



DOING MORE

SUSTAINABILITY REPORT 2021



- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 8 DECENT WORK AND ECONOMIC GROWTH
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DOING MORE

Climate Change & Record-Breaking Floods

The set of visualisation on the child's palm represents how temperatures have changed across the globe over the past century or more. Each stripe represents our planet's temperature for a single year, indicating Earth's warming that is accelerating at a dangerously fast pace, threatening the health of the environment and the people.

The physical effects of climate change can manifest in many extreme hydro-meteorological events. A series of storms and continuous torrential rain in the third week of December 2021 had caused severe flooding in almost every state in Peninsular Malaysia. With possibly an equivalent of months of rainfall recorded that lasted over just 24 hours in Selangor, many densely populated areas in the state were inundated, displacing many families. The floods that hit the Klang Valley wrecked homes, causing thousands of residents to be evacuated and immense damage to cars, furniture, and electrical appliances.

Joining the powerful display of empathy and solidarity by responsible citizens, in **doing more**, KPS stepped up to support by extending financial aid to more than 2,000 victims, helping them return to some form of normalcy after being inflicted by one of the worst floods ever hitting the nation in 100 years.

CAUTIONARY STATEMENT

KPS makes no representation or warranty, whether expressed or implied, as to the accuracy or completeness of the facts highlighted in this Report, disclaiming responsibility from any liability that might arise from the reliance on its contents. This Report may contain "forward-looking statements". Forward-looking statements involve inherent risks and uncertainties and other factors that are in many cases beyond our control. Although KPS believes that the expectations of its Management as reflected by such forward-looking statements are reasonable based on current information, no assurance can be given that such expectations will prove to have been correct. Should one or more of the risks and uncertainties materialise, actual results may vary materially from those anticipated or projected. Accordingly, readers are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of their dates and we undertake no obligation to update or revise any of them, whether as a result of new information, future events, or otherwise.

FEATURE IN THIS SUSTAINABILITY REPORT 2021

Get access to the soft copy of our reports, videos and contact information



Download the "QR Code Reader" on App Store or Google Play



Run the QR Code Reader app and point your camera to the QR Code



Scan this to view our Sustainability Report online. The Annual Report, financial and other information about Kumpulan Perangsang Selangor Berhad can also be found at:

www.kps.com.my

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AHMAD FARIZ BIN HASSAN

MESSAGE FROM THE MANAGING DIRECTOR/ GROUP CHIEF EXECUTIVE OFFICER

[GRI 102-14]

MESSAGE FROM THE MANAGING DIRECTOR/GROUP CHIEF EXECUTIVE OFFICER [GRI 102-14]

Dear Stakeholders,

In 2021, we strengthened our sustainability commitment and successfully executed our sustainability efforts, having made definitive strides in our key Environmental, Social and Governance ("ESG") areas. We continued to build transparency into our strategy and reporting. Through this reporting, we aim to strengthen trust with the stakeholders including our employees, customers, suppliers, partners, shareholders, peers, and communities.

In the report, I am pleased to share our vision and the progress we have made.

We repeatedly remind and question what 'sustainability' means to us, to Kumpulan Perangsang Selangor Berhad ("KPS" or "the Group" or "the Company"), but before we can achieve the target of a sustainable future and upholding the United Nations Sustainable Development Goals ("UNSDGs"), we must first look directly inside our operations. So, this time around, we came closer to embracing best sustainability practices by improving the production process of this very Report. While maintaining transparency and completeness, we optimised the narratives and, in doing so, reduced the number of pages in the Report.

Doing More

This is our first step to **doing more**, because sustainability starts with us. Even small steps are great.

To put this in perspective, in 2020, our Sustainability Report was about 300 pages long and we printed 300 copies of using 45,000 sheets of paper. It is estimated that a standard 45 ft pine tree will produce 10,000 sheets of paper. So, by inference, we had cut five pine trees last year. If we want to take this further and be carbon curious, felling those five trees is equivalent to releasing 125 kilogrammes of ^{*}CO₂-eq into the atmosphere yearly.

^{*} Carbon Dioxide equivalent

MESSAGE FROM THE MANAGING DIRECTOR/GROUP CHIEF EXECUTIVE OFFICER [GRI 102-14]

To reduce the environmental footprint of our 2021 Sustainability Report production, we decided to halve the length of the report and the quantity produced without compromising the integrity of the disclosure. So, this year, the production of our Sustainability Report cost our planet three trees. Although we used forest based products for printing, the three felled trees could have sequestered about 60 kilogrammes of CO₂-eq annually.

Going forward, we will engage with the regulatory bodies and explore the possibility of producing the Sustainability Report entirely digitally.

TRIVIA



How many trees we need to cut to produce paper?

It is estimated that a standard pine tree, with 45 ft of the usable trunk and a diameter of eight inches, will produce around 10,000 sheets of paper. To consider this in another way, one ream of paper (which is 500 sheets) will use 5% of a tree.

SOCIO-ECONOMIC IMPACT OF PHYSICAL EFFECTS OF CLIMATE CHANGE



1. Hazardous Weather



2. Supply Chain Disruption



3. Employee Safety & Well-being



4. Disruption of Ecosystem Services



5. Implications on Insurability & Financial Services

Source:
Institute for Sustainability Leadership, University of Cambridge

Addressing Climate Change

The physical risks of climate change have already started to cause a wide range of physical effects with severe implications to businesses. While weather variability and extremes have always existed, extreme weather events are becoming more frequent and intense; incremental climatic changes are already underway. This year, we witnessed the February 2021 North American cold wave, an extreme weather event with record cold temperatures in many parts of Canada, the United States and Northern Mexico. The cold wave, caused by a southern migration of the polar vortex, which science claimed a sudden stratospheric warming event as the culprit, affected our mattress business in Arizona by temporarily disrupting its supply chain, affecting the production capacity and consequently, its sales traction.

MESSAGE FROM THE MANAGING DIRECTOR/GROUP CHIEF EXECUTIVE OFFICER [GRI 102-14]

Other manifestations of the physical risks were abnormal storm patterns, torrential rain, flash floods and landslides, which occurred in other countries where our value chains are – Malaysia, Europe, China, Indonesia, and Vietnam. Science points to the impacts of climate change growing more severe over the coming years and decades. Therefore, it was only necessarily timely to examine such fundamental questions as to how we have been and will be operating and running our manufacturing operations to chart our business growth, how we rely on our environment, and how we can work better in achieving our sustainability objectives through partnerships and engagement with corporations, governments and non-profit organisations (“NGOs”) to allow us to **do more** than we could on our own, for the greater benefit of present and future generations.

2021 will go down in our history not just because we rebranded and changed the visual identity of the Company in pursuit of a more robust brand equity. It will also go down in KPS history because it was a turning point in our sustainability journey, a milestone, even. This year, we started focussing on issues that we at KPS must address: our greenhouse gas (“GHG”) emissions.

But to play our part in reducing the stockpile of GHG in the atmosphere and subsequently capping the global warming at 1.5°C above the pre-industrial era levels, we must monitor our own emissions. But we cannot monitor something that is unmeasured. Although done at a much later part of the Company’s incorporation, I am pleased that in 2021 we took the step to provide an inaugural disclosure on Scope 1 and Scope 2 emissions from our business operations. As mentioned in our earlier report, with our emissions data, we will be establishing a carbon inventory baseline, followed by identifying strategic initiatives for related operations within the Group.

A SOBERING VIEW OF A WORLD WITHOUT ACTION

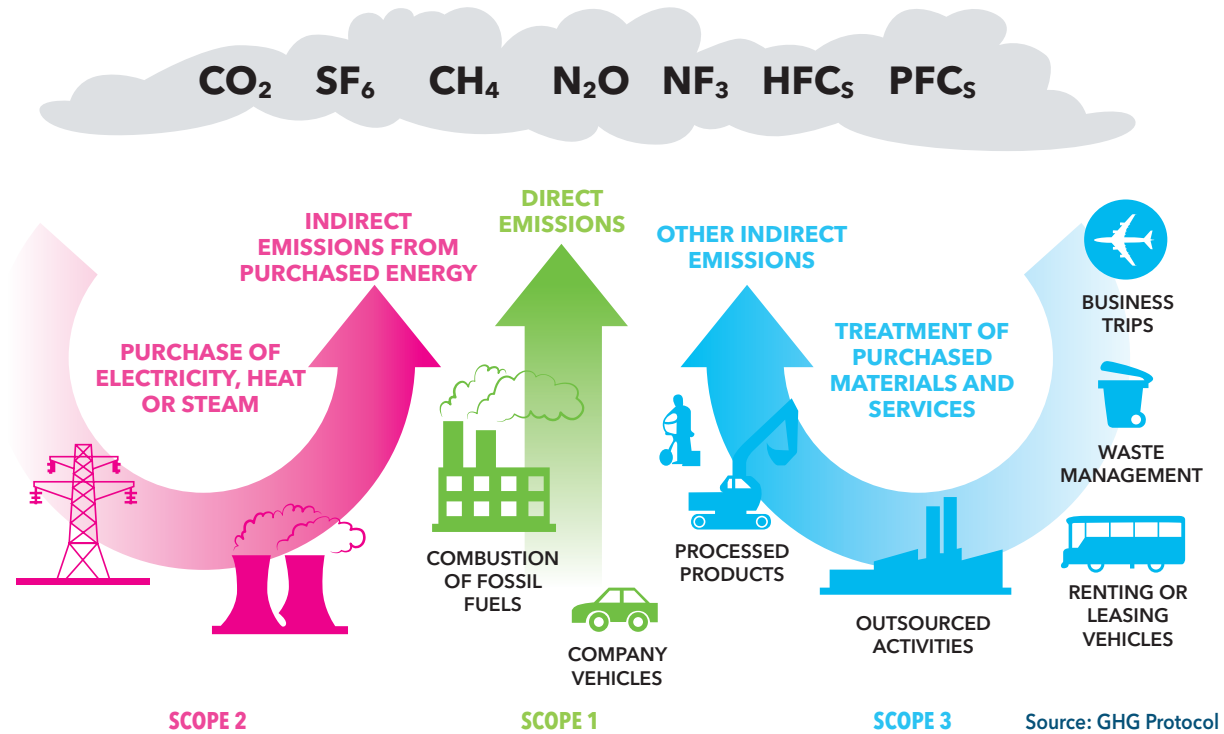


- 1-2°C:** Extensive damage to or disappearance of coral reef systems.
- 1-2°C:** Melting of land-based mountain glaciers.
- 1.5-3°C:** Irreversible melting of the Greenland ice sheet.
- 2-5°C:** Significant freshwater shortages.
- 2-3°C:** Partial or total collapse of the Amazon rainforest.
- 2.5-4°C:** Extinction of many species (between 20-50% predicted).
- 1-5°C:** Increasingly intense and extreme weather events such as storms, forest fires, droughts and flooding.
- 1-5°C:** Declining crop yields in many developing regions and in developed regions.
- 1.5-4°C:** Increasing food shortages (25-60% of the population at risk of hunger).
- 4-5°C:** Rising sea levels threatening cities such as London, Shanghai, New York and Tokyo.
- 2-5°C:** Most ecosystems unable to maintain their current form.
- 2-5°C:** Irreversible weakening of natural carbon absorption and increase in natural methane emissions.

Source:
Institute for Sustainability Leadership, University of Cambridge.

MESSAGE FROM THE MANAGING DIRECTOR/GROUP CHIEF EXECUTIVE OFFICER [GRI 102-14]

EMISSIONS DISCLOSURE: SCOPE 1, SCOPE 2, AND SCOPE 3



But we believe that when it comes to embracing sustainability, all steps taken are great, early or otherwise, as long as the effort remains consistent.

Aligning with the UNSDGs, with Further Focus

As in the past, the Report conveys our support for the UNSDGs by embedding and integrating the related targets into our business strategies and sustainability initiatives. We commit ourselves to considering environmental and social aspects in addition to financial aspects when making our business decisions, recognising their value in ensuring a sustainable, resilient, and inclusive future. This year, we reviewed our prioritisation on the UNSDGs and re-identified the areas within the 17 UNSDGs and its 169 targets that are most relevant to what we do.

The result was to align with only six main goals and 32 targets, redefining where we have the most impact in the sustainable development goals:

- By assessing the relevance and importance of the respective targets in the UNSDGs to our business value chain in the manufacturing, trading, licensing, and infrastructure sectors, and with the targeted stakeholders.
- More importantly, by identifying our potential and outlining the respective key actions to effect positive changes while mitigating negative impacts, either from our operations or otherwise.

MESSAGE FROM THE MANAGING DIRECTOR/GROUP CHIEF EXECUTIVE OFFICER [GRI 102-14]

The six UNSDGs that we will focus on are:



**ENSURE HEALTHY LIVES
AND PROMOTE
WELL-BEING FOR ALL
AT ALL AGES**



**ENSURE INCLUSIVE
AND EQUITABLE
QUALITY EDUCATION
AND PROMOTE
LIFELONG LEARNING
OPPORTUNITIES FOR ALL**



**PROMOTE SUSTAINED,
INCLUSIVE AND
SUSTAINABLE ECONOMIC
GROWTH, PRODUCTIVE
EMPLOYMENT AND
DECENT WORK FOR ALL**



**MAKE CITIES AND HUMAN
SETTLEMENTS INCLUSIVE,
SAFE, RESILIENT, AND
SUSTAINABLE**



**ENSURE SUSTAINABLE
CONSUMPTION AND
PRODUCTION PATTERNS**



**TAKE URGENT ACTION TO
COMBAT CLIMATE CHANGE
AND ITS IMPACT**

SURVEY REPORT: OPERATIONALISING THE UNSDGs

01

The average number of UNSDGs adopted by organisations were **6**

02

48% of organisations surveyed adopted between 1 and 5 UNSDGs

03

20% of organisations adopted more than 10 UNSDGs

04

13% of organisations surveyed have not adopted the UNSDGs

Source:

SDG Integration Survey Report by Mightybytes. Last Modified on 17 March 2021
Respondents were from the United States of America ("US"), the United Kingdom ("UK"), Germany, Chile, and New Zealand.

In line with a more focused alignment with the UNSDGs and its targets, we recalibrated our sustainability targets of 64 KPIs. For the reporting year, we achieved 52 targets but missed nine. Three targets are still in progress.

MESSAGE FROM THE MANAGING DIRECTOR/GROUP CHIEF EXECUTIVE OFFICER [GRI 102-14]

Doing More - Helping People Push through Adversity

We take our role as a responsible corporate citizen seriously, and we are proud to have showcased our social commitment, doing more for social assistance programmes by developing and empowering the communities where we operate. As the impact of COVID-19 still lingered and affected many community members, KPS responded via food donation drives, extending assistance to more than 4,000 families in Selangor. Later in the year when one of the worst floods hit the nation, KPS stepped up to extend financial aid to 2,000 people who were affected.

01

The pandemic drove many people to seek public help for aid. KPS responded by allocating funds for food donations to NGOs, the communities, and social organisations to distribute aid to those affected. These efforts benefitted more than 4,000 families, most of whom were from the B40 category.

02

In an effort to ease the burden of those badly affected by the floods that wreaked havoc nationally and in the state of Selangor. KPS responded with financial assistance, allaying the burdens of more than 2,000 families in Selangor, including our employees who were also affected.

We supported staff volunteerism by helping the affected families amongst our colleagues with house cleaning and repairing efforts.

03

We also enhanced our initiatives towards social development dedicated for the B40 group via the Cerdik programme in collaboration with Inspira.com, Celik Futuristik with Maxis and KPS Safety Road Programme in collaboration with Paluan Sejati Sdn Bhd.

MESSAGE FROM THE MANAGING DIRECTOR/GROUP CHIEF EXECUTIVE OFFICER [GRI 102-14]

Moving Forward

Further Integration of ESG through Integrated Thinking

The rising expectations around ESG are escalating in importance amongst our stakeholders.

For instance, in its 2022 Budget announcement, the government signalled the emphasis on sustainability and climate action by incentivising carbon neutrality. The stance was further supported by recommendations and requirements on green financing, sustainable investment and ESG disclosure by regulators such as Bank Negara Malaysia, the Securities Commission and Bursa Malaysia and by the strategic sovereign fund, the Employees Provident Fund.

We understand that if we want to deliver on our ESG commitment and sustainability strategy, then change is not only inevitable but necessary. We have already seen close-up how the pandemic and the physical effects of climate change have disrupted the smooth running of a business. Thus, businesses are becoming more appreciative when thinking about ESG. This new momentum and compelling evidence from the market response are pointing at a heightened expectation of one's ESG commitments, along with the growth of ESG reporting and disclosure.

As a result, ESG impacts will be more integral to KPS' strategy, operations, financial decisions and, overall, its culture. For a successful ESG and sustainability transformation, we further define our purpose before developing the skills, talent, leaders, and culture within the Group.

The next step is to recalibrate existing strategy and operations to become more sustainable in the long run. Such is a tall order, but we have reached a tipping point where stakeholders - regulators, shareholders and financial institutions especially - have started demanding organisations like KPS to improve on their sustainability practices.



Top & Bottom:
Embedding ESG across every stage of our operational processes to benefit our bottom line and create greater impact on the wider community.

MESSAGE FROM THE MANAGING DIRECTOR/GROUP CHIEF EXECUTIVE OFFICER [GRI 102-14]

Our Plans Ahead

Climate change is real. The consequence of inaction has and will continue to affect us. Many parts of the world have transitioned to being a net-zero economy. The transition is going to affect all economic sectors near or far. Eventually, it will affect all businesses, big or small; it will affect our lives. Eventually, it will affect KPS. The challenge of mitigating climate change risks is great; but the need to respond to the challenge is greater. We agree that the cost of transition and adaptation to a net-zero economy is expected to be high, just as the opportunities associated with it bountiful.

I am excited about the ESG path ahead for KPS. It is a path full of opportunities, now and for years to come. For us, the ESG utopia would be a success in decarbonising all processes in our business, not just in the productions but also in the respective supply lines, the business value chain, the market, product adaptability, demand pattern and customer base. For example, we could repurpose our supply lines, enhance the circularity effort at CBB and other subsidiary companies such as Toyoplas, CPI and KKMW, find the alternative – and more sustainable – raw materials. Even within the IT practices within the Group, we could decarbonise our routers and servers to save more energy.



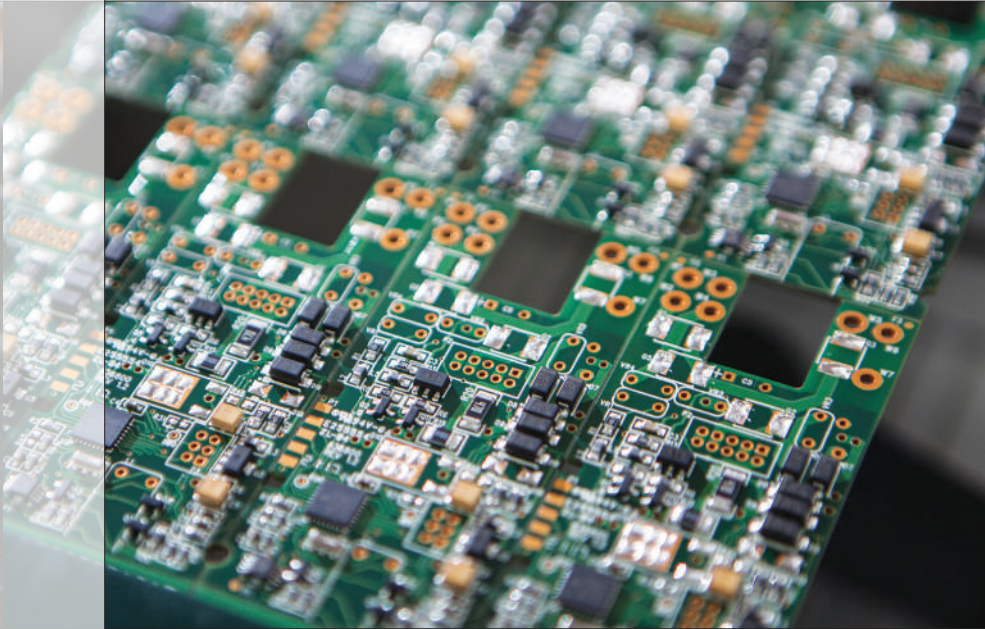
But before we can even go near utopia, there is a lot that we need to do first.

The topmost in our plan is to establish our carbon baseline.

The carbon baseline is an inventory of sources of GHG emissions from all our business activities within the Group. This will typically entail a five-year snapshot that serves as a reference point for KPS to understand and track its emissions over time. Building the baseline will not only enable us to have a better understanding of our historical GHG emissions trends but it will also help us gauge the potential future emissions.

In the foreseeable future, our carbon baseline will eventually include Scope 1, Scope 2 and Scope 3 emissions locally and abroad, even though we only started with the disclosure for Scope 1 and Scope 2 for our Malaysian operations this year. Establishing a detailed carbon baseline can allow us to understand carbon emissions across different manufacturing operations and business activities, narrowing to which areas would have the most significant opportunities for positive impact. I reckon that of all KPS' manufacturing operations, CBB would have one of the most considerable opportunities for improvement because fossil fuel is still being used to run the plants alongside the procurement of fossil fuel derivatives as raw materials.

MESSAGE FROM THE MANAGING DIRECTOR/GROUP CHIEF EXECUTIVE OFFICER [GRI 102-14]



Left & Right:
The pandemic triggered an acceleration of demand for digital devices and household equipment, placing greater value on ESG importance in our manufacturing arm.

Once we have established the baseline, we can take the same approach about ESG risks and opportunities in our investment decisions. For example, when evaluating capital investments into new manufacturing plants, we could enquire about historical operational information, including energy consumption. Because by then we would already have the baseline of our existing operations to compare potential acquisitions from a carbon impact standpoint. Furthermore, citing potential acquiree companies with more robust supply chains and utilising cleaner alternative fuels can be considered alongside other performance indicators that we are already using in the investment decision making processes.

In driving progress together, a common thread amongst KPS employees is collaboration. We recognise the importance of working across functions and organisations to spur innovation, expand our impact, and improve the lives of the communities where we operate. The growing awareness of the need for meaningful change is accelerating our knowledge harvesting and approach to advancing sustainability within the Group, further radiating our authenticity and genuineness amongst all stakeholders.

I want to extend my thanks to KPS employees around the globe, our Board of Directors and the Management Team as we work together with the tenacity to build a more sustainable and resilient environment for us and others. Our sustainability efforts have positively impacted ESG concerns to ensure sustainable business results in our long-term growth, evident in how we weathered the challenges of the pandemic these last two years.

AHMAD FARIZ BIN HASSAN

Managing Director/Group Chief Executive Officer

ABOUT THIS REPORT

[GRI 102-1]

Delivering meaningful solutions in addressing the Group's ESG risk exposure is tantamount to meeting our mid-term and long-term business continuity strategies. Amidst the unprecedented challenges of the ongoing global pandemic, we have accelerated our efforts to build resilience by honing in on material issues and key impact areas with realistic targets to deliver value-enhancing, meaningful, innovative and effective solutions within current structures, processes, products and business models.

In efforts to strengthen the transparency of our progress on climate action, we proceeded to identify key issues while building the compliance groundwork for disclosure of information on the financial implications of climate-related risks and opportunities so that they can be integrated into business and investment decisions.

REPORTING SCOPE AND BOUNDARY

[GRI 102-2, 102-3, 102-4, 102-5, 102-6, 102-10, 102-46]

2021 marks KPS' third published Sustainability Report ("the Report") covering our performance, commitments, initiatives and engagements.

The scope of this Report covers the period 1 January 2021 to 31 December 2021, in line with KPS' 2021 Financial Year ("FY2021"). The Report focuses on the operations of KPS' headquarters and subsidiary companies in Malaysia.

1. Kumpulan Perangsang Selangor (KPS)
2. Toyoplas Manufacturing (Malaysia) Sdn Bhd
3. CPI (Penang) Sdn Bhd
4. Century Bond Bhd
5. King Koil Manufacturing West, LLC
6. Aqua-Flo Sdn Bhd

In some instances, the performance data and information in this report included our subsidiary operations outside Malaysia and other entities as listed in the Group Corporate Structure. The Group Corporate Structure on page 22 indicates ownership, control and authority of the organisation. Where remarked, such disclosures have been used in this report and the scope it has covered.

ABOUT THIS REPORT

[GRI 102-1]



KUMPULAN PERANGSANG SELANGOR BERHAD
Selangor, Malaysia

Investment holding company with core investments in the Manufacturing sector as well as businesses in the Trading, Licensing, and Infrastructure sectors.



TOYOPLAS MANUFACTURING (MALAYSIA) SDN BHD

Senai and Muar in Johor, Malaysia

Jakarta in Indonesia

Shanghai, Dongguan and Nanning in China

Bac Ninh in Vietnam

Serves the integrated plastics injection moulding industry with clientele in over 75 countries; from Consumer Electronics, Industrial Tools, Automotive and other industries. A one-stop solutions provider specialising in mould fabrication, precision injection moulding, secondary processes and assembly across seven manufacturing plants in Malaysia, China, Indonesia and Vietnam.



CPI (PENANG) SDN BHD
Penang, Malaysia

Integrated plastics injection moulding company serving customers in the Automotive, Communications and Information Technology, Healthcare and Other Electronics industries worldwide.



CENTURY BOND BHD

Senai, Ulu Tiram, Nilai, Ipoh, and
Sungai Petani in Malaysia

Batam and Medan in Indonesia.

Integrated packaging solutions provider, driven by five business Divisions:

- Offset
- Carton
- Paper
- Plastic
- OEM



**KING KOIL
MANUFACTURING WEST, LLC**
Arizona, United States of America

Based in Phoenix, Arizona, the United States of America ("US"), KKMW manufactures and supplies King Koil® mattresses to retailers in the Western Region of the US.



**KING KOIL
LICENSING COMPANY INC**
Illinois, United States of America

Operates the King Koil® brand licensing business globally.



AQUA-FLO SDN BHD
Selangor, Malaysia

Supplies water chemicals and provides technical services to water, waste and sewage treatment plants.

ABOUT THIS REPORT

[GRI 102-1]

REPORTING FORMAT

[GRI-102-54] [F4GBM]

The Report has been prepared in compliance and accordance with:

- Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR")
- Bursa Malaysia Sustainability Reporting Guide 2nd Edition
- Bursa Malaysia Corporate Governance Guide
- Global Reporting Initiatives ("GRI") Standards
- Criteria for FTSE4Good Bursa Malaysia ("F4GBM")

Both qualitative information and quantitative data are adequately included, where relevant. While every care is taken in the completeness, accuracy and validity of the disclosures, measurement of certain disclosures includes estimates and assumptions based on the selection of different but acceptable measurement methods, input data or assumptions, which may result in adjusting materially in different amounts or reported metrics.

REPORTING CYCLE

[GRI 102-50, 102-51, 102-52]

This Report encompasses the period from 1 January 2021 until 31 December 2021, unless stated otherwise and includes data and information from past reporting cycles, where relevant.

KPS will continue updating, reviewing, and reporting the Group's ESG performance annually in adherence to Bursa Securities MMLR. KPS most recently published the Sustainability Report 2020 on June 2021.

EXTERNAL ASSURANCE

This report has been assured by a third-party agency, SIRIM QAS International Sdn Bhd, for its adherence to materiality, inclusivity, and responsiveness principles.

Please refer to pages 148 to 151 for the assurance statement.

ADDITIONAL INFORMATION

This report is designed to be read in conjunction with our Annual Report 2021. Throughout this report, there are disclosures that should be referenced to other KPS publications, including previous annual reports, sustainability reports, and the corporate's official website **www.kps.com.my**

FEEDBACK

[GRI 102-53]

We welcome any comments and feedback from all stakeholders to improve our reporting regime.

Please direct all enquiries and comments to:

Investor Relations, Sustainability & Communications ("IRSC")

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40000 Shah Alam,
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[GRI 102-1]**Investor Relations, Sustainability & Communications ("IRSC")**

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Manager

ZULKIFLI MAWARDI
Director

**SHAREEN
MOHD ANAYATH**
Senior Executive



MUSLIM ZAINUDIN
Senior Executive

MOHAMAD FARHAN MOHD ZAIN
Senior Executive

CH'NG GEIK LING
Associate Director

STEWARDSHIP AT KPS

[GRI 102-22] [F4GBM]



**ENCIK AHMAD FARIZ
BIN HASSAN**

Managing Director/
Group Chief Executive Officer

YB DATO' HARIS BIN KASIM

Chairman,
Non-Independent
Non-Executive Director

**PUAN NORITA BINTI
MOHD SIDEK**

Non-independent
Non-Executive Director

**YBHG DATO' IKMAL HIJAZ
BIN HASHIM, DIMP**

Independent
Non-Executive Director



**PUAN NORLIZA BINTI
KAMARUDDIN**
Independent
Non-Executive Director

**YBHG DATO' NOORAZMAN
BIN ABD AZIZ**
Independent
Non-Executive Director

CIK SHARMILA SEKARAJASEKARAN
Independent
Non-Executive Director

**YBHG DATO' IDRIS BIN MD
TAHIR, DIMP**
Independent
Non-Executive Director

STRATEGIC INVESTMENTS AT OUR CORE

[GRI 102-1, 102-2]

Since starting operations on 11 August 1975, diversification of its business across various sectors and geographies worldwide has transformed KPS into a global player not only in Malaysia but also in China, Vietnam, Indonesia and the US, alongside shifting its business focus to one that creates value for its stakeholders through sustainable financial performance. Listed on the Main Market of Bursa Securities under the Industrial Products & Services sector the Group's accretive acquisitions of assets and businesses have charted strong growth earnings, reflecting the success of its business transformation plan ("BTP") that started in 2016.

KPS has a core focus on investments with businesses in Manufacturing, Trading, Licensing and Infrastructure. As a Group which operates with a long-term focus, we are determined to ensure that the journey towards sustainability continues to evolve by exerting increased effort in embracing sustainability in our operations and managing the impact our businesses have across the Environmental, Social and Governance ("ESG") aspects.

Note: This section can also be referred to in the Annual Report 2021.





STRATEGIC INVESTMENTS AT OUR CORE [GRI 102-1, 102-2]



A Member of **kps**. Group

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

Integrated plastics injection moulding company with a clientele from the consumer electronics sector, as well as industrial tools, automotive and other industries with a value chain spanning 75 countries.

As a one-stop solutions provider, Toyoplas' expertise covers mould fabrication, precision injection moulding, and secondary processes as well as assembly via its manufacturing plants across Malaysia, China, Indonesia and Vietnam.



A Member of **kps**. Group

CENTURY BOND BHD ("CBB")

Integrated packaging solutions provider driven by five business divisions, namely Offset, Carton, Paper, Plastics and Original Equipment Manufacturer ("OEM") for Consumer Products.

The Offset division is currently leading the business operating from three plants across Malaysia and Indonesia.

The Carton division covers an essential industry with a presence in the Northern, Central and Southern regions of Malaysia. The Paper division operates from three plants across Malaysia and Indonesia.

The other two divisions, Plastics and OEM for Consumer Products, continue to support the businesses in providing integrated packaging solutions to customers from the Electrical & Electronics and retail sectors via its plant in Senai.



A Member of **kps**. Group

CPI (PENANG) SDN BHD ("CPI")

Integrated plastics injection moulding company serving over 90 clients worldwide. As a contract manufacturer specialising in plastics injection moulding, mould fabrication, secondary as well as sub-assembly processes and electronics box-build processes. CPI's clientele includes customers from various industries, including Automotive, Communications and Information Technology, Healthcare, and Other Electronics.

CPI Plastics Division ("CPIP") is the main business segment and CPI Electronics Division ("CPIE") play a supporting role to CPIP, capitalising on the expanding E&E global market.



A Member of **kps**. Group

KING KOIL MANUFACTURING WEST, LLC ("KKMW")

Established on 22 January 2018, marking the King Koil® brand's first manufacturing initiative in the United States of America ("the US"). Based in Avondale, Arizona, KKMW currently supplies King Koil® mattresses to retailers and department stores nationwide in the US, following the shift in its business model in the US from licensing to a direct-to-retail model.

MANUFACTURING



LICENSING

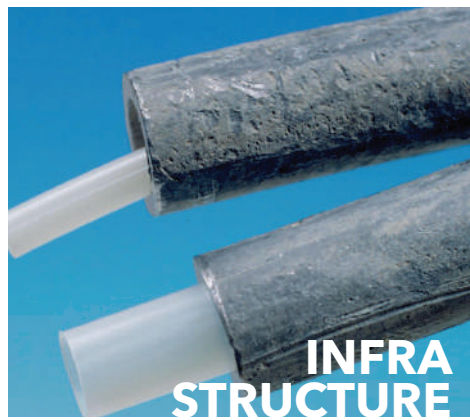
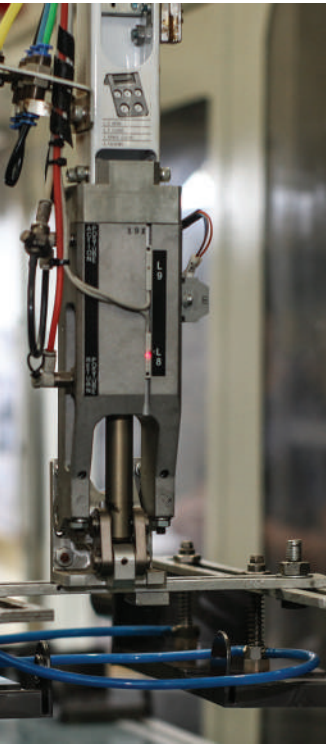


A Member of **kps**. Group

KING KOIL LICENSING COMPANY INC ("KKLC")

Operates the King Koil® brand licensing business globally. The King Koil® brand was first established in the US over 100 years ago and remains as one of the most recognisable mattress brands in the US and globally. King Koil® mattresses and bedding products are distributed in 76 countries via 23 licensees worldwide.

