Emissions	tCO$_2$ e	Data not available	Data not available	**1451.95**
Raw waste Mass Balance[1]	tCO$_2$ e	9,766[1]	10,652[1]	**N/A[1]**
Sub-Total	tCO$_2$ e	11,173	12,495	**3,888.87**
Indirect Emissions from electricity purchased and used				
Scope 2: Electricity	tCO$_2$ e	3,004	3,807	**15,178.98**
Scope 3: Other Indirect Emissions from the Group activities				
Purchased goods and services	tCO$_2$ e	32,148	23,241	**92,477.91**
Capital goods	tCO$_2$ e	Data not available	Data not available	**0[2]**
Upstream transportation and distribution	tCO$_2$ e	Data not available	Data not available	**0[2]**
Waste generated in operations	tCO$_2$ e	332	193	**3.25[3]**
Business Travel (Air & Land)	tCO$_2$ e	1,125	703	**1,160.48**
Employee Commuting	tCO$_2$ e	Data not available	Data not available	**643.95**
Fuel and energy related activities (not include in Scope 1 or 2)	tCO$_2$ e	Data not available	Data not available	**Data not available**
Upstream leased assets	tCO$_2$ e	Data not available	Data not available	**Data not available**
Investments	tCO$_2$ e	Data not available	Data not available	**Data not available**
Downstream transportation and distribution	tCO$_2$ e	Data not available	Data not available	**Data not available**
Processing of sold products	tCO$_2$ e	Data not available	Data not available	**Data not available**
Use of sold products	tCO$_2$ e	Data not available	Data not available	**Data not available**
End of life treatment of sold products	tCO$_2$ e	Data not available	Data not available	**Data not available**
Downstream leased assets	tCO$_2$ e	Data not available	Data not available	**Data not available**
Franchises	tCO$_2$ e	-	-	**-**
Sub-Total	tCO$_2$ e	33,605	24,137	**94,285.59**
Total GHG (CO$_2$e) Emission		47,782	40,439	**113,353.44**

Note [1]: *Following a thorough re-assessment of the reporting boundaries based on operational control for KGB, it has been determined that the additional waste gas emissions reported in 2022 and 2023 fall outside of KGB's inventory boundary. Consequently, these emissions are excluded from Scope 1 reporting in FY2024 and will not be accounted for in subsequent years.*

Note [2]: *Capital Goods and Upstream Transportation and Distribution are currently included under Purchased Goods and Services. Moving forward, Kelington will improve data tagging for proper categorisation and reporting purpose.*

Note [3]: *The emissions from waste generation in previous years were estimated based on available domestic waste data and assumptions about treatment method. However, KGB lacked access to specific waste volume data and verified information on disposal methods, resulting in unreliable emissions estimates for FY2024. This contributed to a significant reduction in reported figures compared to prior years. Moving forward, KGB is taking proactive steps to improve waste data collection and traceability.*

SUSTAINABILITY STATEMENT

Total emissions by geographical region

- **China (Engineering)** — 58%
- **Malaysia (Engineering)** — 6%
- **Malaysia (Industrial Gases)** — 19%
- **Singapore (Engineering)** — 16%
- **Taiwan (Engineering)** — 1%
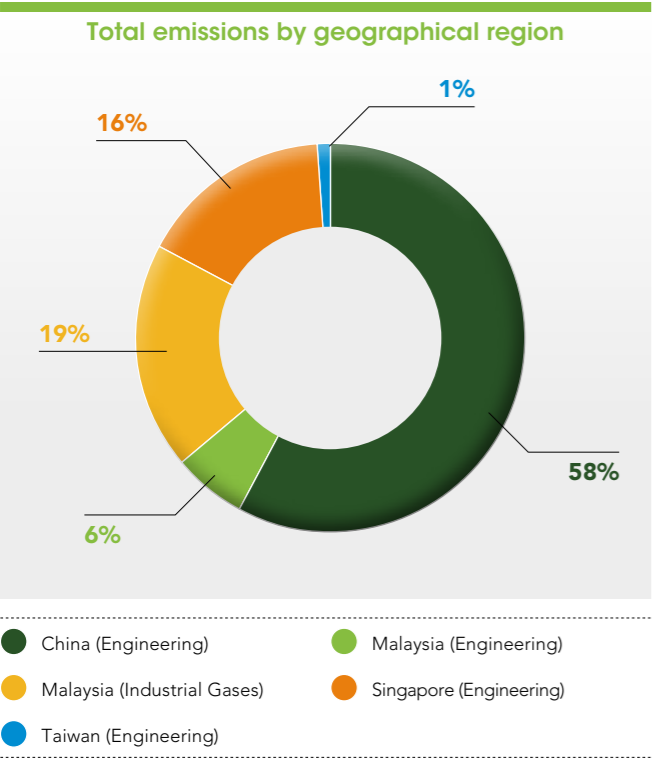
Our greenhouse gas ("GHG") emissions analysis for FY2024 reveals significant regional variations, largely driven by the nature of our business activities and procurement activities. Total Scope 1, 2, and 3 emissions amounted to 113,353.44 tCO_2e. The highest contributor was our China operations, which accounted for 58% of total emissions (65,741 tCO_2e), primarily due to Scope 3 emissions from purchased goods and services (64,772.76 tCO_2e). This reflects the high volume of materials procured to support complex and project-intensive operations in the region. Singapore was the second-largest contributor, with 17,769.78 tCO_2e, also predominantly linked to procurement-related Scope 3 emissions.

Managing emissions from purchased goods and services — particularly at the project level — remains a key challenge due to factors such as a diverse supplier base, varying material requirements, and limited visibility into upstream emissions. These findings underscore the importance of strengthening supplier collaboration and advancing sustainable procurement practices. In response, we are enhancing supplier engagement and exploring lower-carbon sourcing strategies to reduce the environmental impact of our value chain.

CO_2 Equivalent Intensity Ratio -- Industrial Gas Division

Target	FY2022	FY2023	FY2024 (New Baseline)
Reduce emissions intensity by 5% by FY2030	**763** tCO_2e / RM' million EBITDA	**492** tCO_2e / RM' million EBITDA	**376** tCO_2e / RM' million EBITDA

Note: EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortisation) reflects a company's core operating performance. The EBITDA of the Industrial Gases Division—excluding revenue from one-off projects—was used to calculate the CO_2e intensity ratio, ensuring a more consistent and representative measure of ongoing operational performance.

Kelington's Industrial Gases division has shown a positive trend towards sustainability by emitting fewer greenhouse gases per unit of earnings. In FY2024, the CO_2e intensity ratio improved by 24% to 376 tCO_2e / RM' million EBITDA. This enhancement in CO_2e intensity ratio is closely linked with a significant 53% increase in EBITDA, indicating improved energy efficiency and productivity within the division.

E. Financial Impacts and Performance

The company has acknowledged the financial impact from CRO through its risk assessment, as summarised below. While the impact has not yet been quantified as required by IFRS S2, the company is committed to enhancing its processes and will continue to improve its assessment and disclosure practices moving forward.

CRO	Financial Impacts	
Physical Risks	**Operational Costs and Revenue Loss**	**Extreme Weather Events** Increased operational costs and potential revenue loss due to infrastructure damage and production disruptions.
		Chronic Physical Risks Long-term shifts in climate patterns may disrupt supply chains, raw material availability, and production processes, increasing operational costs.
	Business Costs	**Regulatory and Design Changes** Stricter building codes and complex design criteria for climate resilience could increase project costs.
		Reputational / Public Perception Failure to address climate risks could result in legal issues, compliance challenges, public backlash, and reputational damage.
	Healthcare Cost	**Employee Health and Safety** Rising temperatures and frequent heatwaves could affect employee well-being, increasing healthcare expenses and absenteeism.
Transition Risks	**Compliance Costs**	**Carbon Pricing & Regulation** Emerging carbon taxes and stricter emissions reporting may raise compliance expenses.
	Energy Costs	**Electricity Price Volatility** The shift to low-carbon energy could impact future electricity prices.
	Legal Liabilities	**Compliance and Litigation Risks** Non-compliance with evolving climate regulations could result in legal penalties.
Opportunities	**Green Revenue Growth**	**Innovative Solutions** Increasing demand for low-carbon technologies and sustainable practices presents new market opportunities.
		In FY2024, Puritec Technologies (S) Pte Ltd successfully completed the installation of central abatement system in Singapore, supporting our customer's sustainability efforts and promoting a greener future for the semiconductor industry.
		Sustainable Partnerships Collaborate with international partners to develop climate-friendly technologies, enhancing competitiveness and revenue.
	Brand Value & Market Position	**Reputation and Market Share** Strong climate action can build trust, improve brand value, and expand market share.

SUSTAINABILITY STATEMENT

S2 Pollution & Waste Management

Pollution Prevention & Compliance

Kelington recognises the heightened pollution risks inherent in manufacturing industries and prioritises environmental stewardship across all operations. We are committed to stringent pollution prevention measures, ensuring compliance with both local and international environmental standards. We proactively identify and mitigate risks while leveraging opportunities for innovation and efficiency.

Our equipment manufacturing facilities in Chuzhou, China operate within controlled cleanroom environments, ensuring that production processes meet high industry benchmarks for contamination control, air quality, and waste management. This setup minimises pollution risks from our operations and upholds strict environmental standards.

At our Kerteh facility, pollution risks are actively mitigated through rigorous monitoring initiatives. We engage an independent company to conduct monthly assessments of key environmental parameters, including water quality in nearby rivers, air quality noise level monitoring. These efforts align with the standards set by the Department of Environment ("DOE") Malaysia, ensuring transparency and accountability. Detailed sampling data is readily available for inspection upon request.

All monitoring data undergoes monthly review by our management team, with prompt corrective actions taken if test results approach alert thresholds. Additionally, a quarterly Environmental Monitoring and Auditing Report is submitted to the local DOE office, reinforcing our commitment to continuous oversight and improvement.

In FY2024, Kelington Group of companies recorded zero instances of non-compliance with local environmental regulations, resulting in no penalties related to pollution. This achievement underscores our steadfast dedication to environmental responsibility and operational excellence.

Industrial Gases Division: Strengthening Compliance & Waste Management

Within our Industrial Gases division, we focus on minimising scheduled waste generation through process optimisation and efficiency improvements, conducting routine monitoring and maintenance to mitigate leakage risks while ensuring operational safety and environmental protection, and implementing comprehensive emergency response planning. This includes employee training and rapid containment measures to swiftly address and remediate any hazardous waste incidents.

These proactive measures reinforce our commitment to reducing environmental impact, maintaining compliance with regulatory standards, and driving continuous improvement in sustainability.

Innovative Carbon Reduction Initiatives

Opportunities arise from adopting circular economy principles, as our LCO_2 manufacturing process captures CO_2 emissions from our raw gas supplier, a petrochemical complex, and converts it into liquid CO_2 (LCO_2), reducing greenhouse gas emissions. Captured CO_2 is utilised in various industries, including carbonation of beverages; industrial manufacturing processes; production of dry ice for cooling and transportation; and enhanced oil recovery.

This initiative reduces CO2 emissions that would otherwise be vented into the atmosphere while generating economic value from waste gases. In FY2024, our LCO_2 plant at Kerteh successfully captured 113,024 tonnes of CO_2 for reuse, helping reduce emissions and enhancing resource efficiency.

	Unit of measure	FY2022	FY2023	FY2024
Carbon Dioxide (CO_2) gas captured for reuse	tonnes	60,471	70,278	**113,024**

KGB is actively exploring innovative solutions in carbon capture, utilisation, and storage ("CCUS") to help industries reduce their carbon emissions. Our efforts aim to reduce industrial carbon footprints by capturing CO_2 at the source in industrial processes, repurposing it for commercial and industrial applications, and collaborating on long-term storage solutions, including the development of carbon storage hubs.

### Sustainable Waste Management Practices

As part of our sustainability efforts, KGB is committed to minimising waste generation. Our Health, Safety, and Environment ("HSE") working group oversees the Group's waste management strategy, following the 4R Hierarchy: Reduce, Reuse, Recycle, and Recover.

As of FY2024, all our business operations have adopted the ISO 14001:2015 Environmental Management System, with the exception of our operations in Taiwan. Based on the number of project sites, this coverage represents approximately 87% of our total operations.

For our Engineering division, we implement key waste management strategies, with clear governance and accountability:-

Waste management strategies	Led by:-	Accountability
Value Engineering	Project & Design Teams	Enhancing designs and material efficiency to minimise waste generation at the source.
Active Employee Involvement	HR & Site Management	Fostering a culture of recycling through awareness and participation programs.
Effective Solid Waste Segregation	Site Supervisors & HSE working group	Implementing proper waste segregation at all project sites to maximise recycling potential.
Comprehensive Site Induction	HSE working group	Training staff and subcontractors on responsible waste management.
Continuous Monitoring & Improvement	Sustainability Working Group	As waste intensity varies according to project mix, we prioritise tracking and improving recycling rates to enhance overall waste management efficiency.

To minimise waste and enhance resource efficiency, we have implemented key waste management measures. Building Information Modeling ("BIM") is used to improve design efficiency, reduce material waste, and optimise resource utilisation. Systematic waste segregation is enforced at all construction sites, with designated on-site collection areas to facilitate recycling and proper disposal. Additionally, regulated waste disposal ensures that licensed waste collectors safely transport waste to approved treatment facilities, dumpsites, and landfills in full compliance with environmental regulations.
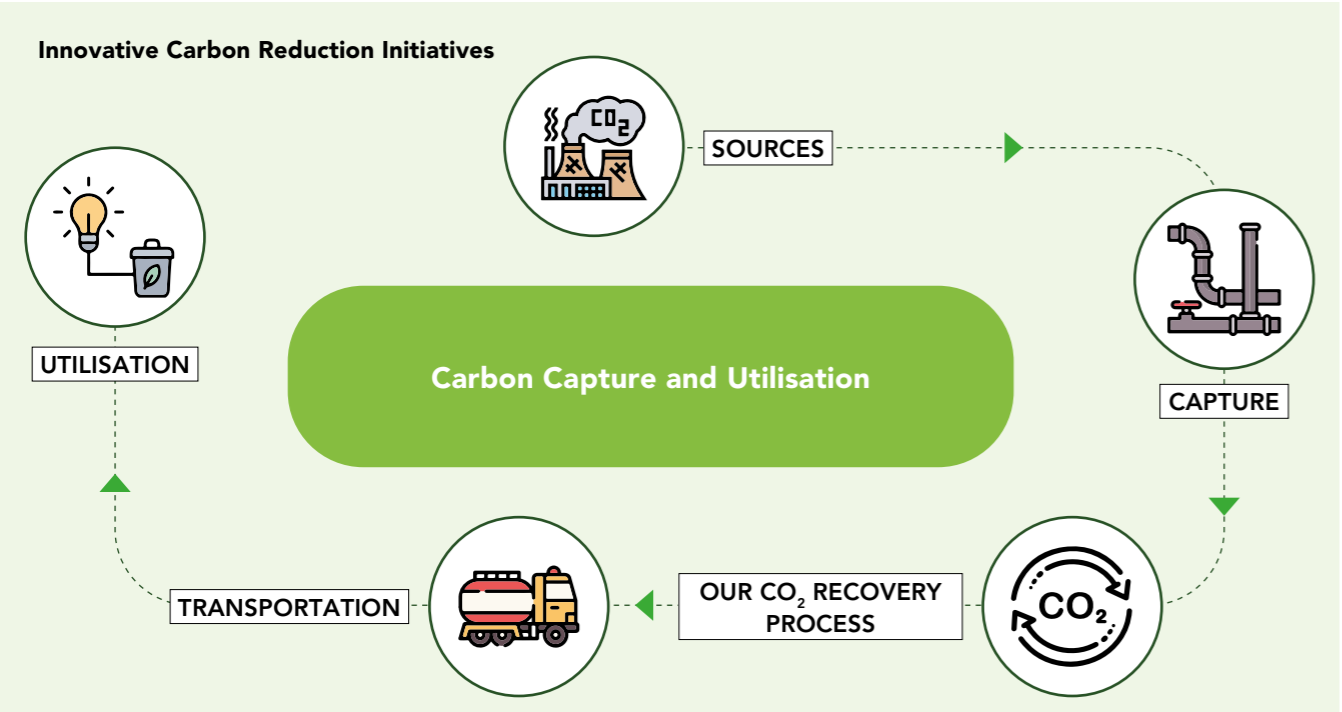
SUSTAINABILITY STATEMENT

Waste Management Overview: Generation & Recycling Summary

In FY2024, 97% of the total waste generated came from the Engineering division, while the Industrial division contributed only 3%. Kelington recycled 1,088.81 tonnes of waste, achieving a 66% recycling rate, reinforcing our commitment to resource efficiency, waste reduction, and circular economy principles. Our company's Engineering and Industrial divisions currently generate approximately 30% non-recycled waste out of their total waste produced. This figure reflects process-related waste that has not yet been diverted from landfills or incineration through recycling or reuse efforts.

The recycling rate varies based on the type of waste generated. In FY2024, the rate was particularly high due to the composition of non-hazardous waste, 67% of which was soil from underground piping works in Taiwan that was fully reused. However, if soil is excluded from the calculation, the overall recycling rate drops significantly to only 2.6%, highlighting a critical area for improvement in how other types of waste—particularly process-related and general industrial waste—are managed and recycled.

In FY2024, 41% of hazardous waste was generated and disposed of in Singapore. Hazardous waste—including chemicals and chemically contaminated clothing or rags—was collected in drums or totes and managed by a licensed vendor to ensure proper and compliant disposal.

Our operations in China are limited to installation works, with all activities conducted at customer sites equipped with waste management facilities. As a result, waste data from our China operations is not material or not applicable, as waste generation and disposal are managed in accordance with the customers' existing waste management systems.

FY2024	Unit of measure	Engineering Division	Industrial Gas Division	Total
Total Hazardous Waste generated	tonnes	24.98	34.62	59.60
Total Non-hazardous Waste generated	tonnes	1576.80	16.35	1593.15
Total Waste generated	tonnes	**1601.78**	**50.97**	**1652.75**
Total Hazardous Waste directed to disposal	tonnes	24.96	0	24.96
Total Non-hazardous Waste directed to disposal	tonnes	492.02	13.40	505.42
Total Waste directed to disposal	tonnes	**516.98**	**13.40**	**530.38**
		32%	26%	32%
Total Hazardous Waste diverted from disposal	tonnes	0.02	34.62	34.64
Total Non-hazardous Waste diverted from disposal	tonnes	1,084.78	2.95	1,087.73
Total Waste diverted from disposal	tonnes	**1,084.80**	**37.57**	**1,122.37**

	Unit of measure	FY2022	FY2023	FY2024
Total waste generated	tonnes	717	422	**1,652.75**
Waste management trend	%	+259	-41	**+292**
Non-hazardous waste recycled	tonnes	61	47	**1,088.81**

Target to achieve 30% Recycling Rate by FY2030				
Recycling Rate	%	8.5	11.1	**65.9**

Our Operations	Non-hazardous waste generated (tonnes)			How we manage Non-hazardous waste
	FY2022	FY2023	FY2024	
KE Malaysia	621	406	494.6	Manage waste in accordance to The Solid Waste and Public Cleansing Management Act 2007 as well as the local government rules and regulations.
Ace Gases	0	11	16.4	
KE Singapore	94	0	7.1	Dispose construction waste via site waste management facilities and in compliance with the waste management regulations.
KE China	1	3	0	
KE Taiwan	1	2	1075.1	
Total Non-hazardous Waste generated	**717**	**422**	**1593.2**	

Non-hazardous waste recycled	Unit of measure	FY2022	FY2023	FY2024
Metal	tonnes	60	44	**10.9**
Paper or Carton Boxes	tonnes	-	-	**1.3**
Wood	tonnes	1	3	**0**
Plastic	tonnes	-	-	**1.6**
Others	tonnes	-	-	**1,075**
Total Non-hazardous waste recycled	tonnes	61	47	**1,088.8**

Scheduled Waste Management

A small percentage of hazardous waste is considered intractable, meaning it requires specialised technologies and facilities for safe disposal. These scheduled wastes are strictly managed in compliance with regulatory standards to protect human health and the environment.