STRATEGIC INVESTMENTS AT OUR CORE [GRI 102-1, 102-2]



NGC ENERGY SDN BHD ("NGC ENERGY")

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



A Member of kps Group

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

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



A Member of kps Group

SMARTPIPE TECHNOLOGY SDN BHD ("SMARTPIPE")

Integrated water solutions provider, specialising in pipe rehabilitation and replacement. Smartpipe is the sole company authorised by Netherlands-based Wavin Overseas BV ("Wavin") to sell and install Compact Pipe® and Wavin's other pipe rehabilitation products in Malaysia.

Combining its expertise in trenchless pipe rehabilitation with experience in conventional pipe replacement works, Smartpipe is also well positioned to address non-revenue water ("NRW") issues in Malaysia.



SISTEM PENYURAIAN TRAFIK KL BARAT HOLDINGS SDN BHD ("SPRINT HOLDINGS")

Owns Sistem Penyuraian Trafik KL Barat Sdn Bhd ("SPRINT"). SPRINT is one of the main expressway networks in the Klang Valley. It is a three-lane dual carriageway that was built to ease traffic congestion into the city of Kuala Lumpur from Petaling Jaya, Damansara and surrounding areas. The 26.5 kilometre expressway is divided into three sections that include the Kerinchi Link, Damansara Link and Penchala Link. KPS holds 20% of equity interest in SPRINT via its associate company, SPRINT Holdings.

KPS-HCM Sdn. Bhd.

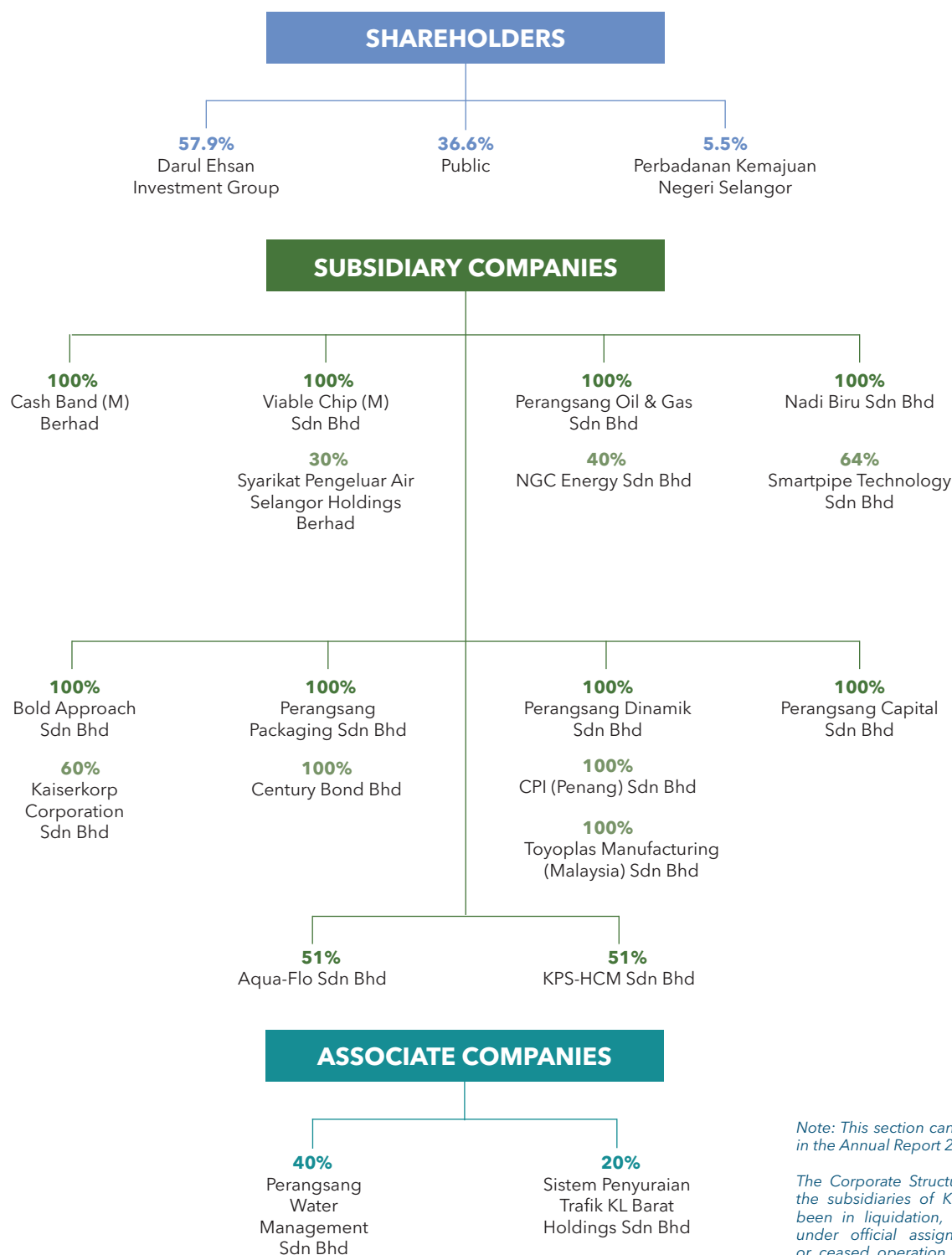
A Member of kps Group

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

Focused on providing general civil engineering works, building construction, and maintenance for both the public and private sectors. Following the successful completion of a seven-year concession for road maintenance works, its services were extended to include road and pavement, drainage and sewerage pipeline works, and deployment of flood mitigation ponds.

CORPORATE STRUCTURE

[GRI 102-5]



Note: This section can also be referred to in the Annual Report 2021.

The Corporate Structure did not include the subsidiaries of KPS, which are/have been in liquidation, under receivership, under official assignee, dormant and/or ceased operation. For further details, please refer to note 16 and 17 of the Company's Audited Financial Statements for the year ended 31 December 2021.

CORPORATE VISION, MISSION AND CORE VALUES

VISION

To be the leading corporation, stimulating economic growth in Selangor and beyond.

MISSION

- 01** To venture into business activities that create value for our stakeholders.
- 02** To have a leading regional presence.
- 03** To ensure sustainable financial performance with optimum returns to shareholders.
- 04** To achieve quality standards surpassing customer expectations.
- 05** To enhance the quality of life by being a caring, community-oriented and environmentally-friendly organisation.

CORE VALUES

pride

CORE VALUES



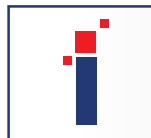
PRIDE

Take pride of the jobs and Perangsang Selangor as an organisation and commit to its success



RESPECT

Recognise the value of other people and accept differences



INTEGRITY

Integrity in our conduct is guided by responsibility and accountability



DISCIPLINE

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



EXTRA-MILE

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



OUR SUSTAINABILITY COMMITMENT

[GRI 102-16]

SUSTAINABILITY VISION

To contribute to sustainable development by balancing the economic, environmental and social sustainability aspects of the business for the benefit of all stakeholders.

SUSTAINABILITY MISSION

To achieve business and operational excellence through responsible consideration and holistic integration of the economic, environmental, and social risks and opportunities.

SUSTAINABILITY PHILOSOPHY

- 01 Aiming to be a responsible corporate citizen.
- 02 Upholding the highest standards of governance and ethics.
- 03 Promoting sustainable business practices.
- 04 Limiting the negative impact of our business on the environment.
- 05 Building and maintaining strong relationships with stakeholders.

SUSTAINABILITY POLICY STATEMENT

The first revision of the Sustainability Policy ("Policy") was approved by the Board of Directors on 29 November 2018 to ensure the Group's activities create long-term value for all our stakeholders by addressing Economic, Environmental, Social and Governance ("EESG") opportunities and risks. The Policy clearly states how the Group plans to advance sustainability across its different businesses and in the various sectors.

The Group's Policy was revised on 26 August 2021 to ensure that it stays relevant as a guiding principle by taken into account the latest practices and updated sustainability strategies.

We commit to:

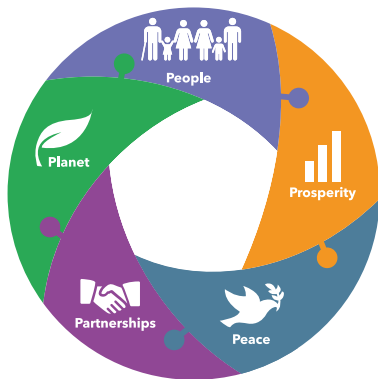
- 01 Developing and implementing economic, environmental, social and governance ("EESG") action plans and initiatives, as well as committing to measure and monitor the said initiatives;
- 02 Adhering to approved business plans and strategic direction, as well as to all applicable laws, regulations and standards;
- 03 Addressing environmental challenges and opportunities in our business activities;
- 04 Strengthening social well-being and community relationships;
- 05 Providing a conducive work environment and operating in a healthy, safe and efficient manner;
- 06 Maintaining effective engagement with all stakeholders; and
- 07 Implement effectual governance structure and practice for sustainable development.

TACKLING SUSTAINABLE DEVELOPMENT GOALS

INTRODUCTION

There is ample evidence that industry and manufacturing provide significant opportunities that impact the advantages and benefits of economies of scale, drive investment and innovation, create formal employment, and facilitate global trade.

It can enable the structural transformation of economics, critical for economic growth, and create decent job opportunities that help achieve shared and sustainable prosperity.



Since its establishment in 1975, KPS has prioritised strengthening its businesses to optimise returns resulting in significant contributions towards sustainable development. We have since expanded in over five countries, employing more than 4,000 workers, strengthening our position as a global corporation. Forced to deal with unprecedented challenges and uncertainties due to the worldwide economic crisis in 2021, we emphasised evaluating and addressing ESG risks and opportunities.

Our focus areas are on eradicating poverty, enhancing people's well-being, ensuring universal access to high-quality education, and environmental preservation to effectively balance the 5Ps of **People**, **Planet**, **Prosperity**, **Peace**, and **Partnership**. We have prioritised six United Nations Sustainable Development Goals ("SDGs") which will help define our SDG-related business priorities more clearly and implement more effective action.

TACKLING SUSTAINABLE DEVELOPMENT GOALS

Recognising and addressing complex sustainability challenges is no easy feat as it requires cross-industry and cross-sector collaborative activities, strategic alliances and collaborations with our stakeholders. Steps are also being taken to evaluate activities along the Group's value chain imperative that can expose strategic and operational misalignments and opportunities for improvement.

Please refer to pages 34 to 35 on disclosure of KPIs for SDG performance.



GOOD HEALTH AND WELL-BEING: ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

We are cognisant of establishing strict SOPs to track and restrict the virus from spreading at all our work sites. KPS has successfully achieved a 99.6% vaccination rate for all employees, including individuals in their households, at the end of 2021. Undoubtedly, productivity levels were compromised during lockdowns, but by maintaining constant engagement amongst work teams and providing guidance and advice to manage physical and mental health, we have increased the Group's ability to cope with and recover from the COVID-19 crisis.

- 3.6 Reduce half the number of global deaths and injuries from road traffic accidents.
- 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable medicines and vaccines for all.
- 3.9 To reduce death and illness from hazardous chemicals, environmental pollution and contamination.



QUALITY EDUCATION: ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL

KPS' Education Development Programmes propagate cognitive and non-cognitive learning approaches, extending to teacher training and facility improvements at schools and learning centres. The initiatives under this programme are interlinked with the other SDGs by equipping underprivileged children with the knowledge and competencies they need to be empowered and improve their lives. We have taken measurable steps by leveraging technology so children can continue learning online. As for adult education, the Entrepreneurship Development Programmes balance theory and practical aspects that hone both soft and technical skills.

- 4.1 To ensure every child completes free, equitable and quality primary and secondary education.
- 4.2 To ensure that every child has access to quality early childhood development, care and pre-primary education in preparation for primary education.
- 4.3 To ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education.
- 4.4 To increase the number of youth and adults who have relevant skills for employment, decent jobs and entrepreneurship.
- 4.5 To eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for everyone.
- 4.6 To ensure that all youth and a higher number of adults achieve literacy and numeracy.
- 4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and culture's contribution to sustainable development.
- 4.A Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all.
- 4.B Substantially expand the number of scholarships available to developing countries, or enrolment in higher education, in developed countries and other developing countries.

TACKLING SUSTAINABLE DEVELOPMENT GOALS

8 DECENT WORK AND ECONOMIC GROWTH



DECENT WORK AND ECONOMIC GROWTH: PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

As a nation-building partner, KPS continues to provide adequate job opportunities, including supporting the underserved communities by nurturing their knowledge and skills, actively building a talent pipeline, enabling leadership and integrating human capital development aspects into KPS' long-term strategic business plans. Employee training programmes are curated to address issues of youth employment, which help low-income communities improve their living conditions as a long-term solution to poverty. As globalisation and technology-induced changes, including automation and digitisation have irrevocably altered industries and jobs, effective workforce-development programmes are crucial in our efforts to fuel economic growth, improve work conditions, lead on innovation, and compete globally.

- 8.1** Sustain per capita economic growth in accordance with national circumstances.
- 8.2** Achieve higher levels of economic productivity through diversification, technological upgrading and innovation.
- 8.3** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of enterprises.
- 8.4** Improve progressively, through 2030, global resource efficiency in consumption and production.
- 8.5** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
- 8.6** Substantially reduce the proportion of youth not in employment, education or training.
- 8.8** Protect labour rights and promote safe and secure working environments for all workers.

11 SUSTAINABLE CITIES AND COMMUNITIES



SUSTAINABLE CITIES AND COMMUNITIES: MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT, AND SUSTAINABLE

Rapid urbanisation has deteriorated the water and sanitation systems, contributed to air pollution, and increased noise pollution, escalating grievous health concerns. We have taken a proactive approach in reducing waste output and pollution at all our operational sites and continuously assess impacts on the surrounding communities to revitalise and improve the living conditions.

- 11.1** By 2030, ensure access for all to adequate, safe and basic services.
- 11.6** By 2030, reduce the adverse per capita environmental impact of cities, including by paying attention to waste management.
- 11.A** Support positive economic, social and environmental links between urban and rural areas by strengthening national and regional development planning.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



RESPONSIBLE CONSUMPTION AND PRODUCTION: ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

We have developed plans to reduce our material footprint and unsustainable use of natural resources with efforts firmly focused on increasing resource efficiency at all offices and work sites. We conduct life cycle sustainability analyses periodically for manufacturing processes and products and manage waste recycling and disposal efficiently through certified contractors.

- 12.1** Implement the 10-year framework of programmes on sustainable consumption and production.
- 12.2** By 2030, achieve sustainable management and efficient use of natural resources.
- 12.4** Achieve environmentally sound management of chemicals and all waste to minimise its adverse impact on human health and the environment.
- 12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
- 12.6** Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.
- 12.7** Promote public procurement practices that are sustainable, in accordance with national policies and priorities.
- 12.8** By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.

13 CLIMATE ACTION



CLIMATE ACTION: TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACT

KPS recognises the potential impact of climate change and the risks to our businesses. We have accelerated the required transitions to combat climate change by implementing carbon-reduction programmes. We are rigorously reassessing priorities, monitoring and reviewing operational processes, and have aligned them to national disaster risk reduction strategies.

- 13.2** Integrate climate change measures into policies and planning.
- 13.3** Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.
- 13.B** Promote mechanisms for raising capacity for effective climate change-related planning and management.

STAKEHOLDER ENGAGEMENT

[GRI 102-15, 102-40, 102-42, 102-43, 102-44]

Spurred by increasing socio-economic challenges and climate crisis, stakeholder capitalism has been gaining traction changing the perceptions on ESG issues to promote sustainable financial growth over the long-term. We have identified eight main stakeholder groups, namely our employees, certification bodies, investors and shareholders, regulators, customers, suppliers & vendors, local communities and the media.

The risks and opportunities of our ESG performance vary between stakeholder groups, which warrants how we manage consequent stakeholder engagements. By listening intently, understanding concerns and expectations of our stakeholders to topic-specific material matters, we can better evaluate and address their feedback on ESG issues.

OTHER COMMUNICATION CHANNELS

Other communication channels that KPS uses to reach out to its targetted audiences are:-



WEBSITE

www.kps.com.my



SOCIAL MEDIA



EMAIL

irsc@kps.com.my



QR Code for
Investor Relations
portal



LinkedIn:
Kumpulan Perangsang Selangor

QR Code for KPS LinkedIn



PRESS RELEASE



Berhad
Instagram:
@kps_sustainability

QR Code for KPS Instagram



KPS successfully convened and conducted its hybrid 44th Annual General Meeting on 25 May 2021, marking the second consecutive year the Group transitioned to organising virtual meetings since the onset of the pandemic to strengthen shareholder engagement.











We proactively address the interest and concerns of multi-stakeholder groups and leveraged digitalisation for continuous engagement even in a pandemic environment.

STAKEHOLDER ENGAGEMENT

[GRI 102-15, 102-40, 102-42, 102-43, 102-44]

The table below lists our key stakeholder groups and their respective areas of interest as well as methods by which we engage them.

	VALUE DELIVERY	THE IMPORTANCE OF ENGAGEMENT
 EMPLOYEES	<ul style="list-style-type: none"> Competitive salary that is above market minimum. Attractive benefits. Training and development. Career growth opportunities. Work-life balance. Enhance Health, Safety, and Environment ("HSE") protocols. 	An empowered, forward-thinking, progressive, and innovative workforce are instrumental towards our business success.
 CERTIFICATION BODIES	Compliance with laws, regulations and international quality and safety standards reflect the strong governance practices in KPS.	Ensuring the Group adheres to the highest standards by constantly improving internal processes and operations to ensure high quality product output and provide the know-how to secure customer confidence.
 INVESTORS & SHAREHOLDERS	Ensuring operational continuity, consistent returns on investment, business excellence and growth, and strong corporate governance.	Our shareholders are an important source of equity capital to fund our business and growth plans.
 REGULATORS	Monitoring compliance through contractual obligations to the Government and stakeholders, and strong corporate governance.	<ul style="list-style-type: none"> To control economic, health, infrastructure, security, and environmental risks. Ethical business practices.
 LOCAL COMMUNITIES	<ul style="list-style-type: none"> Education Development. Entrepreneurship Development. Community Development. HSE. Philanthropy. 	<ul style="list-style-type: none"> To address waste management and other environmental issues. To give opportunities to underserved community members. To elevate the socio-economic status of our beneficiaries. To reduce poverty levels.
 CUSTOMERS	<ul style="list-style-type: none"> Quality and safety of products are an important aspect of product creation and technical solutions. Supply chain security and sustainability. 	<ul style="list-style-type: none"> Ensuring the quality and safety of our products and services, prevent risks to our business, and satisfy consumer demand for safer, high-valued products. Achieving high customer satisfaction rate.
 VENDORS & SUPPLIERS	<ul style="list-style-type: none"> Valuable contracts, safe procurement practices, and service improvements. Supply chain security and sustainability. 	Our suppliers and vendors complete our value chain by transporting and delivering our products safely and efficiently.
 MEDIA	To be transparent in all our business operations and when reporting financial performance.	Media platforms are important for communicating key messages to our stakeholders.

STAKEHOLDER ENGAGEMENT

[GRI 102-15, 102-40, 102-42, 102-43, 102-44]

Frequency of Engagement

■ Weekly

■ Monthly

■ Quarterly

■ Annually

■ As and When Required

ENGAGEMENT CHANNELS

AREAS OF INTEREST/DISCUSSION

- Structured Training Programmes.
- Talent Development Programmes.
- Induction Exercise for New Employees.
- Town Hall Meetings.
- Lunch and Learn Programmes.

- Social, Sports, Health, and Wellness Activities.
- Circulation of Human Resource Policies.

- Training and Career Development.
- Diverse and Inclusive Workplace.
- Employee Well-being, Health and Safety.
- Better and Improved Working Environment.
- Internship and Industry Placements.

- On-site Inspections.
- Regular Meetings.
- Submission of Regulatory Documentation.
- Internal and External Audit Exercises.

- Adherence to International Organisation Standardisation ("ISO") such as ISO 9001 and OHSAS 18001 Standards.
- Incentives for Manufacturing Companies:
 - Investment Tax Allowance
 - Pioneer Status

- Annual General Meeting.
- Annual Report and Sustainability Report.
- Dedicated Investor Relations Section in KPS' Website and all communication channels.
- Announcements of Quarterly Results.

- Analyst Briefing Sessions.
- One-on-one Meetings with Analysts and Business Journalists/Publications.
- Group Meetings.
- Non-deal Roadshows.

- Group's Business Direction and Key Corporate Developments.
- Financial Performance.

- Regulatory Discussions and Meetings with Authorities.
- Public Consultation with Local Authorities.

- Site Inspections.
- Seminars, Briefings, and Trainings.

- Regulatory Compliance.
- HSE.
- Social Management.

- CSR Activities and Outreach through Education, Entrepreneurship, and Sports Development Programmes.
- Environmental Initiatives.
- Philanthropy.

- Managing the impact of HSE, and Social Involvement.
- Community Engagement.
- Job and Other Income
- Generating Opportunities.

- Marketing and Promotional Contents.
- Website/Social Media.
- Customer Feedback Surveys.
- Events/Roadshows.

- Product and Service Quality.
- Supply Chain Sustainability.
- Product Pricing and Credit Terms.

- Vendor/Supplier Registration.
- Procurement Policies.
- Performance Evaluations.
- Site Visits and Meetings.

- Product and Service Quality.
- Service Scope and Payment Schedule.
- Supply Chain Sustainability.

- Media Interviews, Briefing Sessions, and Press Conferences.
- Press Releases.

- Brand Positioning, Image, and Credibility.
- Business Performance and Growth.
- Ethical Business Conduct and Regulatory Compliance.

MATERIALITY MATTERS

[GRI 102-15, 102-21, 102-29, 102-30, 102-31, 102-32, 102-33, 102-34, 102-47, 102-48, 102-49, 103-1] [F4GBM]

As an investment holding Group with varied and diversified interests over the past few decades, we understand the impact our operations and activities have on the economic, environmental and social landscape. This has a direct bearing on our immediate stakeholders as well as an indirect effect on the wider socioeconomic sphere in Malaysia and beyond.

Our approach to managing this impact is crystallised by our selection and action on Materiality Matters close to the heart of our stakeholders and critical to the corporate aspirations of the Group.

As such, our materiality process forms the heart of the Group's sustainability drive by aligning and synchronising our framework with local and global benchmarks while shaping our priorities and sustainability initiatives. The Sustainability Board Committee ("SBC") has endorsed this framework in line with our commitment to the ESG sustainability pillars.

SELECTION OF MOST MATERIAL MATTERS

The process to determine what matters most involved an assessment of 21 Materiality Matters by our stakeholder groups as well as the Board of Directors in 2018. Their evaluation resulted in a ranking in order of importance, which then led to the final selection of the 10 Most Material Matters. This paved the way for the Group and subsidiaries to focus attention and channel resources towards improving our sustainability performance in these Most Material Matters via the setting of key performance indicators ("KPIs"), formulation of action plans and tracking of performance.

SETTING OF KPIS

The Group set a total of 64 KPIs for the financial year in review for operations at headquarters and four subsidiaries of Aqua-Flo, CBB, CPI and Toyoplas.

This aligned with our aspirations to focus on the most relevant KPIs that support KPS' strategies in creating value and impacts.

IMPROVING QUALITY OF INITIATIVES AND REPORTING

As with the previous reporting period, the SBC decided to maintain the prevailing Most Material Matters since they remained critical and relevant to our sustainability efforts. As such, we continued to track both our implementation processes, sustainability initiatives and reporting mechanisms with the view of seeking improvements wherever possible.

OVERVIEW OF OUR MOST MATERIAL MATTERS

The Group's Most Material Matters represent a balanced consideration of the needs and concerns of all our stakeholders. They are spread across the ESG dimensions to address specific Materiality Matters identified and highlighted by Bursa Malaysia and the F4GBM standards it subscribes to.

Our selection takes into account the economic targets of our stakeholders such as wealth creation for our shareholders and partners, income security for employees, as well as business opportunities for third party vendors and service providers. It also covers the governance of our business values and conduct as such issues have a long-term impact on a company's productivity, cost-efficiency and reputation.

The Group's Most Material Matters rightfully include a focus on mitigating our operational footprint to reduce damage to the environment, control depletion of natural resources and suppress climate change.

In addition, our priorities include improvements in the social sphere, covering: the workplace where the concurrent protection and development of employees are key factors; the marketplace where we have a responsibility to fulfil the demands of our customers; and the community where we can contribute substantially towards societal upliftment and empowerment.

SUSTAINABILITY DIMENSION

MOST MATERIAL MATTERS



ECONOMIC

1. Economic and Business Performance
2. Sustainable Procurement and Supplier Assessment



GOVERNANCE

3. Eliminating Bribery and Corruption



ENVIRONMENTAL

4. Waste Reduction and Environmental Initiatives
5. Energy Efficiency



SOCIAL

6. Protecting the Safety and Health of Workers
7. Training, Education and Career Development
8. Providing a Diverse and Inclusive Workplace
9. Stringent Quality Control Procedures
10. Engaging Local Communities

MATERIALITY MATTERS

[GRI 102-15, 102-21, 102-29, 102-30, 102-31, 102-32, 102-33, 102-34, 102-47, 102-48, 102-49, 103-1] [F4GBM]



Employees

Certification Bodies

Investors and Shareholders

Regulators

MATERIALITY MATTERS	DEFINITION	IMPORTANCE TO VALUE CREATION	RISK
ECONOMIC Economic Business and Performance	A measurement of success in producing benefits through product innovation and efficient use of resources.	Measuring performance is a vital part of monitoring our growth and progress.	External crisis factors, global economic and geopolitical threats.
Sustainable Procurement and Supplier Assessment	Procurement policies, contractor management, and supplier relationships that address material issues across the value chain.	Management of suppliers is critical to ensure reliable delivery of products and services to customers and to ensure they comply to our quality standards.	Reliability of supply chain relationships, raw material deliveries, and service disruptions.
GOVERNANCE Eliminating Bribery and Corruption	Fighting against corruption and bribery in accordance with the Group's Policy to reflect best practices.	Addressing significant risks to business and tackling them to increase our resilience.	Accusations of bribery or corruption can destroy our Company's reputation and financial standing.
ENVIRONMENTAL Waste Reduction and Environmental Initiatives	Processes and practices to use less materials and natural resources to minimise and mitigate climate change.	More efficient use of products leads to reduced costs of purchasing new materials, and improved financial performance.	Serious health effects and pollution of air and water.
Energy Efficiency	Processes and practices to use less energy to minimise and mitigate climate change.	<ul style="list-style-type: none"> Conserving the environment and resources for future generations. To improve operational excellence and maintain reputation. 	Manufacturing operations require high-intensity usage of energy.
SOCIAL Stringent Quality Control Procedures	Accredited and certified with international regulatory bodies on best practices.	<ul style="list-style-type: none"> Quality and reliability. Keeping abreast of new developments. Improving customer retention. 	<ul style="list-style-type: none"> Poor product quality and safety. Reduced sales lead to reduced revenue. Negative impact on company's reputation.
Protecting the Safety and Health of Workers	Improving and maintaining safety and health in our operations, mitigating HSE or process safety incidents.	Workplace health & safety safeguards our human asset and resources. Managing Occupational Safety and Health ("OSH") secures our license to operate.	Operational impact through damaged assets, financial impact through the cost of recovery.
Training and Career Development	Attracting, developing, and retaining high-performing employees.	Investing in the workforce is essential for business success in a rapidly changing business environment.	Challenge in attracting, developing and retaining the right talents that are high performers for succession planning.
Providing a Diverse and Inclusive Workplace	Non-discrimination practices, and abiding with labour laws and human rights.	Fair treatment and job opportunities.	<ul style="list-style-type: none"> Cost impact for training. Challenge in matching talents with job requirements. Requires cultivating strong interpersonal skills and cultural sensitivity among existing and new employees. Enhancing emotional intelligence in leadership, management, and employees which require additional specialised soft-skills training.
Engaging Local Communities	The role of business in economic empowerment and positive social impact for local communities.	Through community engagement, for the well-being and empowerment of local communities in our area of operations.	<ul style="list-style-type: none"> Challenge in measuring the impact of community engagement and programmes. Stagnated traditional approach that is focussed on employee volunteerism and charitable acts. Creating robust initiatives to identify root causes of societal issues that address the Group's business objectives; through understanding, engaging in and acting upon critical workplace, marketplace, and environmental issues.

MATERIALITY MATTERS

[GRI 102-15, 102-21, 102-29, 102-30, 102-31, 102-32, 102-33, 102-34, 102-47, 102-48, 102-49, 103-1] [F4GBM]



Local Communities



Customers



Vendors and Suppliers



Media

OPPORTUNITIES	STAKEHOLDERS AFFECTED	KEY PERFORMANCE INDICATORS	UNSDGs
Accelerating solutions to strengthen operations, and increase competitive edge to capture larger market share.		Read more on page 37.	
Supporting local suppliers, better control of logistical management, and increasing speed of delivery to customers.		Read more on page 37.	
A culture where strong business values and ethical behaviour offers the competitive advantages of transparency and trustworthy business relationships.		Read more on pages 54.	
<ul style="list-style-type: none"> Cost savings from employing the circular economy methodology. Preserving the health and safety of living beings and the natural environment. 		Read more on pages 38 to 41.	
Reduced costs and increased production efficiency in the long-term.		Read more on page 42.	
<ul style="list-style-type: none"> Increasing sales volume for existing and potential customers. Expanding product tiering and market share. 		Read more on page 46.	
Emphasis on health and safety culture attracts and retains talent, supports the reliability of operations and meets customer priorities.		Read more on page 43.	
Become a more agile, diverse and inclusive business entity through an empowering culture. Ensure skills and capabilities to deliver business strategy.		Read more on pages 44 to 45.	
<ul style="list-style-type: none"> Offering job opportunities to all levels of society, including the marginalised and differently-abled in society. Addressing poverty issues. 		Read more on page 45.	
Community engagement provides insights to develop impactful sustainability initiatives.		Read more on pages 47 to 49.	

KEY PERFORMANCE INDICATORS FOR MOST MATERIAL MATTERS

[GRI 102-47] [F4GBM]



Building on more than 30 years, Aqua-Flo ensures customers receive a reliable supply of quality products.



ECONOMIC KPIs

ECONOMIC AND BUSINESS PERFORMANCE



To improve on FY2020 financial results

#1 REVENUE



18.2%

RM1.3 billion

2020 : RM1.1 billion

#2 EBITDA



16.9%

RM163.7 million

2020 : RM138.2 million

#3 PBT



54.4%

RM87.9 million

2020 : RM57.3 million

SUSTAINABLE PROCUREMENT AND SUPPLIER ASSESSMENT

#1

TOYOPLAS
A Member of kps Group

To achieve 100% local compliance with the Suppliers Code of Conduct.



Note: This KPI is only applicable to Toyoplas Malaysia.

100%



2020: 100%

#2

CPI
A Member of kps Group

NEW

To assess of suppliers under environmental and social standards.



Established Supplier Sustainability Assessment checklist.

#3



A Member of kps Group

To source 90% of forest based products for production.



88%



2020: 90%

#4



A Member of kps Group

To register 15% usage of biodegradable and environmentally-friendly chemicals.



13%



2020: 18%

● ACHIEVED ● NOT ACHIEVED ● IN PROGRESS

Refer to page 73.



ENVIRONMENT KPIs WASTE REDUCTION AND ENVIRONMENTAL INITIATIVES

#1

7040
TOYOPLAS
A Member of **kps** Group

To reuse packaging boxes sent by overseas suppliers.

Savings from overall costs
for carton boxes.

Note: This KPI is only applicable to Toyoplas Malaysia.



RM33,279



Refer to page 81.

#2

To reuse $\geq 85\%$ of delivered cartons for
local deliveries.

Cartons reused
for subsequent deliveries.



>65%



2020: 100%

Refer to page 81.

#3

NEW

Waste segregation programme.



paper, metal and plastic waste.



COMPLETED



Refer to page 82.

● ACHIEVED

● NOT ACHIEVED

● IN PROGRESS



ENVIRONMENT KPIs WASTE REDUCTION AND ENVIRONMENTAL INITIATIVES

#4

CPI

A Member of kps Group

To reduce disposal of scheduled waste.

CPIP

Less than **0.065%** of disposal per revenue.

0.032%



2020: 0.043%

CPIP: CPI Plastics Division

CPIE

Less than **0.060%** of disposal per revenue.

0.019%



2020: 0.027%

CPIE: CPI Electronics Division



Refer to page 85.

#5

To reduce the production rejection/scrap rate.

CPIP

Less than **1.70%** of rejects per total production in pieces.

1.33%



2020: 1.55%

CPIE

Less than **0.05%** of rejects per sales.

0.02%



2020: 0.01%



Refer to page 83.

#6

To control and implement effective use of water resources (litre/revenue).

CPIP

Less than **0.50** of water resources.

0.50



2020: 0.42

CPIE

Less than **0.60** of water resources.

0.26



2020: 0.46



Refer to page 76.



ENVIRONMENT KPIs WASTE REDUCTION AND ENVIRONMENTAL INITIATIVES

#7

CPI

A Member of kps Group

To control and implement effective use of paper resources (paper reams/sales).



CPIP

Less than **0.01%**

CPIE

Less than **0.02%****0.004%**

2020: 0.006%

**0.010%**

2020: 0.01%

Refer to page 83.

NEW

CPIP & CPIE

#8



Recycling activities of paper, tin and aluminium.

#9



5s programme on waste management: Recycling of paper waste at office.

#10



Installation of recycling bins.

**COMPLETED**

Refer to pages 83-84.

ACHIEVED

NOT ACHIEVED

IN PROGRESS



ENVIRONMENT KPIs WASTE REDUCTION AND ENVIRONMENTAL INITIATIVES

#11



A Member of KPS Group

To produce moulded pulp casings $\geq 90\%$ from carton trim waste as part of recycling efforts to achieve zero manufacturing waste.

 **100%**


2020: 100%

Refer to pages 69 and 85.

#12

NEW

Recycling of ink and glue sludge into fertiliser.


 **POSTPONED**


Refer to page 85.

#14

To reduce total production waste.

Cartons: <13%


 **14.25%**


2020: 13.05%

Cement Paper Bags: <0.5%


 **1.14%**


2020: 1.9%

General Paper Bags: <1.5%


 **2.1%**


2020: 1.9%

#13

NEW

Waste segregation programme (paper, metal and plastic waste).


 **COMPLETED**


Refer to page 85.



ENVIRONMENT KPIs ENERGY EFFICIENCY

#1

7040
TOYOPLAS
A Member of **kps** Group

NEW

To change fluorescent lights to LED at the production floor.



COMPLETED



Refer to page 70.

#3

CPI
A Member of **kps** Group

NEW

To install automated light switches to control switching off of lights for 1 hour at common places during break time.

CPIP



COMPLETED



Refer to page 71.

#2

CPI
A Member of **kps** Group

To control and monitor use of electrical energy (cost/revenue).



CPIP

Less than **RM0.033** of water resources.



RM0.022



2020: RM0.025

CPIE

Less than **RM0.030** of water resources.



RM0.012



2020: RM0.020

Refer to page 71.

#4

A Member of **kps** Group

To install solar panels at manufacturing facilities.



DELAYED DUE TO MOVEMENT CONTROL ORDER ("MCO")



POSTPONED



Refer to page 72.

#5

A Member of **kps** Group

NEW

Changing of fluorescent lights to LED.



COMPLETED



Refer to page 72.



SOCIAL KPIs PROTECTING THE SAFETY AND HEALTH OF WORKERS

kps.

NEW

#1

To develop and obtain approval from KPS Board on the Proposed Safety & Health Policy. (May 2021).

#2

To appoint a competent Safety & Health officer or Committee.

#3

To train staff as part of awareness programme.

#4

To organise safety & health campaign.

#5

To conduct periodical Safety & Health Audit.



COMPLETED



#6

7040
TOYOPLAS
A Member of kps Group

NEW

To achieve ZERO accidents and fatalities.



ZERO
accidents and fatalities.



#7

CPI

A Member of kps Group

NEW

To achieve ZERO accidents and fatalities.



ZERO
accidents and fatalities.



#8



A Member of kps Group

To achieve ZERO accidents and fatalities.



2 accidents



2020: 3 accidents.

#9



A Member of kps Group

To achieve ZERO accidents and fatalities.



ZERO
accidents and fatalities.



2020: 0 accidents and fatalities.

#10



A Member of kps Group

To conduct **8 safety** and health training programmes for stakeholders



8 programmes



2020: 5 programmes



SOCIAL KPIs TRAINING, EDUCATION AND CAREER DEVELOPMENT

kps.

NEW

#1

Implementation of inter-department job rotation/job transfer involving up to 5% of staff in KPS with the support of upskilling or reskilling initiatives.

**Internal job rotation:
4 staff transferred to different departments.**

#2

Implementation of 1-year job assignment at subsidiary companies for KPS staff.

Completed on 1 January 2021.

#3

Implementation of LDP 1.0 for KPS' and subsidiary companies' Senior Management staff (C-1 Level).

Completed Pilot programme on 29 July 2021.

#4

Implementation of LDP 2.0 for KPS' and subsidiary companies' Managers (C-2 Level).

Completed Pilot programme.



COMPLETED



#5

CPI

Member of kps Group

To fully utilise the Human Resources Development Fund.



CPIP: RM127,000.00



RM74,360.00



2020: RM84,622.74

CPIE: RM127,000.00



RM11,262.00



2020: RM29,221.00

Face-to-face training programmes planned in 2021 were canceled due to COVID-19 restrictions.

#6

CPI

Member of kps Group

To achieve targeted training hours per employee.



CPIP: 1.25 hours



1.09 hours



2020: 1.32 hours

CPIE: 1.00 hours



1.50 hours



2020: 1.1 hours

ACHIEVED

NOT ACHIEVED

IN PROGRESS



SOCIAL KPIs TRAINING, EDUCATION AND CAREER DEVELOPMENT

#7

CPI

A Member of kps Group

To offer internship opportunities with possibility of full-time employment.

CPIP



3 interns



2020: 1 intern

CPIE



1 intern



2020: 5 interns

#8

CPI

A Member of kps Group

To train and promote **5 employees.**



20 employees



2020: 16 employees.



SOCIAL KPIs PROVIDING A DIVERSE AND INCLUSIVE WORKPLACE

#1

kps

NEW

Implementation of Women Leadership Development programme.



COMPLETED



#2

CPI

A Member of kps Group

To offer employment opportunities to **Orang Asal.**

CPIP



15 persons



2020: 17 persons

CPIE



2 persons



2020: 10 persons



SOCIAL KPIs STRINGENT QUALITY CONTROL PROCEDURES

#1

7040
TOYOPLAS
A Member of kps Group

To achieve customer satisfaction score of $\geq 90\%$.

88%



2020: 90%

#2

CPI
A Member of kps Group

To achieve **75% customer** satisfaction rate.



89%



2020: 79.3%

#3

CPI
A Member of kps Group

To achieve lower rejection rate (returned by clients) per month.



CPIP

General: ≤ 5 cases : **5**
Medical: ≤ 1 case : **0**
Automotive: ≤ 2 cases : **1**

2020:

4 cases
1 case
2 cases



CPIE

General: ≤ 3 cases : **<1**
Medical: ≤ 1 case : **<1**
Automotive: ≤ 1 case : **0**

1 case
0 cases
0 cases

#4



A Member of kps Group

To reduce customers' rejection rate (reject/delivered orders).



Carton: <2 Units

5.1 units



2020: 3.1 Units

Paper: <1 Unit



0.5 units



2020: 1.25 Units

#5

Aqua-flo
A Member of kps Group

To achieve customer satisfaction score of 80% on Air Selangor's vendor performance assessment.

87%



2020: 85%



SOCIAL KPIs ENGAGING LOCAL COMMUNITIES

EDUCATIONAL DEVELOPMENT PROGRAMMES

#1

kps.

KPS Cerdik 40 Participants

Cerdik



COMPLETED



Please refer to page 122 for more information on the specific targets.

To reduce drop out rate from 20% to 16%.

0%



To achieve 80% attendance rate.

80%



2020: 80%

2 students to pass 4 Core Subjects.

Examinations are expected to be scheduled in January or February 2022

IN PROGRESS



2020: 1 student passed

64% of students

scoring 3.00 Group Rate Point Average ("GRPA").

#2

NEW

Celik Futuristik
43 participants

43

Sim card
and i-Pad

COMPLETED



#3

KPS Junior
(Industrial Placement Programme):
5 participants

COMPLETED



#4

KPS Junior

To improve the competency of working skills and knowledge with an average assessment score of 75% for interns and fresh graduates.

The HR Department will conduct performance scores for all candidates in June 2022.

IN PROGRESS



2020: 72%



SOCIAL KPIs ENGAGING LOCAL COMMUNITIES

ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES

#1 kps.

Caregiver

40 participants (18 - 55 years old)



COMPLETED



70% of participants to gain an income of >RM1,000.

20% of participants to gain an income of >RM2,000.

Please refer to **page 133** for more information on the programme.

#2

Bimbingan & Latihan Usahawan
Mobile Spa (BLUMS)
22 participants



COMPLETED



To train 100% of the participants to provide postnatal services and to elevate their income:

73% elevated their income to >RM1,000.

64% elevated their income to >RM2,000.

Please refer to **page 134** for more information on the programme.

#3

Livestock

30 participants



COMPLETED



70% participants to generate an income of >RM1,000.

20% participants generate an income of >RM2,000.

Please refer to **page 135** for more information on the programme.



SOCIAL KPIs ENGAGING LOCAL COMMUNITIES

COMMUNITY DEVELOPMENT PROGRAMMES

#1

kps.

Elite Badminton Programme
for **2 OKU deaf players**.

100% attendance of
intensive training.



100%



#4

Islamic Religious
Programmes - Tazkirah



COMPLETED



#2

Swimming

4 OKU SWIMMERS

Below 21 years

100% attendance
of intensive training.



100%



#5

NEW

KPS Sustainability
Challenge Collaboration
with Universiti Putra Malaysia

COMPLETED



#6

NEW

KPS Road Safety
Programme for secondary
school students

COMPLETED



#3

KPS Junior Cyclist
Development Programme

100% attendance
of intensive training.



100%



SUSTAINABILITY BOARD COMMITTEE

[GRI 102-22]



PUAN NORLIZA BINTI KAMARUDDIN
*Independent Non-Executive Director/
Chairman, Sustainability Board Committee*

**YBHG DATO' IKMAL HIJAZ
BIN HASHIM, DIMP**
Independent Non-Executive Director

SUSTAINABILITY GOVERNANCE STRUCTURE

[GRI 102-18, 102-19, 102-20, 102-22, 102-26, 102-29, 102-31, 102-32]

Guided by the Group's Sustainability Policy, ethical principles and robust governance practices are deeply entrenched within our Company and across our value chain. This has translated to our ability to maintain agility and remain steadfast in achieving all intended targets for the reporting period. During the reporting period, we have upped the ante with the additional scope covering GHG emissions.

The Board is responsible for ensuring plans for strategic initiatives to support long-term value creation with consideration on ESG issues underpinning sustainability in KPS. The Sustainability Board Committee ("SBC"), comprising selected Board members, is responsible for overseeing the implementation of sustainability plans and making recommendations to the Board on relevant matters. The Board structure is presented in the Board of Directors' Profile section on pages 132 to 139 in KPS Annual Report 2021.

The Corporate Sustainability Champions, who are cross-functional Heads of Departments and Heads of Subsidiary Companies or their appointees, support the SBC. They play a critical role in managing the Company's operations and activities responsibly and according to sound ethics and accountability. The Sustainability Unit ("the Unit") is part of this task force under the Investor Relations, Sustainability and Communications ("IRSC"), responsible for coordinating, planning, and executing sustainability initiatives at the subsidiary level.

Please refer to the Sustainability Governance Structure on page 52 for roles and responsibilities.

SUSTAINABILITY GOVERNANCE STRUCTURE

[GRI 102-18, 102-19, 102-20, 102-22, 102-26, 102-29, 102-31, 102-32]

In 2021, the SBC met three times, wherein significant ESG risks and opportunities were analysed, identified, and deliberated on before making recommendations to the SBC. The SBC's task is to guide the Management on suitable initiatives and solutions. Consultation between the Management and external stakeholders occurred regularly throughout the year. Feedback from stakeholder engagement is fed to the Board or SBC when necessary.

Stakeholders who request to communicate directly with either a Board member, lead Independent Director or Non-Executive Director may state their request in writing to the Group's Company Secretary at:

Kumpulan Perangsang Selangor Berhad

17th Floor, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor.

SUSTAINABILITY GOVERNANCE STRUCTURE

HIGHEST GOVERNANCE BODY



Board of Directors

- Provides oversight on policies and strategies to embed sustainability initiatives into the Group's business.
- Approves sustainability budget.
- Approves Sustainability Report.



BOARD OVERSIGHT

Sustainability Board Committee

- Approves sustainability strategies presented by the Sustainability Unit.
- Oversees the Group's implementation of sustainability programmes.
- Approves implementation of sustainability programmes.
- Prepares, reviews and proposes the sustainability statements for the Board's approval.
- Oversees the management of risks related to sustainability.
- Endorses budget for sustainability programmes.



Corporate Sustainability Champion

- Identifies significant ESG risks and opportunities.
- Recommends the appropriate sustainability KPIs for all business functions in addressing the Group's Material Matters.



MANAGEMENT OVERSIGHT

Sustainability Unit

- Works with Business Units on how to embed sustainability.
- Executes Sustainability Policy and Strategy in addressing the ESG risks and opportunities.
- Central point of contact for any interfaces with stakeholders on sustainability matters.
- Maintains stakeholder engagements.
- Reviews implementation of sustainability programmes.
- Prepares budget for sustainability programmes.

COORDINATORS

ETHICS AND INTEGRITY

[GRI 102-11, 102-16, 102-17, 102-25, 205-1, 205-2, 205-3]

BUSINESS ETHICS AND TRANSPARENCY [F4GBM]

To ensure that ethical business practices are applied, and the correct values and culture are instilled across the Group, we have established a robust and appropriate governance structure with the relevant controls and oversight of the business. A culture of strong business ethics is central to our ability to create shared value for shareholders, stakeholders, consumers and society at large. Good governance executed with credibility and consistency both minimises risks and strengthens relationships.

We are guided by a set of ethical codes, cultivating a culture of integrity and respect permeating the Group, including our partners and the stakeholders throughout our value chain. Underpinned by uncompromising compliance standards, we have comprehensive principles throughout the organisation to ensure all best practices are adhered to.

The following are some of the well-established policies and frameworks at KPS to guide both internal and external stakeholders in upholding effective corporate governance practices in all dealings.

- | | |
|---|--|
| 01 Conflict of Interest Policy | 16 Investor Relations Policy |
| 02 Talent Management & Succession Planning Policy | 17 Sustainability Policy |
| 03 Performance Management Framework Policy | 18 Policy for Board Representation in Kumpulan Perangsang Selangor Berhad Subsidiaries and Associates |
| 04 Senior Management Remuneration Policy | 19 Policy for Executive Appointment in Subsidiaries of Kumpulan Perangsang Selangor Berhad |
| 05 Head of Subsidiary Appointment | 20 Board Diversity Policy |
| 06 Procurement Policy | 21 Directors' Remuneration Policy |
| 07 Credit Policy | 22 Independent Directors' Tenure Policy |
| 08 Delegation of Authority Policy and Limit of Authority | 23 Business Continuity Management |
| 09 Treasury Policy | 24 Enterprise Risk Management Policy |
| 10 Foreign Exchange Policy and Guidelines | 25 Internal Document Policy |
| 11 Related Party Transactions Policy & Procedures | 26 Whistleblowing Policy |
| 12 Dividend Policy for Subsidiary | 27 Personal Data Protection Policy |
| 13 External Auditors Assessment Policy | 28 Compliance Policy |
| 14 Policy on Appointment of External Auditors for Non-Audit Related Services | 29 Anti-Bribery and Corruption Policy |
| 15 Information Technology Policy | 30 Dividend Policy |

Some of the publicly available policies can be viewed at:

<https://kps.com.my/index.php/investor-relations/corporate-governance>

For more information, please refer to the Corporate Governance Overview Statement in our Annual Report 2021, page 152 - 196.

ETHICS AND INTEGRITY

[GRI 102-11, 102-16, 102-17, 102-25, 205-1, 205-2, 205-3]

INTEGRITY AND GOVERNANCE

The Integrity and Governance Unit ("IGU") was established on 1 January 2021 to oversee all coordination of matters relating to corporate governance, mainly to address possible fraudulence and integrity matters. This is in line with the Government's directive and effort for all Government-Linked Companies ("GLC") to establish the IGU in their respective companies.

The establishment of the IGU has assisted in strengthening the Group's internal controls to prevent corruption, abuse of power and malpractice to inculcate a clean and healthy business culture free from corruption, abuse of power and misappropriation in line with the provision in Section 17A MACC Act 2009. During FY2021, there were no corruption matters reported to the IGU within the Group. Our employees also attended a briefing on Section 17A (Amendment) MACC Act 2018 to reinforce our stand on the matter and embed a culture of strong ethics and integrity across the Group.

ANTI-CORRUPTION

[GRI 102-17, 205-1, 205-2, 205-3]

The Company does not tolerate any malpractice, impropriety, statutory non-compliance, or wrongdoing by all employees and directors in the course of their work. The Group's Whistleblowing Policy and Guidelines ("Whistleblowing Policy") was revised during this reporting period. The Whistleblowing Policy provides a framework to promote responsible whistleblowing without fear. Responsible whistleblowers are offered protection from adverse consequences. Employees, suppliers, customers, contractors, and other stakeholders may use the procedures set out in the Whistleblowing Policy to report any concerns regarding questionable conduct.

With the advent of the global economy, most countries have enacted anti-corruption and bribery laws, which we welcome and endorse. KPS has a zero-tolerance policy toward all forms of bribery and corruption and measures this in accordance with all relevant laws and regulations. On 28 November 2019, the Board approved the Group's Anti-Bribery and Corruption Policy, which was subsequently adopted in March 2020 by all subsidiaries.

Along with our employees at all levels of the Group and subsidiary companies, we are committed to fighting corruption and opposed to any form of bribery, as per the Anti-Bribery and Corruption Policy and all other policies that promote best practices.

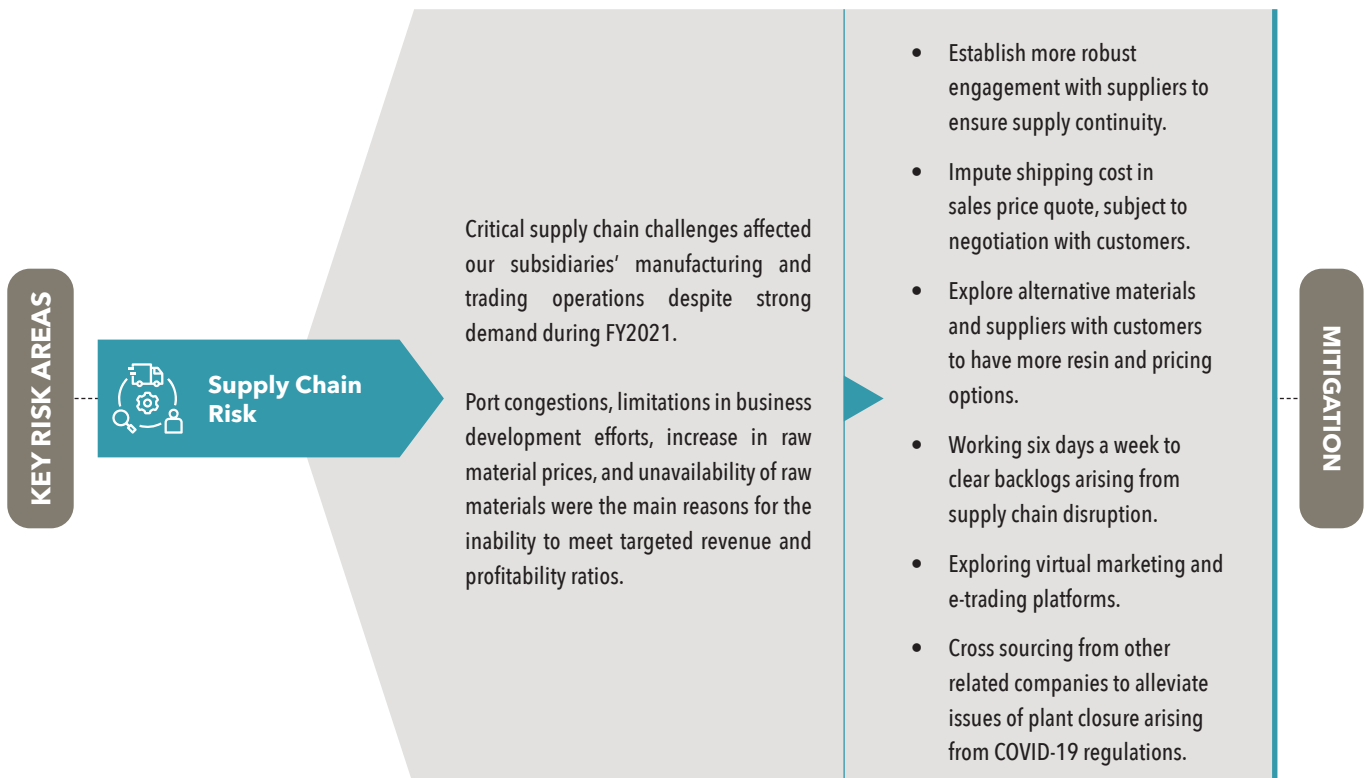
During the year under review, no material concerns were raised nor records of any incidents of corrupt activities within the Group or subsidiary companies. The Group's Anti-Bribery and Corruption Policy and The Code and Whistleblowing Policy can be found on the Company's corporate website at www.kps.com.my

ETHICS AND INTEGRITY**[GRI 102-11, 102-16, 102-17, 102-25, 205-1, 205-2, 205-3]****RISK MANAGEMENT****[GRI 102-11] [F4GBM]**

Already an essential component in the running of sustainable business, risk management has taken on a higher level of urgency in the wake of the unprecedented disruptions which has negatively affected business operations, such as the global supply chain issue and cybersecurity risks.

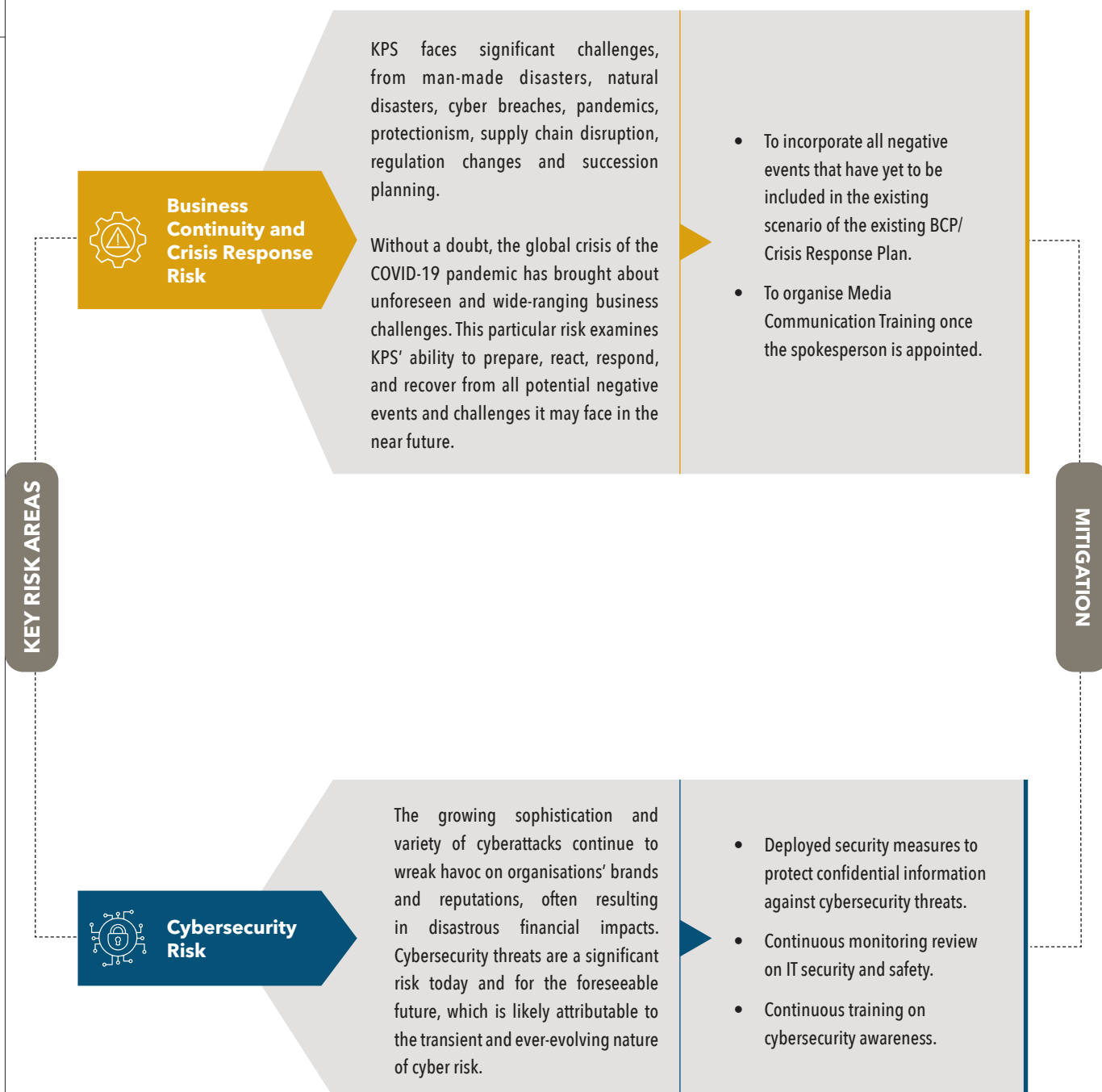
To manage the critical risks we face, we have a robust risk management framework in place to proactively identify, assess, prioritise, and manage key risks to an optimal level. The Group adopts the Enterprise Risk Management ("ERM") framework based on the ISO 31000:2018. The processes are guided by policies and procedures that are regularly reviewed and enhanced in response to changes in the external environment and business processes.

We proactively evaluate the risk factors and ensure coverage against our exposure. Our strategic and operational decision-making process continues to be strengthened through transparent communication and risk awareness across the organisation, while ongoing compliance with risk management processes are regularly reviewed. Further details are provided in the Management Discussion and Analysis and the Statement of Risk Management and Internal Control sections of our Annual Report 2021.



ETHICS AND INTEGRITY

[GRI 102-11, 102-16, 102-17, 102-25, 205-1, 205-2, 205-3]

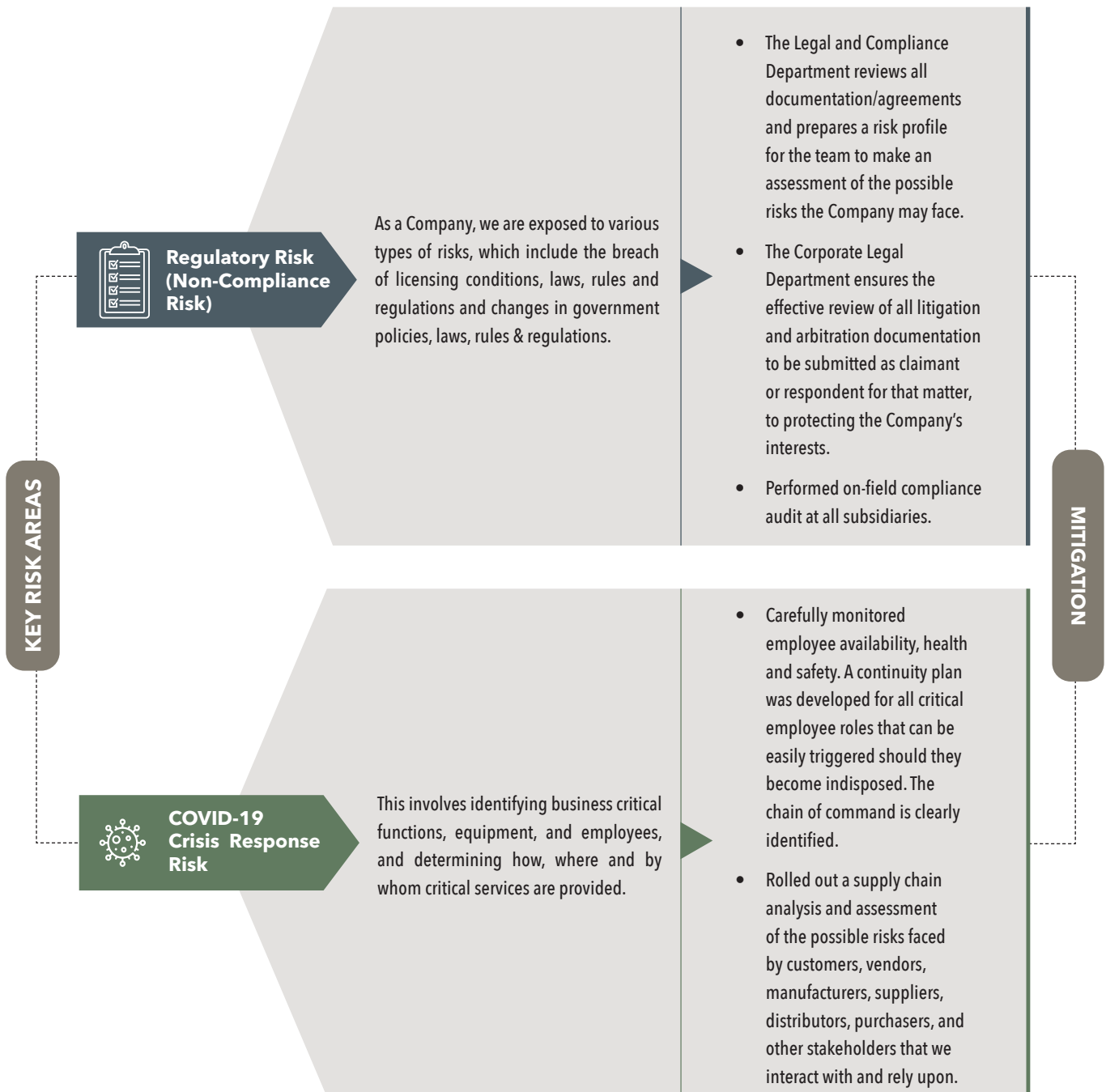


ANTI-COMPETITIVE BEHAVIOUR [GRI 206-1]

KPS is not a monopoly in any of our business activities and as such, is not subject to any legal action, or otherwise, for anti- competitive behaviour or anti-trust practices.

ETHICS AND INTEGRITY

[GRI 102-11, 102-16, 102-17, 102-25, 205-1, 205-2, 205-3]

**TAX** [GRI 207-1]

The Group honours all of its obligations with regards to taxation according to the respective laws in Malaysia; such as the Income Tax Act 1967.

ECONOMIC

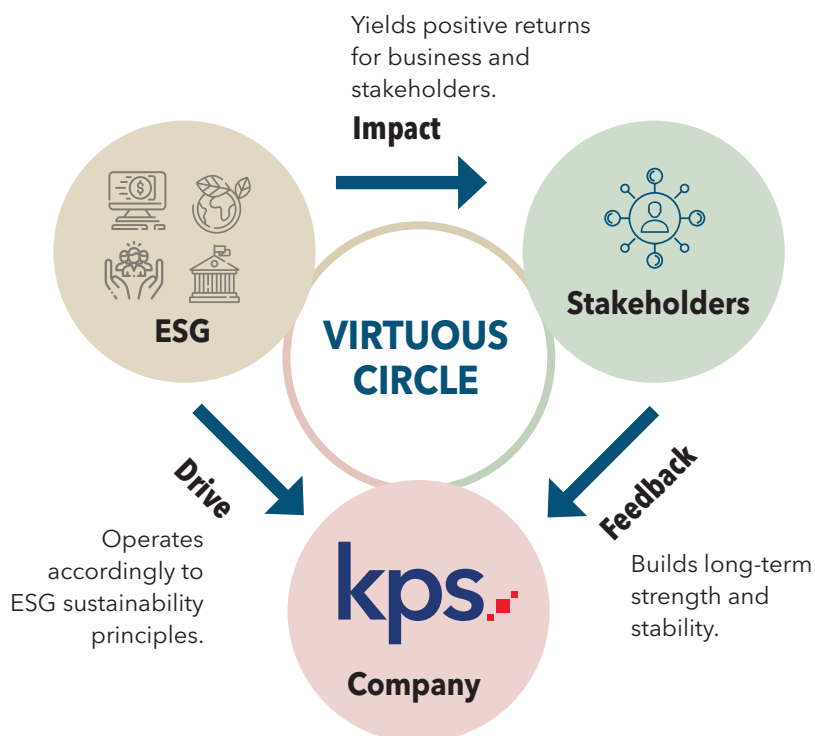
[GRI 102-6, 102-9, 201-1, 201-2, 201-3, 201-4, 202-1, 203-2, 204-1] [F4GBM]



On the surface, the incorporation of sustainability considerations into business operations and corporate affairs would appear to be a trade-off between a company's focus on financial gain against its ESG responsibilities.

In reality, this could not be further from the truth. At KPS, we have grown to understand that our sustainability commitment creates a pathway towards building a robust and resilient business that is sufficiently agile to cope with the most volatile operating environments.

Following on, such augmentation of corporate strength and stability would then place us in a better disposition to consistently improve on our ESG obligations, creating, in effect, a virtuous circle as illustrated by the infographic on this page.



A virtuous circle, also referred to as a virtuous cycle, refers to chains of events that reinforce themselves through a feedback loop to produce favourable results. In commerce, it comes into existence when an endeavour feeds on itself to further improve business.

ECONOMIC

[GRI 102-6, 102-9, 201-1, 201-2, 201-3, 201-4, 202-1, 203-2, 204-1] [F4GBM]

The merits of the virtuous circle have been entirely borne out during the extended COVID-19 pandemic. By pegging our plans and performance on sustainability principles, we have overcome or circumvented many roadblocks in our way these past two years.

As a result, the Group has addressed and assisted all our stakeholders in weathering the challenges during this difficult period whether, they are economic aspirations, environmental goals or social objectives.

In line with the previous year, our sustainability reporting is based on the GRI and F4GBM standards to achieve the relevant UNSDGs, as indicated in the Economic-related SDGs number 4 and 8.