KGB is committed to handling scheduled waste in accordance with the Environmental Quality (Scheduled Wastes) Regulations 2005 and has implemented the ISO 14001:2015 Environmental Management System as a guiding framework for hazardous waste management.

The following scheduled wastes are applicable to Kelington's operations and are managed in compliance with regulatory requirements:

Scheduled waste classification under Malaysia's Environmental Quality (Scheduled Wastes) Regulations 2005	
SW104	Dust, slag, dross, or ash containing aluminium, arsenic, mercury, lead, cadmium, chromium, nickel, copper, vanadium, beryllium, antimony, tellurium, thallium, or selenium, excluding slag from iron and steel factories.
SW305	Spent lubricating oil from machinery and equipment maintenance.
SW306	Spent hydraulic oil from operational processes.
SW409	Disposed containers, bags, or equipment contaminated with chemicals, pesticides, mineral oil, or other scheduled wastes.
SW410	Rags, plastics, papers, or filters contaminated with scheduled wastes.
SW411	Spent activated carbon, excluding carbon used in the treatment of potable water, food industry processes, and vitamin production.

These wastes are segregated, stored, and disposed of responsibly in accordance with environmental regulations and best practices.

	Unit of measure	FY2022	FY2023	FY2024
Scheduled Waste	tonnes	38	33	**35**

SUSTAINABILITY STATEMENT

E-Waste Management & Employee Awareness

E-waste consists of discarded electronic appliances that contain hazardous materials such as mercury, lead, beryllium, and cadmium. Improper disposal can release toxic chemicals into the soil, water, and air, posing serious health and environmental risks.

KGB adheres to the Environmental Quality (Scheduled Wastes) Regulations 2005, which categorises e-waste as Scheduled Waste SW110 First Schedule. Our approach includes raising employee awareness about responsible e-waste disposal, providing E-Waste Collection Stations at all Malaysia offices since FY2024 to facilitate proper disposal, and partnering with licensed DOE-registered e-waste recyclers to ensure safe and compliant disposal. Through these initiatives, we continue to promote responsible e-waste management, minimising environmental risks and supporting a circular economy approach.

Global Recycling Day 2024

On Global Recycling Day, we took a moment to reflect on the importance of sustainability and environmental responsibility. At Kelington, we are proud to contribute to a greener, more sustainable future through proactive waste reduction initiatives.

To mark this occasion, we organised special recycling events across our offices and project sites in Malaysia, uniting our team in collective action to minimise waste and conserve resources. Employees were encouraged to bring recyclable materials from home, contributing to our mission of responsible waste management. From paper and plastics to electronics, every effort counted toward reducing landfill waste and promoting circular economy practices.

A highlight of this year's initiative was the successful collection of 835kg of recycled waste on 18 March 2024, reinforcing our commitment to sustainability. The campaign also featured an engaging awareness talk, emphasising the environmental and social benefits of recycling, along with practical waste reduction strategies for daily life.

Through this initiative, KGB continues to cultivate a culture of environmental responsibility, ensuring that sustainability remains at the core of our operations.

S3 Resources Management

Kelington's Commitment to 100% Renewable Energy by 2045

Kelington is committed to achieving 100% renewable energy by 2045 as part of our broader sustainability and climate strategy. Our approach to climate-related risks and opportunities is guided by our Sustainable Development and Climate Change Position Statement, which provides a structured and accountable path toward a low-carbon future. We are also committed to continuously optimising resource efficiency across energy, water, and other utilities to reduce our environmental footprint.

Energy Management and Decarbonisation Strategy

Kelington's operations, spanning customer sites and fabrication facilities, are energy-intensive, particularly within our Industrial Gases manufacturing division, where 24/7 production necessitates a robust energy management framework.

To support our decarbonisation goals, we are implementing energy management strategy that leverages data analytics to track and optimise energy consumption, reduce inefficiencies, and lower greenhouse gas ("GHG") emissions. Additionally, we are optimising production processes by implementing best practices to minimise energy waste while continuously fostering a culture of sustainability.

Opportunities in Renewable Energy Transition

Kelington's commitment to achieving 100% renewable energy by 2045 presents significant opportunities for business growth, innovation, and industry leadership. By integrating advanced renewable technologies, we can strengthen our position as a leader in sustainable engineering solutions within Malaysia. Collaboration with renewable energy providers, government agencies, and sustainability-focused investors will enable us to maximise incentives and funding opportunities. Additionally, investing in renewable energy projects, carbon credit markets, and Renewable Energy Certificates ("RECs") will create both financial and environmental value, driving our transition towards a more sustainable future.

Renewable Energy Initiatives

Renewable energy is central to our sustainability vision. Since FY2011, we have installed and maintained solar photovoltaic ("PV") panels at our Shah Alam office, generating clean energy to support our operations. Despite efficiency challenges such as dust accumulation and environmental factors, our proactive maintenance measures have ensured optimal solar PV performance. In FY2024, our solar PV system generated 12,589 kWh of renewable energy, contributing to Kelington's carbon reduction efforts.

Moving forward, we are exploring opportunities to scale up our renewable energy adoption, including on-site solar installations at additional facilities and collaborations with renewable energy providers.

Pathway to 100% Renewable Energy by 2045

Moving forward, we are exploring opportunities to scale up our renewable energy adoption through various initiatives. These include conducting feasibility studies for mini and micro-hydro projects in Malaysia or ASEAN, securing Power Purchase Agreements ("PPAs") with hydro or green energy providers, and investing in small-scale hydro partnerships to generate Renewable Energy Certificates ("RECs") for Scope 2 offsetting. Additionally, we aim to leverage RECs to facilitate our transition to full renewable adoption while continuously exploring emerging renewable energy technologies and integrating them into our sustainability roadmap.

Enhancing Energy Resilience and Mitigating Climate Risks

Climate-related risks, including energy volatility and regulatory changes, are continuously assessed within our sustainability and risk management framework. To mitigate operational risks and enhance energy resilience, we conduct monthly energy performance assessments to identify inefficiencies and implement corrective actions, benchmark against industry standards to drive continuous improvement, and ensure preventive maintenance through regular equipment inspections to minimise downtime and energy wastage. Additionally, we actively engage stakeholders—including employees, partners, and suppliers—in climate action to align with our long-term sustainability commitments.

SUSTAINABILITY STATEMENT

Metrics & Targets

Target	Unit of measure	FY2022	FY2023	FY2024 (New Baseline)
Group Target 2045: 100% Renewable Energy Use	%	0	0	0
Industrial Gas Division - Target 2030: Reduce electricity intensity by 5%	MWh / RM'million EBITDA	664	452	384

Note:
The Group's renewable energy use is currently at 0%, with a minor contribution of 12,589 kWh from Kelington's Shah Alam office solar PV system in FY2024.

Renewable Energy	Unit of measure	FY2022	FY2023	FY2024
Solar Power Generated	KWh	11,236	13,908	12,589

Electricity Consumption
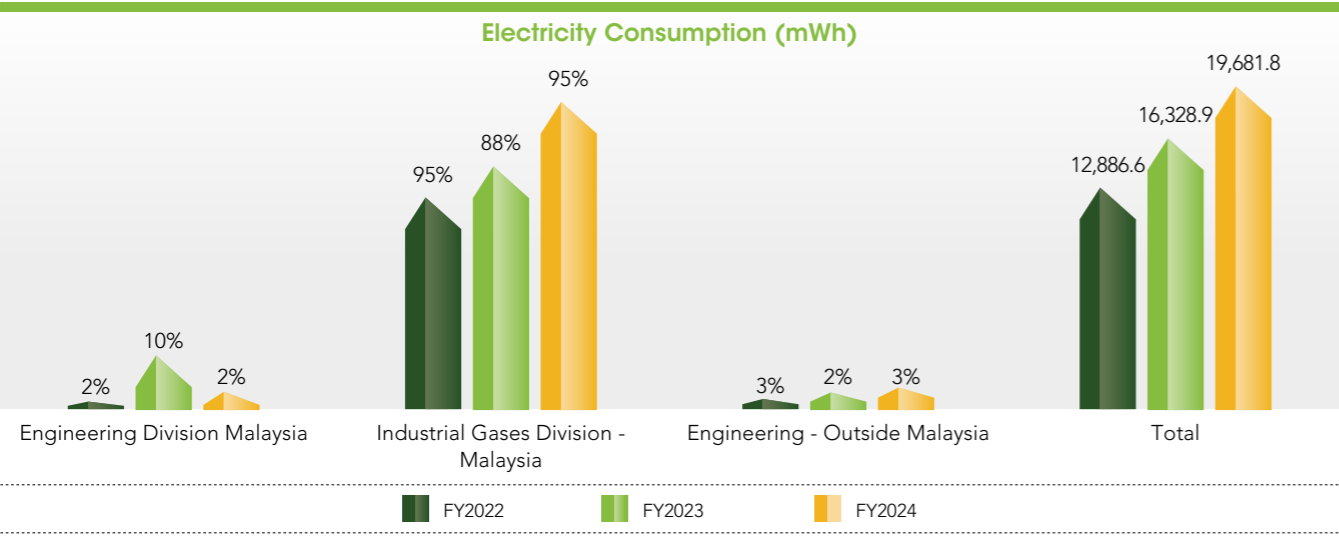
The Group's electricity consumption has shown an increasing trend in FY2024, primarily driven by the expansion of operations within the Industrial Gas division. This rise is closely aligned with the division's increased liquid CO_2 (LCO_2) production capacity, which is inherently more energy-intensive due to the processes involved in gas compression, liquefaction, and storage.

As illustrated in the chart above, the Industrial Gas division accounted for 95% of the Group's total electricity consumption in FY2024, highlighting its significant energy footprint. While this growth supports the Group's strategic positioning in the industrial gases market, it also underscores the importance of enhancing energy efficiency and exploring renewable energy integration to mitigate the associated environmental impact.

To better manage and monitor energy use, we track the energy performance of the Industrial Gas division through energy intensity, measured by the amount of electricity required to generate RM1 million in EBITDA. This metric helps guide operational improvements and informs our long-term sustainability strategy. Despite the overall increase in electricity consumption, energy intensity showed a declining trend in FY2024, reflecting improved operational efficiency as higher production volumes led to better energy utilisation. This positive development indicates progress toward more sustainable and cost-effective production practices.

Kelington remains committed to continuous improvement in energy efficiency and will further explore low-carbon technologies to align with climate-related financial risks and opportunities.

Water Management and Sustainability Commitment

Clean freshwater is a scarce and vital resource, making its responsible management essential. Recognising this, the United Nations has identified Clean Water and Sanitation as one of its Sustainable Development Goals ("SDGs"). In line with this, Kelington is committed to providing access to two of life's most fundamental necessities — clean drinking water and safe, private sanitation facilities — through the strict implementation of our water management plan.

Our Water Management Approach

Our approach to water management integrates engineering solutions, data analysis, regulatory compliance, and health and safety measures to support sustainable and responsible water use. As part of our efforts to address climate change, we design and install water treatment systems for our customers, enhancing their ability to manage water resources effectively and reduce environmental impact.

Our Plant Operations team actively monitors water consumption through regular data collection from water meters, analysing trends to set efficiency targets and swiftly implementing conservation measures when deviations occur. This not only enhances operational efficiency but also presents opportunities to reduce environmental impact and optimise resource use.

To maintain regulatory compliance, we closely monitor water discharges, conducting monthly water quality checks at our primary operating site in Kerteh, Terengganu, to meet Malaysian government standards. Additionally, to safeguard employee health and safety, our cooling tower water treatment systems are designed to prevent the growth of Legionella bacteria, ensuring a safe workplace and minimising health risks.

Although our operations are located in regions not classified as water-stressed or scarce, we recognise the intrinsic value of water and the potential risks posed by climate change, such as changing rainfall patterns and extreme weather events. As part of our long-term strategy, we remain committed to optimising water usage and exploring opportunities to implement technologies that enhance resilience against future water-related challenges. This proactive approach reflects our dedication to sustainability, environmental stewardship, and the protection of natural resources.

Water Withdrawal

Our primary water source is municipal potable water, drawn from local reservoirs. We do not utilise surface water (rivers, lakes, or ponds), groundwater (wells), or external wastewater. In FY2024, Kelington's total water withdrawal amounted to 59,243m³.

Water Withdrawal by sources	Unit of measure	FY2022	FY2023	FY2024
Surface water from rivers, lakes, natural ponds	m³	0	0	0
Groundwater from wells, boreholes	m³	0	0	0
Used quarry water collected in the quarry	m³	0	0	0
Municipal potable water	m³	31,241	76,813	59,243
External wastewater	m³	0	0	0
Harvested rainwater	m³	0	0	0
Sea water, water extracted from the sea or the ocean	m³	0	0	0
Total Water Withdrawal	m³	31,241	76,813	59,243

SUSTAINABILITY STATEMENT

Water Consumption

Water Consumption (m³)
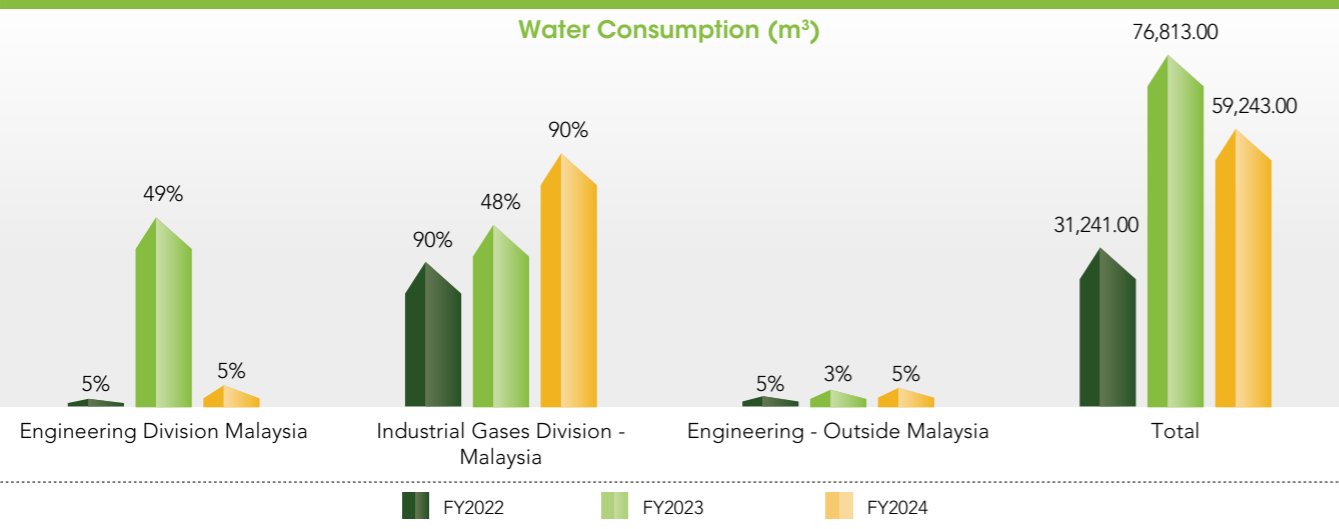
The analysis shows that 90% of the Group's total water consumption in FY2024 was attributed to the Industrial Gases division. As this division represents the bulk of water usage, Kelington has been monitoring water intensity for this segment since FY2020.

Water Intensity

In our Industrial Gases division, we measure water efficiency using water intensity parameters, assessing the water consumption required to generate RM1 million in EBITDA.

In FY2024, with the LCO_2 business division's EBITDA growing by 53%, overall water consumption increased by 46%. However, water intensity improved by 4.5%, demonstrating enhanced efficiency despite higher usage.

Industrial Gas Division - Target 2030	Unit of measure	FY2022	FY2023	FY2024 (New Baseline)
Reduce water intensity by 5%	m³ / RM'million EBITDA	1,508	1,153	**1,101.4**

Water Discharge & Environmental Compliance

Water discharge does not inherently translate to greater environmental impact; rather, its effects depend on discharge quality and the sensitivity of receiving water bodies.

Our LCO_2 manufacturing facilities in Kerteh generate a high volume of water discharge, which is non-hazardous and does not require treatment. This water is safely channeled to drains, eventually flowing into rivers and the sea. We conduct quarterly monitoring in accordance with the DOE's Environmental Management Plan, ensuring compliance with environmental regulations.

In FY2024, we recorded zero incidents of non-compliance, with no penalties related to water supply and discharge.

Water Discharge by destination	Unit of measure	FY2022	FY2023	FY2024
Ocean total discharge	m³	0	0	**0**
Surface water total discharge	m³	31,241	76,813	**59,243**
Subsurface / well total discharge	m³	0	0	**0**
Off-site water treatment total discharge	m³	0	0	**0**
Beneficial / other use total discharge	m³	0	0	**0**
Total Water Discharge	m³	31,241	76,813	**59,243**

S4 Support Biodiversity

Our Commitment to Biodiversity

Biodiversity plays a crucial role in maintaining functioning ecosystems, providing essential services such as oxygen production, clean air and water, pollination, pest control, and wastewater treatment.

Kelington recognises that economic activities and population growth can contribute to pollution and climate change, which pose risks to biodiversity.

As part of our commitment to environmental protection and biodiversity preservation, we integrate systematic management approaches to minimise our operational impact. Our Sustainable Development Position Statement reaffirms this commitment, ensuring that our business activities align with responsible environmental stewardship.

Key Initiatives & Strategies for Biodiversity Conservation

Kelington actively implements various strategies to mitigate biodiversity impacts and contribute to conservation efforts. We integrate biodiversity considerations into our environmental management systems to identify and address potential impacts. Through stakeholder engagement, we collaborate with government agencies and NGOs to support biodiversity conservation and promote sustainable practices. Environmental Impact Assessments ("EIA") are conducted for new projects to understand local ecosystems and implement effective mitigation measures. Additionally, we participate in reforestation and habitat restoration projects to enhance biodiversity and support ecosystem sustainability.

Biodiversity Conservation Targets & Progress

Goal	Key Initiatives	Progress
Generate Positive Biodiversity Impacts	Tree planting & habitat restoration projects.	A total of 470 new trees have been planted since FY2021.

While none of our operational sites are located within or adjacent to protected areas or biodiversity hotspots, we are committed to minimising our impact. Apart from our major gas plant in Kerteh, most of Kelington's operations take place at customer premises or within industrial zones.

At our Kerteh site, we assign local employees to monitor and manage our biodiversity impact through a structured approach. This includes conducting regular environmental audits that assess water quality, air quality, and noise levels, as well as implementing pollution prevention and mitigation measures to ensure compliance with local regulatory standards. Additionally, we perform monthly monitoring of air and water quality, particularly in nearby rivers, and submit quarterly Environmental Monitoring and Auditing Reports to Malaysia's Department of Environment ("DOE") to uphold our commitment to environmental stewardship.

In FY2024, all environmental test results remained within government-mandated limits, with zero negative feedback or penalties from authorities.

SUSTAINABILITY STATEMENT

Continuous Participation in Conservation Efforts

Tree Planting at Taman Botani Shah Alam

In 2024, Kelington organised a tree-planting initiative at Taman Botani Shah Alam to support urban reforestation and ecological conservation. With the participation of 20 dedicated employees, we successfully planted 200 native tree species, contributing to:

Restoring local biodiversity by creating habitats for birds, insects, and small mammals.	**Enhancing urban green spaces to improve air quality and mitigate the heat island effect.**	**Strengthening carbon sequestration efforts, aligning with our broader climate action strategy.**

This initiative reflects our commitment to biodiversity conservation, reinforcing our role in protecting ecosystems and fostering a healthier environment for future generations.

Care for People

We Care for People

Our Commitment

At Kelington, our people are our greatest asset. We are dedicated to fostering a workplace that prioritises well-being, growth, diversity, and human rights. By ensuring a safe, inclusive, and empowering environment, we nurture talent, uphold fundamental rights, promote equal opportunities, and drive meaningful contributions to human development and prosperity.

SUSTAINABILITY STATEMENT

S5 **Occupational Safety & Health**

At Kelington, the safety and well-being of our employees are our top priorities. We recognise that a safe workplace is essential not only for protecting our workforce but also for fostering a productive and sustainable environment. As a leader in engineering and the industrial gas industry, we acknowledge the unique risks associated with our industry and are committed to implementing comprehensive safety protocols to effectively mitigate these risks.

Our commitment to safety is reinforced by our adherence to ISO 45001:2018, an internationally recognised standard for occupational health and safety management systems. This certification reflects our proactive approach to enhancing workplace safety. As of 31 December 2024, 87% of our operations sites are certified. Notably, our operations in Taiwan are in the process of obtaining certification.

In alignment with the United Nations Sustainable Development Goal ("SDG") 8, which emphasises safe and secure working environments, our approach to workplace safety extends beyond compliance. We continuously strive to enhance our safety systems, adopt industry best practices, and invest in ongoing training and resources to create a safe, healthy, and empowering workplace for our employees, contractors, and stakeholders.

ISO 45001:2018 Occupational Health and Safety Management Systems ("OHSMS") Certification across Kelington Group

Activities	Workplaces	Percentage of sites covered by recognised OHSMS	Occupational Health & Safety Management System
• Installation of gas and chemical distribution systems • Design & construct specialised facilities • Design & construct mechanical and electrical systems • Fabrications	Customers' site (Singapore)	100%	• ISO 45001:2018 certified since December 2020*
	Customers' site (China)	100%	• Certified to OHSAS 18001:2007 from June 2019 to June 2020 • ISO 45001:2018 certified since August 2020*
	UHP Fabrication Facilities (China)	100%	• ISO 45001:2018 certified since July 2020*
	Customers' site (Malaysia)	100%	• Certified to OHSAS 18001:2007 from July 2014 to Sept 2019 • ISO 45001:2018 certified since July 2020*
	Customers' site (Taiwan)	0%	• Adapting safety & health standards to ensure workplace safely and target to obtain ISO 45001:2018 certification by end of FY2025
• Manufacturing and trading of industrial and specialty gases	Manufacturing Facilities-Malaysia	100%	• Certified to ISO 45001:2018 in year 2024*

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

Governance and Policies

At Kelington, our core belief — "Safety First, Quality Always" — guides every aspect of our operations. We are fully committed to safeguarding the health and safety of our employees, contractors, and the public who may be affected by our activities. Safety is a fundamental pillar of our risk management framework, overseen by the Board of Directors.
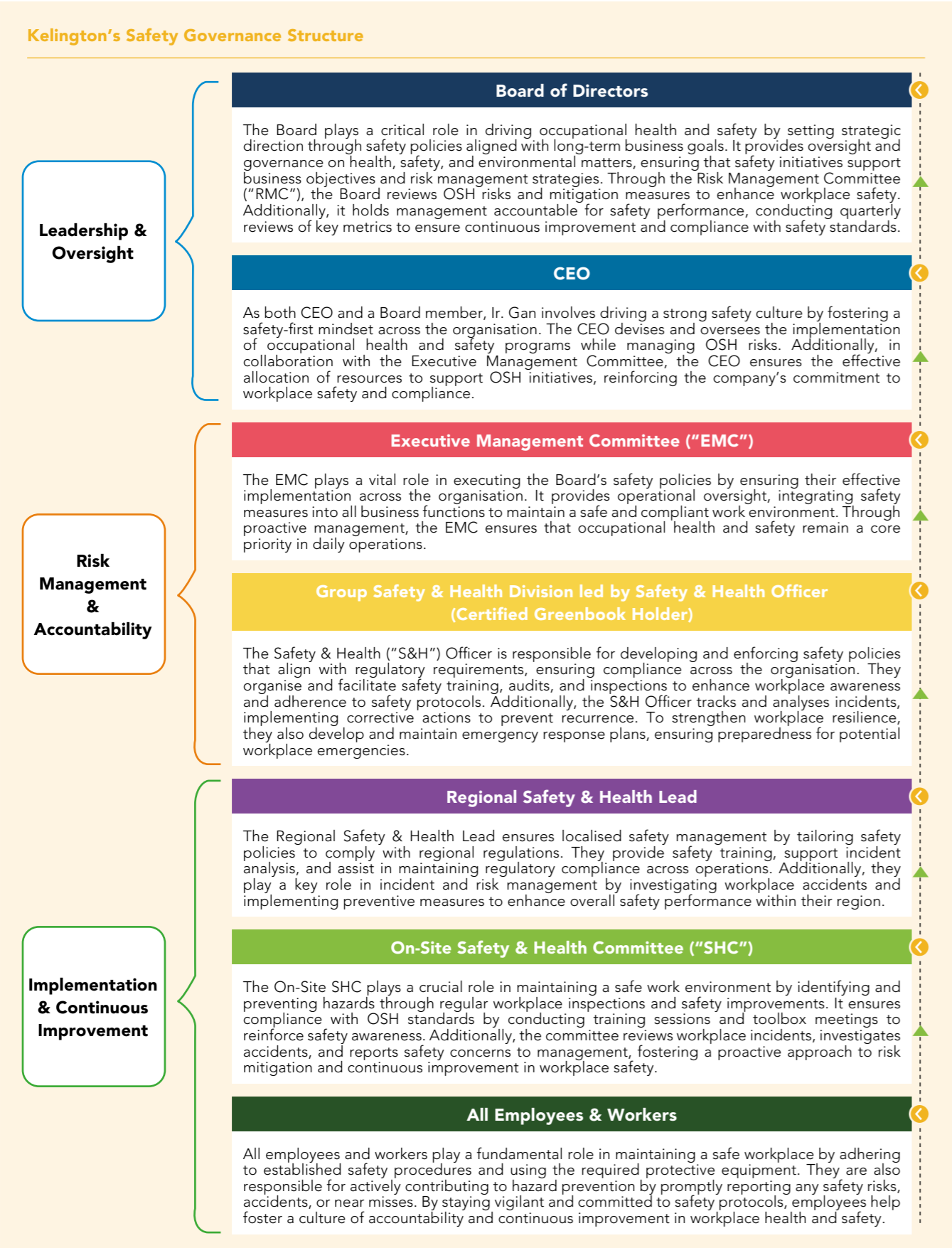
Our Safety and Health Policy applies to all operations, projects, and workplaces across Kelington's business. It establishes clear responsibilities for management, employees, and subcontractors in ensuring a safe and healthy work environment.

We are committed to:

- Preventing accidents, injuries, property damage, and occupational illnesses through proactive risk management.

- Ensuring compliance with national regulatory requirements and international safety standards, including ISO 45001:2018.

- Embedding a culture of safety through continuous hazard identification, risk assessment, and employee education.

- Engaging with stakeholders to promote best practices and enhance workplace safety.

- Driving continuous improvement in our Occupational Safety and Health Management System ("OSHMS") to adapt to emerging risks and industry advancements.

By fostering a strong safety culture and prioritising risk prevention, we aim to minimise workplace hazards, ensure regulatory compliance, and sustain long-term business success. Beyond compliance, our commitment to OSH presents opportunities to enhance operational efficiency, reduce incident-related costs, strengthen our corporate reputation, and attract top talent by fostering a safe and trusted workplace.

Kelington's Safety Governance Structure

Leadership & Oversight

Board of Directors

The Board plays a critical role in driving occupational health and safety by setting strategic direction through safety policies aligned with long-term business goals. It provides oversight and governance on health, safety, and environmental matters, ensuring that safety initiatives support business objectives and risk management strategies. Through the Risk Management Committee ("RMC"), the Board reviews OSH risks and mitigation measures to enhance workplace safety. Additionally, it holds management accountable for safety performance, conducting quarterly reviews of key metrics to ensure continuous improvement and compliance with safety standards.

CEO

As both CEO and a Board member, Ir. Gan involves driving a strong safety culture by fostering a safety-first mindset across the organisation. The CEO devises and oversees the implementation of occupational health and safety programs while managing OSH risks. Additionally, in collaboration with the Executive Management Committee, the CEO ensures the effective allocation of resources to support OSH initiatives, reinforcing the company's commitment to workplace safety and compliance.

Risk Management & Accountability

Executive Management Committee ("EMC")

The EMC plays a vital role in executing the Board's safety policies by ensuring their effective implementation across the organisation. It provides operational oversight, integrating safety measures into all business functions to maintain a safe and compliant work environment. Through proactive management, the EMC ensures that occupational health and safety remain a core priority in daily operations.

Group Safety & Health Division led by Safety & Health Officer (Certified Greenbook Holder)

The Safety & Health ("S&H") Officer is responsible for developing and enforcing safety policies that align with regulatory requirements, ensuring compliance across the organisation. They organise and facilitate safety training, audits, and inspections to enhance workplace awareness and adherence to safety protocols. Additionally, the S&H Officer tracks and analyses incidents, implementing corrective actions to prevent recurrence. To strengthen workplace resilience, they also develop and maintain emergency response plans, ensuring preparedness for potential workplace emergencies.

Implementation & Continuous Improvement

Regional Safety & Health Lead

The Regional Safety & Health Lead ensures localised safety management by tailoring safety policies to comply with regional regulations. They provide safety training, support incident analysis, and assist in maintaining regulatory compliance across operations. Additionally, they play a key role in incident and risk management by investigating workplace accidents and implementing preventive measures to enhance overall safety performance within their region.

On-Site Safety & Health Committee ("SHC")

The On-Site SHC plays a crucial role in maintaining a safe work environment by identifying and preventing hazards through regular workplace inspections and safety improvements. It ensures compliance with OSH standards by conducting training sessions and toolbox meetings to reinforce safety awareness. Additionally, the committee reviews workplace incidents, investigates accidents, and reports safety concerns to management, fostering a proactive approach to risk mitigation and continuous improvement in workplace safety.

All Employees & Workers

All employees and workers play a fundamental role in maintaining a safe workplace by adhering to established safety procedures and using the required protective equipment. They are also responsible for actively contributing to hazard prevention by promptly reporting any safety risks, accidents, or near misses. By staying vigilant and committed to safety protocols, employees help foster a culture of accountability and continuous improvement in workplace health and safety.

OSH Risk Management

A) Risk Identification

At Kelington, we identify and manage critical risks such as exposure to hazardous gases, falls from height, electrical hazards, and fire risks. We use a structured approach to assess risks at all project stages, including new operations, large-scale projects, and ongoing activities. Risks are identified through regular HIRARC (Hazard Identification, Risk Assessment, and Risk Control) assessments, site inspections, and feedback from employees and subcontractors.

The HIRARC committee evaluates risks based on project scope, risk matrix, timelines, and required approvals. This process is reviewed annually or as needed when new work processes emerge. The committee is responsible for identifying potential hazards, assesses risks, and develops mitigation strategies to ensure workplace safety.

Findings from these assessments are communicated to all relevant stakeholders — including management, employees, subcontractors, regulators, and customers — to enhance awareness and accountability.

High-consequence hazards identified within our operations include falls from height, electrocution, exposure to flammable materials, and the risk of machinery toppling. These hazards pose significant safety risks, requiring strict control measures and continuous monitoring to ensure a safe working environment.

In 2024, we reported zero accidents related to these hazards, reflecting the effectiveness of our proactive safety measures. Our assessments identified 427 potential hazards, with 34% classified as medium risk and one high-risk hazard linked to an endemic disease. By implementing additional controls, we reduced the medium-risk hazards to 32%, further enhancing workplace safety.

B) Risk Mitigation

Once risks are identified, we implement proactive measures to mitigate or eliminate them through key safety policies. The *Stop Work Policy* empowers employees to halt work if unsafe conditions arise, while the *Bad Weather Policy* ensures necessary work adjustments during adverse weather conditions. The *Whistleblowing Policy* promotes transparency and accountability in safety reporting, and the *Drug-Free Environment Policy* reinforces a workplace free from drugs. Additionally, the *Hazard Reporting Policy* ensures immediate reporting of identified hazards, and the *Sexual Harassment Policy* encourages reporting of any incidents, ensuring appropriate action is taken to maintain a safe and respectful work environment.

Permit to Work ("PTW") System

For high-risk and non-routine tasks, a PTW system ensures safety measures are in place before work begins. This includes Job Hazard Analyses and Work Method Statements, reviewed and approved by our Safety & Health division.

Training & Personal Protective Equipment ("PPE")

Regular safety training ensures that employees and subcontractors have the necessary knowledge to work safely. The training covers hazard communication, PPE usage, and emergency response protocols. Mandatory PPE is provided to minimise exposure to risks.

Emergency Preparedness

Our Emergency Response Team is trained to handle workplace emergencies, executing the Emergency Response Plan ("ERP"). Drills are conducted at least once a year, and ERP updates reflect evolving safety protocols and best practices.

Audits & Inspections

Scheduled and surprise safety audits are conducted by trained officers to identify hazards, ensure compliance, and verify the effectiveness of safety measures. Immediate corrective actions are taken when issues arise.

Hazardous Materials Management

Strict procedures govern the handling, storage, and disposal of hazardous substances. Employees working with hazardous materials receive specialised training and PPE. Safety Data Sheets are readily available for reference.

Safety & Health Committees ("SHC")

Our SHC comprising management, employees, and subcontractors — meet at least quarterly to review safety performance, evaluate risks, and discuss improvements.

Management of Change

Any changes to operations or projects undergo a risk assessment before implementation. This proactive approach ensures new risks are identified and mitigated before they escalate.

SUSTAINABILITY STATEMENT

C) Incident Reporting and Investigation

At Kelington, we mandate the prompt reporting and thorough investigation of all safety incidents and near-misses to foster a proactive and safe work environment. Our robust incident and accident reporting procedure requires that all incidents, regardless of severity, are immediately reported to line management.

Our Safety and Health division oversees the investigation process, ensuring a thorough root cause analysis is conducted and that corrective or preventive actions are effectively implemented. Meanwhile, the on-site SHC actively participates in reviewing and investigating workplace accidents and incidents. Their role is crucial in identifying root causes and recommending corrective actions, ensuring that safety concerns are addressed at the grassroots level and strengthening our overall risk management framework.

Lessons learned from incidents are shared with employees and subcontractors through toolbox meetings ("TBM"), safety newsletters, posters, and Safety and Health Communication Reports. This approach fosters a culture of safety by encouraging swift action and preventive measures. Additionally, formal reviews of incidents are conducted during quarterly Safety, Health, and Environment committee meetings and annual management review meetings. These sessions provide an opportunity to evaluate trends, assess the effectiveness of corrective actions, and identify continuous improvements in safety practices.

In FY2024, we recorded zero major incidents or injuries, reflecting the effectiveness of our safety initiatives and commitment to workplace safety.

Safety Milestone and Performance

Target 2030	Unit of measure	Progress		
		FY2022	FY2023	FY2024
(i) **Zero** work-related fatality	unit	Zero	Zero	**Zero**
(ii) Year-on-year improvement of total recordable incident frequency rate ("TRIFR")	Number of recordable injuries per 200,000 hours worked	0.15	0.14	**0**

Key Metrics	All Employees(1)			All workers who are not Employee(2)		
	FY2022	FY2023	FY2024	FY2022	FY2023	FY2024
Work-related injuries:						
Number of fatality(3) as a result of work-related injury	0	0	**0**	0	0	**0**
Number of high-consequence work-related injury	0	0	**0**	0	0	**0**
Number of recordable work-related injury	2	1	**0**	2	4	**0**
Number of lost time(4) injury	0	0	**0**	0	3	**0**
Lost Time Incident Rate ("LTIR")	0	0	**0**	0	0.12	**0**
Total Recordable Injury Frequency Rate ("TRIFR")	0.29	0.11	**0**	0	0.16	**0**
Near Miss Reporting Rate(5)	0.29	0.34	**0.23**	0.20	0	**0.04**
Number of hours worked	1,400,120	1,741,838	**1,757,477**	3,940,817	5,158,312	**4,653,468**

Notes:
(1) All individuals who are employed by the company, including both permanent and contract employees regardless of their job function or whether they work full-time or part-time.
(2) All individuals who were working as contractors for the company, regardless of the specific project they were working on.
(3) An injury leading to immediate death or death within one year from the date of the accident.
(4) Lost days (consecutive or not), counted from and including the day following the day of accident, includes injury, diagnosis or occupational poisoning and occupational disease measured in calendar days, the employee was away from work.
(5) A higher number of reported near misses indicates a stronger safety culture, as it reflects proactive hazard identification and risk prevention.

Accumulated LTI Free Man Hour since FY2010

TRIFR / 200,000 HOURS WORKED
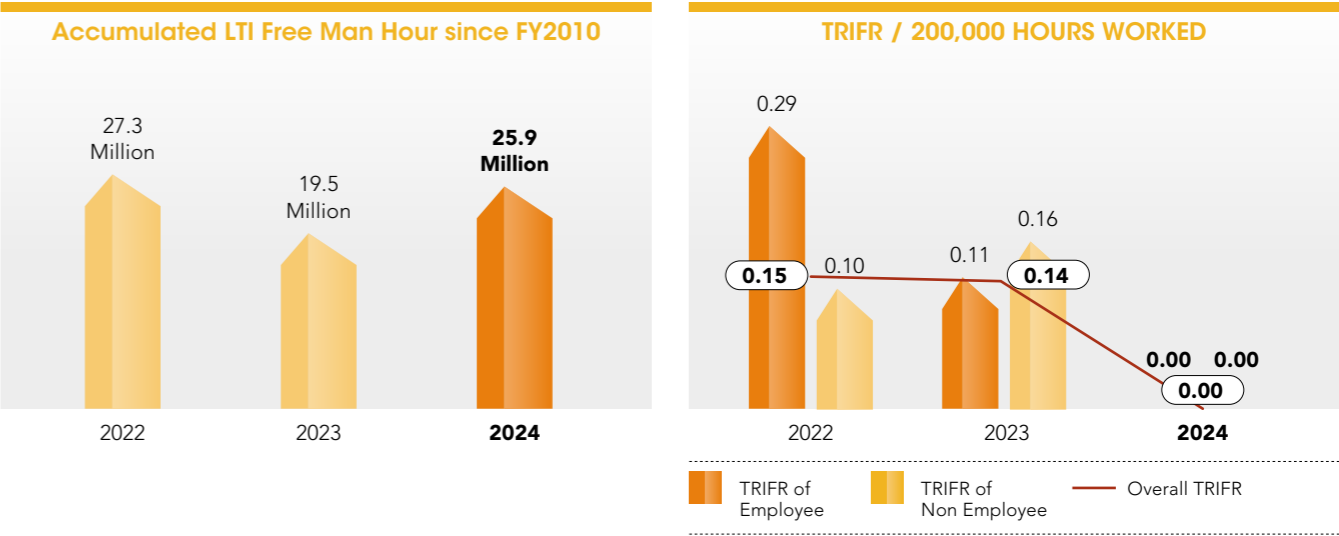
We report our health and safety data in accordance with the internationally recognised ISO 45001 standard, with annual verification conducted through independent third-party audits. These external validations reinforce our commitment to maintaining a safe and healthy workplace while fostering trust among employees, stakeholders, and the community.

The Total Recordable Injury Frequency Rate ("TRIFR") for both employees and non-employees is calculated by dividing the total number of recordable work-related injuries by the total number of hours worked, then multiplying by 200,000 hours. Our regional offices report this data monthly, covering all Kelington employees and contractors, with no exclusions.