ECONOMIC AND BUSINESS PERFORMANCE

[GRI 102-6, 201-1, 201-2, 201-3] [F4GBM]

The Group maintained an impressive growth trajectory during the reporting period on the back of sound business decisions, strong institutional fundamentals and prudent crisis management amid the volatility of a pandemic environment.

We successfully navigated prevailing challenges such as a bearish market, an uncertain investment climate, disruptions to the global supply chain and delays to corporate initiatives via preemptive measures to stem the economic and social impact of COVID-19.

These action plans revolved around securing the safety of our people to protect business continuity while ensuring liquidity and engaging stakeholders consistently in a holistic approach.

Our strong financial performance also reflected the judicious shift we made to invest in agile industries with high growth potential, such as manufacturing which currently constitutes more than 80% of Group business.

Our healthy financial status ensured we could sustain generous returns to stakeholders, including dividends to shareholders, income security and other benefits for employees, sustained business opportunities for partners and vendors, as well as continued support for a hard-hit community.

** Further details on our financial performance are presented in our Annual Report 2021.*



ECONOMIC

[GRI 102-6, 102-9, 201-1, 201-2, 201-3, 201-4, 202-1, 203-2, 204-1] [F4GBM]

5-YEAR FINANCIAL HIGHLIGHTS

		2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Financial Indicators						
Revenue		361,495	582,313	866,786	1,076,525	1,328,148
EBITDA*	N1, N2	99,717	(127,097)	129,821	138,155	163,673
Profit/(Loss) Before Tax and Zakat ("PBT/LBT")*	N2	69,886	(179,639)	54,994	57,258	87,923
Profit/(Loss) After Tax and Zakat ("PAT/LAT")*	N2	63,016	(196,757)	29,223	40,088	63,884
Profit/(Loss) Attributable to Owners of the Parent		58,762	(205,549)	26,882	34,116	57,200
Financial Ratios						
EBITDA Margin (%)		27.6%	(21.8%)	15.0%	12.8%	12.3%
PBT/LBT Margin (%)		19.3%	(30.8%)	6.3%	5.3%	6.6%
PAT/LAT Margin (%)		17.4%	(33.8%)	3.4%	3.7%	4.8%
Basic Earnings/(Loss) Per Share Attributable to Owners of the Parent (Sen)		11.78	(38.25)	5.00	6.35	10.64
Dividend Per Share (Sen)*		4.25	4.25	32.60^	2.50	4.50
Financial Indicators						
Shareholders' Equity		1,361,579	1,134,208	957,763	993,632	1,040,389
Total Assets		1,944,922	2,170,175	2,295,756	2,276,488	2,283,752
Total Loans & Borrowings		307,658	611,136	668,333	616,206	591,729
Financial Ratios						
Return on Capital Employed (%)		4.9%	(8.2%)	5.1%	4.9%	6.5%
Return on Equity (%)		4.3%	(18.1%)	2.8%	3.4%	5.5%
Return on Assets (%)		3.0%	(9.5%)	1.2%	1.5%	2.5%
Gearing Ratio		0.2	0.5	0.7	0.6	0.6
Net Assets Per Share Attributable to Owners of the Parent (RM)		2.73	2.11	1.78	1.85	1.94

Note*

^ Special Dividend

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

N2 Including the items below for the respective years:

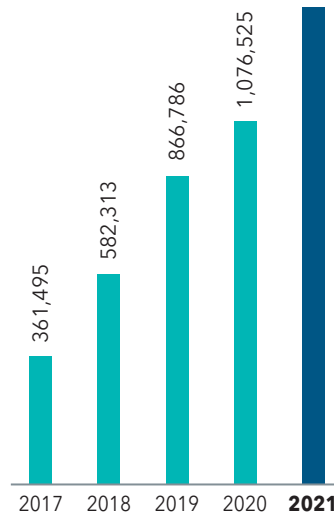
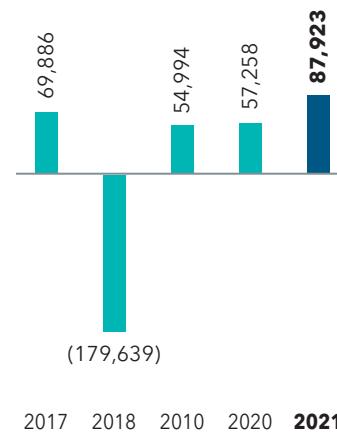
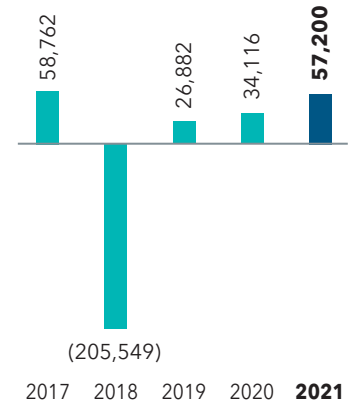
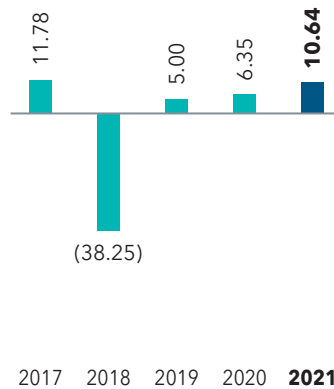
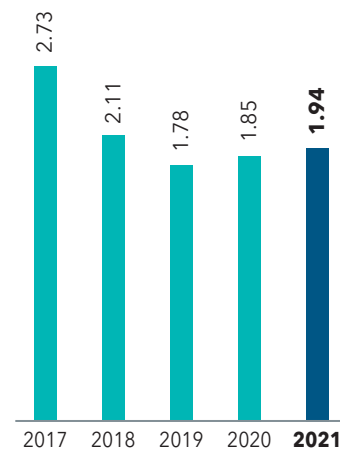
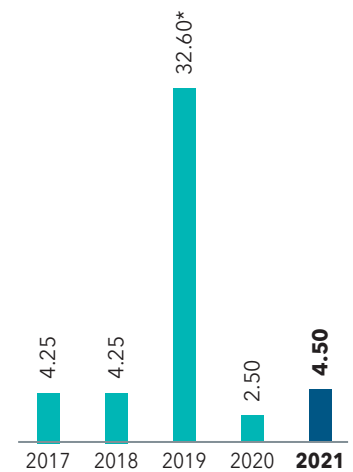
2018 - RM208 million share of loss from an associate namely SPLASH Holdings.

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

ECONOMIC

[GRI 102-6, 102-9, 201-1, 201-2, 201-3, 201-4, 202-1, 203-2, 204-1] [F4GBM]

5-YEAR FINANCIAL HIGHLIGHTS

REVENUE
(RM'000)PROFIT/(LOSS) BEFORE TAX
AND ZAKAT (RM'000)PROFIT/(LOSS) ATTRIBUTABLE
TO OWNERS OF THE PARENT
(RM'000)EARNINGS/(LOSS) PER SHARE
(SEN)NET ASSETS PER SHARE
(RM)DIVIDEND PER SHARE
(SEN)

* Note: Special Dividend

ECONOMIC

[GRI 102-6, 102-9, 201-1, 201-2, 201-3, 201-4, 202-1, 203-2, 204-1] [F4GBM]

SUSTAINABILITY OF THE BUSINESS STRATEGY [F4GBM]

As an investment holding company, our approach is anchored by a two-pronged strategy of firstly, acquiring value-accretive prospects and secondly, unlocking our assets' potential to achieve accelerated growth.

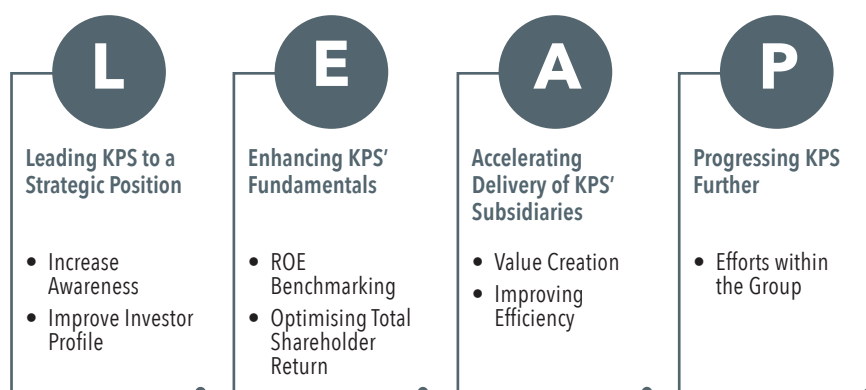
This grand plan is manifested by our Investment Strategy and a five-year Business Strategy coined LEAP25 to create sustainable value to increase return on equity and guarantee total shareholder returns.

LEAP25 is intended to enhance and extend our current interests in Malaysia, China, Vietnam, Indonesia and the United States by proactively building operational and financial capacity and prioritising our strategic goals.

At the same time, we have also incorporated the lessons learnt from the pandemic into our framework to address vulnerabilities and shortcomings even as we strengthen fundamental resilience, shore up the supply chain, streamline product development, improve efficiency and uncover customer needs.

In this way, we are gaining, a better posture to capitalise on opportunities from the global economic recovery, especially from 2022 onwards.

LEAP25 BUSINESS STRATEGY 2020 - 2024



* Further details on our Business Strategy are presented in our Annual Report 2021.

MARKET PRESENCE

[GRI 202-1] [F4GBM]

Since our diversification into manufacturing in 2016, KPS has been extending its global presence to regional economies including China, Vietnam and Indonesia, apart from the previous operations in Malaysia, the US and other parts of the world.

We now have manufacturing facilities in all the aforementioned sites as well as 23 licensees for our King Koil mattress brand in 76 countries worldwide. This being the case, our operations directly and indirectly, impact on the financial well-being of many communities at these locations.

(Note: GRI's Market Presence revolves around its presence as an employer, whereas F4GBM's version focuses on market footprint).

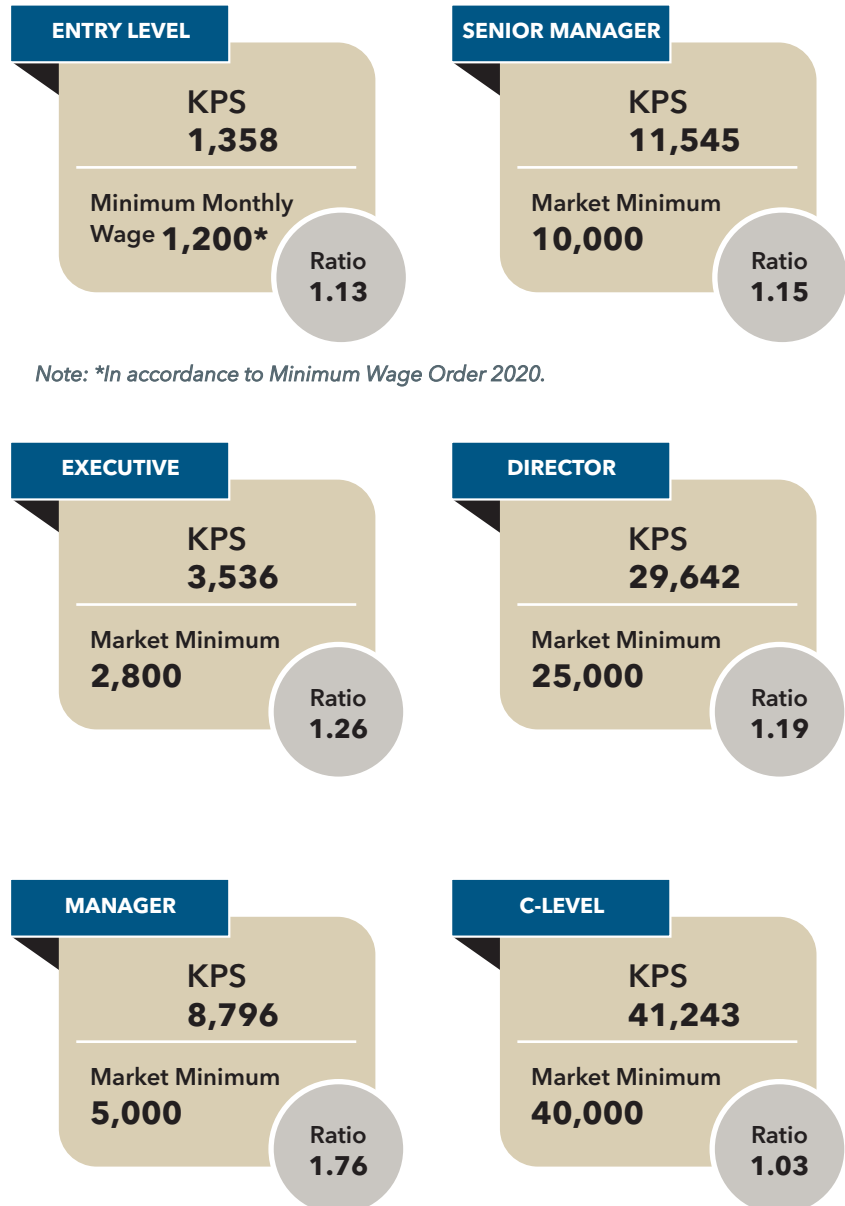
ECONOMIC

[GRI 102-6, 102-9, 201-1, 201-2, 201-3, 201-4, 202-1, 203-2, 204-1] [F4GBM]

The Group casts a considerable footprint as an attractive employer that prioritises the economic well-being of employees and their dependents. With the expansion of our operations at the global level, this presence in the employment market is steadily growing and gaining prominence among talents across the Asian region, the US and beyond.

Our reputation as a fair and empathetic employer was enhanced further during the past two years, when we ensured the job security of all our permanent employees, whose main concern during this difficult pandemic period was the prospect of lay-offs and an end to a stable income.

Instead of retrenching human resources, we continued to recompense and reward our employees generously via attractive remuneration packages that were comparatively higher than similar investment holding companies. At the very least, we adhered to Malaysia's Minimum Wage Order 2020 by providing wages no lower than the prevailing market rates.

KPS MINIMUM MONTHLY SALARIES
VS MINIMUM MARKET AVERAGE (RM)

Note: *In accordance to Minimum Wage Order 2020.

The respective market minimum figures are for positions in HR & Administration as listed by the Malaysia Salary Guide 2020/2021 by PersolKelly. The C-level market minimum is for the Chief Financial Officer in the Finance & Accounting segment.

ECONOMIC

[GRI 102-6, 102-9, 201-1, 201-2, 201-3, 201-4, 202-1, 203-2, 204-1] [F4GBM]

HIRING FROM THE LOCAL COMMUNITY

[F4GBM]

At KPS, we understand the critical role we play in creating and providing employment at locations where we operate. Although the practice is not entrenched in any formal capacity, nevertheless, we consistently prioritise local over foreign employment at each of our operating sites.

That said, our Malaysian operations employ a sizeable contingent of foreigners as general workers due to the general aversion towards manual labour by the local population. In contrast, almost all our employees at executive level and above are Malaysians.

LOCAL VERSUS FOREIGN EMPLOYMENT

	Malaysian		Non-Malaysian	
	Executive	Non-Executive	Executive	Non-Executive
KPS	58	9	-	-
Toyoplas	66	107	210	1,775
CPI	138	315	-	278
CBB	103	262	8	253
Kaiserkorp*	-	-	17	83
Aqua-Flo	14	1	-	-
Smartpipe	2	-	-	-
KPS-HCM	11	2	-	-
Sub-Total	392	696	235	2,389
Total	3,712			

The headcount for Toyoplas and CBB incorporate their overseas operations while Kaiserkorp is based in the US. Employees of KPS-HCM and Smartpipe based in Malaysia are also included in the table above. For more information on the Employee Demographics please refer to page 100 of this Report.

INDIRECT ECONOMIC IMPACTS

[GRI 203-2]

The activities of large companies invariably result in various forms of ancillary economic and other benefits for local businesses and communities. These cover infrastructural projects developed to support operations, service-related activities that benefit the public, and funding for educational or other programmes.

The ripple effects of our economic impact on our communities have been far-reaching, apart from sustaining the direct employees of our company and the various taxes we remit to the Government and other regulatory bodies. KPS has a robust community empowerment programme under its four CSR Pillars, including development programmes in Education, Entrepreneurship, Community Development and Environmental, Safety & Health. Details of these programmes are provided on pages 117 to 144 in the Social section of this report.

ECONOMIC

[GRI 102-6, 102-9, 201-1, 201-2, 201-3, 201-4, 202-1, 203-2, 204-1] [F4GBM]

SUSTAINABLE PROCUREMENT PRACTICES AND SUPPLIER ASSESSMENT

[GRI 102-9, 204-1] [F4GBM]

Supply chains had been under increasing pressure from customers demanding customised products and immediate, inexpensive delivery. The pandemic ruptured so many of those chains, prioritising the importance of resilience and sustainability. Turning transparency, visibility and traceability - from field or source to factory to customer and beyond - into an operational reality has become as important as reliability and efficiency.

KPS has an established Procurement Policy in place with Standard Operating Procedures ("SOPs") covering all aspects of the process: from vendor assessment to evaluation; quality of products or services, reliability of service delivery, competitive pricing, bidding for contracts, invoicing, inventory responsibility, and other relevant factors.

The policies and SOPs cover the procurement practices of all our subsidiary companies, and are mandated to further improve the processes according to the changing demands of their business operations.

During the reporting period, the total cost for procurement of services and products at the Company level was RM2,255,754.28 which represented 98.9% local suppliers compared with RM9,270,210 in 2020.

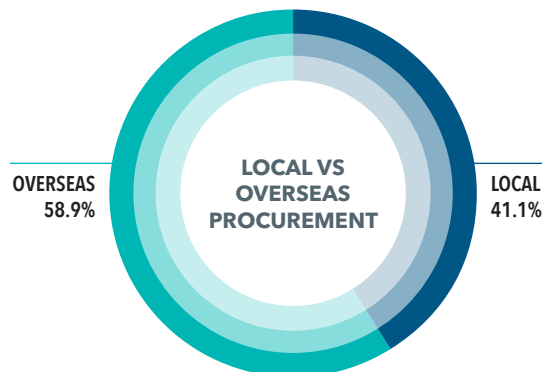
7040**TOYOPLAS**A Member of **kps**. Group**TOYOPLAS MANUFACTURING (MALAYSIA) SDN BHD**

Localising the supply chain represents a tremendous opportunity to gain more flexibility, have greater control, reduce logistical costs, support the local community, and preserve the environment by reducing emissions and energy usage.

Toyoplas has leveraged on expanding its list of local suppliers, leading to more accessible and speedy communication for more effortless coordination for shipments of raw materials and goods. Aside from economic viability, locally sourcing contributes to green manufacturing and ultimately helps build customer confidence, which contributes to business benefits by increasing positive brand awareness and customer loyalty.

However, in 2021, local procurement reached 41.1% against 58.9% for overseas procurements as opposed to 82.5% and 17.5% for local and overseas procurement, respectively. This was mainly due to pandemic-related issues on the shortage of raw materials and goods derived from local vendors and suppliers.

The Supplier Code of Conduct was established to ensure all suppliers and vendors comply with laws and regulations pertaining to corruption and bribery, social and working conditions, child labour, and the environment. This document lists the requirements expected from everyone with whom Toyoplas has commercial dealings to conduct themselves ethically, legally, and socially responsible.



ECONOMIC

[GRI 102-6, 102-9, 201-1, 201-2, 201-3, 201-4, 202-1, 203-2, 204-1] [F4GBM]

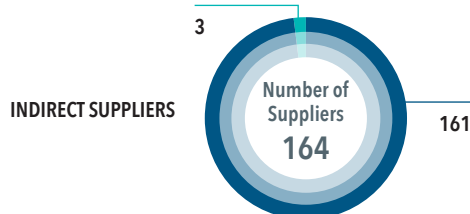


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CPI (PENANG) SDN BHD

CPI prioritises local over non-local suppliers to procure raw materials and services from both direct and indirect suppliers. During the year in review, local sourcing accounted for almost 67% of its 200 direct suppliers of raw materials and more than 97.7% of the 175 indirect suppliers. In 2020, local sourcing was almost 60% of the total 308 direct suppliers and more than 86% of 385 indirect suppliers. CPI reduced its supplier base within a specific supply market to focus on more successful suppliers, reduce supply chain costs and improve efficiency.

CPI-ETP



CPI-EMS



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CENTURY BOND BHD

CBB is an integrated packaging solutions manufacturer for cement bag products, non-cement bags and box cartons, serving Malaysian and overseas clientele. CBB conducts the Supplier Initial Assessment to evaluate all new suppliers, assessing their quality system, product markings, prices, delivery capability and payment terms. CBB evaluates all existing suppliers based on pre-determined criteria of service offerings, quality, delivery capability and payment terms annually.

In 2021, CBB contracted a total of 1,621 suppliers compared to 1,954 in 2020, leveraging the benefits of local sourcing, accounting for 89.6% or 766 suppliers (2020: 91% or 1,771 suppliers) compared to 10.4% or 89 non-local suppliers (2020: 9% or 183 non-local suppliers) out of its 855 suppliers.

The escalating cost of materials and labour drove CBB to aim for supplier consolidation, reducing the number of suppliers and vendors to cushion the strain on finding cost-saving initiatives and reducing risk. This strategy has also allowed CBB more time to focus on improving core suppliers' quality, efficiency, and overall performance.



Local Suppliers Non-local Suppliers

ENVIRONMENT

[GRI 301-1, 301-2, 302-1, 302-3, 302-4, 303-4, 303-5, 305-1, 305-2, 306-2, 306-3, 306-4, 307-1, 308-1]



Being the intersection of consumption and production, the business sector has the most active and consequential role in environmental sustainability. Rapid urban development has magnified the risk of environmental hazards such as flash floods that displaced over 100,000 people in the country at the end of 2021.

Poor air and water quality, insufficient water availability, waste-disposal problems, and high energy consumption are exacerbated by the increasing population density and demands of urban environments, resulting in environmental degradation. We accept this remit to strike a balance between corporate aspirations and sustainability obligations, and it is essential to manage these objectives and other challenges as part of our sustainability efforts in our operations. These measures will further accelerate and enhance the building of a robust and resilient business by protecting our brand, identifying and mitigating risks, and drive the overall competitive advantage framework.

As such, we are reviewing policies in our supply chain while also controlling inevitable by-products of our predominantly manufacturing operations, including contamination, pollution and greenhouse gas emissions.

Directly and indirectly, our efforts impact the pressing concerns facing the world at this time. The emergence of COVID-19 and the future likelihood of similar viruses is being blamed with some justification on humankind's increasing encroachment into wildlife habitats. In addition, the climate crisis is heading towards a tipping point with the possible threat of failure to meet the 2015 Paris Climate Agreement targets. The increasing frequency of natural disasters and inhospitable planet conditions will present further challenges to the way we address the aspect of sustainability.

ENVIRONMENT

[GRI 301-1, 301-2, 302-1, 302-3, 302-4, 303-4, 303-5, 305-1, 305-2, 306-2, 306-3, 306-4, 307-1, 308-1]

MATERIALS [GRI 301-1, 301-2]

Sustainable Materials [F4GBM]

As the use of materials naturally contributes to the depletion of natural resources, responsible corporations focus their conservation efforts on maximising consumption and minimising wastages.

Material consumption in operations:

- Primary raw materials such as resin and paper for our plastics injection moulding and manufacturing of electronics components and packaging cartons;
- Secondary materials including packaging for input materials and chemicals used in the production process; and
- Office consumables like paper and printer ink.

In line with the approach outlined earlier, the Group practices the 3R guidelines of Reduce, Reuse and Recycle for all materials at our manufacturing sections as well as at headquarters and offices of subsidiary companies.

For the past few years, we have gradually reduced the number of printed copies of our Annual Reports and Sustainability Reports by using QR codes to bridge between online and offline media. We have also embarked on extensive digitalisation for presentations, meetings, communications and with legislative reforms and enforcement, we are on our way to creating a paperless organisation.



TOYOPLAS MANUFACTURING (MALAYSIA) SDN BHD

Raw materials used for plastics injection moulding production consist of resin as the primary material and other secondary inputs. The company has a Quality Management System ("QMS") in place and adheres to the International Standards Organisation ("ISO") 9001:2015 in order to ensure materials are of the highest quality. During the year in review, Toyoplas consumed approximately 85.3% of materials purchased, scrapped 1.5% and reused/recycled 13.2%.

CONSUMPTION/RECYCLING OF RAW MATERIALS (KG)

	2021	2020
Consumed	1,774,671.47	2,626,780.00
Scrapped	31,299.50	55,380.00
Reused/Recycled	275,580.00	368,360.00
TOTAL PURCHASE	2,081,550.97	3,050,520.00

ENVIRONMENT

[GRI 301-1, 301-2, 302-1, 302-3, 302-4, 303-4, 303-5, 305-1, 305-2, 306-2, 306-3, 306-4, 307-1, 308-1]



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CPI (PENANG) SDN BHD

As a provider of plastics injection moulding solutions and electronics manufacturing solutions ("EMS"), CPI has a similar raw materials portfolio as Toyoplas. The subsidiary has stringent conditions for its suppliers, requiring them to be certified with ISO 9001:2015, have a QMS in place, and adhere to the Restrictions of Hazardous Substances ("RoHS") as well as Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH").

Suppliers are also compelled to submit the Safety Data Sheet, with information on the proper usage and hazards of each product along with safe handling precautions. In 2021, CPI consumed 69.5% of materials purchased, kept in reserve or scrapped the balance of 9% and either reused or recycled 21.5%.

CONSUMPTION/
RECYCLING OF RAW
MATERIALS (KG)

	2021	2020
Consumed	1,238,501.64	Total raw material consumption for 2020 was 94,555,699.00 kg
Scrapped	159,152.36	
Reused/Recycled	383,745.00	
TOTAL PURCHASE	1,781,399.00	



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CENTURY BOND BHD

As a producer of integrated packaging solutions, CBB purchases raw paper as its primary input material and production chemicals represent the secondary input materials. 88% of its paper are forest based products as originating from responsibly-managed forests. CBB's consumption of materials purchased was 85.5% of materials purchased with 7.25% either kept in reserve or scrapped. Reused and recycled materials represented 7.25% of total materials consumed.

CONSUMPTION/RECYCLING
OF RAW MATERIALS (KG)

	2021	2020
Consumed	9,102,490.00	10,218,590.00
Scrapped	770,197.00	720,813.00
Reused/Recycled	777,418.00	702,940.00
TOTAL PURCHASE	10,650,105.00	11,642,343.00

ENVIRONMENT

[GRI 301-1, 301-2, 302-1, 302-3, 302-4, 303-4, 303-5, 305-1, 305-2, 306-2, 306-3, 306-4, 307-1, 308-1]

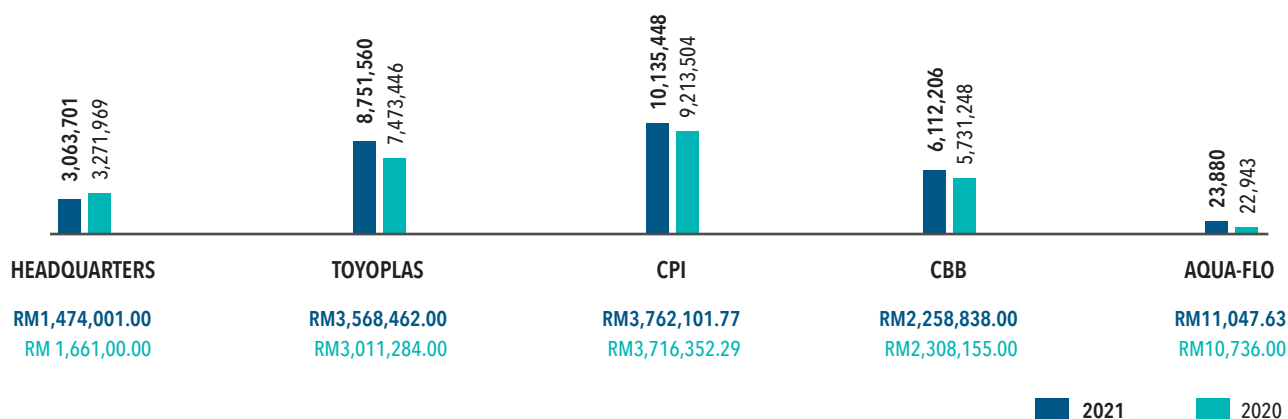
ENERGY [GRI 302-1, 302-3, 302-4]

Energy Management [F4GBM]

The manufacturing sector is the highest consumer of electricity among industries, according to the US Energy Information Administration ("EIA"). Although KPS' plastics injection moulding and packaging activities are comparatively less energy-intensive, nevertheless, we strive to lower consumption for cost control and environmental reasons such as resource conservation and reduction of emissions.

Our energy needs for manufacturing operations and administration are sourced from the national electricity grid. We are committed towards optimising consumption by improving energy efficiency via various electricity-saving measures and use of alternative sources such as solar.

ELECTRICITY CONSUMPTION 2020 - 2021 (kWh)



For FY2021, the Group consumed 28,086,795 kWh of electricity at the cost of RM11,074,450.40 in comparison to 25,713,110 kWh and RM10,707,527 the year before. The cost of electricity varies for each subsidiary depending on the respective production schedule. At this stage, the year-on-year increase/decrease in consumption does not provide a clear trend due to the volatility in production schedules during the pandemic.

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TOYOPLAS

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TOYOPLAS MANUFACTURING (MALAYSIA) SDN BHD

Toyoplas has prioritised decreasing energy consumption as part of its sustainability and cost efficiency strategy. The Company replaced the entire complement of lights with energy-efficient LED units in Q4 2020 and Q1 2021. Auto-lighting was implemented at strategic areas to further reduce electricity wastage. In addition, Toyoplas continues to explore the solar option to provide ancillary power.

ENVIRONMENT

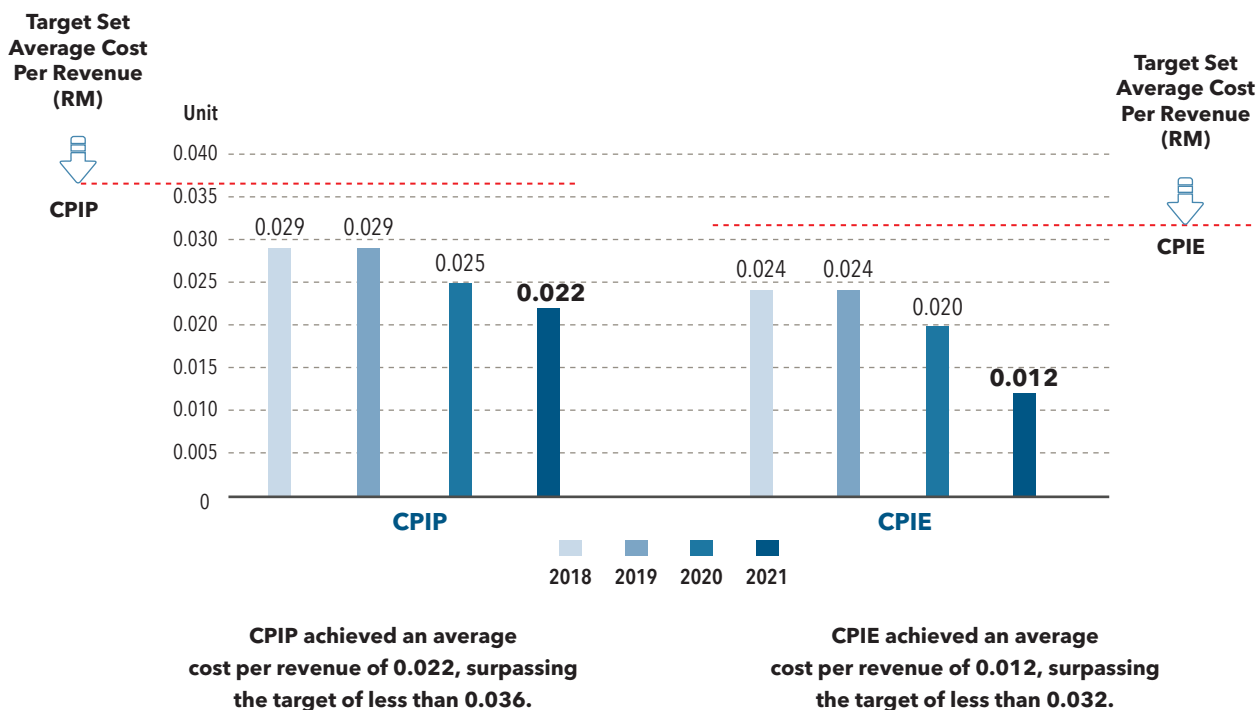
[GRI 301-1, 301-2, 302-1, 302-3, 302-4, 303-4, 303-5, 305-1, 305-2, 306-2, 306-3, 306-4, 307-1, 308-1]



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CPI (PENANG) SDN BHD

CPI has progressively enhanced its energy efficiency over the years by shifting completely to LED lighting at its production floors and office areas. The subsidiary company carries out regular awareness campaigns among its employees in energy-saving behaviour such as switching off lights and turning off equipment not in use.



Note: The National Quality Assurance has recommended the changes of unit measurement in 2019 to ease the understanding and direct reflection of energy value consumption vs sales.

As reported earlier under Materiality Matters, CPIP achieved an average cost per revenue of RM0.022 in 2021, an improvement from RM0.025 the previous year while CPIE recorded respective figures of RM0.012 against RM0.020 in 2020.