We are proud to share that our dedication to safety has led to a significant milestone — achieving zero fatalities and accumulating 25.9 million safe man-hours since FY2010. Our TRIFR has shown consistent year-on-year improvement, declining from 0.14 per 200,000 hours worked to zero in FY2024.

Additionally, our accident rate has improved significantly, dropping to zero per 1,000 employees — a remarkable achievement compared to the old baseline (FY2019) of 2.81 accidents under Malaysia's Occupational Safety and Health Master Plan 2021–2025 (OSHMP25). This result is well below the OSHMP25 target of 2.13 accidents by 2025, underscoring our strong commitment to workplace safety.

Lost Time Injuries ("LTI")

In FY2024, we are proud to report zero Lost Time Injuries ("LTIs") across all operations, a notable improvement from the previous year, which recorded three LTI cases. This achievement highlights the effectiveness of our proactive safety measures, including:

Rigorous risk assessments

Enhanced employee training programs

Active workforce engagement in safety culture

The consistent decline in LTIs underscores our commitment to workplace safety and the success of our preventive actions in fostering a safer working environment.

SUSTAINABILITY STATEMENT

Recognition and Awards

We are proud that our commitment to upholding the highest standards of quality, safety, and professionalism has been recognised through the CIDB SCORE program. The Construction Industry Development Board ("CIDB") Malaysia has awarded Kelington's operations in Malaysia a prestigious 4-star rating in recognition of our excellence.

In FY2024, Kelington Group was privileged to receive safety accolades from esteemed customers, reaffirming our strong safety track record. Notably, we were honored with the SUPERIOR GOLD Award at the 20th MOSHPA OSH Excellence Awards for OSHE Management in EPCC. This esteemed recognition reflects our unwavering dedication to protecting the health and safety of our employees and all stakeholders involved in our operations.

Each award and expression of appreciation from our stakeholders is a testament to the dedication and hard work of our entire team in fostering a safe and healthy work environment. We remain steadfast in our commitment to upholding the highest safety standards and will continue prioritising the well-being of all individuals across our operations.

Health & Safety Training and Awareness

Health and safety training is a cornerstone of our commitment to creating a safe and healthy workplace. Regular training sessions, on-the-job training and toolbox talks are integral to our approach, providing employees with both foundational knowledge and situational insights.

Our mandatory training sessions conducted in FY2024 include:

- Hazard Communication
- Chemical Safety
- Personal Protection Equipment ("PPE")
- Fire Prevention & Emergency Evacuation
- Working at Heights & Fall Protection
- First Aid, CPR & AED
- Fire Watcher
- Flagman & Spotter
- Workplace Ergonomics
- Health Awareness
- Scaffold Safety
- Electrical Safety & Equipment Use

To address the unique challenges of high-risk tasks, specialised training is also provided to employees involved in activities that require heightened safety measures. These include:

- Confine Space
- Authorised Entrant & Standby Person
- Mobile Elevated Work Platform ("MEWP")
- HAZMAT
- Lifting Safety
- Rigging & Slinging

In year FY2024, we delivered health and safety training to 311 employees, underscoring our dedication to ensuring a safe working environment.

KE's Operational Countries	Total No. of Employee Trained	
	Health & Safety	General Training which includes Safety
Malaysia	181	76
Singapore	64	37
China	52	47
Taiwan	14	N/A
Total	**311**	**160**

SUSTAINABILITY STATEMENT

Health & Safety Campaign

As part of our ongoing commitment to engaging employees and reinforcing safety practices, we successfully conducted several Health & Safety campaigns in FY2024. These campaigns not only raised awareness but also fostered a strong safety culture across the organisation.

Safety & Health Campaign on Teamwork & Communication

Through interactive games and activities, we emphasised the importance of collaboration and effective communication in maintaining workplace safety. Employees gained a deeper understanding of how strong teamwork helps reduce risks and prevent accidents.

World Day for Safety and Health at Work

To mark this important day, we raised awareness about how climate change affects workplace safety. We focused on how rising temperatures and other environmental changes can increase health risks for workers and create new safety challenges.
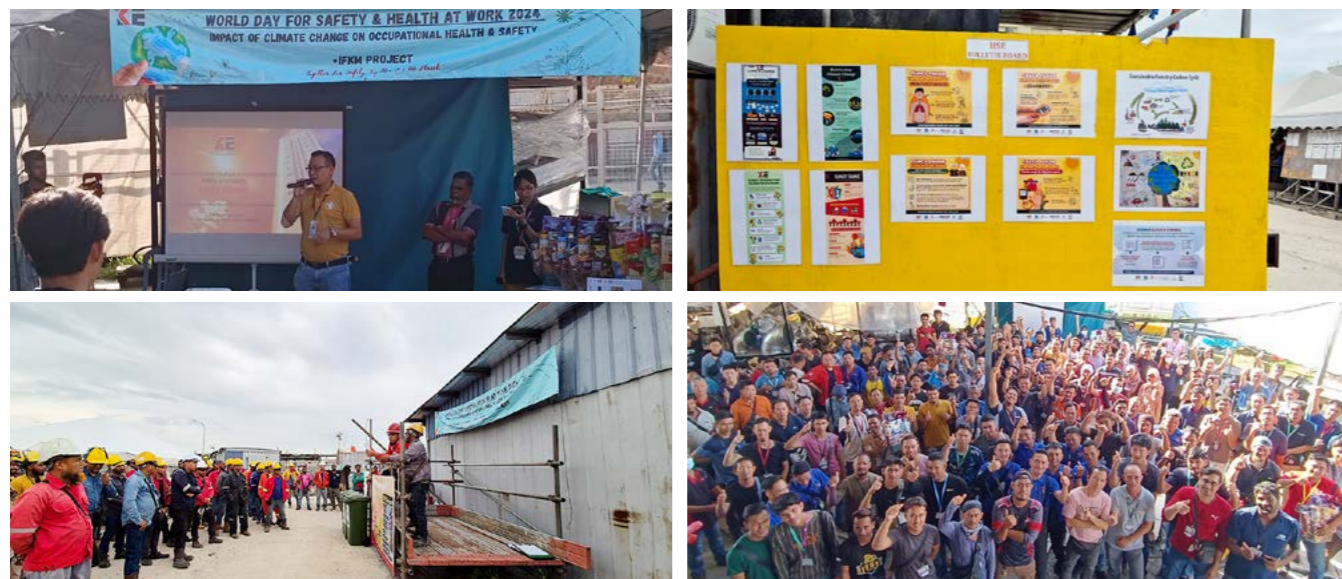
KE Singapore: Quiz event was held to assess how well workers retained key safety information shared during daily TBM. This initiative reinforced safety practices and encouraged workers to actively engage with and apply these lessons on-site, contributing to a safer work environment.

We Care Pack - Promoting a culture of safety

KE Singapore : As part of our ongoing commitment to employee well-being, the "We Care Pack" is distributed to all workers every month. Each pack is thoughtfully prepared and includes a selection of snacks, fresh fruits, and beverages, accompanied by a heartfelt care note.

Our Safety Says Board serves as a daily reminder of key safety practices and commitments in the workplace.
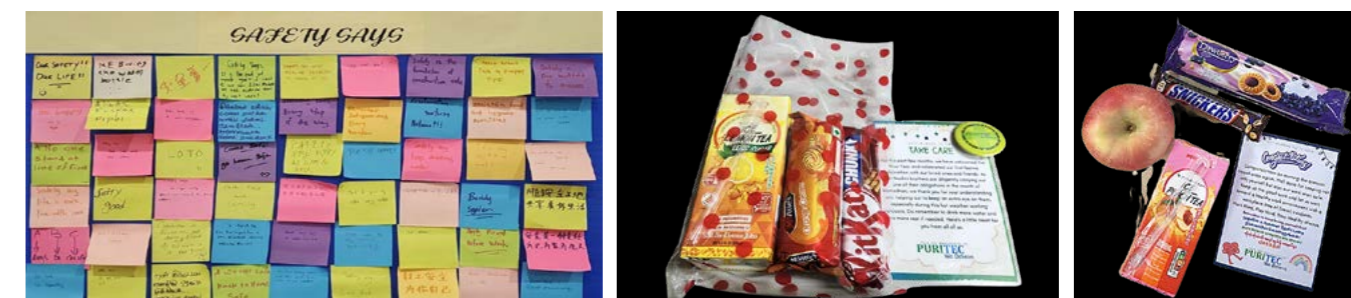
Safety Recognition Program

We recognise and reward employees who consistently uphold safety standards, fostering a culture of responsibility and pride in the workplace. Outstanding safety performers are acknowledged for their dedication through meaningful rewards, such as food vouchers and hampers. This program reinforces safety as a core value and motivates everyone to prioritise safe practices in their daily work.

Free LTI Man Hour Celebration

Milestones achieved for man-hours without Lost Time Injuries ("LTI") are celebrated with events that reinforce our collective commitment to safety and recognise the hard work and dedication of all team members.

SUSTAINABILITY STATEMENT

<div style="background:#a0322d;color:white;text-align:center">**Health Program**</div>

At Kelington, we prioritise building a healthy workforce, and our Human Capital Strategy reflects this commitment. Our employment packages include a range of entitlements and benefits designed to enhance employee well-being and support work-life balance. We provide health care insurance and medical coverage for accidents and hospitalisation to all employees, along with subsidies for qualifying family members.

To ensure employees have access to immediate medical care, we have established first aid rooms and deployed medical professionals at project sites. This proactive approach reinforces our commitment to employee health and welfare.

In FY2024, we organised a series of health-focused programs to raise awareness and encourage employees to prioritise their well-being:

Health Screening

KE Malaysia: Employees were invited to participate in free basic health screenings, including consultations with healthcare professionals to address any health concerns.

KE China: To promote early detection and prevention of health issues, the company provides annual body check-ups for eligible employees, ensuring they receive regular health assessments.

Anti-Smoking and Vape Campaign

Project Site, Malaysia: This campaign raised awareness about the harmful effects of smoking and vaping while providing resources and support to help employees quit.

Mental Health and Well-Being

As part of our OSH commitment, we recognise that mental well-being is just as critical as physical safety in fostering a productive and resilient workforce. We are proud to align our workplace mental health initiatives with Malaysia's National Strategic Plan for Mental Health 2020–2025, which emphasises the importance of fostering mental health awareness, reducing stigma, and integrating mental health support in workplaces. By embedding mental well-being into our OSH strategy, we create a workplace culture that prioritises health, inclusion, and resilience, ensuring our employees feel safe, supported, and empowered to thrive.

We are committed to fostering a holistic approach to employee well-being through initiatives that support both mental and physical health. Our Psychology-On-Call program offers employees up to five complimentary sessions annually with licensed practitioners, promoting mental wellness and reducing stigma. Additionally, our onsite and virtual health seminars provide essential health education, including cancer awareness sessions and Pink October initiatives for breast cancer awareness. By integrating these programs into our workplace culture, we align with national health priorities and empower our employees to take charge of their well-being.

In KE Malaysia, we invited representatives from Pejabat Kesihatan Daerah to conduct a mental health awareness session, providing practical advice on managing stress and enhancing overall well-being. In KE Singapore, we organised mental health awareness sessions for project workers.

Through our Psychology-On-Call sessions and health seminars, we provide accessible mental health support and preventive health education, ensuring a workplace where employees feel supported, informed, and empowered.

Our inclusive Zumba sessions promote physical fitness, reduce stress, and foster camaraderie, reinforcing the link between physical health and mental well-being in the workplace.

Exhibition on Aedes Mosquito Prevention and Dangers of Smoking

Kulim & Shah Alam, Malaysia: Exhibition was held to raise awareness about the health risks of smoking and the importance of preventing Aedes mosquito-related diseases.

This holistic approach reflects our dedication to fostering a safe, healthy, and supportive work environment. By embedding occupational health and safety into our ESG strategy, we not only safeguard our employees but also enhance operational resilience and long-term sustainability. Our commitment to continuous improvement, compliance with industry best practices, and proactive risk management ensures that safety remains at the core of our corporate culture.

SUSTAINABILITY STATEMENT

S6 Talent Management & Development

Building a High-Performing Workforce for Global Growth

At Kelington, our talent management and development strategy is designed to attract, develop, engage, and retain top industry professionals. Employees are our greatest asset, and their growth fuels our innovation, sustainability, and global expansion. By investing in training, career development, and leadership programs, we ensure a high-performing, diverse workforce capable of meeting business challenges and driving long-term success.

To foster a supportive, growth-oriented environment, we focus on enhancing engagement, productivity, and career progression. Employees who feel connected to the organisation are more motivated, committed, and inspired to contribute.

Our Talent Management & Development Process follows a structured approach that begins with attracting top professionals who align with our values and goals. Through a seamless onboarding process, we ensure a smooth transition with structured orientation and training programs. We then focus on continuous training and development, providing targeted learning opportunities to enhance skills and competencies. Clear career progression pathways support personal and professional growth, while retention and engagement efforts foster a culture where employees feel valued, supported, and motivated to contribute long-term. Additionally, our leadership development initiatives cultivate future leaders through mentorship and strategic training.

By following this structured approach, we empower employees to excel in their roles, acquire new skills, and progress in their careers. This commitment strengthens our workforce, enhances stakeholder confidence, and ensures our continued growth and sustainability.

Succession Planning

Succession planning at KGB is a strategic approach to ensuring the company's future success by identifying and nurturing high-potential talent to fill critical roles. By preparing potential leaders through targeted development and education, we create a pipeline of successors capable of driving innovation and sustaining operational excellence.

The process begins with identifying key roles essential to the company's operations and long-term goals, followed by rigorous evaluations to ensure selected individuals are ready to step into leadership positions. To bridge skill gaps, potential successors are provided with development opportunities, such as executive courses, to equip them with the knowledge and global perspective required for leadership.

Beyond leadership, we invest in the skills and growth of all employees through training programs and cross-functional learning, empowering them to take on greater responsibilities. Our efforts focus on building a strong talent pipeline, ensuring Kelington is adaptable and resilient, while reinforcing our commitment to continuous development for both the company and its workforce.

Governance

At Kelington, the governance of Human Resources ("HR") is structured to align with the company's strategic goals, ensuring the effective integration of HR strategies and talent development into broader business objectives. The Group HR Manager reports directly to both the CEO and COO, fostering seamless communication and alignment between HR initiatives and organisational leadership.

The Board of Directors plays a vital role in overseeing the HR strategy, ensuring it aligns with Kelington's vision and long-term goals. This governance structure encourages a proactive approach to talent management, enabling Kelington to attract, develop, and retain top talent while maintaining a focus on sustainable growth and organisational success. The Board also discusses ESG topics biannually, providing strategic direction on talent management and development.

Our Group HR function takes ownership of employee engagement initiatives, holding teams accountable by setting clear goals, monitoring progress, and regularly evaluating outcomes. Senior management, in collaboration with Group HR, defines clear, measurable objectives aligned with Kelington's strategic vision. Group HR is responsible for designing comprehensive programs aimed at attracting, developing, and retaining top talent. To support these initiatives, Group HR ensures adequate resources—including budget, time, and technology—are allocated effectively.

In FY 2024, Group HR review and enhance key programs such as the onboarding process, continuous learning opportunities, mentorship initiatives, and succession planning. The Executive Management Committee has established key performance indicators ("KPIs") and metrics to track the effectiveness of talent management strategies, focusing on employee turnover rates, engagement survey results, and training completion rates, ensuring continuous improvement and alignment with our strategic objectives.

Talent Attraction & Development: Driving Innovation and Sustainability

At Kelington, we recognise that talent fuels innovation, sustainability, and long-term success. Our commitment to attracting, developing, and retaining top talent ensures we build a high-performing workforce capable of driving business growth and societal progress.

To cultivate a future-ready talent pipeline, we actively engage with top Malaysian universities, offering internships, campus fairs, and final-year project collaborations. These initiatives not only create career opportunities for students but also strengthen industry-academic partnerships, inspiring young professionals to build meaningful careers with Kelington.

Enhancing Our Employer Brand

To remain competitive in the global job market, we continuously invest in employer branding strategies. Our Employee Referral Program will leverage the networks of our workforce to attract exceptional, like-minded professionals, further reinforcing our strong talent pool.

At SEMICON Europa 2024, Kelington Engineering (Germany) GmbH showcased its expertise in advanced technologies and sustainability-driven innovations. Engaging with industry leaders and global talent at this prestigious event enhanced our visibility as an employer of choice in a dynamic, competitive market.
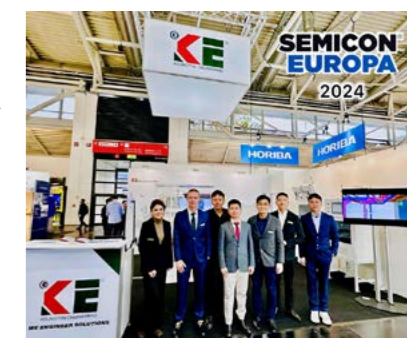
SUSTAINABILITY STATEMENT

Building a Future-Ready Workforce

Hiring and developing local talent is a key part of our growth and sustainability strategy. By supporting government initiatives, we contribute to reducing unemployment and fostering a skilled, resilient workforce. Through strategic partnerships, innovative hiring, and continuous development, we are creating a workplace where potential is realised, innovation thrives, and sustainability drives long-term success. These initiatives enable us to attract top-tier candidates who will support Kelington's expansion and leadership in the industry.

Employee Training & Development

At Kelington, we are committed to fostering the growth of our employees through structured training programs, career development initiatives, and continuous learning opportunities. Our training efforts are strategically aligned with the company's objectives and the Board's vision, ensuring that employees gain the skills and knowledge needed to contribute meaningfully to our success.

To support professional growth, we offer specialised upskilling programs, tailored career pathways, and diversity and inclusion strategies that attract and retain top talent. By leveraging diverse learning platforms and personalised development plans, we equip our workforce with the tools needed to excel in a rapidly evolving industry.

As a global company, we extend our talent development initiatives beyond borders, providing employees with opportunities for international exposure through career mobility programs, cross-border training, and hands-on experience in different markets. This approach enhances their capabilities, broadens their perspectives, and prepares them for leadership roles in a globalised environment.

By investing in continuous learning and professional development, we cultivate a dynamic, multicultural workforce that drives innovation and strengthens collaboration. Our commitment to talent development not only supports Kelington's business expansion but also contributes to knowledge exchange and workforce growth in the regions where we operate.

Strengthening Leadership for Sustainable Growth

Leadership is a cornerstone of our talent management strategy. We offer structured programs such as Essential Managerial Skills Training to build foundational leadership capabilities and Strategic Planning to equip leaders with a comprehensive, step-by-step approach to organisational strategy. These initiatives empower employees with the skills to lead effectively, make informed decisions, and drive strategic growth. By cultivating leadership potential, we ensure a strong pipeline of future leaders who will propel the company toward long-term success.

Job-Relevant Training: Building Expertise for Excellence

To uphold the highest standards of quality and performance, we provide targeted, job-specific training designed to enhance employee expertise. Our workforce benefits from specialised programs such as Engineering Design Module, Welding Machine Operation, Food Safety and Quality Awareness, Project Management Professional ("PMP") Certification, Halal Competency Training, and Managing Carriage of Goods & Incoterms for Import & Export.

By equipping employees with industry-relevant skills and certifications, we empower them to excel in their roles while driving operational efficiency and compliance. Continuous upskilling ensures our teams remain at the forefront of their professions, reinforcing stakeholder confidence in our ability to consistently deliver exceptional results.
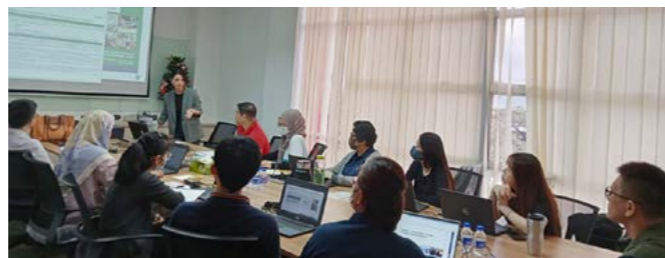
Beyond the Job Scope: Expanding Knowledge Horizons

We go beyond traditional job-specific training by providing programs that equip employees with valuable cross-functional skills. Our in-house training sessions, such as *Financial Knowledge for Non-Financial Staff*, empower employees from engineering and other departments to develop a strong understanding of key financial concepts.

This initiative cultivates a well-rounded, knowledgeable workforce capable of making informed decisions beyond their immediate roles. It reflects our commitment to holistic employee development, fostering a culture of continuous learning, adaptability, and strategic thinking across all levels of the organisation.

Exposure to Conferences: Broadening Perspectives

Growth extends beyond the workplace. We provide employees with opportunities to engage with emerging industry trends and expand their knowledge by attending key conferences such as the Chief People Summit, Digital Transformation Conference, Occupational Safety & Health Conference, and Investor Day.

These experiences offer valuable insights, networking opportunities, and exposure to the latest advancements, empowering employees to stay ahead in their fields. This commitment reflects our dedication to fostering continuous personal and professional growth, ensuring our workforce remains innovative and future-ready.
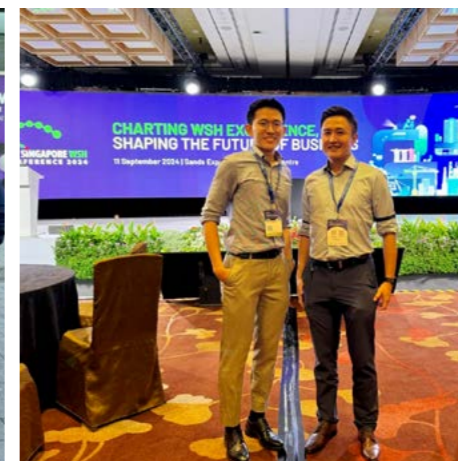
Our Promise: Growing Together

At our core, we see our employees not just as workers, but as partners in progress. Beyond job-specific training, we are committed to fostering a workplace where everyone feels valued, empowered, and inspired to thrive. This dedication reflects our deep appreciation for our employees' contributions and our unwavering support for their ambitions. We strive to cultivate an environment where individuals feel recognised, supported, and motivated to bring their best selves to work every day. Their success is our success, and together, we are shaping a future we can all take pride in.

Employee Retention & Engagement

At Kelington, employee retention and engagement are fundamental pillars of our talent development strategy. We understand that retaining top talent and fostering high levels of engagement are crucial to our long-term success. Our initiatives are designed to create a positive, supportive environment where employees feel valued, motivated, and committed to both their personal growth and the company's mission.

Competitive Compensation and Benefits

We offer a comprehensive and competitive compensation package that recognises and rewards our employees' contributions. In addition to attractive salary offerings, we go beyond mere compliance by providing extensive benefits, including generous annual leave, participation in Employee Share Scheme, health and wellness programs, performance bonuses and other incentives, ensuring that our employees feel appreciated and supported in both their professional and personal lives.

Engineers on site or outstation enjoy various employee benefits tailored to their needs and roles such as provision for hostel and meal allowances, as well as transport arrangement. We provide insurance coverage and out-patient medical coverage to ensure our employees have access to the care they need, promoting their health and well-being.

Celebrating excellence and team spirit with our annual Company Reward Trip, recognising top performers and loyal employees for their outstanding commitment and drive.

Career Development and Progression Opportunities

We are dedicated to providing clear career progression pathways that empower employees to take ownership of their professional development. Through regular performance reviews, mentoring programs, and personalised development plans, we help our employees set and achieve their career goals, ensuring they have the tools and support needed to grow within the organisation.

Work-Life Balance and Flexibility

We recognise the importance of work-life balance and offer flexible work arrangements to accommodate employees' personal needs. Through remote work options and flexible hours, we ensure our employees can maintain a healthy balance between their professional and personal lives, contributing to greater satisfaction and long-term commitment.

Kelington Engineering & Puritec Family Fun Day at Wild Wild Wet! A day filled with laughter, water games, and great food, bringing our teams and families closer together.

Strengthening teamwork and camaraderie! Our team in ChuZhou, China came together for an engaging team-building activity, fostering collaboration, trust, and a shared commitment to excellence.
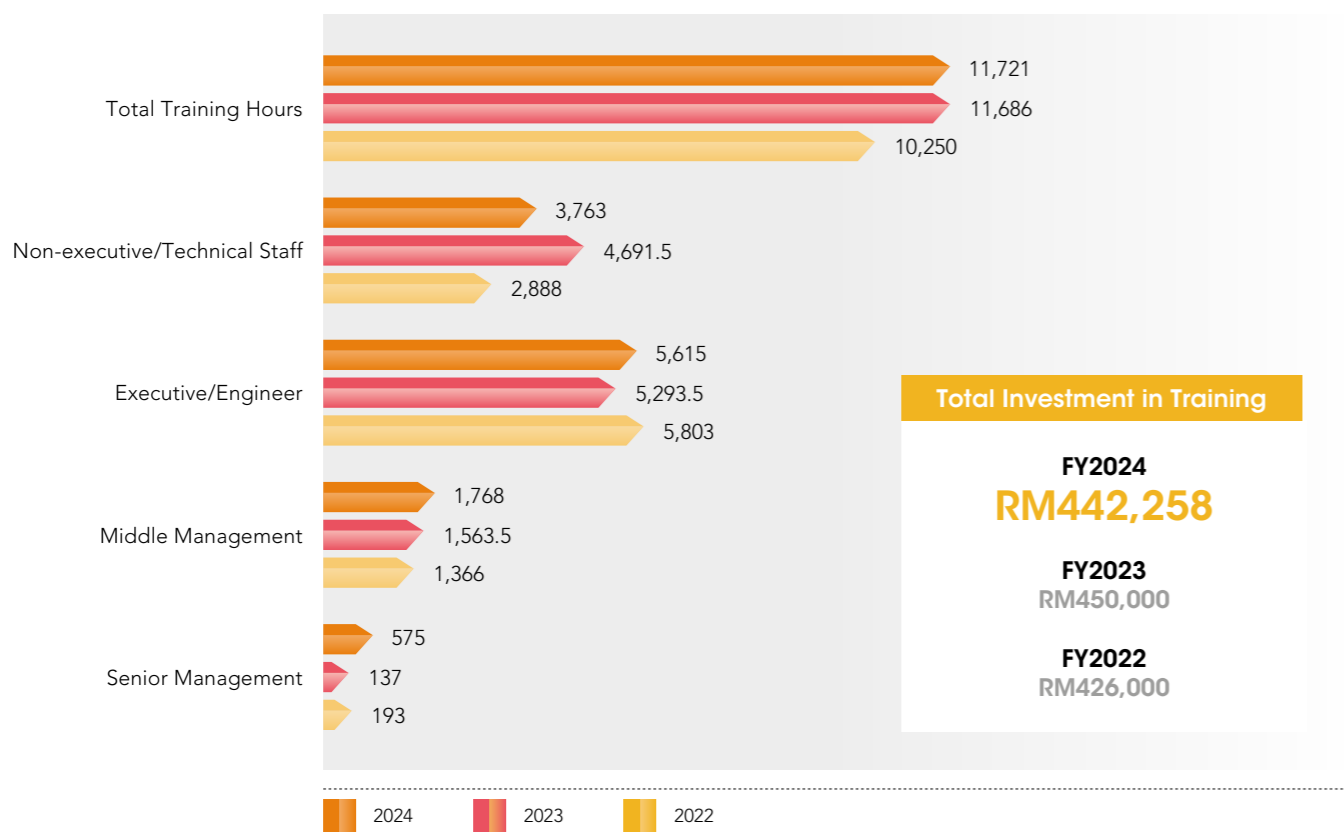
Employee Recognition and Reward Programs

Employee recognition is at the heart of our engagement strategy. We celebrate the achievements and contributions of our employees through various recognition programs, ranging from formal awards to informal appreciation initiatives. By consistently acknowledging their hard work and accomplishments, we foster a culture of appreciation that boosts morale and encourages continued excellence.
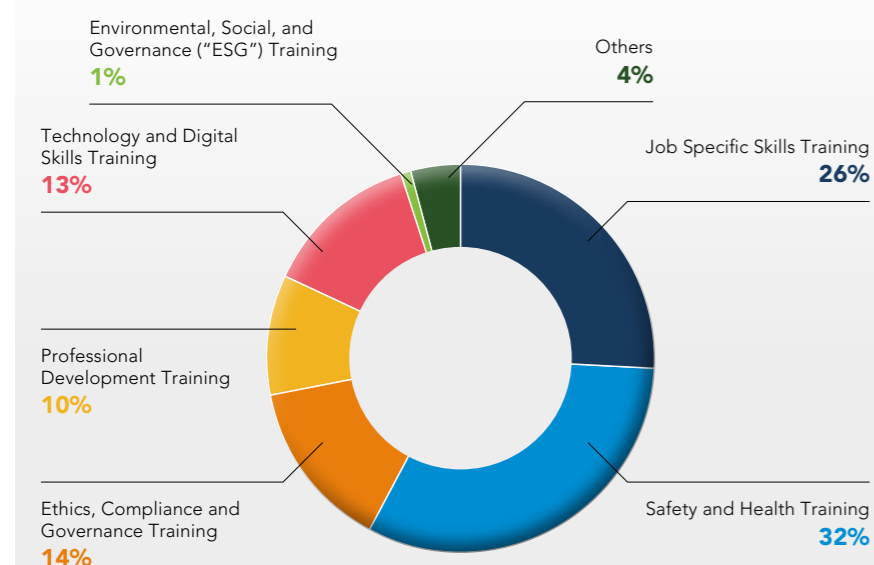

Training & Development Metrics				
			Progress	
Target 2030	**Unit of measure**	**FY2022**	**FY2023**	**FY2024**
Average Training Hours per employee				
(i) Ensure an average of **20 training hours** per employee per year by 2030.	Average training hours each employee receives annually	15.1	15.5	**14.8**
Employee Satisfaction Rate				
(ii) Maintain at least **85%** Employee Satisfaction Rate	%	N/A	N/A	**88%**

SUSTAINABILITY STATEMENT

In FY2024, our Group invested RM442,258 in training and development, ensuring that every employee had access to at least one structured learning opportunity. Employees collectively recorded 11,721 training hours, averaging 14.8 hours per employee.

Training hours bar chart (2024, 2023, 2022):

- **Total Training Hours:** 11,721 / 11,686 / 10,250
- **Non-executive/Technical Staff:** 3,763 / 4,691.5 / 2,888
- **Executive/Engineer:** 5,615 / 5,293.5 / 5,803
- **Middle Management:** 1,768 / 1,563.5 / 1,366
- **Senior Management:** 575 / 137 / 193

Legend: 2024, 2023, 2022

Total Investment in Training

FY2024
RM442,258

FY2023
RM450,000

FY2022
RM426,000

Training hours by Training Type

- Environmental, Social, and Governance ("ESG") Training **1%**
- Technology and Digital Skills Training **13%**
- Professional Development Training **10%**
- Ethics, Compliance and Governance Training **14%**
- Safety and Health Training **32%**
- Job Specific Skills Training **26%**
- Others **4%**

In FY2024, our training programs focused on enhancing employee skills. Safety and Health training accounted for the highest proportion of training hours at 32%, reinforcing our commitment to a safe and healthy workplace. Job-Specific training followed at 26%, ensuring employees have the skills needed for their roles. Moving forward, we will continue investing in job-specific skills and expand training in technology and digital skills to stay competitive.

Employee Satisfaction & Workplace Engagement

- **88%** Employee satisfaction
- **86%** Employee engagement
- **84%** Workplace vibes
- **92%** Personal growth

As part of our commitment to cultivating a positive and engaging workplace, we conducted an Employee Satisfaction & Workplace Engagement Survey to gauge overall satisfaction, identify strengths, and uncover areas for improvement. The insights guide strategic decisions to enhance engagement, job satisfaction, and workplace morale. Our latest survey recorded an 88% overall satisfaction rate, reflecting a highly engaged and motivated workforce.

Our employee engagement rate stands at 86%, reflecting pride in work, alignment with our vision, and a sense of empowerment. With an 84% workplace vibes rating, we foster a culture of collaboration, inclusivity, and open communication, creating a strong sense of belonging. Additionally, 92% of employees rate personal growth positively, recognising opportunities for career development, constructive feedback, and skill enhancement.

These results reflect a highly engaged workforce and reinforce our commitment to a thriving, inclusive, and growth-driven workplace. Moving forward, we will enhance these aspects through targeted initiatives, continuous feedback, leadership engagement, and professional development—ensuring our people remain at the heart of our success.
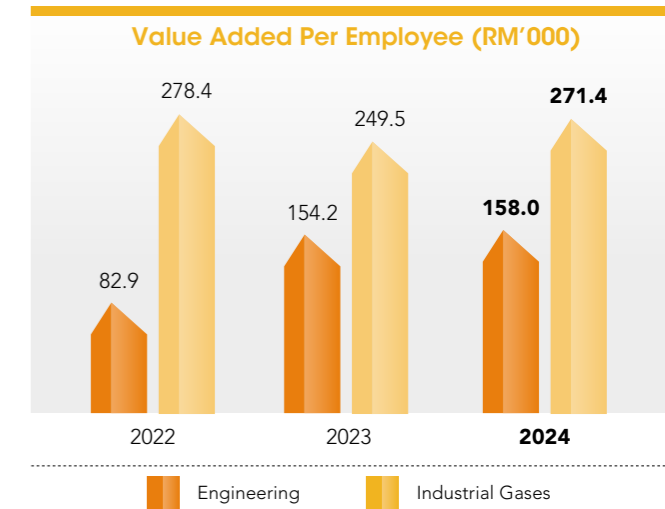
Employee Turnover rate

At Kelington, we recognise that employee retention is a key indicator of workplace satisfaction and organisational stability. In FY2024, our overall employee turnover rate improved to 14.26%, down from 18.1% in FY2023. This reduction reflects the success of our strategic initiatives in talent retention, employee engagement, and career development. By fostering a positive work environment and implementing targeted programs to enhance job satisfaction, we have strengthened workforce stability.

Moving forward, we remain committed to investing in our people through continuous refinement of our talent development strategies, strengthening employee engagement, and enhancing career growth opportunities. Our goal is to maintain a turnover rate below the industry benchmark while ensuring long-term organisational growth and sustained performance.

Employee Productivity

Through our talent development programs, we strive to enhance employee efficiency and create a high-performing workplace. We measure productivity using value-added per employee, calculated by dividing the company's profit after tax ("PAT") by the total number of employees.

Value Added Per Employee (RM'000)

- 2022: Engineering 82.9 / Industrial Gases 278.4
- 2023: Engineering 154.2 / Industrial Gases 249.5
- 2024: Engineering 158.0 / Industrial Gases 271.4

Legend: Engineering, Industrial Gases

In FY2024, our Engineering division's value-added per employee increased by 3% to RM158,005, while the Industrial Gas division saw a 9% rise to RM271,407 per employee. This growth reflects improved efficiency and a stronger focus on value-driven activities, enhancing productivity and contributing to the Group's profitability.

SUSTAINABILITY STATEMENT

Empowering Talent for the Future: Innovation, Culture, and Growth

Looking ahead, our HR strategy is centered on driving talent development and boosting employee productivity by embracing cutting-edge technologies. By integrating these technologies into our workflows, we aim to empower employees with smarter tools, fostering innovation and operational efficiency. Alongside this, we are committed to redefining our company culture and strengthening our employer brand to create an environment where personal growth, collaboration, and continuous improvement thrive. This vision will not only help us attract and retain top talent but also ensure that our employees have the skills they need to excel in an increasingly dynamic landscape.

The fast-evolving business environment presents challenges that demand agility, adaptability, and a strong focus on continuous learning. To stay ahead, we are committed to fostering a data-driven culture, leveraging technology, and embracing diversity in all forms. While we acknowledge that employee mindsets can sometimes resist change, we are focused on reshaping these mindsets by promoting a growth-oriented culture that values flexibility and open-mindedness. Through targeted training, leadership development, and transparent communication, we will guide our employees through these transitions and ensure they are equipped to face the challenges of tomorrow with confidence and resilience.

S7 Diverse and Inclusive Workplace

Fostering a Diverse and Inclusive Workplace

At Kelington, we firmly believe that employees are our most valuable asset, and the key to building a sustainable business lies in empowering our people. We are committed to promoting diversity, non-discrimination, fair treatment, and equal opportunities, ensuring a healthy, secure, and motivated workforce through an inclusive organisational culture.

Our ESG framework includes diversity metrics, equal opportunity measures, and risk mitigation strategies to ensure accountability and compliance.

By embedding diversity, equity, and inclusion into our corporate strategy, we enhance employee engagement, foster innovation, and strengthen business resilience, positioning Kelington as a forward-thinking and responsible employer in the global marketplace.

Commitment to Workforce Diversity & Equal Opportunity

Kelington's Diversity, Equity, and Inclusion ("DEI") Policy underscores our commitment to embedding diversity across all aspects of employment. Our diversity initiatives extend across various aspects of the employee experience, including recruitment and selection, where we ensure fair and unbiased hiring practices, and compensation and benefits, upholding equal pay for equal work. We also prioritise professional development and training to provide growth opportunities for all employees, while fostering a merit-based advancement system through fair promotions and career progression. Additionally, our workplace policies are designed to ensure non-discrimination and maintain a safe, inclusive work environment.

Enhancing Gender Diversity

	Target 2030	Progress		
		FY2022	FY2023	FY2024
	Gender Diversity			
(i)	Achieve at least **30%** female representation within the organisation [Executive level & above].	27%	28.6%	**34.4%**
(ii)	Maintain **30%** female directors on Board.	20%	20%	**30%**

Workplace Inclusion & Employee Well-Being

Kelington fosters an inclusive workplace by promoting cross-cultural collaboration, diversity training, and inclusive training and development programs. We also provide channels for employees to raise concerns regarding discrimination, harassment, or bullying through our Grievance Process. Any violations of the DEI Policy are taken seriously, with appropriate disciplinary action, up to and including termination.

Bringing Diversity, Equity, and Inclusion to Life

At Kelington Group Berhad, Diversity, Equity, and Inclusion ("DEI") are not just principles—we integrate them into our everyday workplace culture. We believe that fostering an inclusive and dynamic environment where every individual feels valued, respected, and empowered is essential to our collective success.

Our workforce reflects Malaysia's multicultural diversity, and we actively promote unity through meaningful initiatives and celebrations. We organised a Ramadan Buffet and Raya Open House, bringing employees together to foster camaraderie and strengthen mutual respect across cultures. Additionally, our Durian Fiesta provided an opportunity for employees to bond over a uniquely Malaysian experience, reinforcing our commitment to both cultural appreciation and local economic support.

By embracing and honoring diverse traditions and celebrations, we create a workplace where employees feel a sense of belonging, deepening our collective bond and reinforcing Kelington's commitment to a truly inclusive and engaged workforce.

Fostering Inclusion Through Shared Experiences

At Kelington, we create inclusive workplace events that foster connection, collaboration, and cultural appreciation. Our Annual Dinner brought employees together across regions, featuring multilingual announcements, diverse cuisines, and special recognition for D.E.I. champions.

Beyond celebrations, we encourage team bonding through sports activities, promoting health, teamwork, and inclusivity. By engaging in friendly competitions and group fitness events, employees build stronger relationships, enhance collaboration, and create a more connected workplace. These initiatives reflect our ongoing efforts to embed inclusivity into every aspect of our organisation.