ENVIRONMENT

[GRI 301-1, 301-2, 302-1, 302-3, 302-4, 303-4, 303-5, 305-1, 305-2, 306-2, 306-3, 306-4, 307-1, 308-1]



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CENTURY BOND BHD

As part of energy-saving measures, this subsidiary successfully implemented an initiative in 2021 after being delayed in the previous reporting period due to pandemic-related movement and operational restrictions. The installation of solar panels at all its manufacturing facilities was postponed to the following reporting year and replacement of all fluorescent lights to LED was completed by Q4 2021.

KING
KOIL

MATTRESS CO.

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KING KOIL MANUFACTURING WEST, LLC

Located in the Arizona semi-desert, KKMW has a climate control system that encompasses a host of energy-efficient initiatives, which include:



Roof insulation to reduce heat gain in summer and heat loss in winter.



High-volume low-speed ("HVL") ceiling fans circulate cool air across the production floor and improve ventilation with minimal energy consumption per square foot.



Evaporative air coolers harness the power of evaporation to cool air temperatures. This has the added benefit of reducing GHG emissions since it uses water instead of refrigerants;



In addition, KKMW has also fitted its facility with LED lights linked to motion sensor switches for greater energy savings. In 2021, KKMW consumed 518,724 kWh of electricity compared to 423,386 kWh in the previous year.

ENVIRONMENT

[GRI 301-1, 301-2, 302-1, 302-3, 302-4, 303-4, 303-5, 305-1, 305-2, 306-2, 306-3, 306-4, 307-1, 308-1]

CHEMICAL MANAGEMENT

[F4GBM]

Our subsidiary companies utilise chemicals either in their production processes in the case of Toyoplas, CPI and CBB, or in the supply of water treatment chemicals by Aqua-Flo. Proper management is essential to safeguard the health and safety of employees and others since the movement and storage of chemicals can lead to spillage or leakage. It can also lead to environmental implications in ground and water contamination.

To reduce risk, all subsidiary companies have a chemical management system that essentially forms the framework for moving and storing chemicals. The system ensures the availability of comprehensive Inventory and Material Safety Data sheets, and it complies with local and international safety and environmental policies. Over and above this, they conduct regular training for employees on the safe handling of chemicals. In the event of any untoward incidents, each subsidiary has an Emergency Response Team ("ERT") to directly contain and drive the remediation. For this reporting period, none of our subsidiaries recorded any chemical related accidents or spillages.

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TOYOPLAS MANUFACTURING (MALAYSIA) SDN BHD

For the year in review, Toyoplas' production chemical usage recorded zero chemical waste with 9,165 litres consumed.

2021 is the baseline year for this initiative.

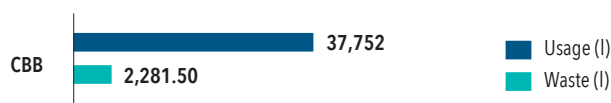


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CENTURY BOND BHD

CBB recorded 2,281.50 litres of chemical waste, which is in line with its nature of operations. CBB is driving toward using biodegradable type chemicals to reduce the impact and hazard to its employees and the environment. In 2021, 12 of 94 chemicals used by the company are already biodegradable.

CHEMICAL USAGE/WASTE 2021



2021 is the baseline year for this initiative.

BIODEGRADABLE CHEMICALS USED



ENVIRONMENT

[GRI 301-1, 301-2, 302-1, 302-3, 302-4, 303-4, 303-5, 305-1, 305-2, 306-2, 306-3, 306-4, 307-1, 308-1]

WATER AND EFFLUENTS

[GRI 303-4, 303-5]

Water Management [F4GBM]

Although Malaysia may have vast water resources, increased demand from rapid urbanisation and industrialisation is threatening to turn the water supply situation from abundance to scarcity, according to a report by the Malaysian Water Partnership ("MWP"). In response, the MWP and the Malaysian National Committee for Irrigation and Drainage ("MANCID") have developed a Malaysian Water Vision, which among many actions, has as one of the objectives the efficient use of water resources particularly by industries.

As a manufacturing-heavy group, KPS and its subsidiaries consume considerable amounts of water for its production processes. In fact, an uninterrupted supply of water is critical to our operations to produce quality products on time.

This being the case, we are committed towards water conservation and have incorporated water-saving initiatives such as rainwater harvesting and other measures to recycle and reuse water. At the same time, we also carry out awareness campaigns at our manufacturing facilities to ensure our employees practise prudent water usage in production and other functions.

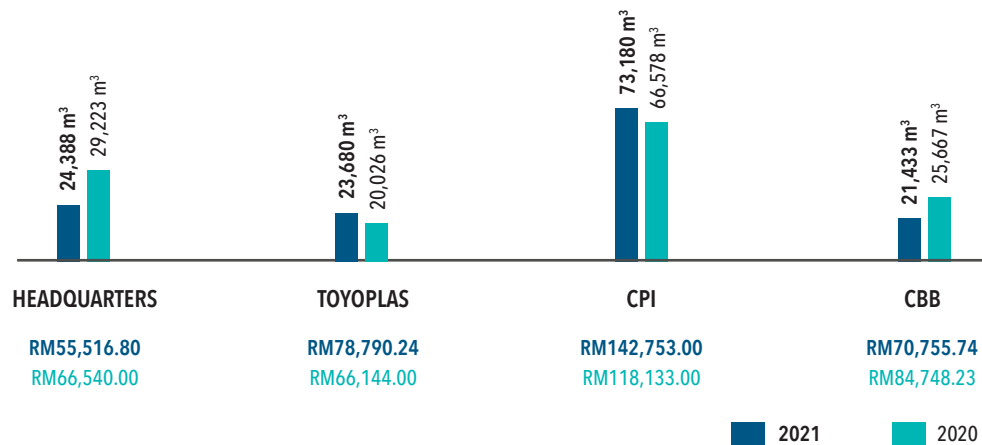


ENVIRONMENT

[GRI 301-1, 301-2, 302-1, 302-3, 302-4, 303-4, 303-5, 305-1, 305-2, 306-2, 306-3, 306-4, 307-1, 308-1]

To prevent water contamination, our subsidiary companies comply with all relevant environmental standards such as the Environmental Quality (Industrial Effluents) Regulations 2009 in the discharge of effluent.

During the year in review, for the water consumption for the Group and its Manufacturing subsidiaries were recorded at 142,691 m³ in 2021 against 141,494 m³ the previous year. The total cost was RM347,815.78 in 2021 compared to RM335,565.00 the year before. The increase in consumption was due to active production in our Manufacturing sector after being granted permission to operate in 2021 during the MCO.

WATER CONSUMPTION 2021 (m³)

The various processes of our Manufacturing subsidiaries make generous use of water resources. As such, we are cognisant of rainwater harvesting as a solution to water scarcity. CBB has taken advantage of the high annual rainfall in Malaysia by collecting rainwater and subsequently using the water in its pulp moulding process.

TOYO

TOYOPLAS

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TOYOPLAS MANUFACTURING (MALAYSIA) SDN BHD

In terms of water consumption, Toyoplas recorded an average cost of RM0.0010 per ringgit of revenue in FY2021, representing the baseline statistic for comparison in subsequent years. In line with the Group, this subsidiary company is dedicated to efficiently use water and prudent discharge of effluent. Reflecting this last matter, Toyoplas commissioned an external party in 2020 to conduct periodic testing of its effluent, which was found to be within limits stipulated by the Environmental Quality (Industrial Effluents) Regulations 2009.

2021 is the baseline year for this initiative.

ENVIRONMENT

[GRI 301-1, 301-2, 302-1, 302-3, 302-4, 303-4, 303-5, 305-1, 305-2, 306-2, 306-3, 306-4, 307-1, 308-1]



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CPI (PENANG) SDN BHD

Over the years, CPIP and C PIE have significantly reduced their consumption of water relative to revenue. In 2021, CPIP registered a higher average cost per revenue of 0.50 and C PIE 0.26 against 0.42 and 0.46 respectively in the previous reporting period. Similar to Toyoplas, CPI is responsible in its discharge of effluent to stay within the limits imposed by the respective environmental regulation.

2021 is the baseline year for this initiative.



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CENTURY BOND BHD

In the first year reporting on this metric, CBB achieved a water consumption average cost per revenue of 0.046% and this will form the baseline for future year comparisons. The subsidiary company had installed a wastewater treatment plant, which started operations in October 2020 to improve the quality of its discharge and to reduce the environmental impact.

2021 is the baseline year for this initiative.



ENVIRONMENT

[GRI 301-1, 301-2, 302-1, 302-3, 302-4, 303-4, 303-5, 305-1, 305-2, 306-2, 306-3, 306-4, 307-1, 308-1]

EMISSIONS [GRI 305-2, 305-1]**Emissions and Initiatives to Tackle Climate Change** [F4GBM]

Global environmental bodies have been ringing the warning bells over the past two years of the pandemic, reminding governments and public sectors of the climate crisis' dire consequences even as most attention was riveted on COVID-19. The main causes of climate change are GHG emissions, particularly carbon dioxide (CO₂) from vehicle combustion and the burning of oil, gas and coal to generate electricity. Industries contribute greatly to emissions as they consume large amounts of electricity to power their activities.

The Group took a leap forward in FY2021 by committing to calculate our GHG emissions. As the exercise is an exhaustive and complex undertaking, in some cases, our subsidiary companies merely listed their various sources of emissions. Calculations are based on various carbon converters from sources including ghgprotocols.org, ecoscore.be and worldbenchmarkingalliance.org, the latter for the country-specific conversion of electricity consumption.

During this reporting period, we initiated engagements with our subsidiary companies towards climate disclosure readiness. We believe in the tangible business benefits to be gained from disclosure and have initiated the essential first step to further drive the development of our environmental reporting.

Measuring and tracking our source of emissions is crucial to identifying opportunities towards carbon reduction that conforms to our future objectives to align our GHG emissions targets and reporting as recommended by the Task Force on Climate-Related Financial Disclosures ("TCFD").

For the year under review, we have focused on reporting CO₂ emissions and other greenhouse gases generated by our operations in Malaysia. These consist of Scope 1 emissions, direct emissions from production processes and fuel consumption (oil and gas) and Scope 2 emissions, indirect emissions from the generation of purchased energy.

ENVIRONMENT

[GRI 301-1, 301-2, 302-1, 302-3, 302-4, 303-4, 303-5, 305-1, 305-2, 306-2, 306-3, 306-4, 307-1, 308-1]

TOTAL GHG EMISSIONS (CO₂-EQ IN KG) - GROUP

Our emissions accounting is based on various benchmarks whose methodologies and conversion factors apply to a Malaysian context, in particular the source of fuel as well as type of power generation. At the same time, we also refer and compare to other benchmarks such as GHG Protocol and Intergovernmental Panel on Climate Change ("IPCC") Guidelines for National Greenhouse Gas Inventories.

In the case of emissions from mobile combustion (petrol and diesel) under Scope 1, we based our conversion factors on the European Ecoscore¹ and a 2020 study on CO₂ emissions by Universiti Kebangsaan Malaysia ("UKM")².

For emissions from purchased electricity under Scope 2, we applied the projection of emissions intensity by the World Benchmarking Alliance ("WBA")³ based on Malaysia's specific mix of power generation assets by 2023, which includes oil, gas and coal-fired as well as hydroelectric plants.

Type of Emissions	HQ	Toyoplas	CPI	*CBB	Aqua-Flo
1. Direct Emissions (Scope 1)	**N/A	250,824	74,613	-	**N/A
2. Indirect Emissions (Scope 2)	1,905,622	5,425,967	6,283,978	3,801,792	13,435
3. GHG Emissions (Scope 1 & 2)	1,905,622	5,676,791	6,358,591	3,801,792	13,435
4. Total (Scope 1 & 2)	17,756,171 kg CO₂-eq				

Conversion of diesel to CO₂: litre x 2.64 kg

Conversion of petrol to CO₂: litre x 2.39 kg

Conversion of electricity to CO₂ (Malaysia): kWh x 0.62 kg

¹ The European Ecoscore is a consumer-based initiative and movement started in Belgium to develop solutions for addressing climate change.

² 'A Review of the Measurement Method, Analysis and Implementation Policy of Carbon Dioxide Emissions from Transportation' by the Department of Civil Engineering, Faculty of Engineering and Built Environment, UKM.

³ The WBA was formed by Aviva, Index Initiative, the UN Foundation and the Business and Sustainable Development Commission to guide the private sector towards the UNSDGs.

* CBB Direct Emissions (Scope 1) - Not reported for 2021.

** N/A - Not Applicable

i) Scope 1 Direct Emissions for HQ are not applicable as fossil fuel consumption is minimal.

ii) Scope 1 Direct Emissions for Aqua-Flo are not applicable as the nature of business is trading, using mainly third party transportation services.

ENVIRONMENT

[GRI 301-1, 301-2, 302-1, 302-3, 302-4, 303-4, 303-5, 305-1, 305-2, 306-2, 306-3, 306-4, 307-1, 308-1]

Along with our step in monitoring and disclosing of our emissions, our manufacturing operations have established action plans towards climate actions through the following initiatives:

Energy Efficiency



- CPI reduced energy consumption by installing automated switches for lights.
- CBB and Toyoplas replaced conventional appliances with energy-saving appliances.

Pollution Avoidance



- Particle count monitoring was conducted monthly for both plants at CPIP and CPIE.
- Air Emissions Monitoring was conducted successfully at CPIP and CPIE on 6 August 2021, 25 August 2021 and 1 November 2021.
- The monitored parameters were found to be below the limit values as required by the Environmental Quality (Clean Air) Regulations 2014
- Wastewater treatment of sewage sludge.

Circularity



- CBB has leveraged on the circularity concept by producing moulded pulp casings from carton trim waste, i.e. from B2B (business-to-business) for repurposing and recycling.
- Waste segregation in CBB, CPI and Toyoplas as part of recycling efforts to help keep materials out of landfills.
- CPI and Toyoplas reused packaging boxes to reduce material wastage.

The Group is committed to identify viable ways and to reduce GHG emissions from the energy-intensive manufacturing industry by improving the efficiency of energy usage to meet the climate challenge. We intend to expand on our reporting scope, including our overseas operations and considerations for mitigating Scope 3 emissions throughout the supply chain. This includes all emissions, other than indirect emissions that come from the generation of purchased electricity, steam, heating and cooling consumed by the operating companies.

ENVIRONMENT

[GRI 301-1, 301-2, 302-1, 302-3, 302-4, 303-4, 303-5, 305-1, 305-2, 306-2, 306-3, 306-4, 307-1, 308-1]

WASTE

[GRI 306-2, 306-3, 306-4]

Waste Management, Circular Economy [F4GBM]

Occasionally discarded as an afterthought, waste management is in fact a key factor in protecting and preserving mother nature. The safe and responsible disposal of waste reduces any negative impact it can have on the environment while the recycling of waste materials lowers overall consumption.

Proper waste management has also given rise to a circular economy in which products are repeatedly recycled for optimum use. Apart from spawning new industries, this green business model generates resource efficiency, lowers potential contamination and reduces GHG emissions.

KPS strongly subscribes to these principles with our comprehensive 3R practice of Reduce, Reuse and Recycle alongside ethical and responsible waste management at headquarters and all our subsidiary companies.



ENVIRONMENT

[GRI 301-1, 301-2, 302-1, 302-3, 302-4, 303-4, 303-5, 305-1, 305-2, 306-2, 306-3, 306-4, 307-1, 308-1]

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TOYOPLAS

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TOYOPLAS MANUFACTURING (MALAYSIA) SDN BHD

Toyoplas has a rigorous waste segregation and recycling system in place, which in the past has generated tens of thousands ringgit in cost savings, particularly in the case of packaging from input materials. In Q1 2021, a new waste segregation programme was introduced to properly separate paper, metal, and plastic waste. As a result, Toyoplas registered RM33,279.00 savings from the overall costs, by reusing the packaging boxes from overseas suppliers. In addition, it also accumulated more than RM250,000 in savings by reusing 65% of supplier cartons for its local deliveries.

During the year in review, the subsidiary used 85.3% and recycled 13.2% of its raw materials for its production processes. For more specific details on the material consumption, please refer to page 68.













Toyoplas embeds innovation to promote the better use of resources and stay ahead of the competition to enhance its clients' product needs.

ENVIRONMENT





[GRI 301-1, 301-2, 302-1, 302-3, 302-4, 303-4, 303-5, 305-1, 305-2, 306-2, 306-3, 306-4, 307-1, 308-1]

We have amplified our efforts to segregate non-production waste according to its categories and consequently, there have been major improvements in this regard. The increase in Toyoplas' canteen waste reflects heightened awareness of proper waste segregation.

NON-PRODUCTION WASTE GENERATED (KG)

	2021	2020
 ALUMINIUM	234.00	-
 BLUE BINS	190.00	-
 LAYER	6,434.10	-
 MATERIAL BAGS	6,610.00	-
 PLASTICS	3,164.38	154.90
 TRAYS	1,179.50	-
 WRAPPING	5,202.00	-
 PAPER	-	64.30
 RUBBER	-	28.00
 OTHERS	-	202.20
TOTAL	23,013.98	449.40

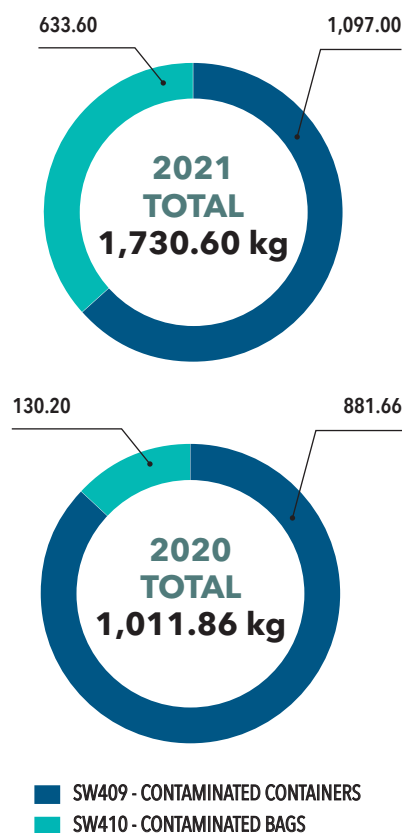
CANTEEN WASTE GENERATED (KG)

	2021	2020
 FOOD WASTE	0.00	164.50
 PLASTICS	37.80	1.40
 PAPER	0.00	0.80
 ALUMINIUM	133.80	1.00
TOTAL	171.60	167.70

Another new initiative implemented in Q1 2021 was the commitment to ensure scheduled waste is disposed of by only licensed contractors according to requirements set by the Department of Environment ("DOE"). Prior to disposal, such wastes are properly stored in a designated safe area to prevent any adverse effects on people and the environment.

Scheduled waste is removed from the premise once every six months. The total waste disposed of in 2021 was 1,730.60 kg as compared to 1,011.86 kg the year before.

SCHEDULED WASTE DISPOSAL (KG)



Toyoplas achieved a scheduled waste disposal average cost/revenue of RM0.00005 in the year against RM0.00003 in FY2020.

ENVIRONMENT

[GRI 301-1, 301-2, 302-1, 302-3, 302-4, 303-4, 303-5, 305-1, 305-2, 306-2, 306-3, 306-4, 307-1, 308-1]



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CPI (PENANG) SDN BHD

Waste reduction is an ongoing priority for CPI, which retained Waste Reduction and Environmental Initiatives as a Materiality Matter for the second year running. Having fully embraced the concept of a circular economy, this subsidiary is focusing on optimising its use of paper resources and reducing the scrap rate from production rejects. To aid these efforts, CPI introduced three new initiatives in 2021:

- Recycling of paper, tin and aluminium;
- The 5S programme to recycle paper waste at the office; and
- The provision of recycling bins.

This year, CPI has successfully commenced recycling non-production waste with a total of 240.65 kg.

RECYCLED NON-PRODUCTION WASTE 2021 (KG)



TOTAL
240.65 kg

2021 is the baseline year for this initiative.

During the reporting period, CPIP improved its ratio for the use of paper reams against sales to 0.004% from 0.006% previously while no reduction was recorded for CPIE's paper consumption in 2021 (0.01%) as compared to year 2020 (0.01%). CPIP and CPIE also reduced their respective production scrap rates to 1.33% and 0.02% respectively from the corresponding figures of 1.55% and 0.01% achieved the previous reporting period. The KPI targets set for CPIP and CPIE were less than 1.70% and less than 0.05%, respectively.

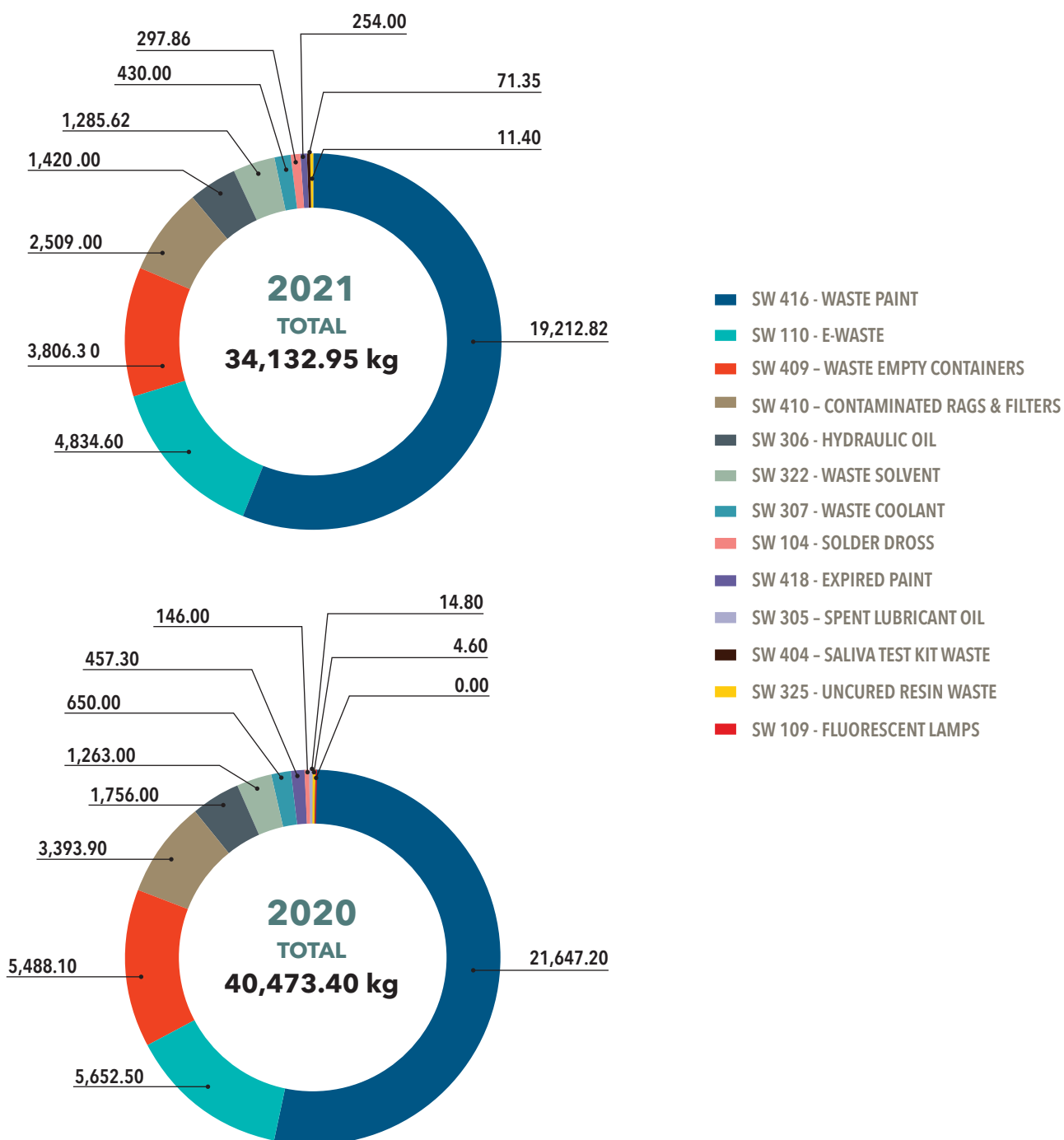
The subsidiary consumed 69.5% and recycled 21.5% of its raw materials for its production processes. More details on the material consumption can be found on page 69.

ENVIRONMENT

[GRI 301-1, 301-2, 302-1, 302-3, 302-4, 303-4, 303-5, 305-1, 305-2, 306-2, 306-3, 306-4, 307-1, 308-1]

We have improved our categorisation of scheduled waste by adding more categories of waste that are being disposed responsibly by licensed contractors. Total scheduled waste disposed off in 2021 was 34,132.95 kg as compared to 40,473 kg the previous year, a reduction of 6,340.05 kg or 15.66%.

SCHEDULED WASTE DISPOSAL 2021 (KG)

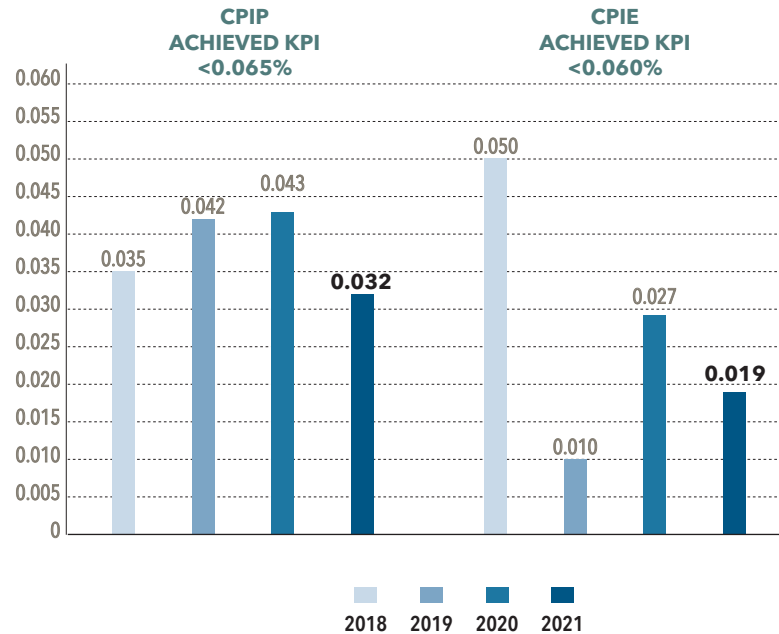


ENVIRONMENT

[GRI 301-1, 301-2, 302-1, 302-3, 302-4, 303-4, 303-5, 305-1, 305-2, 306-2, 306-3, 306-4, 307-1, 308-1]

Although two different baseline KPIs were set for CIP and CIP, both divisions achieved a much lower measurement than intended to successfully reduce the amount of scheduled waste from their respective operations.

CPI set a KPI of less than 0.065% and 0.060% for CIP and CIP, respectively. CIP achieved 0.032% against 0.043 in 2020 while CIP registered 0.019% against 0.027% in 2020.



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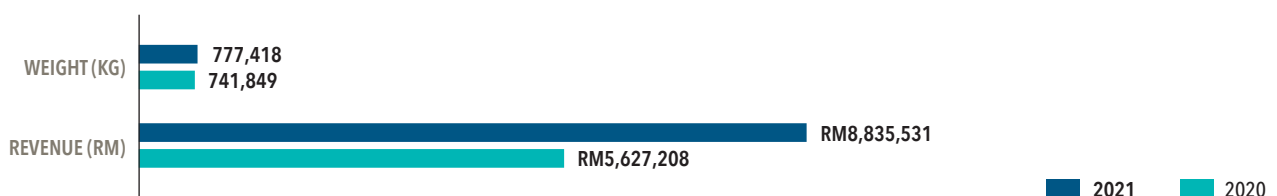
CENTURY BOND BHD

Similar to CPI, CBB introduced new waste segregation and recycling initiatives in a bid to maximise the use of its raw and other materials. The first initiative was to segregate paper, metal and plastic waste, while the second involved the recycling of ink and glue sludge into fertiliser.

In line with our efforts to improve the circular economy, the Company has also achieved zero manufacturing waste by converting all its carton trim waste into moulded pulp casings during the year, achieving this KPI (target set $\geq 90\%$) for its Materiality Matter of Waste Reduction and Environmental Initiatives. These moulded pulp casings generated RM8.84 million in revenue in the current reporting period, a 56.13% increase from RM5.63 million in 2020.

The subsidiary's raw materials and subsequent recycled consumption for its production processes were 85.50% and 7.30%, respectively. Further details are on page 69 of this Report.

CONVERSION OF CARTON TRIM WASTE TO PULP MOULDING (KG/REVENUE)



ENVIRONMENT

[GRI 301-1, 301-2, 302-1, 302-3, 302-4, 303-4, 303-5, 305-1, 305-2, 306-2, 306-3, 306-4, 307-1, 308-1]

BREAKDOWN OF RECYCLED MATERIALS 2021 (KG)



PAPER
165,980



IRON
8,150





PLASTICS
6,650



EMPTY DRUMS
321 pcs

Total scheduled waste disposed of in 2021 was 19,668 kg as compared to 20,279 kg the previous year.

	2021	2020
 SW 409 - INK DRUMS	4,009	318
 SW 416 - INK SLUDGE	15,659	19,961
TOTAL	19,668	20,279

CBB achieved a scheduled waste disposal average cost per revenue of 0.09% in the year against 0.04% in 2020.

CBB Senai utilises 100% post-industrial raw materials to produce moulded pulp casings that are recyclable, compostable and biodegradable, reducing the carbon footprint of its purchasers.






ENVIRONMENT

[GRI 301-1, 301-2, 302-1, 302-3, 302-4, 303-4, 303-5, 305-1, 305-2, 306-2, 306-3, 306-4, 307-1, 308-1]

ENVIRONMENTAL COMPLIANCE [GRI 307-1] (F4GBM)

KPS and all its subsidiaries comply meticulously to all applicable laws, regulations and standards related to the environment. We have a Compliance Register that identifies, assesses and ensures compliance to legal and other requirements.

During the reporting period, there were no incidents of non-compliance with any environmental laws or regulations. These laws include:

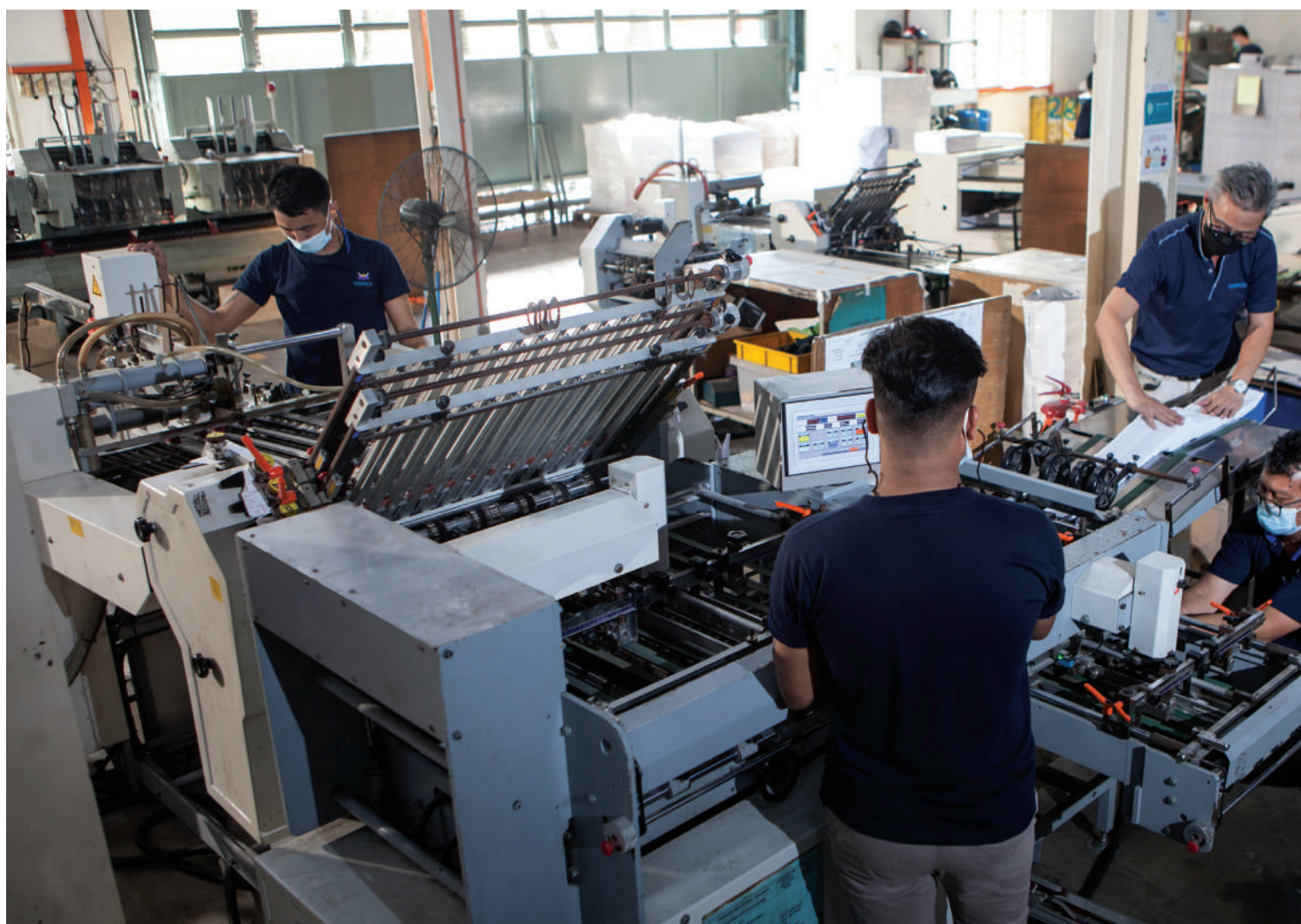
-  Environment Quality Act 1974
-  Environment Quality (Industrial Effluents) Regulations 2009
-  Environment Quality (Sewage) Regulations 2009
-  Environment Quality (Scheduled Wastes) (Amendment) Regulations 2007
-  Environment Quality (Clean Air) Regulations 2014

SUPPLIER ENVIRONMENTAL ASSESSMENT [GRI 308-1] (F4GBM)

KPS plans to peg the appointment of vendors, suppliers and service providers to their environmental performance in a move to inspire small and medium-sized companies towards adopting environment-friendly processes and practices in their production. We are taking steps to encourage the current supply base to take the necessary action and measures towards this end. In 2021, Toyoplas has included various environmental standards in its Supplier Code of Conduct, requiring its prospective vendors to meet those conditions. The other subsidiary companies are expected to follow suit upon undergoing their respective evaluation processes. In the same year, CPI has established a Supplier Sustainability Assessment checklist as a new sustainability requirement for existing and prospective vendors.

STRINGENT QUALITY STANDARDS

[GRI 102-43, 102-44] [F4GBM]



KPS' subsidiary companies are proven industry leaders in the four core sectors of Manufacturing, Trading, Licensing and Infrastructure with global capabilities and stringent quality systems, offering products and services to nearly 90 countries worldwide.

In assessing our quality practices in our core businesses, we have evolved from a reactive, minimal compliance stage, progressing toward identifying and improving opportunities to generate positive value and reduce quality risk exposures and failure costs.



Our focus has shifted from treating quality compliance as part of the cost of doing business to establishing quality as an enabler of enterprise value creation. Combining advanced technologies, automated processes, driving innovative product designs and solutions, measurable quality output, and engaging employees in supporting quality, we have built on continuously improving robust quality systems in our operations.

By positioning quality as a substantial part of our value proposition, we have achieved a tangible line-of-sight impact on profit, accelerated time to market, and increased the capacity and responsiveness of manufacturing and the supply chain. Beyond these directly measurable benefits, a proactive quality approach incites collective ownership of quality in the organisation, empowers employees, boosts customer satisfaction and reduces compliance risk.

In stabilising and strengthening our operational and business environments, we have entrenched specific strategies, which include:

- Establishing long-term partnerships with our suppliers to effectively collaborate and reinforce our supply chain;
- Encouraging closer interaction among engineering, manufacturing, purchasing and quality personnel within our subsidiary companies and suppliers; and
- Assuring compliance with all required industry and regulatory standards.

STRINGENT QUALITY STANDARDS

[GRI 102-43, 102-44] [F4GBM]

Our approach to quality and safety cover the entire supply chain, starting with raw material suppliers. We follow rigorous procurement and auditing processes to ensure we select safe, high-quality raw materials, including defining specifications for materials and performing checks to ensure compliance with the most stringent regulations and the latest scientific knowledge.

All our manufacturing facilities locally and overseas are designed to ensure our products are manufactured to the highest quality and safety standards. This includes preventing particulate contamination that can affect the quality of goods produced.

Our factories are built according to precise prerequisites, including secure environment cleanrooms, clean and safe water supply, controlled air filtration, lowering the possibility of product contamination or considerable particulate interference with critical process manufacturing.

Our employees are trained to fully adhere to the principles of good hygiene and follow certified cleaning and sanitation practices at every production process

We ensure products released from the factories reach their destination in optimum condition, ensuring they are stored and transported correctly. As quality requirements are never static, expectations shift, regulations change, and our scientific and technical knowledge evolves. Therefore, we need to improve procedures and share expertise in industrial forums with external authorities and our customers.

New product development may involve using new raw materials, new applications of traditional materials, or new process technologies or conditions. Before any product launch, we ensure that these are safe and compliant with any regulatory requirements.

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TOYOPLAS

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TOYOPLAS MANUFACTURING (MALAYSIA) SDN BHD

To ensure continuous improvement of its operations and products, Toyoplas has constantly encouraged its suppliers to implement sustainable practices in their operations. This is to ensure that the suppliers we appoint comply with the law and requirements and, in turn, cascade the requirements and criteria to their workers, agents, subcontractors, and suppliers within their supply chain to deliver products and services. All four Toyoplas' manufacturing factories in Asia have obtained statutory certifications in their respective countries.

CERTIFICATIONS



- **ISO 9001:2015** - Quality Management System
- **ISO 13485:2016** - Medical Devices Quality Management System
- **ISO 14001:2015** - Environment Management System



- **ISO 9001:2015 (Shanghai)** - Quality Management System
- **ISO 9001:2015 (Dong Guan)** - Quality Management System
- **ISO 9001:2015 (Nanning)** - Quality Management System



- **ISO 9001:2015** - Quality Management System
- **ISO 14001:2015** - Environment Management System



- **ISO 9001:2015** - Quality Management System

STRINGENT QUALITY STANDARDS

[GRI 102-43, 102-44] [F4GBM]



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CPI (PENANG) SDN BHD

Since 2002, CPI has been conducting the Customer Satisfaction Survey via its Marketing Department and has valued every customer feedback. The survey provided insights that have helped the company make strategic decisions on customers' priorities, business performance, and customer retention. CPI achieved a score of 89% in the reporting period compared with a 79.3% scoring in 2020.

Note:

All customer satisfaction survey data collection is required to be completed by March every year.

CERTIFICATIONS

CPIP

- **ISO 9001:2015** - Quality Management System
- **ISO 13485:2016** - Medical Devices Quality Management System
- **ISO 14001:2015** - Environment Management System
- **IATF 16949:2016** - Quality Management System (Clause 8.3 product design of IATF 16949 : 2016 is justifiably excluded)

CPIE

- **ISO 9001:2015** - Quality Management System
- **ISO 13485:2016** - Medical Devices Quality Management System
- **ISO 14001:2015** - Environment Management System
- **IATF 16949:2016** - Quality Management System (Clause 8.3 product design of IATF 16949 : 2016 is justifiably excluded)
- **Good Manufacturing Practices** - GMP-WHO



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CENTURY BOND BHD

CBB's main objective is to ensure that all manufacturing processes are meticulously and adequately carried out using the Quality Assurance/ Quality Control ("QA/QC") procedures. CBB has successfully increased its lot acceptance rate and reduced its product rejection rates and customer complaints by implementing various evaluation methods such as measuring monthly delivery performance, inspection forms and records, and risk analyses.

CERTIFICATIONS

- **QA-D/MYS/GMP/0011** - Good Manufacturing Practices (WHO-GMP)
- **QA-D/MYS/GMP/0014** - Good Manufacturing Practices (WHO-GMP)
- **ISO 9001:2015** - Quality Management System
- **ISO 14001:2015** - Environmental Management System

STRINGENT QUALITY STANDARDS

[GRI 102-43, 102-44] [F4GBM]

KING
KOIL

MATTRESS CO.

A Member of kps Group

KAISERKORP

KING KOIL MANUFACTURING WEST, LLC

Founded over 100 years ago, the King Koil® brand remains one of the most recognisable mattress brands in the US market and globally. Leveraging on its commitment to providing comfortable, healthy and good quality sleep, King Koil® high-quality mattresses are widely available at world-class hotels and medical institutions throughout the world. KKMW offers only the highest quality selection and service to meet the demands of the rapidly changing markets, thus ensuring stringent quality procedures in producing high-end category mattresses. The Company has also invested in value-added properties such as anti-microbial, dust mite-resistant, and non-allergenic on its mattresses.

For the year in review, KKMW recorded 93% of repeat orders, similar to 2020. However, sales returns were lower due to key material shortages that led to delays in product launches and deliveries.

The current line of mattresses produced by KKMW includes the following components:

Tencel™ Fabric

- Used in most King Koil® beds in the US market, the soft and breathable fabric is made from plant-based materials and provides a smooth surface that aids with pressure relief.
- Tencel™ is an eco-friendly alternative to cotton due to less energy and water required in its production.

CertiPUR Certified Foams

- Includes the latex-like HypurGel memory foam used in the Mhybrid line.
- CertiPUR certified foams are made without harmful chemicals such as formaldehyde, heavy metals, and ozone-depleting substances, among others.

Organic Wool

- Wool is a luxurious, renewable resource that is flame resistant, water repellent and non-allergenic, which is used in the iMattress line.



STRINGENT QUALITY STANDARDS

[GRI 102-43, 102-44] [F4GBM]



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AQUA-FLO SDN BHD

For more than two decades, Aqua-Flo has been the provider of choice amongst water concessionaires for consistently delivering improved potable water quality and availability to the communities that are served and beyond. The company's laboratories are fully equipped to analyse the full spectrum of parameters required in the Malaysia Drinking Water Standard and Malaysia Effluent Standard, ascertaining that Aqua-Flo adheres to safe water management systems.

In 2021, Aqua-Flo recorded an average customer satisfaction score of 87%, higher than 85% in 2020 and negligibly lower in 2019 at 87.7%.

The survey conducted was based on the following criteria:



Timeliness & Reliability of Delivery



Quality of Products & Services



Responsiveness to Customer's Needs



Communication with Customers

There were zero reports of non-compliance, nor were there any fines imposed during the reporting period.

OUR PEOPLE AT THE CORE OF KPS

[GRI 401-1, 401-2][F4GBM]



Adapting to the new working norm in 2021, the cornerstones that have ensured KPS' long-term growth are our 3,712 employees. We managed to pull through critical phases, and the synergistic strength of all personnel was the deciding factor in our better-than-expected performance.

We have exceptionally tailored training programmes and opportunities for career advancement to assist our employee's professional growth and personal goals in propagating a dynamic talent pool to encourage excellent performance.

We intend to build an environment where every employee thrives in their role, feels recognised for their contribution to our collective overall achievements, and can develop to their fullest potential. We are governed by a strong set of values, purpose, and behaviours that help drive employee engagement and connectedness.

We have implemented Human Resources related policies, processes, and systems to create the right conditions to help drive employee experience that leads to positive outcomes. These include strategic investment in human capital development, technical and soft skills programmes, and employee value proposition. Retaining valuable talent is the key catalyst for the Group's long-term viability as it increases the organisation's quality of service, which positively affects profitability.

In driving Human Resources ("HR") excellence and innovation, the Human Resources Department's ("HRD") strategic plan involves the development of a five-year plan to move the organisation forward. In 2021 the following programmes were completed:

- **KPS Core Competency Dictionary**

The KPS Core Competency Dictionary was launched to support talents in harnessing core competencies in performing their jobs. It also acts as a guide for talents' performance and determining the gaps in their performance. Individual interview sessions were undertaken to understand their strengths, weaknesses and any areas of improvement needed.

- **Leadership Development Programme**
1.0 series for Senior Management and C-suite.

- **Leadership Development Programme 2.0**
Middle Management 2.0

- **Women Leadership Programme**

The programme focused and addressed the role of women in the workplace, transitioning in the age of technology and automation, and achieving balance in their respective roles as mothers, wives and employees.

- **Employee Engagement Survey**

Conducted to gauge employee satisfaction levels throughout KPS, covering overseas offices. The primary objective of this exercise was to ensure that everyone aligns with and works towards achieving a common goal.

- **Employee Engagement**

Team building activities and core values training programmes were conducted at each subsidiary to ensure that all employees understand, embrace and inculcate KPS' core values – PRIDE.

Aside from offering competitive compensation packages, we have established clear and timely communications to strengthen employee-employer-coworker engagements. Our comprehensive HR management strategies also include considerations for other highly weighted factors, including pathways for growth and career, and increased flexibility for work hours and remote work.

As the demand for transformative, strategic and collaborative HR services continues to rise, the HRD key focus area remains on strengthening the Talent Management and Retention and Rewards Programme to maximise individual potential, increase organisational capacity and position KPS as an employer of choice.

In supporting both organisational performance and individual satisfaction, we have taken a two-pronged approach that includes development programmes with top tier institutions, ie. Stanford, Harvard, Cambridge Business Schools and INSEAD for upskilling and reskilling, and job rotation to ensure talents' readiness to cover crucial roles in the business.

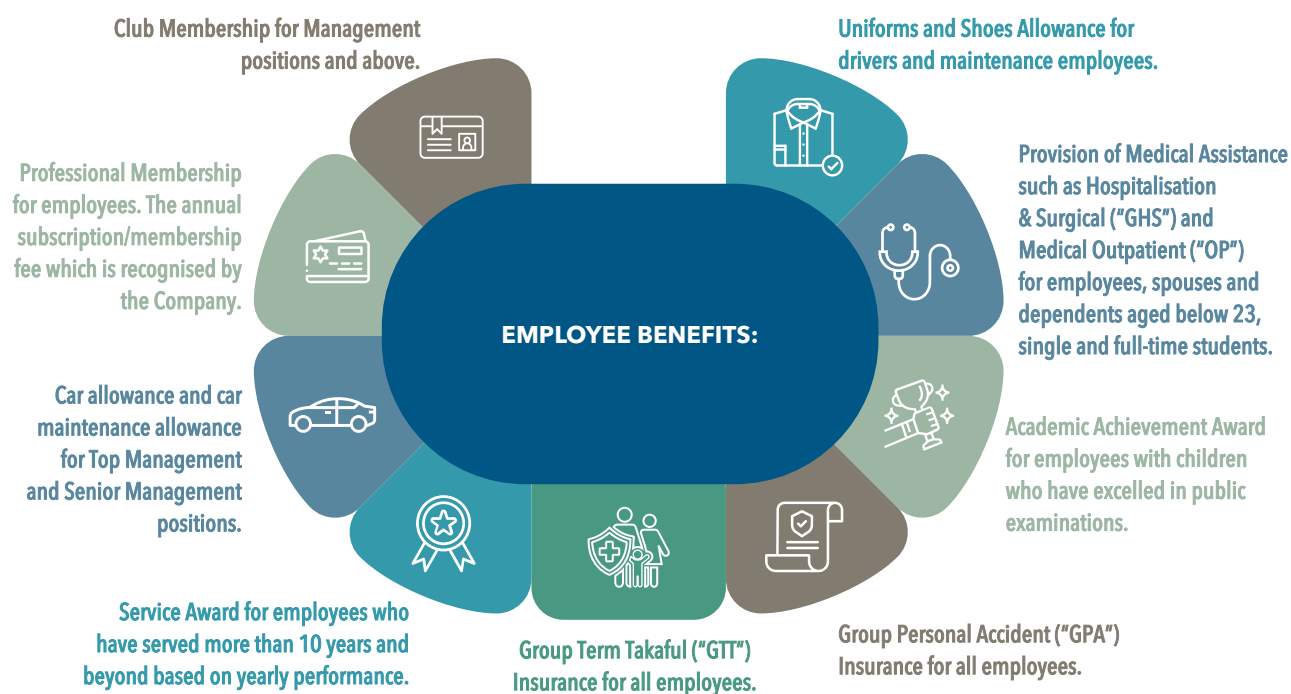
Disruptions from the pandemic are still in our midst, which has driven us to closely assess employees to avoid the pitfall of them being disconnected cognitively and emotionally from their work and workplace.

OUR PEOPLE AT THE CORE OF KPS

[GRI 401-1, 401-2][F4GBM]

EMPLOYEE COMPENSATION AND BENEFITS

Employees who have served more than five consecutive years are eligible for a host of compensation benefits, including an additional 4% of employer contribution to the Employees Provident Fund ("EPF") on top of the prevailing rate of 12% to 13%. This prerequisite is in addition to their fixed base salary. For FY2021, eligible employees received 13 months' salary.



OUR PEOPLE AT THE CORE OF KPS

[GRI 401-1, 401-2][F4GBM]

PROVIDING GOOD EMPLOYMENT [F4GBM]



Respecting and protecting the rights of our employees in our operations and supply chains are our ethical obligation that encompasses workplace safety and security, social protection, career development, fair income, and social integration.

The monthly gross entry-level wage complies with Malaysia's Minimum Wages Order 2020. We pay our employees fairly and do not discriminate based on race, gender, age, national origin, religion, sexual orientation, gender identity or expression, marital status, citizenship, handicap, veteran status, or any other legally protected factor.

Our responsibility relating to employment, work environment, human rights, and other relevant legislative requirements towards our employees complies with the Malaysian laws and regulations as shown below:

	ACT 265	Employment Act 1955
	ACT 177	Industrial Relations Act 1967
	ACT 514	Occupational Safety and Health Act 1994
	ACT 452	Employees Provident Fund Act 1991
	ACT 4	Employees' Social Security Act 1969
	ACT 53	Income Tax Act 1967
	ACT 2018	Employment Insurance System Act 2017
	ACT 709	Personal Data Protection Act 2010
	ACT 753	Minimum Retirement Age Act 2012
	ACT 732	National Wages Consultative Council Act 2011
	ACT 350	Children and Young Persons (Employment) (Amendment) Act 2019

Senior Management Gender Diversity Policy addresses the Group's support diversity and inclusivity in the areas of recruitment, selection, development, and promotion of talent.

OUR PEOPLE AT THE CORE OF KPS

[GRI 401-1, 401-2][F4GBM]

TRAILBLAZING PROFESSIONAL EXCELLENCE

Our company values, vision, and goals are communicated clearly to all employees to build trust, aid better business decision-making and boost employee engagement to achieve higher productivity and customer satisfaction. In today's highly competitive job market, we have sustained our strong employer brand for attracting and retaining top talent. The Group effectively delivers our employee value proposition to current employees and potential candidates to ensure lower attrition rates, working with high-performing and highly disciplined professionals.

We encourage active professional networking, vital to career growth, building long-term relationships, and earning us a good reputation in our operating industries. Forming trust with meaningful networking strengthens business connections, which is ideal for mutual assistance and strategic partnerships. Aside from ensuring compliance and best practices, we leverage on our partnerships with suppliers, vendors, and customers as a source of new perspectives, best practice knowledge, innovation, and ideas to stay abreast of the latest industry developments and raise our profile within the business fraternity.

CERTIFIED PROFESSIONALS IN KPS



KPS continues to partake and immerse in the evolution and development of our core business industries. We regularly monitor the rulings and trends, where changes are considered and reviewed for integration into our operations. The benefits not only ensure compliance and best practices but also further build on our partnerships with our suppliers, vendors, and customers. Collaboration and reforms are expected and practised with the entire supply chain to improve efficiencies and collaboration.

PARTICIPATION IN PUBLIC ASSOCIATIONS [GRI 102-13]

-  Malaysian Institute of Accountants ("MIA")
-  The Association of Chartered Certified Accountant ("ACCA")
-  The Malaysian Institute of Chartered Secretary & Administrator ("MAICSA")
-  Malaysian Institute of Management ("MIM")
-  Chartered Institute of Management Accountants ("CIMA")
-  The Malaysian Institute of Certified Public Accountant ("MICPA")

DYNAMIC WORKFORCE

[GRI 102-7, 102-8, 404 -1, 404-2, 404-3, 405-1]

EMPLOYEE TRAINING AND DEVELOPMENT, RECRUITING AND RETAINING EMPLOYEES [F4GBM]



The impact of employee engagement and performance on an organisation's bottom-line is measurable and realistic. In an ever-changing and fluid business environment, training and development are indispensable to maintaining our competitive edge. Investments in training new and existing employees allow them to acquire new skills, sharpen existing ones, perform better, increase productivity and be better leaders.

Training programmes are structured for targeted individuals where internal and external process experts facilitate various programmes. A key objective is in aligning personal development with the organisation's goals to improve overall performance and competencies coupled with improving morale, a sense of security and more robust employee engagement.

Throughout the reporting period, virtual and physical employee training sessions were conducted for our employees across the company to enable learning of precise skills, upskilling and reskilling. Business-related training programmes were also organised for specific employees in each business division. The internship programme was also extended, giving interns the opportunity to immerse themselves in a real-life working environment for a longer period.

We employ a systematic approach for assessing employee's performance, in which the outcomes are usually determined by several factors, including personal, organisational, environmental, motivation, skill level, aptitudes, or role perceptions. With the proper training and development opportunities and effective performance assessment approaches, we can increase employee accountability, retain and recruit high-calibre hires, and boost the company's bottom-line.

COMPETENCE DEVELOPMENT IN THE WORKPLACE

Training courses, seminars and employee engagement programmes are designed to enhance knowledge and skills, educate on significant regulations and updates within the industry and further improve soft skills such as management and leadership that help bolster innovation and strategic thinking in the Company.

KPS allocates a substantial budget for training fees and expenses for our Individual Development Programme, that is duly budgeted for and approved by Management. Hence, it is of paramount importance to ensure that these programmes meet the objectives of the Group of retaining valuable employees for the long-term. Sufficient research on the quality of programmes that align with professional responsibilities, goals and interests are imperative for growing skillsets and business growth.

DYNAMIC WORKFORCE [GRI 102-7, 102-8, 404 -1, 404-2, 404-3, 405-1]



Measuring job impact or behavioural changes, business impact and calculating the return on investment ("ROI") of training requires a more extended period between two and three months after training. By inculcating proper measurement tactics for training evaluation programmes, analysing business and participants' needs will determine whether training meets expectations and positively impacts the business.

We conducted employee performance reviews to identify their strengths and weaknesses, potential for future growth, encourage performance improvement, and set and measure goals. These appraisals also determine the necessary training and development needs to employees to close the gap between current and desired performance. Performance appraisals were conducted for all employees in 2021.

INDIVIDUAL DEVELOPMENT PROGRAMME

At the headquarters, male employees spent 1,559 hours (2020: 2,361 hours) while female employees spent 1,575.25 hours (2020: 1,808 hours) on Individual Development Plan ("IDP") training programmes in 2021. These IDP Training Programmes were conducted for Senior Management, Middle Management, Executive and Non-Executive personnel.

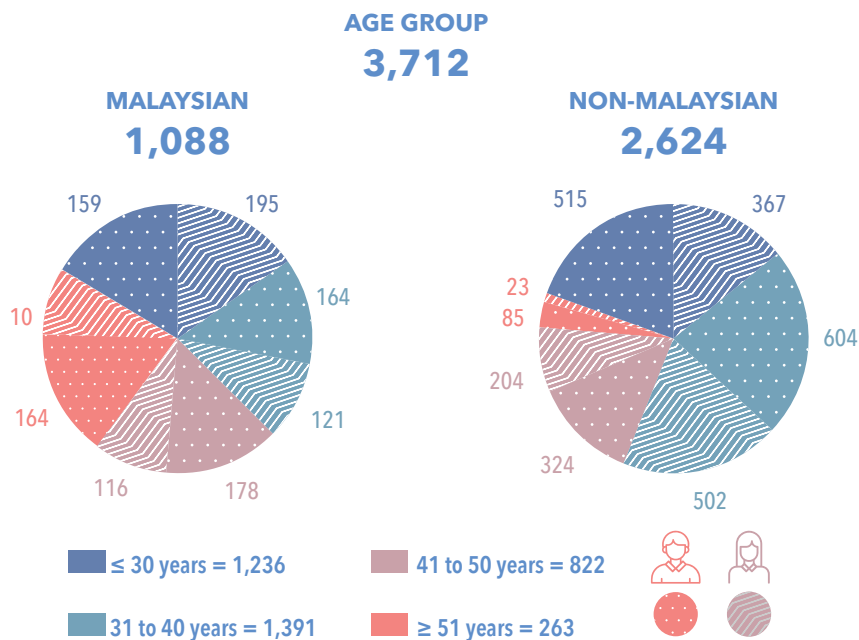
Several training sessions were either postponed or cancelled due to the MCO. Hence the reduction in IDP Points and IDP Hours were recorded. The IDP is one of the training and development programmes to equip our employees with relevant personal and professional growth skills.

			
IDP POINTS	361.50 2020: 295.15	355 2020: 225.95	716.50 IDP Points 2020: 521.10
HEADCOUNT	39 2020: 44	35 2020: 32	74 Employees 2020: 76
IDP HOURS	1,559 2020: 2,361	1,575.25 2020: 1,808	3,134.25 IDP Hours 2020: 4,169

EMPLOYEE DEMOGRAPHICS

As of 31 December 2021, there were 3,712 employees registered at our headquarters and subsidiary companies. From the total workforce, 1,236 were below 30 years old, 1,391 were between the ages of 31 and 40, while 822 were between 41 to 50 years old, and the remaining 263 were above 51 years old.

The significant drop in foreign employment throughout the Group in 2021 was mainly due to border closures that restricted foreigners from re-entering the countries where they worked, including Malaysia.




DYNAMIC WORKFORCE [GRI 102-7, 102-8, 404 -1, 404-2, 404-3, 405-1]



Reflecting the success of the Group's business transformation plan ("BTP") that started in 2016, we have successfully expanded our manufacturing operations across various sectors and geographies worldwide. KPS' manufacturing subsidiaries make up about 85% of its business, operating across five countries and accounting for at least 12 nationalities.

Besides Malaysia, we have significantly grown our global client base in China, Vietnam, Indonesia and the United States of America. Suffice to say, we have proven our mettle in overcoming language and cultural barriers for global business expansion.

EMPLOYEE CATEGORY

	♂	♀	TOTAL
 Senior Management	35 2020: 34	8 2020: 7	43 2020: 41
Management	146 2020: 152	55 2020: 52	201 2020: 204
Executive	178 2020: 177	205 2020: 211	383 2020: 388
Non-Executive	1,768 2020: 2,028	1,317 2020: 1,551	3,085 2020: 3,579
TOTAL	2,127 2020: 2,391	1,585 2020: 1,821	3,712 2020: 4,212



NATIONALITY: 12

2020: 12

MALAYSIAN
1,088



603
2020: 671



485
2020: 485

NON-MALAYSIAN
2,624



1,528
2020: 1,722



1,096
2020: 1,335



2,131
2020: 2,393

TOTAL



1,581
2020: 2,305

LIST OF NATIONALITIES:



Indonesia
1,192



Bangladesh
199



Taiwan
17



Malaysia
1,088



Nepal
183



Singapore
8



China
571



Vietnam
147



Hong Kong
4



Myanmar
203



USA
99



India
1

DYNAMIC WORKFORCE [GRI 102-7, 102-8, 404 -1, 404-2, 404-3, 405-1]

PROMOTING INCLUSIVITY
[F4GBM]

We value equal opportunity in our workforce, including current and potential employees. We foster a harmonious and conducive workplace environment free of harassment based on race, ethnicity, religion, gender, national origin, ancestry, non-disqualifying physical or mental handicap, marital status, or gender identity.

During the reporting period, we did not employ any differently-abled persons.

NON-DISCRIMINATION
[F4GBM]

We strive to maintain non-discrimination in the workplace and expect all employees to maintain standards of propriety, promote equal opportunity, treat everyone professionally and with respect and act without bias. Our employment terms and conditions expressly prohibit any form of discrimination, be it age, race, colour, religion, sex, national origin, disability, marital status, status as a protected veteran, or any other characteristics protected by law.

During the year in review, there were no incidents of any discrimination recorded. As a non-discriminatory employer, we seek potential candidates that are an excellent job-fit with the Group’s global employment standards and guidelines. We consider and acknowledge qualifications and skills during the hiring and promotion of staff.



CHILD LABOUR
[F4GBM]

In compliance with Malaysian employment rules and regulations, we do not employ underage workers. This prohibition applies to all businesses in our supply chain, both existing and potential. During the year under review, no cases of child labour were reported.

FORCED OR COMPULSORY LABOUR
[F4GBM]

KPS has always been opposed to forced or compulsory labour, that also includes our vendors and suppliers.

SECURITY PRACTICES

KPS appoints competent third party security personnel to manage and fulfil security duties at all our premises. All our offices and factories are equipped with robust security systems that consist of trained security guards, CCTV cameras, visitor access protocols and are monitored by our Facilities Management & Administration Department.

Although the security officers are not trained on KPS human rights policies, they undergo training sessions to properly use personal protective equipment (“PPE”) and COVID-19 control and preventative measures.

DYNAMIC WORKFORCE [GRI 102-7, 102-8, 404 -1, 404-2, 404-3, 405-1]
HUMAN RIGHTS ASSESSMENT
[F4GBM]

KPS is a firm believer of human rights. The Group has not approved any formal human rights policies or guidelines, having never been subjected to a human rights review or impact assessment.

We have never held any training on human rights policies or processes (GRI 412-2), nor have we worked with any investment agreements or contracts that particularly incorporate human rights clauses, or that have been subjected to human rights screening (GRI 412-3).

We are, however, committed to safeguarding our employees' rights in line with all applicable legal requirements and regulations, as well as the Universal Declaration of Human Rights.

CUSTOMER HEALTH AND SAFETY
[F4GBM]

The Group places a high priority on health and safety, ensuring that all of our goods meet local and international requirements.

As a result, we are dedicated to quality and industry best practises as mandated by numerous certifications. We hold certifications from a variety of auditing and standards organisations, including SIRIM QAS International as of 31 December 2021.

Please refer to Stringent Quality Control Procedure on pages 88 to 93 of this Report for further details.

In 2021, there were no occurrences of non-compliance with health and safety regulations that resulted in fines or penalties, nor were there any incidents of non-compliance warnings.

DYNAMIC WORKFORCE [GRI 102-7, 102-8, 404 -1, 404-2, 404-3, 405-1]

MARKETING AND LABELLING

[F4GBM]

Consumer assurance is strengthened by product labelling, which verifies numerous issues such as origin, quality standards, components, materials, and other vital disclosures. Packaging has a vital role to play in ensuring our products reach customers in a safe condition. It also carries clear information about how to prepare, store and use the product, with information on materials as well as any health and safety risks. We make sure that manufactured dates are correct so customers can keep proper records.

Proper packaging also helps to ensure traceability in our factories. We use unique batch codes to tell us exactly when a product was produced, what raw materials were used and the source of materials.

There was no record of non-compliance cases with legislation or in our marketing communication throughout the year under review.

CUSTOMER PRIVACY

[F4GBM]

We protect client privacy at all times and did not receive any complaints during the year in review. To instil knowledge and ensure compliance with all applicable rules and regulations stated under the Personal Data Protection Act 2010 ("PDPA"), our personnel are apprised via regular training programmes.

SOCIO-ECONOMIC COMPLIANCE

[F4GBM]

For non-compliance with laws and regulations in the socio-economic area, KPS has not received any fines or sanctions.

COMPLAINTS AND GRIEVANCE MANAGEMENT

[F4GBM]

The Whistleblowing Policy outlines guidelines and grievance procedures for handling social-related complaints, including sexual harassment, and is also available on the Group's website at <https://kps.com.my/index.php/whistleblowing>. We handle all grievances, complaints, and conflicts in an open, transparent, and consultative manner, using proper procedures for handling, investigating, and resolving issues, such as social or environmental concerns, through the use of emails and Town Hall meetings where employees are encouraged to express their concerns.



EMPLOYEE ENGAGEMENT



A highly engaged employee base creates a healthy, conducive and productive workplace environment. We regularly measure employee performance through various engagement surveys and enabling open and honest dialogue sessions even through the imposed MCOs. These efforts help us better understand employee opinions, concerns, and issues while improving their communications skills and emotional intelligence to help build resilient working relationships.

As restrictions eased, we could hold physical programmes and activities, albeit with strict SOPs. It is critical for us to build an organisation that is agile, innovative, and adaptive to the ever-changing needs of our customers and the evolving business conditions, to be better prepared to face future threats and identify opportunities. While new technical and professional skills increase organisational competence development, diverse training programmes such as bolstering interpersonal skills promote employee empathy and encourage effective working relationships.

EMPLOYEE ENGAGEMENT



1st Town Hall - 5 March 2021

The Human Resource Development Department ("HRD") organised the first Town Hall session. Encik Ahmad Fariz bin Hassan, MD/GCEO, presented the results of the Corporate Key Initiatives ("CKIs") and Key Performance Indicators ("KPIs") to 65 employees.



Staff Appreciation Ceremony - 21 May until December 2021

The HRD organised Staff Appreciation Ceremonies for all employees who completed their services at KPS.



COVID-19 Awareness Webinar - 18 June 2021

A COVID-19 Awareness Webinar was organised, facilitated by Dr Ahmad Fairuz Mohamed, a private-practising health physician.

EMPLOYEE ENGAGEMENT



1st Corporate Sustainability Champion ("CSC") Meeting/Workshop - 29 June 2021

This sustainability reporting workshop was held to identify pertinent ESG risks and opportunities within the Group's business. More than 20 participants from headquarters and subsidiary companies attended the virtual workshop.



Weekly Tazkirah - January - December 2021

Employees attended weekly tazkirah online sessions, which were conducted by invited ustaz and ustazah.



Internal Quarterly Bulletins 2021

Published by the IRSC department, the quarterly KPS Bulletins featured articles on HR aspects, health and safety, relevant information about the Group and general knowledge. Since 2018, e-Bulletins have been circulated to employees via the Company's intranet as part of our sustainability initiatives to obliterate the usage of printing hard copies.



MANAGING OCCUPATIONAL SAFETY AND HEALTH

[GRI 403-1, 403-2, 403-4, 403-5, 403-9, 403-10] [F4GBM]



Since the onset of COVID-19, we have grappled with the need to ensure the safety of our employees and simultaneously respond to the increased demand for service continuity. Meticulous Occupational Safety and Health (“OSH”) controls were adopted to protect our employees within the workplace. Throughout 2021, we continued with safe working procedures, taking preventative steps and measures as warranted the previous year at all worksites to arrest the spread of infection.

While the Government had eased COVID-19 protocols and SOPs, including travel bans, instructions were given to all employees to strictly adhere to the SOPs, including wearing face masks, MySejahtera check-ins, physical distancing and being fully vaccinated to increase awareness of communicable disease threats. All employees are kept up-to-date with the latest developments and advice issued by the Ministry of Health, given the speed at which infection is spreading and the emergence of new COVID strains.