SUSTAINABILITY STATEMENT

Supporting Inclusivity Through Workplace Facilities

As part of our commitment to D.E.I., we provide dedicated facilities, including a Surau for prayer and a breastfeeding room, ensuring a supportive and accommodating workplace. These spaces cater to the religious, cultural, and personal needs of our employees, reinforcing our commitment to respect and inclusivity. By fostering an environment that prioritises well-being and equal access to resources, we empower our people to thrive both personally and professionally.

Equity in Action

Equity is at the heart of our D.E.I. strategy, ensuring fairness, opportunity, and inclusivity for all employees. We are dedicated to creating a workplace where every individual feels valued, respected, and empowered to grow professionally.

To support this commitment, we implement open dialogue sessions, an Employee Insights Liaison (Anonymous Feedback Platform), and employee recognition programs, fostering an environment where diverse voices are heard, concerns are addressed, and contributions are acknowledged.

By embedding equity-driven initiatives into our workplace culture, we cultivate an environment where all employees have the resources and support needed to thrive and succeed.

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

	Unit of measure	FY2022		FY2023		FY2024	
Full time employees	Number	568	83%	635	84%	**673**	**85%**
Contract staff	Number	113	17%	121	16%	**117**	**15%**
Total Workforce	Number	681	100%	756	100%	**790**	**100%**
No. of full time employees resigned during the year	Number	110		115		**96**	
Permanent Employee Turnover Rate	%	16.22		18.11		**14.26**	
Total number of employee turnover by employee category							
Senior Management	Number	1		0		**1**	
Middle management	Number	2		2		**15**	
Engineers/ Executive	Number	43		52		**51**	
Operators/Technicians/ Non Executive	Number	64		61		**29**	
Employee Turnover Rate by geography							
Malaysia	%	11		7		**11**	
Singapore	%	16		26		**20**	
China	%	24		20		**14**	
Taiwan	%	0		0		**0**	
No. of employee with disability	Number	0		0		**1**	
No. of employee by gender							
Male	Number	519	76%	578	76%	**596**	**75%**
Female	Number	162	24%	178	24%	**194**	**25%**

	Unit of measure	FY2022	FY2023	FY2024
No. of Female Employees by category				
Senior management	%	11	11	**4**
Middle management	%	20	19	**23**
Engineers/ Executive	%	31	33	**43**
Operators/Technicians/ Non Executive	%	19	18	**15**
Local Employment Rate				
Employees who are Local (Malaysian)	%	60	61	**59**
No of employees who are foreigner (non Malaysian)	%	40	39	**41**
Percentage of employees by age group and employee category				
Senior Management				
Under 30	%	0	0	**0**
Between 30-50	%	52.38	52.60	**65.38**
Above 50	%	47.62	47.40	**34.62**
Middle Management				
Under 30	%	5.68	8.30	**5.22**
Between 30-50	%	80.68	84.40	**82.61**
Above 50	%	13.64	7.30	**12.17**
Engineer/ Executive				
Under 30	%	56.89	52.20	**47.58**
Between 30-50	%	40.64	45.00	**47.98**
Above 50	%	2.47	2.80	**4.44**
Non-executive/ Technical Staff				
Under 30	%	35.98	41.70	**43.64**
Between 30-50	%	58.48	54.70	**50.62**
Above 50	%	5.54	3.60	**5.74**
Percentage of employees by gender and employee category				
Senior Management				
Male	%	90.48	89	**96**
Female	%	9.52	11	**4**
Middle Management				
Male	%	79.55	81	**77**
Female	%	20.45	19	**23**
Engineer/ Executive				
Male	%	69.26	67	**57**
Female	%	30.74	33	**43**
Non-executive/ Technical Staff				
Male	%	80.62	82	**85**
Female	%	19.38	18	**15**

SUSTAINABILITY STATEMENT

Ethnic Diversity in Our Workforce

FY2024 Employee by Ethnicity in Malaysia

- Others **5%**
- Indian **4%**
- Malay **50%**
- Chinese **41%**
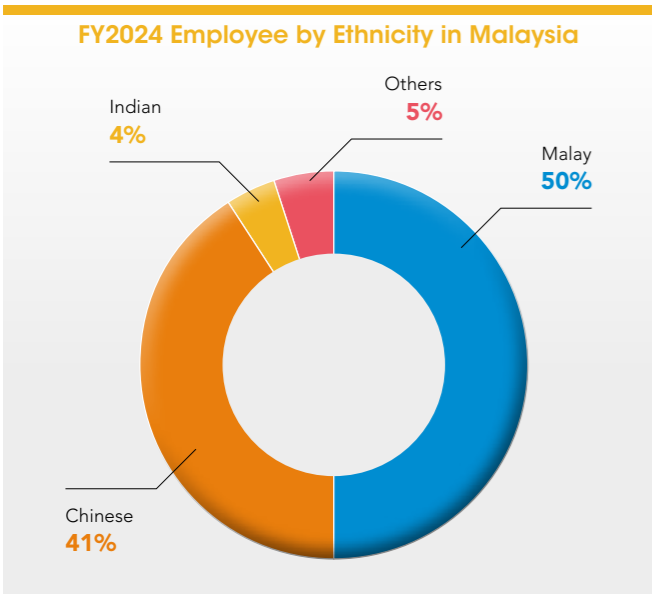
We are committed to fostering a diverse and inclusive workplace that reflects Malaysia's rich multicultural landscape. Our workforce comprises 50% Malay, 41% Chinese, 4% Indian, and 5% from other ethnic backgrounds, reflecting our commitment to equitable opportunities. Embracing diversity helps Kelington cultivate a dynamic, collaborative environment that drives innovation, strengthens our culture, and supports sustainable growth.

Job Opportunities Abroad

- China, 0.43%
- Taiwan, 21.43%
- Singapore, 54.29%

Job opportunities created

0.43% — 54.29%
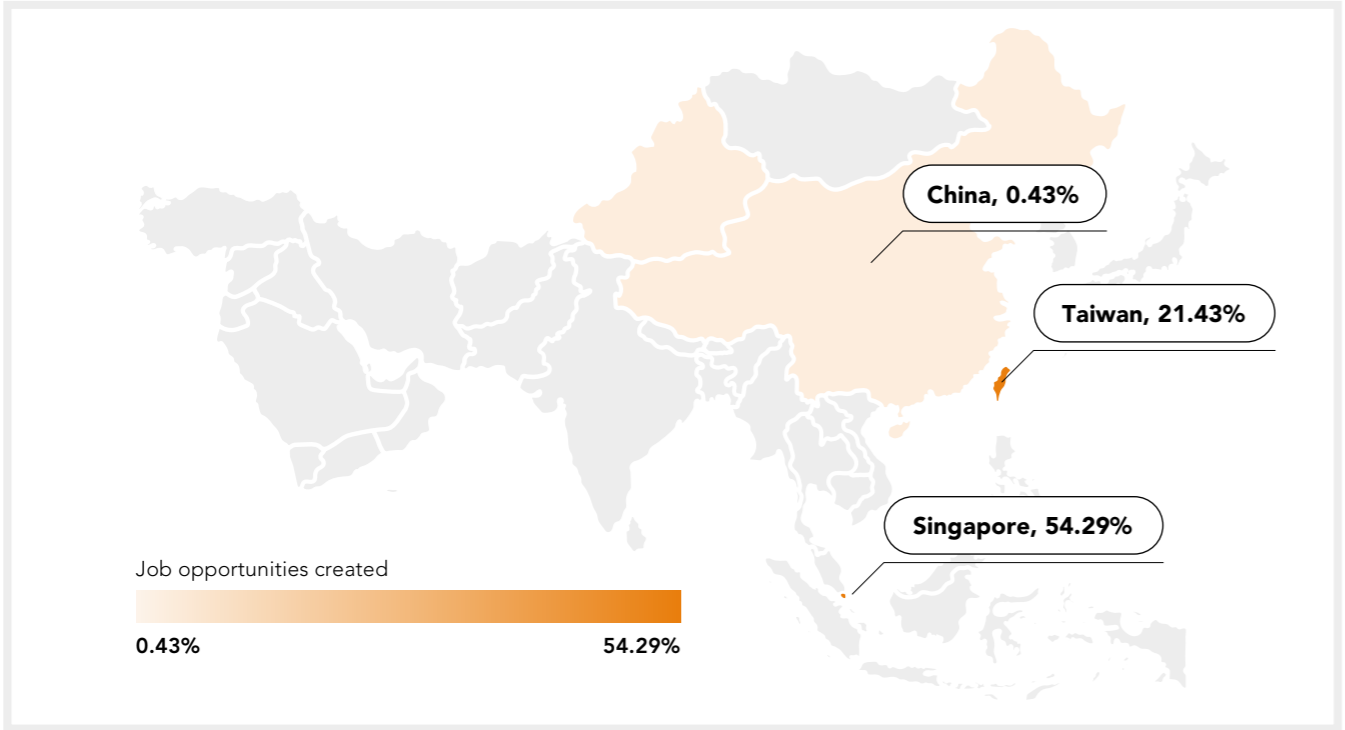
As part of our commitment to developing a strong and diverse workforce, we continue to create international opportunities for Malaysian talent. In FY2024, 54% of our Malaysian hires were placed in Singapore, 21% in Taiwan, and 0.4% in China. This reflects our strategic efforts to strengthen regional expertise, enhance cross-border collaboration, and position Malaysian professionals for growth in key international markets.

Overall, our workforce distribution in FY2024 was 29% in China, 22% in Singapore, and 2% in Taiwan, reflecting our strategic expansion and job creation efforts. By fostering a diverse team across key markets, we contribute to regional employment, business resilience, and long-term sustainability.

Workforce Age Demographics

Employee by Age Group

- <50 years old **7%**
- <30 years old **38%**
- 30-50 years old **55%**
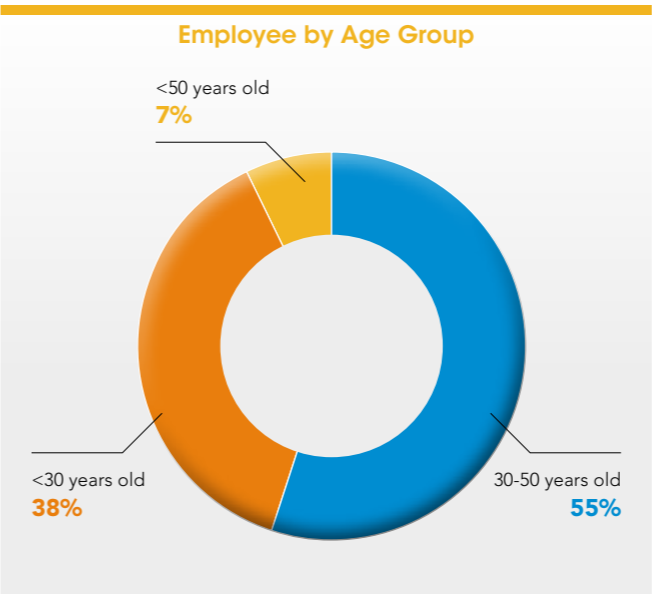
In FY2024, our workforce combined experience with emerging talent. 55% of employees were aged 30 to 50, providing a strong mix of expertise and leadership. 38% were under 30, reflecting our commitment to attracting and developing young talent. Meanwhile, 7% were above 50, contributing valuable industry knowledge and mentorship. This balanced age distribution fosters sustainable workforce development, ensuring both continuity and innovation as we grow.

S8 Respect Human Rights

Respecting Human Rights at Kelington

At Kelington, we recognise that human rights are fundamental to dignity, fairness, respect, and equality. Upholding these principles is integral to our business operations, and we are committed to protecting human rights within our organisation and across our supply chain.

In FY2021, we established our Human Rights Policy, which serves as the foundation for our commitment to equality, fair labour practices, and a zero-tolerance stance on child and forced labour. To further strengthen this commitment, we have implemented Grievance Procedures that enable employees, workers, and external stakeholders to raise concerns regarding work conditions, discrimination, or other human rights issues. These mechanisms — accessible via multiple channels, including email, hotlines, and direct submissions to Kelington's headquarters or subsidiaries — not only address risks but also present opportunities to improve our practices through transparent dialogue and accountability. The public can also use these channels to report concerns related to their dealings with Kelington.

Human Rights Governance & Management

The Board of Directors oversees the implementation of our Human Rights Policy, while the Executive Management Committee is responsible for key decisions related to its execution. The Sustainability Working Group collaborates across departments to address risks associated with discrimination, working hours, wages, occupational health and safety, sexual harassment, and compliance with labour regulations. Addressing these risks allows us to safeguard employee well-being while enhancing organisational resilience and operational excellence.

Guided by the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights, we operate under a framework that prioritises the protection of human rights , ensuring both compliance and the opportunity to create a more inclusive, respectful, and fair workplace. Our Respect Human Rights Framework focuses on three core areas:

- Discrimination Prevention
- Fair Working Conditions
- Employee Well-being and Safety

SUSTAINABILITY STATEMENT

Identifying Human Rights Risks in Our Supply Chain

We recognise that human rights risks in the supply chain can arise from labour conditions, ethical sourcing, subcontractor practices, and regulatory compliance gaps. These risks include forced or child labour, particularly in high-risk regions, unfair wages and excessive working hours, where non-compliance with wage laws or excessive overtime may occur, and unsafe working conditions due to suppliers failing to meet occupational health and safety standards. Additionally, discrimination and harassment may persist in supplier operations, while limited grievance mechanisms can prevent workers from reporting concerns safely.

Addressing these risks also presents opportunities to strengthen our supply chain. By implementing fair labour practices, we can improve worker well-being and productivity. Enhancing ethical sourcing can boost brand reputation and stakeholder trust, while investing in supplier training can drive long-term compliance and operational efficiency. Additionally, establishing robust grievance mechanisms fosters a more transparent and responsible supply chain, ensuring both social impact and business sustainability.

Commitment to Continuous Improvement

Kelington upholds a zero-tolerance policy toward human rights violations, including forced labour, child labour, discrimination, and unsafe working conditions. Through ongoing monitoring, engagement, and strategic interventions, we strive to create a responsible, ethical, and sustainable business ecosystem.

We track key metrics to measure the effectiveness of our human rights initiatives and grievance mechanisms:-

Managing Human Rights Risks

Kelington is committed to proactively identifying, assessing, and mitigating human rights risks across our operations and supply chain. Governance and oversight play a key role, with our Board ensuring adherence to the Human Rights Policy, while execution is overseen by the Executive Management Committee and Sustainability Working Group. We enforce a Code of Ethics and Conduct, requiring all relevant external providers to comply with labour laws, fair wages, and occupational health and safety regulations.

To strengthen awareness, we invest in training and capacity building for employees and suppliers on human rights, ethical labour practices, and workplace safety. Additionally, We conduct supplier due diligence through questionnaires, perform risk assessments and screenings, and arrange targeted audits for high-risk suppliers to ensure compliance with human rights standards. Lastly, we maintain whistleblowing and grievance mechanisms, providing confidential reporting channels for employees, suppliers, and workers to report violations without fear of retaliation. These measures ensure a responsible and sustainable supply chain while upholding human rights.

		Unit of measure	Progress		
	Target 2030		FY2022	FY2023	FY2024
	Human Rights Violations				
(i)	**Zero substantiated complaints concerning human rights violations**				
	Number of substantiated complaints concerning human rights violations.	unit	Zero	Zero	**Zero**
	Labour Practices				
(ii)	**Zero incidents of unfair employment practices.**				
	Number of incident of unfair employment practices.	unit	Zero	Zero	**Zero**
(iii)	**Zero reported cases of child labour, modern slavery, or forced labour within KGB Group & its supply chain.**				
	Number of reported incidents of child labour and/or modern slavery and/or forced labour within the KGB or its supply chain.	unit	Zero	Zero	**Zero**

In FY2024, we are pleased to report that there were no incidents of human rights violations within the organisation, and no fines were imposed related to human rights violations by local authorities. This outcome reflects our continued commitment to maintaining high ethical standards and fostering a workplace that upholds human rights.

Care for Business

Driving Integrity & Accountability

We Care for Business

> "We drive sustainable solutions by fostering innovation and collaborating closely with our partners."

SUSTAINABILITY STATEMENT

S9   Sustainable Supply Chain

WITH OPERATIONS SPANNING ACROSS FOUR KEY GEOGRAPHIES - MALAYSIA, SINGAPORE, CHINA, AND TAIWAN - KELINGTON HAS ACTIVELY ENGAGED WITH OVER 1,500 GLOBAL AND LOCAL EXTERNAL PROVIDERS IN OUR SUPPLY CHAIN DURING FY2024, PRIMARILY CONSISTING OF MATERIAL SUPPLIERS AND SUBCONTRACTORS.

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

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

Throughout FY2024, our focus remained steadfast on key areas including occupational health and safety, environmental protection, combating corruption, and upholding human rights. Additionally, we maintained rigorous tracking and monitoring mechanisms for local procurement, prioritising local sourcing whenever feasible to directly contribute to the economies of the regions where we operate.

Governance and Oversight

Kelington's executive management committee are actively engaged in overseeing sustainable supply chain initiatives. Biannual updates on sustainability performance are presented at board meetings to ensure alignment with our strategic objectives.

Sustainable Supply Chain Working Group ("SSCWG") comprising representatives from the local procurement team oversees the implementation and monitoring of supply chain sustainability practices. The SSCWG has been tasked with advancing sustainability initiatives and engaging with our selected key external providers through formal and informal channels, ensures that our policies and initiatives are effectively executed across all regions

Sustainable Supply Chain - Strategy and Policies

Kelington's sustainability goals focus on communicating ESG expectations to key external providers and supporting local procurement. We aim to ensure that all external providers comply with our ESG standards while maintaining local procurement at a minimum of 80%. Our Responsible Supply Chain Policy require suppliers to uphold high standards in ethics and corporate governance, environment , health and safety, human rights and labor practices.

Our key objectives include assessing the level of understanding among key external providers regarding sustainability practices and their ethical commitments, identifying any challenges they face in delivering supplies or services to our valued customers, managing supply chain risks and opportunities to ensure quality services and the fulfillment of contractual obligations, and providing assistance and support to help external providers advance their sustainability journey.

Through these efforts, we strive to build collaborative relationships, promote sustainable practices, and enhance the overall resilience and responsibility of our supply chain ecosystem. Kelington actively engages with suppliers through training programs, workshops, and collaborative projects to drive continuous improvement in sustainability practices.

Supply Chain Risk and Opportunities

Proactively identifying, assessing, and mitigating supply chain risks is central to our management approach. We foster a culture of continuous improvement, driving operational excellence and innovation across our supply chain while exploring opportunities to create positive impacts.

Key risks include environmental degradation, labor rights violations, and corruption. To address these, we conduct regular risk assessments, implement supplier audits (for high-risk external providers as needed), and enforce due diligence processes and risk assessment frameworks. Our key external providers undergo regular evaluations to ensure compliance with our sustainability standards.