Programmes, surveys, webinar sessions and meetings were conducted as part of the action plan to promote and ensure employees act responsibly in maintaining a safer and healthier environment at work and at home.

MANAGING IN THE NEW NORM

At the onset of the COVID-19 outbreak in early 2020, we implemented an extensive Crisis Management Plan ("CMP") to prevent the spread of infections among our workforce and control situations as they occurred. SOPs were developed and enforced across all departments and core operations, in addition to OSH practices already in place. Into the second year of operating in the new norm, we have since reshaped our approach and embraced the following practices into our daily routines:



Vaccine deployment for our employees, implementing travel restrictions for all employees and encouraging remote working ("WFH") wherever possible.



Mandatory self-quarantine to be observed by those returning from international travels, consistent with the Government's COVID-19 SOPs.



Monitoring news updates, control guidelines and recommendations by the World Health Organization ("WHO") and Centres for Disease Control ("CDC") on exposure prevention to protect all employees and stakeholders, including the communities where we operate.



Establishing social distancing, mandatory screening, body temperature measurements, scanning and checking vaccination status before entering the premises, and improvising cleaning and disinfection protocols at all facilities that remained operating.



Established the appropriate medical procedures for assessment, testing, isolation, care, and transportation of anyone who has developed symptoms that may indicate infection.



Closely supervising the health of all workers and training teams through ongoing preemptive measures to detect and isolate COVID-19 infections in the workplace, at home, workers shared accommodation and modes of company-owned or leased transportation. Employees were also instructed to conduct self-monitoring, self-isolate if symptoms are detected and to notify medical professionals immediately.



Spot checks were conducted at all subsidiaries to ensure compliance to protect employees, visitors, contractors and other stakeholders.



Quick adoption of digital technologies became a critical enabler for employees to continue working remotely and keep connected. Implementation of verified and secured digital signatures for official documents to expedite approval processes.



Migration from face-to-face meetings to video conferencing/online meeting platforms, including job interviews.



Conducted e-learning/webinars to replace physical training programmes.



Social distancing is to be observed at all dining areas, cafeterias and office pantries.

We distributed Personal Protective Equipment ("PPE"), medical diagnostic equipment, disinfection liquids and hand sanitisers for employee use as safeguard measures to limit the acquisition and transmission of the virus while working.

MANAGING OCCUPATIONAL SAFETY AND HEALTH

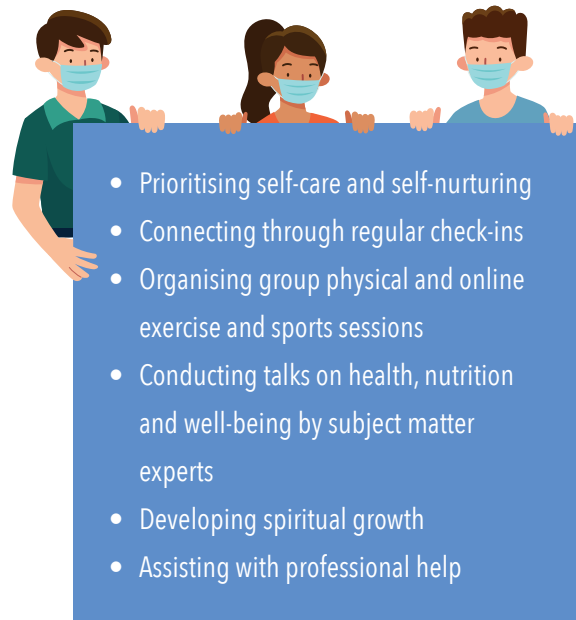
[GRI 403-1, 403-2, 403-4, 403-5, 403-9, 403-10] [F4GBM]

ENHANCING EMPLOYEES' WELLBEING

Pandemic fatigue has affected organisations and employees everywhere, having to cope with a massive economic crisis and widespread social unrest. Permanent shifts in technological innovation, business-model disruption, societal inequality, workforce automation and hybrid ways of working have exacerbated stress levels. While we mustered the strength and energy to turn around and address critical issues first-hand to ensure business continuity, dealing with and overcoming prolonged mental exhaustion is a long-haul challenge.

We acknowledge the struggles faced by employees, whether infected and recovered or not, in dealing with a multitude of adverse physical and mental issues, with symptoms that may be difficult to recognise or medically diagnosed, much less treated. Stepping up to the task, we are doing our best in supporting employees develop coping skills in facing new stresses, safety concerns and economic upheaval.

We introduced several initiatives to encourage employees to be more accountable and aware to move forward positively:



Online webinars were conducted by professional medical certified panels on mental health and well-being throughout 2021 to ensure that employees were aware of any possibility of health issues and managing stress especially during WFH.

Topics of webinars covered:

- **"Pemakanan Sihat Sepanjang Bulan Ramadhan".**
- **"Bekerja Dari Rumah - Nasihat Dan Amalan Penjagaan Kesihatan Mental & Fizikal".**
- **"Penyakit 3 Serangkai - Kencing Manis, Tekanan Darah Tinggi & Sakit Jantung, Kaitan Gaya Hidup Sehari-hari dan Pemakanan".**
- **"Penjagaan Kesihatan Dan Kawalan Penyakit Selepas Banjir".**
- **Occupational Safety & Health ("OSH").**
- **Taklimat dan Pendedahan Tentang Vaksin COVID-19.**

MANAGING OCCUPATIONAL SAFETY AND HEALTH

[GRI 403-1, 403-2, 403-4, 403-5, 403-9, 403-10] [F4GBM]

COVID-19 SANITISATION OF PLAZA PERANGSANG

Being the owner and management of Plaza Perangsang, we continued with disinfection protocols and improved ventilation in the building throughout the reporting period. The Building Management System ("BMS") Team installed temperature readers and thermal scanners, social distancing markers and crowd control barriers at all common areas, provided hand sanitisers and kept records on employees and visitors entering the building.

OCCUPATIONAL SAFETY AND HEALTH (OSH) TRAINING PROGRAMMES

OSH has always been a top priority at KPS, where recommended safety and health programmes are regularly conducted for employees at all facilities and tenants of Plaza Perangsang. Our robust OSH programmes provide ample resources to help communicate potential dangers and propagate employee and workplace safety to identify and avoid common risks and hazards. In 2021, we organised the following programmes:

21 January - 21 March 2021

KPS Staff Calorie Burnt Competition (HRD & Sports Club) Health Programme.

March 2021

Appointment of KPS-Safety & Health Officer (Mohd Rashidi Roslee).

OSHA ACTIVITIES WEBINAR AWARENESS SESSION:

24 February 2021

Webinar 1: Awareness of Vaccine (Dr. Mohd Helmi Ismail - PMCare).

25 March 2021

Webinar 2: OSH at Workplace (Dr. Mohd Jamil Napiah- QHSE Consultant).

15 April 2021

Webinar 3: Healthy Food in Ramadhan (Dr. Sheikh Anwar- Sunway Hospital).

27 May 2021

Webinar 4: Balancing Your Blood Pressure (Health Metrics).

5 June 2021

KPS Staff Health Condition Survey (HRD).

16 June 2021

KPS & subsidiary Staff : COVID-19 Vaccination Survey (HRD).

18 June 2021

Webinar 5: COVID-19 Patient Sharing Session (Dr.Jamil, Dr.Fairuz, En. Rashidi & Pn. Norinta).

Mid-July 2021

Webinar 6: Mental Health in COVID-19 Pandemic (PMCare).

COVID-19 AWARENESS REMINDER BY CMT COMMITTEE COVID-19 ACTION PLANS & GUIDELINES:

13 January 2021

MCO 2 : COVID-19 Action Plans & Guidelines – SOP WFH.

10 May 2021

MCO3 : COVID-19 Action Plans & Guidelines – SOP WFH.

5 June 2021

Reminder : Close Contact COVID-19 Involving HQ Staff.

FMA- STAFF AWARENESS TRAINING (ISO 9001 & ISO 45001) (55 HOURS)

8 July 2021

Training 1 : ISO 9001 (Dr Mohd Jamil - Mindamurni Training & Resources).

16 July 2021

Training 2 : ISO 45001 (Dr Mohd Jamil - Mindamurni Training & Resources).

SAFETY TRAINING - BOMBA REQUIREMENT:

6 October 2021

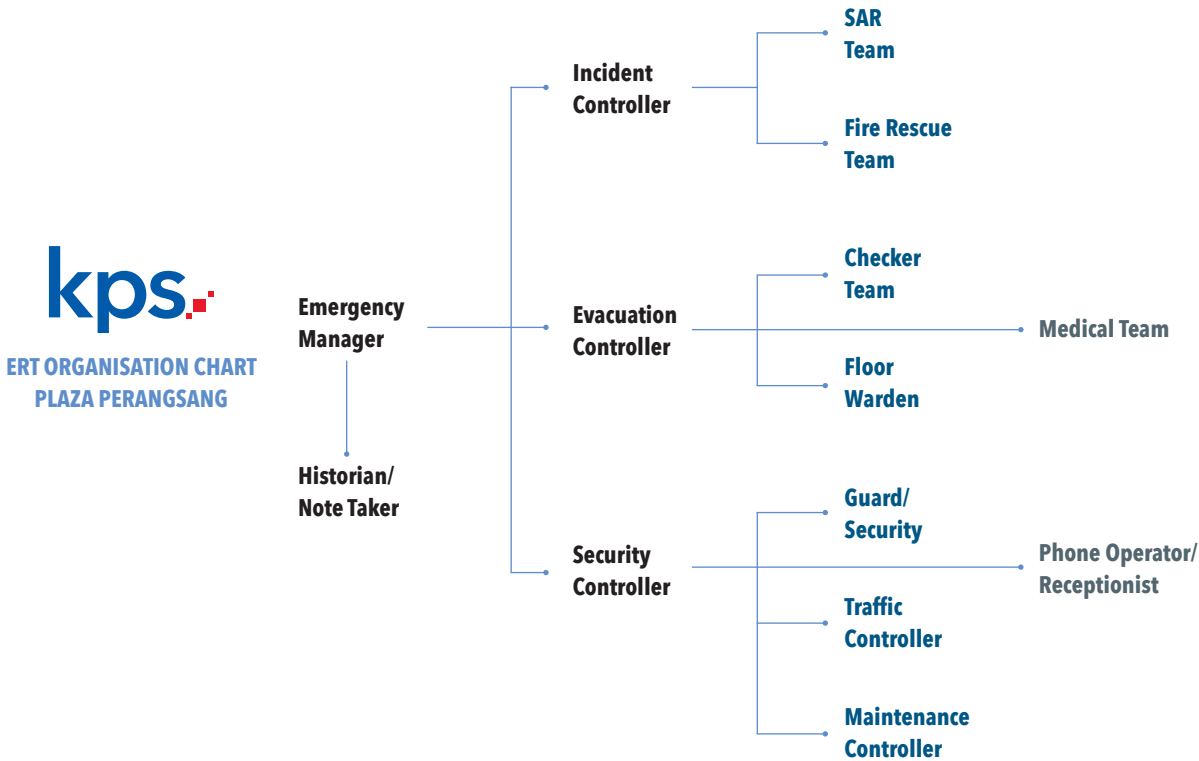
- Training - ERT First Aider / Proper Sanitising Procedure (BOMBA)
- Fire Drill Training (with BOMBA).

MANAGING OCCUPATIONAL SAFETY AND HEALTH

[GRI 403-1, 403-2, 403-4, 403-5, 403-9, 403-10] [F4GBM]

The Emergency Response Team (“ERT”) at KPS’ headquarters in Plaza Perangsang, Shah Alam, Selangor oversees and manages potential emergencies, incidents and accidents. Led by the Emergency Manager, the team consists of an Incident Controller, who guides the SAR Team and the Fire Rescue Team, while the Evacuation Controller supervises the Checker Team, the Floor Warden, and communicates with the Medical Team as and when needed. The Security Controller is in charge of the Guard/Security, Traffic Controller, and Maintenance Controller and communicates with the Phone Operator/Receptionist when the need arises. The building is equipped with all the necessary technological systems to alert people, a fire protection system, fire-fighting equipment and properly assigned evacuation routes for public safety.

ERT personnel are competent to carry out their tasks and are prepared to handle any emergencies. They are experienced in dealing with toxic dangers in the workplace and are able to provide support in the event of emergencies.



KPS’ manufacturing segment is the heartbeat of the company, contributing the bulk of the Group’s income. As we expand organically and through accretive acquisition to build up capacity and capabilities, so do our responsibilities towards OSH and public safety. Besides preventive and scheduled maintenance required for improving manufacturing and quality systems, good OSH management is inextricably linked to improving productivity, performance and profitability.

Although the manufacturing operations are associated with many possible hazards, the health and safety regulations at our manufacturing production facilities have been improved tremendously over the years. Occupational risks have been amplified by the pandemic, exposing workers to occupational hazards that put them at risk of disease, injury and even death in the context of the COVID-19 response. These occupational risks include occupational infections with COVID-19, skin disorders and heat stress from prolonged use of PPE, exposures to toxins because of increased use of disinfectants and psychological distress.

MANAGING OCCUPATIONAL SAFETY AND HEALTH

[GRI 403-1, 403-2, 403-4, 403-5, 403-9, 403-10] [F4GBM]

Mitigating these hazards and protecting workers' health, safety and well-being require well-coordinated and comprehensive measures for infection prevention and control, occupational health and safety, health workforce management and mental health and psychosocial support.

We have taken the necessary precautions to ensure sufficient occupational health and safety measures to avoid increased rates of work-related illness among health workers, high rates of absenteeism and reduced productivity.

CPIP and CPIE have established ERTs, headed by competent personnel to manage long-term risk management and social responsibility obligations. As employers, we are responsible for ensuring that the working environment is safe and healthy. As workers, we are accountable for working safely and protecting ourselves and not endangering others, knowing our rights, and participating in preventive measures.

Strengthening and investing in resilient OSH systems and programmes and awareness-raising campaigns within the Group on how promoting and creating a safety and health culture can help reduce the number of work-related deaths and injuries.

ERT ORGANISATIONAL STRUCTURE: CPIP



CPI (PENANG) SDN BHD

Coordinator

Commander

Fire Fighters

First Aiders

Chemical
Spill Rescue

Crowd Control

Sweep Team

ERT ORGANISATIONAL STRUCTURE: CPIE

Coordinator

Commander

Fire Fighters

First Aiders

Chemical
Spill Rescue

Crowd Control

Sweep Team

GROUP A

GROUP B

GROUP C

GROUP D

GROUP E

SOCIAL KEY HIGHLIGHTS



EDUCATION: RM126,000

KPS Cerdik Programme

40
students



Sekolah Kebangsaan (A) Bukit Kemandol

Achieved reduction in student drop out rates, achieved >80% attendance and obtained better grades.

Graduate Attainment Programme



5

fresh graduates
and interns

improve competency levels of
working skills and knowledge.

Celik Futuristik Programme

Collaboration with
Maxis to distribute



43



Sim cards and i-Pads

to asnaf students of
SMK Kajang to aid their
learning process.



ENTREPRENEURSHIP: RM212,900

The Entrepreneurship Development Programme, costing about RM212,900, provided a platform to help local participants (including from the asnaf category) to start small-scale businesses, improve their competitive edge, and elevate their monthly income to RM1,000 or more. In 2021, the following were the beneficiaries of the programme:

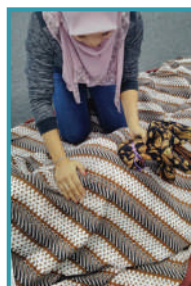
40

local participants
completed the
caregiver training.



22

participants
completed their training
and classes in
postnatal
services.



30

participants

attended the marketing livestock
business planning and physical
slaughter training to sharpen
their technical skills in livestock
management, nutrition and marketing.



This programme has
helped **>60%**
of the participants
to attain more than
RM1,000
monthly income.



COMMUNITY, ENVIRONMENT, SAFETY AND HEALTH & PHILANTHROPY

For Community Development, we utilised

RM262,307

to support the following programmes:



Intensive sports training for cycling, badminton and swimming for

6

OKU athletes, enabling them to qualify as athletes to represent Malaysia in international sports competitions.



Religious Programmes & activities for the staff, e.g.:
KPS Back to School 2021

To promote the importance of Environment, Safety and Health matters,

RM250,150

was allocated for the following:



KPS Sustainability Challenge by collaborating with University Pertanian Malaysia to run a competition to encourage creativity and innovative ideas on promoting a sustainable environment among higher education students.



KPS Road Safety Programme

for **103,804**
secondary school students.



Zakat Re-distribution

KPS donated **RM781,31** to various associations, NGOs and other relevant agencies.

We contributed to the Tabung COVID-19 Selangor by donating PPE and sanitisers to selected healthcare clinics and schools. We also extended assistance to employees and organised food donations to pandemic-stricken communities and victims of the recent floods in Selangor.



CORPORATE SOCIAL RESPONSIBILITY

[GRI 413-1] [F4GBM]



For the past two years, the COVID-19 pandemic has caused ripple effects worldwide, fuelling an unprecedented public health crisis and prompting an economic slowdown as nations closed borders and implemented rigid protocols and SOPs to protect their populations. Facing our share of damaging effects in our organisation and businesses has led us to scrutinise ESG risks and opportunities more fervently to plug the causes of our identified vulnerabilities. Addressing such challenges requires a concerted effort by every single personnel, and we are now better prepared in anticipation of future challenges to absorb eventual shocks or embrace changes quickly.



While we have established plans and programmes, we have an evolving perspective around the business impact of COVID-19 from operations to the workforce to w uncertainty by course correcting, again and again as circumstances change. This involves reassessing assumptions, re-evaluating scenarios and strengthening our ability to sense and respond.

Our commitment to sustainability is a long-term process that focuses on the primary goal of empowering and development through carefully selected programmes that have enabled low-income earners, the impoverished, and differently-abled beneficiaries for better access to employment prospects, education, entrepreneurship prospects, community development while also nurturing talent via sports development to reach the national level in competitive sports such as badminton, swimming and cycling.

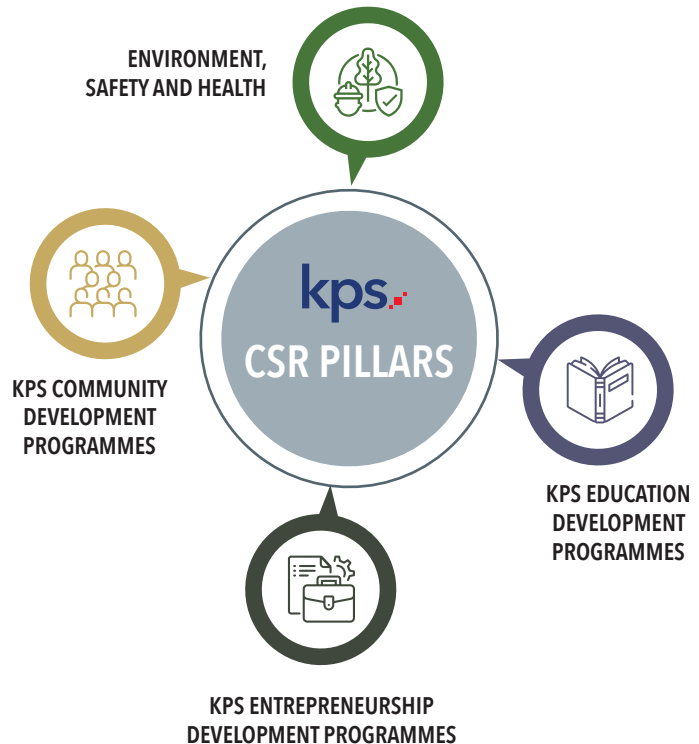
The ultimate purpose behind organising these programmes and efforts is to maximise shared value among organisations, employees, shareholders, and the community. While the precise value differs for each stakeholder group, CSR initiatives, directly and indirectly, promote better well-being and co-existence within society and the environment.

CORPORATE SOCIAL RESPONSIBILITY

[GRI 413-1] [F4GBM]

Over the last four years, our CSR activities have benefited thousands of people in our communities through the four central CSR pillars: **Education, Entrepreneurship, Community Development,** and **Environment, Safety, and Health.** The Group's sustainability and CSR objectives remain focused on creating positive social value by responding to key threats and instilling shared responsibilities among all our employees where we operate.

Our CSR initiatives are underpinned by our critical focus on the 5Ps of **People, Planet, Prosperity, Peace,** and **Partnerships,** our Sustainability Policy and in supporting the objectives of the UNSDGs. Through purpose-fit and meaningful programmes, we seek to empower targeted communities with solutions to enhance their quality of life and at the same time promote preservation of the surrounding environment.



2021 marked the third consecutive year that KPS has been named Company of the Year under the Trading and Manufacturing Sector at the Sustainability and CSR Annual Awards 2021. KPS also won the Platinum award in the National Annual Corporate Report Awards ("NACRA") 2021. The Group emerged as a top winner for its annual report under the category of companies with less than RM2 Billion in market capitalisation.



Organised jointly by CSR Malaysia and the Corporate Sustainability and Responsibility Malaysia Welfare Society, KPS was once again recognised amongst the outstanding achievers and inspiring corporations for our effort to create a better Malaysia through sustainability and CSR endeavours.

CORPORATE SOCIAL RESPONSIBILITY

[GRI 413-1] [F4GBM]



Translating profit generated into adding value to society through job creation, rewarding shareholders and investors, incremental and architectural ideation into our organisational DNA, and fulfilling tax obligations for national economic growth and development;

Strengthening and enhancing our multi-stakeholder engagement efforts.

Reducing the usage of natural and built resources to preserve the environment, improve energy efficiency, and adopt effective waste management practices.

Fostering peace to handle conflicts, stand by the rule of law and human rights with zero tolerance of bribery, corruption, and violence. Supporting nation-building activities that promote harmony and social integration.



Building and strengthening dynamic partnerships with organisations and associates that share similar values, visions, and sustainable development goals. Strategising, sharing knowledge and resources, and leveraging expertise to support sustainable practices.

THE 5Ps OF THE SUSTAINABLE DEVELOPMENT GOALS

FOUR CSR CORE PILLARS [GRI413-1] [F4GBM]



Due to pandemic-related restrictions that have been ongoing for nearly two years, several scheduled community enrichment programmes were cancelled or postponed. As in previous years, we set aside a budget of RM2 million in 2021, excluding zakat redistribution, to implement various environmental and CSR programmes. A total of RM1,821,856.99 (91%) was utilised with the balance brought forward to the next reporting period for carrying out future planned initiatives.

PILLAR 1: EDUCATION DEVELOPMENT

Fundamental to building a knowledge-based society, we support and provide marginalised communities with the resources and capabilities to seek knowledge, improve their quality of life and broaden their social outlook.

PILLAR 2: ENTREPRENEURSHIP DEVELOPMENT

Over the years, the growth of KPS' social entrepreneurship programmes has ably demonstrated how we create sustainable social impact by encouraging the less privileged, including women in society, to take responsibility and ownership of their destiny. Through training, mentoring, and financial assistance, our programme beneficiaries are equipped with the skillsets and knowledge to effectively develop and manage their business or career.

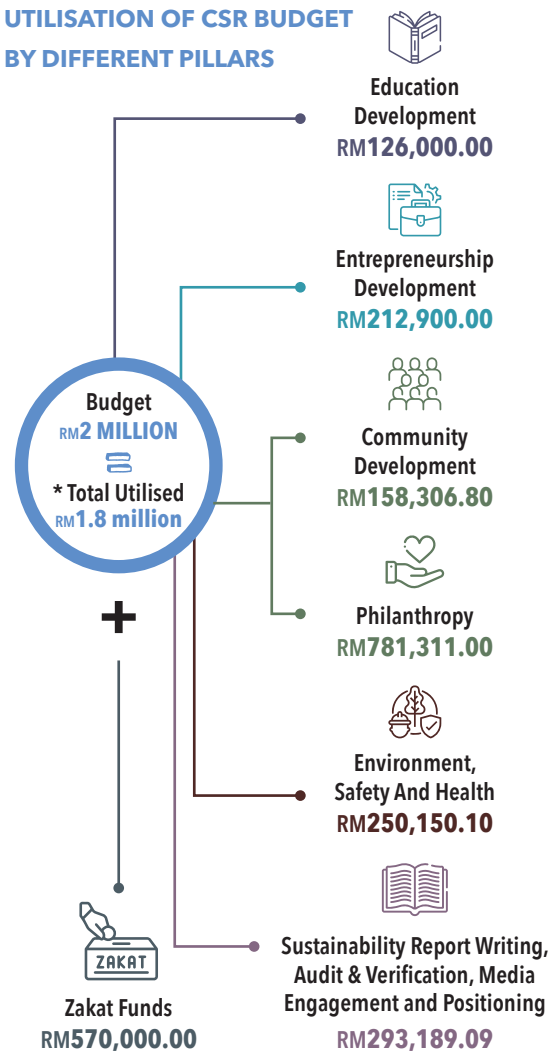
PILLAR 3: COMMUNITY DEVELOPMENT

Sporting activities and religious programmes are initiatives that bridge the divide between the underprivileged, the differently-abled, other members of the community and our employees.

PILLAR 4: ENVIRONMENT, SAFETY AND HEALTH

We focus on preserving and safeguarding Environment, Safety and Health by improving our environmental footprint, promoting conducive and safe workplaces, and nurturing healthy lifestyles.

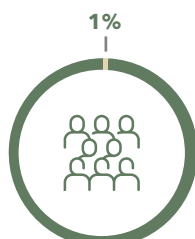
UTILISATION OF CSR BUDGET BY DIFFERENT PILLARS



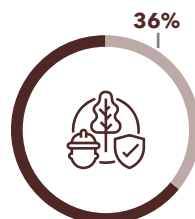
UTILISATION OF CSR BUDGET BY DIFFERENT PILLARS

Pillar 1: Education Development
Budget: RM126,000.00

100%

TOTAL UTILISED
RM126,000.00CerDik: **RM76,000.00**GAP & Job Training: **RM50,000.00****NO BALANCE****Pillar 3: Community Development**
Budget: RM160,000.00

99%

TOTAL UTILISED
RM158,306.80**Sports For All :**Badminton (2 players): **RM50,000.00**Swimming (4 Swimmers): **RM50,000.00**Cycling (2 cyclists): **RM40,000.00**Islamic Religious Initiatives: **RM9,586.80**Back to School: **RM8,720.00****BALANCE: RM1,693.20****Pillar 4: Environment, Safety and Health**
Budget: RM390,000.00

64%

TOTAL UTILISED
RM250,150.10Solid & Scheduled Waste Management and Energy Efficiency Initiatives: **RM10,522.00**Sustainability Challenge: **RM105,000.00**Road Safety Programmes: **RM134,628.10****BALANCE: RM139,849.90****Pillar 2: Entrepreneurship Development**
Budget: RM213,000.00

99.9%

TOTAL UTILISED
RM212,900.00Caregiver: **RM95,000.00**Postnatal: **RM59,900.00**Livestock: **RM58,000.00****BALANCE: RM100.00****Pillar 3: Community Development (Philanthropy)**
Budget: RM781,311.00

100%

TOTAL UTILISED
RM781,311.00Selangor State (Korban): **RM200,000.00**Associations, NGOs, CSR Strategic Partnership: **RM45,000.00**Food Donation: **RM375,540.00**Flood Donation: **RM143,154.00**Employee Emergency Assistance Programme ("EEAP"): **RM10,000.00**Sustainability Expenses: **RM7,617.00****NO BALANCE****Sustainability Report Writing, Audit & Verification Media Engagement and Positioning**
Budget: RM329,689.00

89%

TOTAL UTILISED
RM293,189.09Sustainability Consultation & Report Writing: **RM69,300.00**Audit & Verification: **RM21,730.00**Media Engagement & Positioning: **RM202,159.09****BALANCE: RM36,499.91****Balance RM178,143.01 will be accrued for 2022 initiatives.**

FOUR CSR CORE PILLARS [GRI 413-1] [F4GBM]

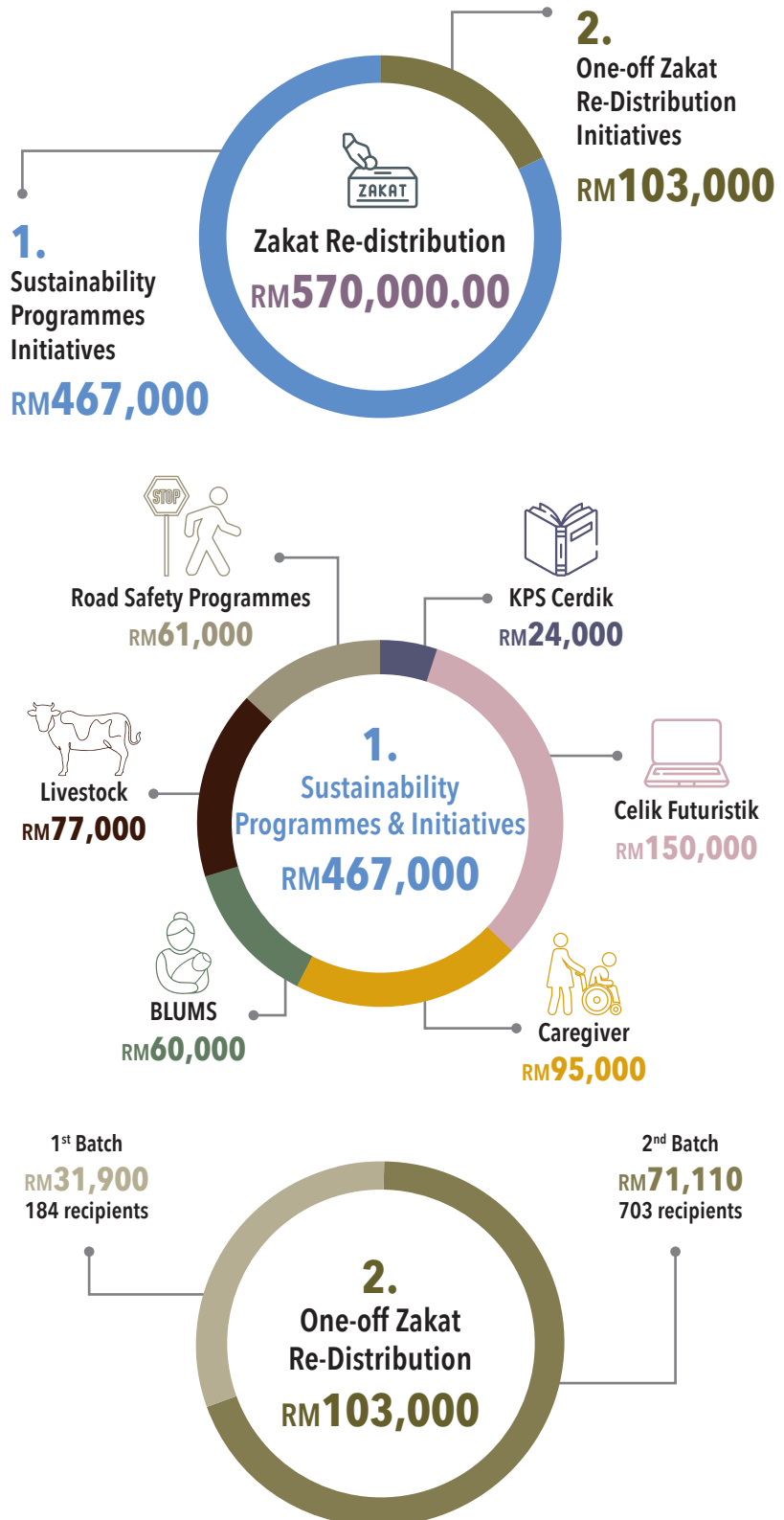
LENDING A HAND TO THE ASNAF COMMUNITY

In addition to the RM2 million budget allocated for the initiatives within the four CSR pillars, KPS allocated RM570,000 for Zakat Re-Distribution. The economic and social challenges brought on by the pandemic has resulted in a growing Asnaf community requiring support and funds to sustain their cost of living.

RM103,000 was utilised for one-off Zakat Re-Distribution Initiatives. The amount was redistributed into two batches which benefited 887 recipients. The first batch was distributed on 16 February 2021, and a total of RM31,900 was distributed to 184 recipients. The second batch was distributed on 26 April 2021 with a total of RM71,100 distributed to 703 recipients. The recipients were 19 students, 122 individuals from the general public and 746 public organisations such as NGOs, mosques and associations.

The remaining RM467,000 was allocated for the following sustainability programmes and initiatives:

- KPS CerDik (RM24,000)
- E-Learning "Celik Futuristik" (RM150,000)
- Caregiver (RM95,000)
- Postnatal "BLUMS" (RM60,000)
- Livestock (RM77,000)
- Road Safety Programme (RM61,000)



FOUR CSR CORE PILLARS [GRI 413-1] [F4GBM]



ENVISIONING A SUSTAINABLE FUTURE

[GRI 203-2, 413-1] [F4GBM]



KPS EDUCATION DEVELOPMENT PROGRAMMES

CERDIK PROGRAMME

The CerDik Programme was established in 2018 for a select group of 50 Orang Asal children from SK Bukit Lanjan ("SKBL") to enhance skills and knowledge through an interactive learning process that included discussions and study tours. CerDik was extended to 50 Orang Asal students in SK(A) Bukit Cheding ("SKABC") in 2019. In 2020, 18 students from the previous year's adopted school joined the program together with another school, SK(A) Bukit Kemandol ("SKABK"), where ten selected students joined in to learn about the importance of time management skills.