At the same time, we recognise opportunities to enhance supply chain resilience and performance by collaborating with high-tech partners and external providers who share our commitment to sustainability. This includes promoting fair labour practices and driving innovation in sustainable technologies and manufacturing processes, and upholding our commitment to Safety, Health, Environment, and Quality ("SHEQ") as well as anti-bribery principles.
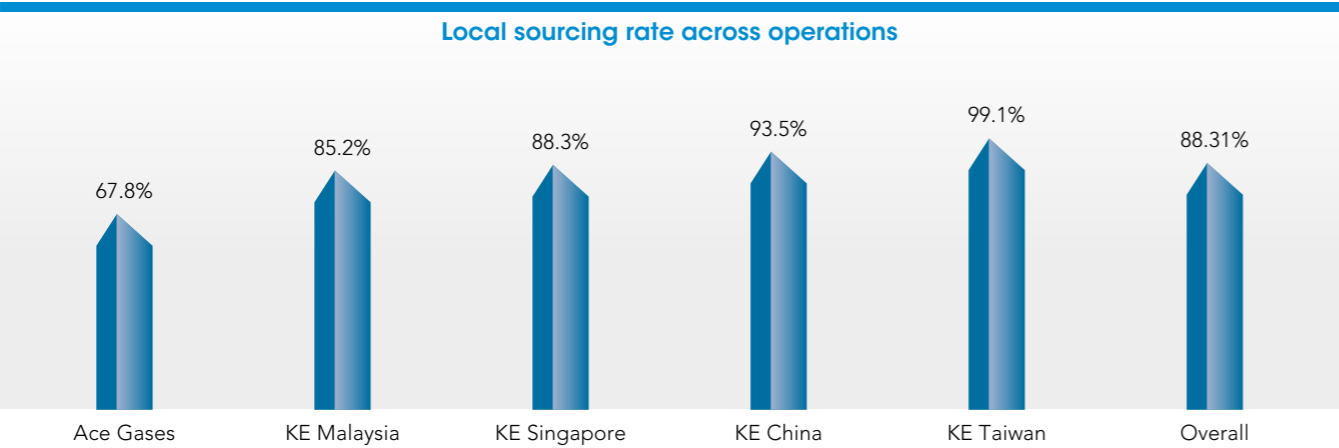
By integrating sustainability principles into our supply chain strategy, we aim to minimise environmental impact, uphold regulatory compliance, and meet customer expectations for responsible sourcing and ethical manufacturing. Through this balanced approach, we strengthen partnerships, drive long-term value creation, and build a more resilient and responsible supply chain ecosystem.

Supplier Sustainability & ESG Compliance

	Target 2030	Unit of measure	Progress		
			FY2022	FY2023	FY2024
(i)	Maintain at least **80%** local sourcing	%	90%	82.6%	**88.3%**
(ii)	Ensure **100%** key external providers trained on Kelington's expectations.	%	31%	86%	**51%**
(iii)	Achieve **Zero** major non-compliance Incidents related to ESG aspects within our supply chain.	unit	Zero	Zero	**Zero**

SUSTAINABILITY STATEMENT

Commitment to Local Sourcing and Supplier Engagement

Local sourcing rate across operations

Ace Gases	KE Malaysia	KE Singapore	KE China	KE Taiwan	Overall
67.8%	85.2%	88.3%	93.5%	99.1%	88.31%

At Kelington Group, we actively prioritise local sourcing to support homegrown businesses, drive economic growth, and maintain strong community relations. We seek opportunities to procure materials and services locally, providing favorable supply conditions such as flexible payment terms, technical assistance, and guidance to smaller external providers. Since our inception, we have nurtured lasting partnerships with local suppliers, leveraging our innovation network to drive sustained growth.

In FY2024, Kelington maintained a strong focus on local sourcing, with 88.3% of our suppliers being locally sourced. We engaged with more than 1,500 external providers and identified 68 key external providers who also serve our high-end multinational customers. As part of our ongoing commitment to enhancing supply chain sustainability, 35 key external providers participated in training sessions where we communicated our expectations, and 41 external providers submitted supplier due diligence questionnaires. These initiatives provided valuable insights into the ESG compliance levels across our key external providers, reinforcing our dedication to responsible and sustainable sourcing practices while effectively leveraging our current human resources.

To uphold the highest standards of integrity and corporate governance, Kelington has implemented adequate procedures that require all external providers to acknowledge reading and understanding our company's policies. Additionally, we request our external providers to sign an integrity pledge, reinforcing our shared responsibility in promoting ethical business practices and ensuring alignment with our values and expectations. These measures further enhance transparency and accountability, fostering a culture of trust and integrity throughout our supply chain.

As at 31 December 2024, we have received accumulated 618 integrity pledges and 718 external provider declarations, reflecting our ongoing commitment to promote ethical business practices and enhancing transparency across our supply chain.

Bridging ESG Gaps in the Supply Chain: Empowering Local Subcontractors for Sustainable Growth

One of the significant challenges we face in supply chain management is the lack of resources among local subcontractors to effectively manage ESG initiatives. These subcontractors often prioritise cost control and project execution over sustainability efforts, which can lead to gaps in meeting our ESG standards. Addressing this challenge requires targeted support and training for local subcontractors to build their capacity in ESG management, ensuring that all parts of our supply chain can contribute to our sustainability objectives.

Kelington remains committed to fostering sustainable practices across our supply chain, supporting local economies, and ensuring compliance with high ESG standards. Our efforts are focused on building resilient, responsible partnerships that drive long-term growth and sustainability.

S11 **Governance & Ethics**

Sound Corporate Governance

Sound corporate governance is a material topic for Kelington, forming the basis for ensuring long-term viability and business growth. Kelington is committed to delivering sustainable value to our stakeholders, guided by the Malaysian Code on Corporate Governance. We ensure that the principles and best practices of good corporate governance are applied throughout the Group.

Our corporate governance framework and practices, detailed in the Corporate Governance Overview Statement on pages 137 to 165 of the Annual Report, demonstrate robust board and management accountability to our stakeholders.

Commitment to Governance and Ethics

Kelington remains dedicated to upholding the highest standards of governance and ethics. Our objectives for FY2024 focus on strengthening our internal policies, enhancing training and communication, and maintaining a culture of integrity across the organisation.

Managing Corruption Risk

To effectively manage corruption risk, we have implemented a structured approach that includes:

Corruption Risk Assessment

At least once every three years, Kelington Group Berhad engages independent external consultants to conduct a comprehensive corruption risk assessment across the organisation. This process ensures that potential risks are systematically identified and addressed at a strategic level.

Enterprise Risk Management & Internal Audit

As part of our ongoing risk management efforts, we engaged external consultants to conduct Enterprise Risk Management assessments and internal audits across our main subsidiaries in Malaysia, Singapore, and China. These assessments cover ESG risks, including corruption-related risks, ensuring that anti-corruption measures are effectively implemented and continuously improved.

As at 31 Dec 2024, Kelington Group do not have any active projects in countries ranked among the 20 lowest in Transparency International's Corruption Perceptions Index.

Business Ethics and Policies

In adherence to the principles of sound corporate governance, the Board promotes a culture of integrity and ethical values. Kelington has established a Code of Ethics and Conduct, which includes the Whistleblowing Policy and No Gift Policy. This Code is applicable to all directors, employees within the Group, and third parties performing works or services for and on behalf of the Company. It governs the standard of behavior and ethical conduct expected from each individual to whom it applies.

Kelington has enforced several company codes and policies that establish the rules of conduct within the organisation, serving as the main points of reference for all who work for and with us. These codes and policies are available on the Company's website.

Board Policy

- Board Diversity Policy
- Remuneration Policy

Corporate Code and Policies

- Risk Management Policy
- Anti-Bribery and Corruption Policy
- Whistleblowing Policy
- Code of Ethics and Conduct for employees and third parties
- Corporate Disclosure Policy
- Conflict of Interest Policy
- Fit and Proper Policy
- External Auditors Policy

Sustainability Policies

- Sustainable Development Position Statement
- Environmental Policy
- Community Investment Policy
- Diversity, Equity and Inclusion Policy
- Human Rights Policy
- Responsible Supply Chain Policy
- Safety and Health Policy
- Quality Policy
- Drug Free Environment Policy
- Sexual Harassment Policy

Annual Ethics Training

To reinforce the importance of ethical behavior, promote a culture of ethics, and mitigate risk, Kelington requires annual awareness training on ethics. In FY2024, the percentage of employees who received training on the Anti-Bribery and Corruption ("ABC") policy and risk management is detailed below:

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

Risk Management: Our Approach to a Better Business

Kelington integrates material sustainability topics into our overall risk management framework by identifying specific risks, opportunities, and key priorities to drive our strategic decisions. Sustainability risks are assessed from three key perspectives: firstly, by evaluating risks arising from external sources such as environmental trends, stakeholder expectations, and legal or regulatory developments; secondly, by assessing the potential social and environmental impacts of our operations; and thirdly, by identifying and reviewing new and emerging risks, both from external sources and within our organisation.

Examples of ESG-related risks considered in our risk profile include workplace injuries, waste and hazardous material disposal, collusion frauds, and supply disruption. More details on our risk management process can be found in the Annual Report on page 175.

Whistleblowing and Incident Reporting

Violations of any codes and policies can be reported through established mechanisms.

Application	Mechanisms
• Employee to raise their grievance in matters involving work relations and conditions.	**Grievance Procedures email:** grievance@kelington-group.com
• Member of the Public to raise any concern or complaint in their dealing with or in relation to Kelington Group.	**Grievance Procedures Hotline:** +603 7845 8751
• Stakeholder / Public to report wrongdoings by any employees in the conduct of Kelington's business or affairs.	**Whistleblowing Email:** ccid@kelington-group.com

In FY2024, no whistleblowing incidents were reported, reflecting the effectiveness of our policies and the commitment of our employees to uphold ethical standards.

Targets and Metrics

Target 2030	Unit of measure	Progress		
		FY2022	FY2023	FY2024
Prevention of Corruption and Bribery				
(i) **Zero**-incidence record for corruption and bribery cases, ensuring a continued commitment to ethical business practices.	unit	Zero	Zero	**Zero**
Employee Training on Anti-Bribery and Corruption (ABC) Policy and Risk Management				
(ii) Ensure **100%** of employees are trained on the ABC Policy and risk management.	%	100%	100%	**100%**
Corruption Risk Assessment				
(iii) Corruption-related risks are reviewed annually or/and periodic full assessments conducted where necessary, or at least once every three years.	% of operations reviewed annually for corruption risks / undergoing full corruption risk assessment	100%	100%	**100%**

By setting these clear targets and metrics, Kelington reaffirms its commitment to sound corporate governance and high ethical standards, promoting transparency and accountability throughout the organisation.

In FY2024, there were no reported incidents of corruption and bribery; no employee dismissed due to non-compliance with ABC Policy; and no fines, penalties or settlements made in relation to corruption. Kelington Group also confirm that no political contributions were made during the year.

S12 Economic Growth & Profitability

This journey reflects Kelington's resilience, strategic growth, and commitment to sustainability, driving outstanding financial and operational achievements:-

Our Journey Towards Sustainability for a Greener Growth		Revenue RM'000
2012	Amid reduced capital expenditure in the global semiconductor industry, we recognised our revenue's overreliance on this sector.	116,168
2016	Ventured into industrial gas supply, complementing our strong engineering portfolio.	343,344
2021	In 2021, Kelington navigated challenging global conditions due to the COVID-19 pandemic while achieving record-high financial performance. The Group introduced Sustainability Policies and Guidelines, established a groupwide sustainability governance framework, and set a baseline for sustainability management. Additionally, Kelington was included in the FTSE4Good Bursa Malaysia Index and Shariah Index, reflecting its commitment to sustainable practices.	517,825
2022	Kelington experienced its most successful year yet, surpassing RM1 billion in revenue for the first time and securing record-breaking contracts. The Group also began developing a new on-site gas supply scheme to serve a semiconductor giant in Kulim, Kedah.	1,278,837
2023	Despite a downturn in the semiconductor market, Kelington achieved another record-breaking year with RM1.6 billion in revenue and surpassed RM100 million in net profit for the first time, marking a new financial milestone.	1,614,449
2024	Beyond our integrated engineering services, the industrial gases market remains a key growth avenue. The Group is actively exploring opportunities to enter the CCUS sector, reinforcing its commitment to sustainability and innovation in industrial gas solutions.	1,272,169

Kelington's business success is built on the principle of sustainable, long-term value creation for all stakeholders. This is achieved by maintaining leadership in our core markets, embracing innovative technologies, leveraging the expertise of our workforce to address evolving customer needs, and strategically expanding into new markets. Our robust economic performance provides a solid foundation for consistently delivering excellence to our customers while driving sustainable growth. Detailed insights into our business model can be found on pages 22 to 23 of this Report.

Kelington's economic performance is underpinned by the effective utilisation of six interconnected capitals: Financial, Manufactured, Intellectual, Human, Social, and Natural. These capitals are central to our ability to create and deliver value. Guided by our commitment to sustainability, we implement targeted initiatives to enhance long-term value creation while minimising environmental and social impacts, in line with our ESG priorities.

For a detailed review of our economic performance, please refer to the audited financial statements and the Management Discussion and Analysis section in our FY2024 Annual Report.

S13 Quality Products and Services

Kelington serves a diverse range of customers across various industries, all of whom demand high-quality products and services. Our commitment to excellence is demonstrated through our meticulous approach to work, which includes Ultra High Purity ("UHP") systems, construction management, and industrial gases supply. We prioritise safety, cost control, timely delivery, and precise specifications in all projects to meet and exceed client expectations.

Our Industrial Gas division reinforces our commitment to quality by ensuring that Liquid Carbon Dioxide ("LCO_2"), electronic gases, and all industrial gases meet the highest standards, tailored to the specific needs of our clients.

Commitment to Quality and Customer Satisfaction

At Kelington, we are dedicated to upholding the highest quality standards across our operations. Through internationally recognised certifications, stringent quality management practices, and continuous customer feedback, we ensure the consistent delivery of high-quality products and services.

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

Risk and Opportunities related to Quality Products and Services

At Kelington, we recognise that maintaining high-quality products and services is essential for sustaining customer trust, protecting our reputation, and ensuring long-term business success.

We acknowledge that customer dissatisfaction and loss of trust can arise from low-quality products or unreliable services, potentially harming our brand reputation and customer retention. Poor product or project quality may also lead to financial losses and reputational damage.

To mitigate these risks, we prioritise stronger supply chain partnerships by working with qualified external providers to ensure consistent quality and long-term business resilience. Additionally, we continuously expand our engineering solutions to reduce environmental impact, enhancing brand value and attracting environmentally and socially conscious customers.

By embedding these principles into our operations, we reinforce our commitment to delivering high-quality, sustainable solutions that meet evolving market and regulatory expectations.

Management Approach to Quality

To consistently uphold high-quality standards, Kelington adheres to international quality and food safety standards:

Quality Management Systems:
Our Engineering division, responsible for project management and construction, is ISO 9001 certified, demonstrating our dedication to quality management practices.

Food Safety and Quality Certifications:
Our Industrial gas manufacturing business, particularly serving the Food & Beverage industry, holds ISO 9001, FSSC 22000, and Halal certifications. These certifications underscore our commitment to food safety, quality, and compliance with religious dietary requirements.

Ensuring Product and Service Excellence

We rigorously monitor and maintain product quality, ensuring compliance with the highest industry standards. Our Standard Operating Procedures are meticulously developed in alignment with our quality certifications to uphold consistency and excellence.

To drive continuous improvement, we actively gather customer feedback through non-conformity reports and corrective action requests, allowing us to identify and address quality concerns proactively.

Customer satisfaction is fundamental to our business continuity. By consistently meeting and exceeding customer expectations, we strengthen long-term relationships and secure both new and repeat business.

Customer Satisfaction Survey

Our customer satisfaction survey serves as a key tool to evaluate the critical factors influencing customer in their choice of a business partner or long-term supplier. The survey assesses performance across several key areas:

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

By systematically analysing customer feedback, we continuously refine our practices, enhance service delivery, and drive sustainable business growth.

SUSTAINABILITY STATEMENT

Targets and Metrics

Customer satisfaction rate is a valuable metric for Kelington Group to assess the quality of our products and services, as it directly reflects how well we meet customer expectations. To further demonstrate our commitment to quality, we aim to maintain or achieve a minimum average score of 90% in our annual customer survey.

Target 2030 Maintain an average score of at least 90%	Progress		
	FY2022	FY2023	FY2024
Engineering Division - Customer Satisfaction Rate	93%	94%	94%
Industrial Gas Division - Customer Satisfaction Rate	86%	82%	85%
Average Customer Satisfaction Rate	91%	88%	92%
Engineering Division - Number of completed Customer Satisfaction Surveys	40	47	68
Industrial Gas Division - Number of completed Customer Satisfaction Surveys	22	41	24
Total number of completed Customer Satisfaction Surveys	62	88	92

S14 Technology & Innovation

At Kelington, technology and innovation are at the core of our business strategy, driving operational excellence, sustainability, and competitive differentiation in the semiconductor and industrial gases sectors.

Engineering Excellence in Ultra High Purity Systems

Since 2000, Kelington has been a leader in engineering and installing Ultra High Purity ("UHP") systems designed to meet the stringent requirements of the semiconductor and biotechnology manufacturing sectors. Our expertise extends across various high-tech applications, including wafer fabrication, LCD TFT production, biotechnology, pharmaceuticals, solar cells, and industrial gases.

Precision in gas and chemical purity is paramount in these industries, and Kelington stands out by seamlessly integrating advanced engineering capabilities with a comprehensive understanding of gas and chemical dynamics. This approach ensures we meet the rigorous demands of our clients while maintaining the highest standards of safety and quality.

Commitment to Innovation and Sustainability

Kelington's commitment to technology and innovation is embedded in our strategic investments and continuous operational advancements. These initiatives are designed to enhance efficiency, reduce costs, and minimise environmental impacts, ensuring that we not only meet but

exceed industry standards. Our Technology and Innovation framework cultivates a culture of creativity, empowering every member of our workforce to drive excellence and foster groundbreaking solutions at all levels of the organisation.

Our commitment to innovation and environmental stewardship is exemplified by our Carbon Dioxide Recovery Plant, which reflects our dedication to sustainable industrial practices. This facility captures waste gases from industrial processes and transforms them into high-quality liquid CO_2, reducing emissions while creating valuable resources for various applications.

By combining cutting-edge technology, sustainable solutions, and engineering expertise, Kelington continues to drive excellence and innovation across diverse industries, reinforcing our position as a trusted partner in the global market.

The Founder and CEO spearhead our innovation initiatives, overseeing them through the Executive Management Committee. This leadership structure ensures that innovation is aligned with Kelington's corporate goals and ESG priorities, guiding our business towards sustainable, long-term growth and value creation.

Enhancing Gas Supply Equipment & Existing Technology

We continuously enhance our gas supply equipment and bulk gas systems, including Hydrogen ("H_2"), Hydrogen Chloride ("HCl"), Nitrogen Trifluoride ("NF_3"), and Trichlorosilane ("TCS"). These improvements optimise operational efficiency, enhance process reliability, and ensure safe handling.

#### Heating Induction Technology ("HIT") Integration

We advance Heating Induction Technology for gases such as Ammonia ("NH3"), Tungsten Hexafluoride ("WF6"), and Hydrogen Fluoride ("HF"), improving energy efficiency and process reliability while reducing environmental impact.

Chemical Equipment Technology Advancements

Kelington develops high-performance chemical equipment, including:

- High-flow batch blender and inline blender for improved chemical processing efficiency.
- Self-priming transfer dispense systems that minimise waste and enhance operational safety.
- Ultrapure and high-efficiency heat exchangers that optimise energy consumption and extend equipment lifespan.
- NH4OH Generator, converting NH3 99.99% to NH4OH 29%, ensuring high-purity solutions bringing significant cost saving for clients' operations.

Scalable Product Development & Strategic Collaborations
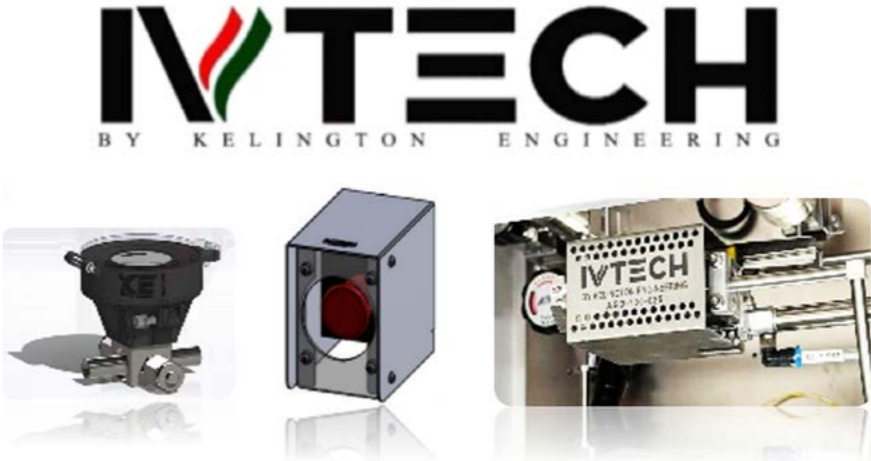
We collaborate with our valued clients to innovate products that enhance efficiency in operations, construction, and safety. IVTECH, a trademarked brand in Singapore, represents our innovations, with Kelington owning the intellectual property to commercialise these products in industrial markets.

Aligned with Kelington's direction, we prioritise the development and launch of scalable products that support sustainability goals, ensuring long-term business growth while minimising resource consumption.

Our collaborations with international stakeholders drive innovation in various areas, including tools, components, and equipment for improving operational efficiency. We also focus on greenhouse gas treatment, exhaust gas abatement, energy storage systems, and carbon capture technologies. These initiatives reflect our commitment to sustainability and technological advancement, delivering long-term environmental and operational benefits.

Additionally, strategic partnerships with leading technology providers strengthen our cybersecurity measures, ensuring robust protection of digital assets.

SUSTAINABILITY STATEMENT

Digital Transformation, Automation & Cybersecurity
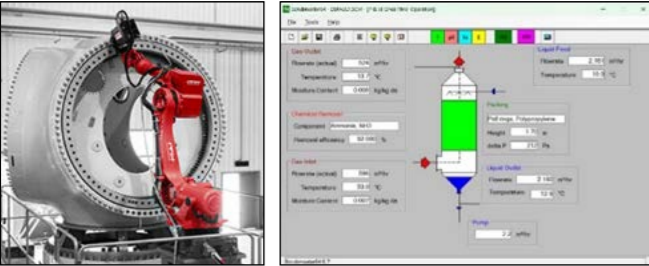
Digitalisation is a cornerstone of Kelington's strategy, driving productivity, cost efficiency, and enhanced business performance. We integrate advanced digital tools, automation, and cybersecurity measures to optimise operations, enhance precision, and improve sustainability.

Engineering & Process Automation

- **Simulation Software for Design Optimisation:** We Utilise *Arrow* and *AFT Fathom (a flow analysis software for piping and ducting systems)* for fluid dynamics analysis to enhance gas and chemical flow efficiency. *ScrubMater (a module for simulating scrubber performance in gas flow systems)* improves emissions control, ensuring regulatory compliance.
- **Semi-Automated Devices for Bolt Tightening:** Improves quality, safety, and precision while reducing human error and material waste, aligning with our ESG goals.
- **Centralised Off-Site Manufacturing ("COSM"):** Our COSM approach enhances efficiency, reduces construction-related emissions, and ensures higher quality control, resulting in cost savings, time efficiency, and sustainability gains.

Enterprise Digitalisation & Cybersecurity

From CAD software and Building Information Modeling ("BIM") for engineering projects to AFT Fathom and AFT Arrow for advanced fluid flow and gas system analysis, Kelington integrates cutting-edge digital tools to enhance system design and performance. Additionally, ScrubMater supports optimised scrubber system modeling, while Enterprise Resource Planning (ERP) systems enable real-time decision-making. These technologies collectively drive efficiency, innovation, and precision across Kelington's operations.

In FY2024, we conducted cybersecurity risk assessments, prioritising threats to critical operations, intellectual property, and client data. Key security measures include:

- Network segmentation for enhanced data protection;
- Encryption protocols ensuring secure communications; and
- Data loss prevention strategies to safeguard sensitive information.

These efforts resulted in zero privacy complaints or data breaches, reinforcing our commitment to cybersecurity and regulatory compliance.

Target 2030	Unit of measure	Progress		
		FY2022	FY2023	FY2024
(i) **Zero** Material Data Loss or Data Breach Incidents Annually	unit	Zero	Zero	**Zero**
(ii) **Zero** substantiated complaints concerning breaches of customer privacy and losses of customer data	unit	Zero	Zero	**Zero**

Research and Development ("R&D")

To remain competitive in high-tech industries, we have invested significantly in R&D, spending RM3.05 million in FY2024 alone. Our R&D center in Chuzhou, China, focuses on developing innovative UHP equipment. Achievements include the development of specialty gas cabinets and high-low temperature-controlled exchangers, with two patents filed. These innovations earned SEMI S2 and SEMI S8 certifications, positioning Kelington as a qualified vendor for major wafer fabrication customers.

Continuous Improvement

Kelington continuously adapts to market dynamics and customer needs by fostering a culture of continuous learning. Through workshops, training, and industry collaborations, we remain at the forefront of emerging technologies, ensuring agile responses to evolving challenges.

By integrating cutting-edge technology, sustainable solutions, and engineering expertise, Kelington continues to drive excellence and innovation across diverse industries, reinforcing our position as a trusted partner in the global market.

Care for Society

Empowering Futures Through Education

We Care for Society

S10 Community Investment

Target 2030	Unit of measure	Progress		
		FY2022	FY2023	FY2024
Making Positive Impact				
(i) By 2030, provide access to quality education for at least 100 disadvantaged youth through scholarships, mentorship programs, and partnerships with educational institutions.	Cumulative Total	11	16	**21**

As part of the Company's Corporate Commitment, Kelington supports local community growth and serve the needs of the community through various corporate social responsibility ("CSR") initiatives. We are committed to working with NGOs and the local communities in devising programmes that contribute both directly and indirectly to create a positive business environment whilst improving the quality of life among local communities. On top of supporting local suppliers and hiring of local employees, Kelington also allocates corporate contributions for local communities, focusing on the underprivileged, education and environment. We continued to perform several core programmes involving education and providing financial assistance to underprivileged children.

In FY2024, the total spending on community program and environmental conservation are recorded at RM32,219. After regular scanning on Kelington's operating environment, the Sustainability Working Group would identify the social and environmental challenges and arrange meaningful CSR program that aligns with our community investment policy and priorities, addressing pressing social or environmental issues and create positive impact on our stakeholders and the communities where we operate. The local community programs conducted in FY2024 are as follows:-

SUSTAINABILITY STATEMENT

Environmental Sustainability: Tree Planting at Taman Botani Shah Alam

As part of our ongoing commitment to environmental stewardship, we organised a tree-planting initiative at Taman Botani Shah Alam. A total of 20 dedicated employees participated in the event, successfully planting 200 trees. This initiative contributes to reforestation efforts and enhances urban green spaces, aligning with our goal of reducing our carbon footprint and fostering a greener future. Through such actions, we reaffirm our dedication to sustainability and environmental preservation for the benefit of future generations.

Community Engagement: Visit to Orphanage

Our commitment to social responsibility extends to supporting vulnerable communities. In 2024, we visited an orphanage in Selangor, where we provided aid and companionship to over 50 children. During the visit, we delivered essential supplies, educational materials, and organised interactive activities, further reinforcing our dedication to nurturing and uplifting those in need. This initiative embodies our belief in the power of collective care and community support, fostering a positive impact on the lives of others.

Supporting Education for Underprivileged Students

As part of our ongoing commitment to supporting underprivileged communities, we are proud to announce that we are in our fourth consecutive year of supporting *Project Sambung Sekolah*. This collaborative initiative, led by the Haematology Department of Hospital Ampang in partnership with The Max Foundation and Max Family Society Malaysia, aims to ease the educational challenges faced by economically disadvantaged children affected by chronic illnesses. Through this program, we provide financial aid to five deserving children, empowering them to continue their education. This effort underscores our belief in the transformative power of education and highlights our dedication to giving back to those in need.
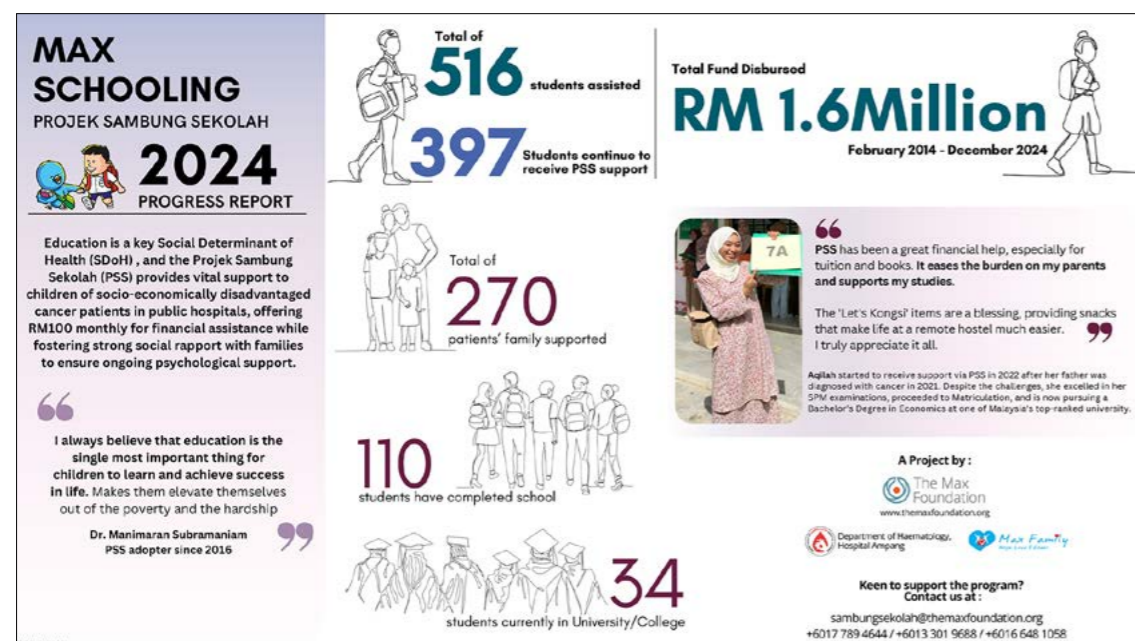
Giving the Gift of Life: Blood Donation Drives in Malaysia and Singapore

As part of our ongoing commitment to community well-being, our employees in both Malaysia and Singapore proudly participated in life-saving blood donation initiatives. These acts of giving not only support individuals in need but also foster a culture of compassion and solidarity across our teams in both countries. By contributing to a steady supply of blood for local hospitals, we help ensure that essential medical care is available to those who need it most.

Our involvement in this initiative reflects our deep belief that even the smallest acts of kindness can have a profound impact. Together, our employees in both Malaysia and Singapore have contributed to the health and safety of their respective communities, reinforcing our shared responsibility to care for one another. Through this simple yet meaningful gesture, we've shown that every drop counts, and that our collective efforts can create lasting, positive change.

Core Liver Baby Program

At Kelington Shanghai, our commitment to corporate social responsibility remains steadfast. We are proud to continue supporting the *Core Liver Baby Program*, an initiative led by the China Soong Ching Ling Foundation. This program provides life-saving liver transplant surgeries to children in need at Renji Hospital, offering them a critical opportunity for better health and a brighter future.

In alignment with our dedication to community welfare, Kelington Shanghai has contributed RMB30,000 to help ensure the success of the program. This donation reflects our ongoing commitment to improving the lives of underprivileged children and strengthening our role in fostering positive change within the community.

Empowering Future Talent: CEO as a Judging Panelist for the 2024 Budding Value Investor Award

At Kelington, we are committed to fostering knowledge and growth, both within our organisation and in the broader community. Our CEO had the privilege of serving as a judging panelist for the 2024 Budding Value Investor Award, an esteemed platform designed to nurture young investors. This initiative encourages the development of financial acumen, strategic thinking, and ethical investing principles among the next generation of leaders in the investment world.

By actively supporting such initiatives, we not only empower future talent but also strengthen our role as a responsible corporate citizen. Through these efforts, we continue to make a meaningful and lasting contribution to society, promoting financial literacy and ensuring the long-term success of our communities and the environment.

Kelington remains steadfast in our commitment to driving meaningful change through our corporate social responsibility initiatives. By actively engaging with local communities, supporting underprivileged groups, and investing in education and environmental conservation, we aim to create a lasting positive impact. Our efforts go beyond financial contributions, as we continuously assess social and environmental challenges to ensure our initiatives address the most pressing community needs. Moving forward, we will strengthen our collaborations with NGOs, local partners, and stakeholders to expand our reach and enhance the well-being of the communities where we operate.

SUSTAINABILITY STATEMENT

PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2022	2023	2024
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	11,173	12,495	3,888.87
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	3,004	3,807	15,178.98
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	33,605	24,137	94,285.59
Disclosure of three years of Nitrous Oxides (NOx) emissions (tonnes)	Metric tonnes	0	0	0
Disclosure of three years of Sulphur Oxide (SOx) emissions (tonnes)	Metric tonnes	0	0	0
Disclosure of three years of Volatile Organic Compounds (VOCs) emissions (kilograms)	Kilograms	0	0	0
CO2 Equivalent Intensity Ratio	tCO2-e	763	492	376
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	12,887	16,329	19,681.8
Electricity Intensity Ratio	Megawatt	664	452	384
Solar Power Generated	Megawatt	11.24	13.91	12.59
Renewable Energy Use	Percentage	0	0	0
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	31.241	76.813	59.243
Does the company disclose the number of incidents of non-compliance with water quality/quantity permits, standards and regulations	Number	0	0	0
Three years of total water discharge data is disclosed by destination - Ocean	Cubic meters	0	0	0
Three years of total water discharge data is disclosed by destination - Surface water	Cubic meters	31,241	76,813	59,243
Three years of total water discharge data is disclosed by destination - Subsurface / well	Cubic meters	0	0	0
Three years of total water discharge data is disclosed by destination - Off-site water treatment	Cubic meters	0	0	0
Three years of total water discharge data is disclosed by destination - Beneficial / other use	Cubic meters	0	0	0
Three years of total water discharge data is disclosed by destination - Total	Cubic meters	31,241	76,813	59,243
Three years of total water withdrawal data is disclosed by source - Surface water from rivers, lakes, natural ponds	Cubic meters	0	0	0
Three years of total water withdrawal data is disclosed by source - Groundwater from wells, boreholes	Cubic meters	0	0	0
Three years of total water withdrawal data is disclosed by source - Used quarry water collected in the quarry	Cubic meters	0	0	0
Three years of total water withdrawal data is disclosed by source - Municipal potable water	Cubic meters	31,241	76,813	59,243
Three years of total water withdrawal data is disclosed by source - External wastewater	Cubic meters	0	0	0
Three years of total water withdrawal data is disclosed by source - Harvested rainwater	Cubic meters	0	0	0

Indicator	Measurement Unit	2022	2023	2024
Three years of total water withdrawal data is disclosed by source - Sea water, water extracted from the sea or the ocean	Cubic meters	0	0	0
Three years of total water withdrawal data is disclosed by source - Total	Cubic meters	31,241	76,813	59,243
Water Intensity Ratio	Cubic meters	1,508	1,153	1,101.4
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	717	422	1,652.75
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	61	47	1,088.81
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	656	375	530.38
Disclosure of three years of hazardous waste generation (tonnes)	Metric tonnes	38	33	59.6
Disclosure of three years of non-recycled waste generation (tonnes)	Metric tonnes	656	375	530.38
Disclosure of three years of waste recycled (tonnes)	Metric tonnes	61	47	1,088.81
Total costs of environmental fines and penalties during financial year	MYR	0	0	0
Percentage of sites covered by recognised environmental management systems such as ISO14001 or EMAS	Percentage	97	98	87.3
Waste Gas Reuse (Carbon Dioxide)	Metric tonnes	60,471	70,278	113,024
Non-Recycled Waste Intensity Ratio	Metric tonnes	10.5	3.4	11.6
Recycling Rate	Percentage	8.5	11.10*	65.9
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0	0.09	0
Bursa C5(c) Number of employees trained on health and safety standards	Number	389	326	311
Percentage of sites with OHSAS 18001 certification	Percentage	91	92	87.3
Number of work-related employee fatalities, over last 3 years	Number	0	0	0
Number of work-related contractor fatalities, over last 3 years	Number	0	0	0
Total Recordable Injury Frequency Rate (TRIFR)	Rate	0.15	0.14*	0
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Senior Management	Hours	193	137	575
Middle Management	Hours	1,366	1,564	1,768
Executive	Hours	5,803	5,293	5,615
Non-executive/Technical Staff	Hours	2,888	4,692	3,763
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	16.59	16	15
Bursa C6(c) Total number of employee turnover by employee category				
Senior Management	Number	1	0	1
Middle Management	Number	2	2	15
Executive	Number	43	52	51
Non-executive/Technical Staff	Number	64	61	29
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Average Training hours per employee	Hours	15	16	15

Internal assurance External assurance No assurance (*)Restated

Internal assurance External assurance No assurance (*)Restated

SUSTAINABILITY STATEMENT

Indicator	Measurement Unit	2022	2023	2024
Total investment in training	MYR	426,000	450,000	442,258
Number of incident of unfair employment practices	Number	0	0	0
Employee Turnover Rate	Percentage	16.22	18.1	14.26
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior Management Under 30	Percentage	0	0	0
Senior Management Between 30-50	Percentage	52.4	52.6	65.38
Senior Management Above 50	Percentage	47.6	47.4	34.62
Middle Management Under 30	Percentage	5.7	8.3	5.22
Middle Management Between 30-50	Percentage	80.7	84.4	82.61
Middle Management Above 50	Percentage	13.6	7.3	12.17
Executive Under 30	Percentage	56.9	52.2	47.58
Executive Between 30-50	Percentage	40.6	45	47.98
Executive Above 50	Percentage	2.5	2.8	4.44
Non-executive/Technical Staff Under 30	Percentage	36	41.7	43.64
Non-executive/Technical Staff Between 30-50	Percentage	58.5	54.7	50.62
Non-executive/Technical Staff Above 50	Percentage	5.5	3.6	5.74
Gender Group by Employee Category				
Senior Management Male	Percentage	90.5	89	96
Senior Management Female	Percentage	9.5	11	4
Middle Management Male	Percentage	79.5	81	77
Middle Management Female	Percentage	20.5	19	23
Executive Male	Percentage	69.3	67	57
Executive Female	Percentage	30.7	33	43
Non-executive/Technical Staff Male	Percentage	80.6	82	85
Non-executive/Technical Staff Female	Percentage	19.4	18	15
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	90	80	70
Female	Percentage	10	20	30
Under 30	Percentage	0	0	0
Between 30-50	Percentage	0	0	0
Above 50	Percentage	100	100	100
Percentage of global staff with a disability.	Percentage	0	0	0
Percentage of women in the global workforce.	Percentage	23.8	23.5	25
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior Management	Percentage	100	100	100
Middle Management	Percentage	100	100	100
Executive	Percentage	100	100	100
Non-executive/Technical Staff	Percentage	100	100	100
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100	100	100
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0

Indicator	Measurement Unit	2022	2023	2024
Disclosure of total amount of political contributions made	MYR	0	0	0
Disclosure of number of staff disciplined or dismissed due to non-compliance with anti-corruption policy/ policies	Number	0	0	0
Disclosure of cost of fines, penalties or settlements in relation to corruption	MYR	0	0	0
Corporate Governance				
Number of Board Directors	Number	10	10	10
Number of independent Directors on the board	Number	5	5	5
Number of women on the board	Number	1	2	3
Annual General Meeting: Number of days between the date of notice and date of meeting	Number	54	52	52
Percentage of women on the Executive committee or equivalent.	Percentage	0	0	0
Number of fines/settlements over the previous 3 years where each is valued > US $100 million	Number	0	0	0
Combined total value of fines/settlements over the previous 3 years where each is valued > US $100 million	MYR	0	0	0
Customer Satisfaction Rate	Percentage	91	88	92
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Incident of Material Data Loss or Data Breach	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	76	83	88.3
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	43,085	125,135	32,219
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	5	5	5

Internal assurance	External assurance	No assurance	(*)Restated

Internal assurance	External assurance	No assurance	(*)Restated