Since 2018, KPS, in partnership with InspiraComm Sdn Bhd, has persisted in helping Orang Asal students reduce their illiteracy rate, improve absenteeism and drop out rates, and prevent risky health behaviours through the CerDik Programme. Starting with 50 Orang Asal children from SKBL, the programme has since assisted 168 students until the end of 2021. The modules consist of targets and goals, which are then measured and documented systematically. The balance of academic achievements and extra-curricular activities is essential for establishing a favourable social network structure, learning new skills and developing better mental and physical health.

The CerDik Programme was our first attempt to uplift Orang Asal students through formal schooling and practical learning approaches, and four years on, we have registered a significant reduction in school drop out and absenteeism rates.

OBJECTIVES:

- To encourage Orang Asal students to pursue their primary and lower secondary education.
- To reduce absenteeism amongst primary school students throughout the academic year.
- To increase their confidence level in communication skills.
- To equip them with social skills relevant to different cultural settings.
- To inspire them to look forward to attending school.
- To reduce the drop out rates at primary and secondary levels.

ENVISIONING A SUSTAINABLE FUTURE

[GRI 203-2, 413-1] [F4GBM]

Our emphasis on reducing the education disparity between Malaysia's indigenous and non-indigenous schoolchildren relates to the UNSDG 4 Quality Education to support every child's right to access quality learning. Ultimately, knowledge and resources are the tools for the marginalised in society to climb out of poverty, pursue higher education and secure better jobs to support themselves and their families.

In 2021, the programme focused on experiential learning to complement the existing education system. 20 Form 1 students and 20 Form 2 students from the previous year's adopted school, SK (A) Bukit Kemandol, attended this programme. 15 sessions were conducted from 9 March 2021 after the first term school holidays. The CerDik programme was completed in November 2021 despite the MCO enforced in January and June 2021. The Group ensured that our commitment to the children did not decline due to a lack of technical infrastructure in their villages. Classes were presented in an actual classroom setting following the required COVID-19 SOPs. However, during the imposed MCO, the programme was switched online.

The teachers' ethical duties extend to promoting students' physical, emotional, social, intellectual, and well-being, which form part of the programme's obligations on student welfare and safety. Teachers conduct house visits as an early intervention and non-confrontational approach to check-in regularly on students who register high levels of absentees to deter drop outs. This allows for better monitoring of students and establishing teacher-parent-student relationships.

Another area of concern is students who opt to discontinue tertiary studies for reasons such as not being academically inclined or compelled to enter the workforce to support the family's income.

In 2021, a total of RM76,000 was spent on this programme for 40 students compared with RM100,000 in 2020 (28 students), RM71,749 in 2019 (50 students) and RM73,085 in 2018 (50 students).

CERDIK PROGRAMME TARGETS

To reduce drop out rate from

20% to 16%

TARGET MET

Drop out rate: 0%

To achieve **80% attendance rate**
for the KPS CerDik Programme

TARGET MET

80%

2 students to pass 4 Core Subjects
(last year 1 student achieved)

Examinations are expected to be scheduled in January or February 2022, as the school calendar for 2021 is extended until February 2022. The training provider took the alternative of conducting student progress assessments through Google Form submissions, and the results have been documented.

50% of students scoring **3.00**

Group Rate Point Average (GRPA)

(for the ability to learn, the ability to collaborate, and the ability to participate)

TARGET MET

64% of students score a GRPA 3.00

- Online/virtual class
- Weekly student progress monitoring using Google Form

ENVISIONING A SUSTAINABLE FUTURE

[GRI 203-2, 413-1] [F4GBM]

CELIK FUTURISTIK

Two years into virtual learning, the most pressing concerns among students were a lack of social interaction, housing situations that were unfit for home/work/learning purposes, including insufficient data bandwidth, and an overall sense of reduced motivation and effort.

During the reporting period, KPS teamed up with Maxis Berhad and Lembaga Zakat Selangor to enable e-learning programmes due to the imposed lockdowns that saw the closure of schools nationwide. Through this collaboration, 43 iPads embedded with sim cards were distributed to selected Form 1 and 2 Asnaf students to enable them to resume their studies without any disruptions caused by poor internet connectivity. Our involvement in this programme is in support of the UNDP Malaysia, Singapore & Brunei Darussalam and the Economic Planning Unit, Universiti Kebangsaan Malaysia ("UKM") in developing a comprehensive action plan.

Mooted on 1 September 2016, the Developing National B40 Action Plan uses innovative bottom-up approaches with the main aim of poverty reduction in line with SDG1. The main deliverables of this project is the development of a B40 Action Plan comprising two components:

- a. Specific interventions to address issues pertaining to cost of living and quality of B40 households' livelihood; and
- b. Specific game-changing interventions to increase the income and economic potential of B40 households.

Malaysia targets to eradicate poverty by providing employment opportunities and career progression plans by 2030, mainly through initiatives to address the educational needs of children in the B40 category. The Government introduced various institutional reforms and improvements to its ambitious shared prosperity vision to alleviate the rakyat's burden fairly and equitably. However, the situation is deteriorating with political instability and worsened by the COVID-19 pandemic. The goals have not been achieved despite numerous efforts aimed at the upliftment of the B40 group. The nation is still significantly behind its targeted outcomes despite various policies being formulated, attributed to the mismatch between government policies and organisational practice.

ENVISIONING A SUSTAINABLE FUTURE

[GRI 203-2, 413-1] [F4GBM]

This programme focuses on the need for skilling, re-skilling and upskilling the B40 youth group in line with The Graduate Marketability Strategic Plan 2021-2025, introduced to address the issue of mismatch in the labour market. In addition, the Job Creation Strategic Plan 2021-2023 will be introduced to enable the country to provide the resilient and highly skilled workforce needed by the industry. The implementation of these two plans will ensure that Malaysians benefit from creating new employment opportunities.

The framework of this programme aims to set students on the path of adopting and acquiring new skills as emerging technologies rapidly transform the workplace. They will also be exposed to critical thinking, problem-solving and communication skills crucial in the IR4.0 era.

70%

of students scoring competent in assessment of Innovation Rubric

43

Sim card and i-Pad delivered to SMK Kajang.

The programme was launched in November 2021.



ENVISIONING A SUSTAINABLE FUTURE

[GRI 203-2, 413-1] [F4GBM]

TALENT POOL



“

Our CSR focus is rooted in social values and a clear understanding of purpose, which has aided a broad-based and long-term economic recovery that has resulted in growth, boosting our brand's social trust as an employer of choice. These initiatives form part of our long-term strategy in building a high quality and dynamic talent pool.

”

Business sentiment improved following the economic re-opening across Malaysia towards Q3 2021 as most states moved into Phase 4 of the National Recovery Plan. Although the number of unemployed persons was on a declining trend, it remained relatively higher than in the pre-pandemic period.

(source: Department of Statistics Malaysia).

However, as of the end of December 2021 there were over 700,000 unemployed persons, according to the Department of Statistics Malaysia. In a bleak working environment, young workers and fresh graduates between the ages of 15 and 30 were more adversely impacted in terms of wage decrease and under-employment. The ratio of youth unemployment to the national average has been rising over the past decade. Graduate unemployment has persisted as a national concern, including problems of disparity in access and quality of higher education perpetuating class stratification.

While KPS prioritised the retention of its existing workforce throughout the COVID-19 recession, we continued with the internship and Industrial Placement programmes to eligible fresh graduates and skilled vocational students. Successful candidates earned placements in various departments at our headquarters or subsidiary companies.

ENVISIONING A SUSTAINABLE FUTURE

[GRI 203-2, 413-1] [F4GBM]

GRADUATE ATTAINMENT PROGRAMME

The Graduate Attainment Programme ("GAP") focuses on sourcing talent in Engineering or related fields of studies from local universities to complement KPS' leading-edge manufacturing business. Introduced in March 2020, the programme offers graduates a one-year structured on-the-job training throughout a 6+6-month employment rotation, allowing them to gain experience in various departments and business divisions.

This experiential learning opportunity is to further develop and tap into the potential of high-performing graduates enabling them to develop their area of expertise while developing a broader skill and leadership mindset. Under the mentorship and guidance from experienced leaders and experts within KPS, these young achievers can gain real-world experiences and the chance to work on live projects across our engineering, digital and business functions.

As different perspectives and experiences make for better thinking, GAP allows graduates to gain invaluable insight into the future potential of our core businesses through a combination of learning, on-the-job training and practical skills development. Harnessing diversity and exploring ideation means developing inclusive work systems and processes, resulting in a thriving environment for our people.

GAP trainees were assigned to a specific position within one of KPS' subsidiary companies upon completing the programme, contingent on individual performance. They will also be placed in a talent pool for managerial/specialist positions and trained in a structured development programme that includes standard, relational, and experiential modules.

To improve the competency of working skills and knowledge with an average assessment score of **75%** of both interns and fresh graduates under GAP.

- **GAP:**
 - 1 in CBB, Senai
 - 1 in KPS
 - 3 in Polyplus Packages Sdn Bhd, Nilai
 - **Internship:**
 - 1 intern in KPS : Completed
-

CATALYSING OPPORTUNITIES

[GRI 203-2, 413-1]



KPS ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES

Established in 2011, KPS has partnered with various Government agencies and training providers to pilot KPS Entrepreneurship Development Programmes to close the gap of rural-urban economic disparity by improving the lives of low-income households in Malaysia. This disproportion is mainly attributable to the fact that the urban population generally has access to higher income employment while rural inhabitants rely heavily on low-income economic activities, mainly in the primary industries sector such as small-scale farming, agricultural activities and livestock.

The economic damage caused by the pandemic is primarily driven by a fall in demand and the inability to sustain businesses which have led to massive layoffs, pay cuts and business closures. Despite mitigating measures by the Government, the crisis caused by COVID-19 continues to negatively impact the poor and vulnerable especially in rural communities. Compared to firms operating in urban regions, the lower- and middle-income groups tend to receive lesser revenues, resulting in a lower degree of total prosperity for these families.

KPS has been breaking the barriers for the rural entrepreneurs to improve their status and maintain the autonomy of the affected communities by unlocking their potential to carve their successful paths. These programmes also help elevate Malaysia to developed nation status through the National Entrepreneurship Policy (2030) ("NEP"). Inculcating an entrepreneurship culture society has been identified as a strategic thrust under the NEP that aims to promote entrepreneurship as a career of choice amongst youth, women and the B40 group. About 600,000 households from the M40 group have slipped into the low-income B40 group due to the health and economic crises caused by the pandemic giving rise to poverty figures in the country.

Since then, over 884 beneficiaries have embarked on their entrepreneurial journey or being gainfully employed. The objective of KPS Entrepreneurship Development Programme is to develop highly knowledgeable, resilient and capable entrepreneurs capable of competing in their chosen industries. We have successfully worked together with various stakeholders to provide holistic training modules to equip the beneficiaries with relevant knowledge and skill sets. In recent years, we have expanded the programmes to include business financial education knowledge to support these entrepreneurs achieve a sustainable future for themselves and their families.

The custom-tailored programmes allow participants to explore a wide range of entrepreneurial prospects in healthcare, caregiving, livestock management, and social enterprise programmes. Rural entrepreneurs are encouraged to actively participate within their communities in building strong social networks and cohesion.

The economic activities stemming from successful businesses create a ripple effect in rural communities. These further contribute towards community capacity building by tackling challenges of providing sustainable economic development, collaborations within communities to promote self-employment, utilising local resources and job creation potential.

Many external factors, including training assistance, market support, market accessibility and networking, and financial aid, are crucial determinants for the business success of these entrepreneurs. Apart from training on technical and practical skills, basic accounting, and quality management, we offer assistance to help them establish networks or partnerships in strengthening and expanding their businesses.



CATALYSING OPPORTUNITIES
[GRI 413-1]

KPS ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES

CAREGIVER



40 Participants
(20 from Asnaf category)

Completed in 24 September 2021

100% participants generated income >RM1,000

100% participants generated income >RM2,000.

The MCO restricted some of the participants.

BLUMS POSTNATAL SERVICES



22 Participants
(11 from Asnaf category)

Completed in 3 October 2021

73% participants generated income > RM1,000 due to the imposed MCO restrictions.

64% participants generated income of >RM2,000.

LIVESTOCK TRAINING



30 Participants
(17 from Asnaf category)

Completed in 3 October 2021

70% participants generated income > RM1,000 due to the imposed MCO restrictions.

20% participants generated income of >RM2,000.

CLOSING THE SOCIO-ECONOMIC GAP

KPS Entrepreneurship Development Programmes were established to address unemployment difficulties, help participants launch small firms, strengthen their competitive edge and keep track of the quality and performance of the entrepreneurship programmes. These training programmes drew people who had no other source of income, were from the low-income group and absolute poor in elevating their socio-economic status.

CATALYSING OPPORTUNITIES

[GRI 413-1]



CAREGIVER

Providing proper care, treatment, protection, and comfort for the elderly require specialised skills and knowledge. KPS Entrepreneurship Programme – Caregiver provides suitable platforms for participants to learn the necessary skills.

OBJECTIVES:

- To shape a career path for participants to work in the aged care sector.
- To implement a sustainable recruitment programme befitting KPS' corporate social responsibility ethos.
- To provide opportunities for participants who have successfully completed the programmes to conduct training sessions in Community Outreach programmes, in a train-the-trainer model.
- To raise the socio-economic status of unemployed youth in Selangor by offering them alternative work experiences in the industry.



The Community Outreach Programme is another initiative that enables Caregiver Programme participants to enhance their knowledge and abilities. They are required to teach others in the community who are interested in advancing their careers in the healthcare sector.

OBJECTIVES:

- To offer caregiving services for the elderly who are infirmed in aged care homes.
- To inculcate patience, compassion and improve communication skills amongst care providers.

Classes were conducted virtually from 2 May 2021 and concluded on 24 September 2021, facilitated by Cality Care Malaysia, a subsidiary of ARC Group Australia. Cality Care Malaysia, a leading provider of home care services, trained participants according to modules from the Australian Industry Standard Certificate III in Individual Support.

Following the completion of the programme, the participants were employed in various home care companies while the remaining planned to establish their own business.

CATALYSING OPPORTUNITIES

[GRI 413-1]

BLUMS (POSTNATAL SERVICES)



Women, especially from the rural community and the urban poor, face various health issues due to lack of information on personal well-being and obtaining essential treatment. Through BLUMS (Bimbingan & Latihan Usahawan Mobila Spa), participants could utilise their skills in providing postnatal services.

In 2021, KPS partnered with Tisas Academy Sdn Bhd to train 22 women (11 from the asnaf category) training under this programme. Hybrid classes were conducted, both physical and virtual, throughout September and October 2021.

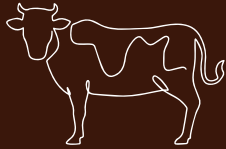
A total of RM119,900 (2020: RM144,000) was spent on this programme that consisted of both theory and practical lessons.



CATALYSING OPPORTUNITIES

[GRI 413-1]

LIVESTOCK MANAGEMENT



The Livestock Training Programme was established in 2012 and has proven popular amongst small scale farmers in rural areas. In partnership with MJ Fatonah Sdn Bhd, 655 participants have successfully completed the programme, and the majority have launched new or expanded their existing businesses.

In 2021, 30 participants were selected via preset criteria to undergo the programme, including theoretical approaches and hands-on training processes covering proper technical skills. Participants gained valuable insight in improving their business acumen and accessing working capital for effective livestock management and marketing. They were also exposed to efficiently and safely managing livestock nutrition to ensure high-quality meat and dairy products. The total cost of the programme was RM135,000 similar to last year. The under utilised budget have been used for other purposes such as:

- Broadband purchase for better internet access;
- fees for additional instructors and;
- hiring the external technician for monitoring and organising the Programme.

ENTREPRENEURSHIP DEVELOPMENT OBJECTIVES:

- To enable a new breed of high-calibre livestock entrepreneurs.
- To balance the demand and supply of meats for domestic consumptions.
- To reduce poverty levels in rural communities.
- To decrease the number of youths relocating and migrating to urban areas seeking job opportunities.
- To optimise unused land areas within the vicinity for farming activities by either renting or leasing.
- To reduce unemployment.
- To fulfil the annual increase in demand for Aqiqah and Korban meats.



SPORTS: UPSKILLING TALENT THROUGH PERSEVERANCE

[GRI 413-1]



KPS SPORTS DEVELOPMENT AND SPORTS FOR ALL PROGRAMMES

As Malaysia continued to battle with COVID-19 spiralling out of control in 2021, full lockdowns were imposed to negate the collapse of the already overburdened healthcare system and frontliners. About 2.5 million cases were recorded, resulting in over 30,000 deaths as of December 2021, with alarming threats of new, more contagious strains fast spreading in the country and worldwide. While Malaysia's vaccination rate reached about 75% by year end, reinfections and new infections amongst the vaccinated caused widespread anxiety. For this reason, several programmes were either postponed or cancelled. We were careful about resuming sports activities and ensured full compliance with SOPs during the programmes.

KPS Sports Development and Sports for All Programmes were developed to enable differently-abled and mentally-challenged members of our community to participate in sports activities with the public, media fraternity, other professional companies, government agencies and NGOs. The main aim of these programmes is to unearth the potential of disadvantaged children and youth, and support talented participants to pursue careers in competitive sports.

In 2021, we spent RM140,000.00 (2020: RM575,400) for the Sports for All Programmes, including badminton, swimming and cycling, involving eight participants.

This programme has been a thriving success since its inception in 2014, with the discovery of sportsmen and sportswomen who currently represent the country in national and international events. We have invested over RM8 million in various sports activities, sharing many unique experiences with 46,783 (total participants), mainly from the B40 group. This also included supporting abled and differently-abled local athletes to maximise their abilities in sports.



BADMINTON

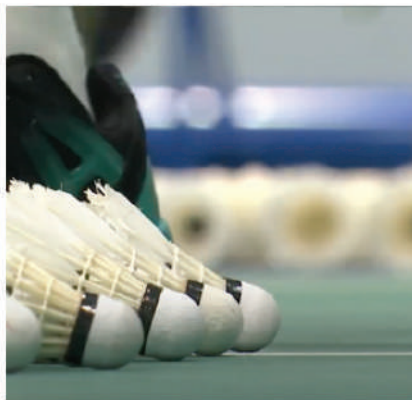
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For 2021, the Elite Badminton Programme kicked-off with vigorous coaching sessions conducted by J-World Sports for two of our sponsored hearing-impaired badminton players. RM50,000 was allocated for this cause to conduct intensive training sessions. The physical training is from January until May and October until December while the virtual training is from June until September, six days a week.

”

National deaf shuttlers, Boon Wei Ying and Muhammad Shafiq, both 25 years old underwent these training sessions to qualify for the Quarter Final stage for two competitions, namely the Asia Pacific Deaf Games (Hong Kong) and the 1st ASEAN Deaf Games (Philippines). Unfortunately, both competitions were scrapped due to the pandemic.

On another note, singles shuttler K. Letshanaa whom we previously sponsored in 2014 was selected to represent Malaysia for the 2021 Uber Cup. She put up a strong showing against world No 35 Line Kjaersfeldt before losing in round 2 of the competition held in Aarhus, Denmark, in October 2021.



KPS Penghubung Atlet OKU Berlatih Lebih Baik

Watch Video [→](#)



KPS Badminton Development Programme with the Deaf

Watch Video [→](#)

SPORTS: UPSKILLING TALENT THROUGH PERSEVERANCE

[GRI 413-1]



SWIMMING

In 2020, we conducted a talent search for swimmers with special needs and subsequently identified four differently-abled swimmers with the aim of coaching them to represent Malaysia in the Tokyo Paralympics, SEA Games in Myanmar and SUKMA 2022. In 2021, we continued intensive training for these swimmers:

ATHLETE: HOW SU YIAN (Female autistic swimmer)

COMPETITION:

Attended pre-SUKMA qualifying - SUKMA postponed.

ATHLETE: MUHD IRSHAD (Male autistic swimmer)

COMPETITION:

Young talent for future SUKMA.

ATHLETE: CAVIN ONG (Male autistic swimmer)

COMPETITION:

Qualified to represent Selangor in SUKMA for backup - SUKMA postponed.

ATHLETE: KELVIN ONG (Male wheelchair-bound)

COMPETITION:

SUKMA Selangor swimmer, Sea Games para qualifier. Target for Tokyo Paralympic (not-qualified).

“

For the year under review, KPS partnered with SuperSharkz Swim School to sponsor these athletes at the cost of RM50,000 to attend intensive fitness training from January to March and August to October, six days a week. ”

We would like to congratulate Phee Jinq En, whom we sponsored in 2015, for breaking the national record for the 100-metre breaststroke and in Tokyo Olympics 2021. We salute her accomplishments and being the pride of the country.



Kolaborasi KPS dan Supersharkz Hasilkan Perenang Para Cavin Ong

Watch Video →

SPORTS: UPSKILLING TALENT THROUGH PERSEVERANCE

[GRI 413-1]

**CYCLING****KPS JUNIOR CYCLING PROGRAMME**

Participants attended the virtual intensive training sessions that started in April 2021, two hours daily on every Tuesday and Thursday conducted by ST Budiman. The cost of the programme was RM40,000 for two cyclists with the target of participating in national level competitions.

**KPS Junior Cycling Development Programme**[Watch Video](#)



ENVIRONMENT, SAFETY AND HEALTH [GRI 413-1]



During the year in review, we focused on what measures the Group could adopt to sustain and fulfil our sustainability developments. Waste Management and Energy Efficiency initiatives were endorsed and applied within the group of our subsidiaries.

We collaborated with University Putra Malaysia (“UPM”) for an environmental programme called KPS Sustainability Challenge and with a secondary school in Shah Alam, Selangor, for KPS Road Safety Programme. Our aim for these efforts is for the younger generation to improve and care for the environment, safety, and health aspects by lowering our environmental imprint, providing conducive and safe surroundings, and encouraging healthy lifestyles.

At KPS, our care and commitment to health, safety, and the environment of our community are integral in the way we do business. We recognise that our activities involving the community and operations can increase exposure to risks and negative impacts. These potential negative impacts affecting health and safety may arise from a broad range of supported activities, including infrastructure development and construction activities, changes in the nature and volume of traffic and transportation, water and sanitation issues, use and management of hazardous materials and chemicals, and impacts on natural resources and ecosystems. KPS addresses the need to avoid or minimise the risks and effects, particularly the detrimental impacts on the community and environment.

ENVIRONMENT, SAFETY AND HEALTH

[GRI 413-1]

KPS SUSTAINABLE CHALLENGE

The KPS Sustainable Challenge was launched in collaboration with UPM to encourage a new environmentally conscious generation. Such competitions breed creative and innovative ideas in addressing environmental concerns prevalent in rapid urbanisation. This collaboration helps plant the seeds of responsibility and commitment to environmental preservation amongst the younger generation, aside from achieving academic excellence and gaining knowledge. Outcomes from this competition were meant to actively promote and embed the best sustainable business and social practices through more effective or minimising use of natural resources alongside reinforcing human rights and equality. 45 proposals were received for the first and second intakes as of 20 September 2021.



WINNERS



1 Place (RM10,000)

Shercure from Sunway University College with the Eco-Friendly Box project (B-Secure):

B-Secure is a cardboard box with much needed improvements and additional features compared to the conventional cardboard, especially in the durability, strength and sustainability front. This product consists of three layers, using 100% all-natural palm oil fibre cardboard for the upper and bottom layers, and sandwiched between is innovative and eco-friendly shear thickening technology, with the ideal setup and shape achieved through meticulous planning to maximise performance.



2 Place (RM7,500)

LUMINISM from Sunway College with the conversion of UV Radiation into Electricity project:

Lumi-wood will be embedded to the bench to generate Direct Current ("DC") from the surrounding UV rays. With the help of an inverter, the DC electricity generated can then be converted into Alternating Current ("AC"), thus ready for distribution via the output ports. There will be a continuous supply of solar energy available by storing any excess energy within the benches' battery.



3 Place (RM5,500)

Hephaestus from Universiti Teknologi Petronas with the Aqua Hygieia project:

The device is designed to mimic a real-world sewage treatment plant with a mixing tank to help inject coagulants into any fluid to help filter and capture microplastics better. Also, having two centrifugal pumps also help to encourage mixing using the force of water alone and due to the natural movements by the carrier and the fluid movements.

NOTE:

Students found it difficult to continue the proposal because to complete a single prototype, physical meetings were essential. Additionally, they faced unstable internet access and inadequate equipment at home.

ENVIRONMENT, SAFETY AND HEALTH
[GRI 413-1]



KPS ROAD SAFETY PROGRAMME

TARGET MET

103,804 (208%) participants from
1,650 secondary schools nationwide.

Training Provider: **Paluan Sejati**

TARGET

- 50,000 students.

Unlicensed motorcyclists contribute to the number of road fatalities in Malaysia and the Malaysian Institute of Road Safety Research (“MIROS”) highlights that the underprivileged, family awareness and geographical factors are among the known issues contributing to the unlicensed and underage riders.

As part of its efforts in tackling unlicensed motorcyclists and improving road safety among youths, KPS has sponsored 60 Asnaf students of SMK Seksyen 19 Shah Alam with motorcycle licences through the KPS #RideHomeSafe MyLesen programme.

The KPS #RideHomeSafe programme was the company’s first-ever road safety advocacy programme that was launched back in April 2021. It was a comprehensive road safety programme that covered both virtual learning education for secondary school students nationwide and sponsoring motorcycle licenses to Asnaf students in SMK Seksyen 19 Shah Alam, Selangor.

The programme also incorporated virtual learning education for secondary school students in Malaysia through an e-learning platform that included three video modules and interactive road safety quizzes. The e-learning programme had amassed a total participation of 103,804 students from 1,650 schools nationwide within the 20 weeks of virtual learning activation from 11 April 2021 until 31 of August 2021.

Participants who completed the modules were given e-certificates which carries the National-level co-curriculum merits. Such merits will be an advantage for the students when applying for tertiary education, an indirect benefit and impact from the programme.

Two inter-school competitions were organised under this programme, The Road Safety Competition and #AppsDesignChallenge. In the Road Safety Video Competition, the students were required to create a 30-second to one-minute Public Service Announcement video on road safety awareness. The competition garnered a total of 432 video entries from 229 secondary schools nationwide.

The other contest, #AppsDesignChallenge was a competition on designing a mobile application that incorporates road safety elements. The mobile application design was either in the form of a functional application or a game-based application. 32 entries were submitted from the 30 participating schools. Eight teams were shortlisted for the final judging and awards ceremony. The virtual final judging and awards ceremony was conducted on 30 October 2021.

ENVIRONMENT, SAFETY AND HEALTH

[GRI 413-1]

#AppsDesignChallenge ended with a victory for:



1 Place (RM3,000)

EPIC from SMJK Keat Hwa, Kedah:

My-Safety is created to increase Malaysians' self-awareness. Benefit of My-Safety are to reduce travel time, to reduce the amount of road accident, to cultivate road users safety awareness and to abate the number of orphans caused due to road accidents.



2 Place (RM1,000)

SWAB SWAGGERS from SMK Aminuddin Baki, Johor:

Sign to Safe is created to convey information and guidelines to consumers especially those who are about to sit for theory tests and take driving licenses. This application will collaborate with driving training centres where this 'Sign to Safe' application will be used as an alternative reference.



3 Place (RM800)

ROAD2LIFE from SMK Convent Bukit Nanas, KL:

Road2Life is created to reduce road accidents, to ease the pedestrian to check the situation of the road, to provide accurate information for users before they start their journey and to increase the security of users with vision impairment.

Video competition #RIDEHOMESAFE ended with a victory for:



1 Place (RM1,000)

Team MERBAU from SMK Merbau, Sarawak with a video titled "6 Langkah Mudah Perjalanan Selamat"



2 Place (RM700)

Team NEWSREADERS GIRL from SMK Felda Tenggara, Johor with a video titled "Sikap Pemandu Tidak Berhemah, Punca Utama Kemalangan"



3 Place (RM500)

Team KP ROYALE from SMK Kangkar Pulai, Johor with a video titled "Langkah-langkah Keselamatan Jalan Raya"

November 2021: Briefing session with MyLesen candidates on the complete process for the motorcycle licenses courses and schedules. Virtual programme started in April. It is open to all secondary schools in Malaysia. Closing ceremony ("MyLesen") for **60** selected students of SMK Seksyen 19 Shah Alam (handover of mock license) to 16-year-old students held in December 2021.

OUR COMMUNITY, OUR CARE [GRI 413-1]



PHILANTHROPY

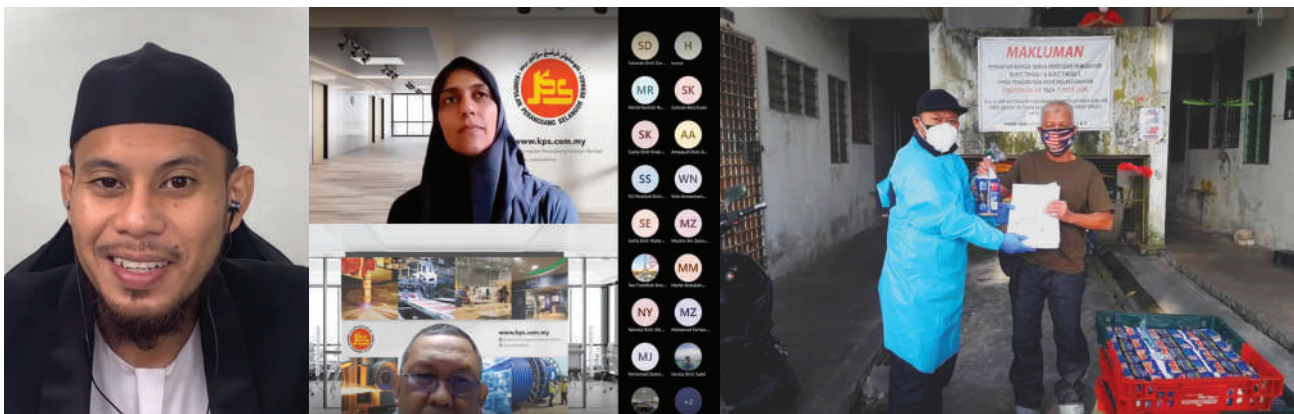
Society is still reeling from the aftershocks of the COVID-19 pandemic and facing increasing economic, social, and environmental challenges. As most CSR activities were cancelled, we assisted the needy in our community through financial help, in-kind contributions, and donations. These include food supplies, medical supplies, humanitarian relief, and emergency response which we typically distribute directly to the affected communities or collaborate with NGOs or other organisations.

Our ultimate goal has always been to assist the disadvantaged within our community. We rechannelled part of the allocated CSR budget to provide humanitarian aid to the community hard hit by the pandemic and flood victims for the reporting period. We also helped differently-abled individuals and those living without wages and disabilities. We also donated towards a Food Donation Drive as part of our efforts to end hunger within the poverty-stricken community to achieve the second goal of the UNSDGs, Zero Hunger.

Religious Programmes

Religious Programmes & Activities for staff

- Friday Tazkirah : Status: Done 12 tazkirah
- KPS Back To School 2021



OUR COMMUNITY, OUR CARE

[GRI 413-1]

KPS' PHILANTHROPIC EFFORTS IN 2021

In 2021, KPS contributed RM781,311.00 to the following associations, NGOs, and schools.

PHILANTHROPY - KPS

KPS 2021 UTILISATION

ASSOCIATION, NGOS & OTHER RELEVANT AGENCIES

Breakfast D'Seven	RM5,000
PIBG, Sekolah Menengah Sains Banting	RM4,000
Badan Kebajikan Kakitangan Melayu DBKL	RM1,000
Pertubuhan Kebajikan Baitul Kasih Wilayah Persekutuan dan Selangor	RM1,000
Maahad Tahfiz Al-Quran Wal Qiraat Addin-4, Tapah Perak	RM1,000
Pertubuhan Kebajikan OKU Autisme Selangor	RM3,000
Permodalan Negeri Selangor Berhad ("PNSB")	RM10,000
Menteri Besar Incorporated	RM10,000
Raqib Majid Entertainment	RM10,000
SUB TOTAL	RM45,000

Selangor State (Korban)	RM200,000
Sustainability Expenses	RM 7,617

EMPLOYEE EMERGENCY ASSISTANCE PROGRAMME:

Polyplas Packages staff demise cause of COVID-19	RM 5,000
CPI (Penang) staff demise caused by COVID-19	RM 5,000
SUB TOTAL	RM 10,000

KPS FOOD DONATION

Petaling District Office	RM65,000
Peduli Insan	RM50,000
Rusyaini Food Industries	RM32,000
Wadah Pencerdasan Ummah	RM50,000
Persatuan Penduduk Taman Bukit Jati Klang	RM16,000
ABIM Selangor	RM10,000
Kelab Penyokong Bola Sepak Pahlawan Merah	RM21,000
Pejabat Daerah/Tanah Klang	RM98,000
Pertubuhan Kebajikan Rakyat Sejagat	RM6,540
Kelab Ibu Tunggal Sentuhan Kasih	RM17,000
PEKASIH	RM10,000
SUB TOTAL	RM375,540

KPS FLOOD DONATION

Mercy Malaysia - Flood Relief	RM 20,000
Masjid Negeri Shah Alam	RM 20,000
Yayasan Kebajikan MyMuslim (MYFUNDATION)	RM 20,000
Sukarelawan Pantas Malaysia	RM 20,000
Muslim Care Malaysia	RM 20,000
Tabung Ikhtiar Bangkit Selangor	RM 43,154
SUB TOTAL	RM143,154

TOTAL CONTRIBUTIONS AS OF 31 DECEMBER 2021

RM781,311.00

OUR COMMUNITY, OUR CARE

[GRI 413-1]

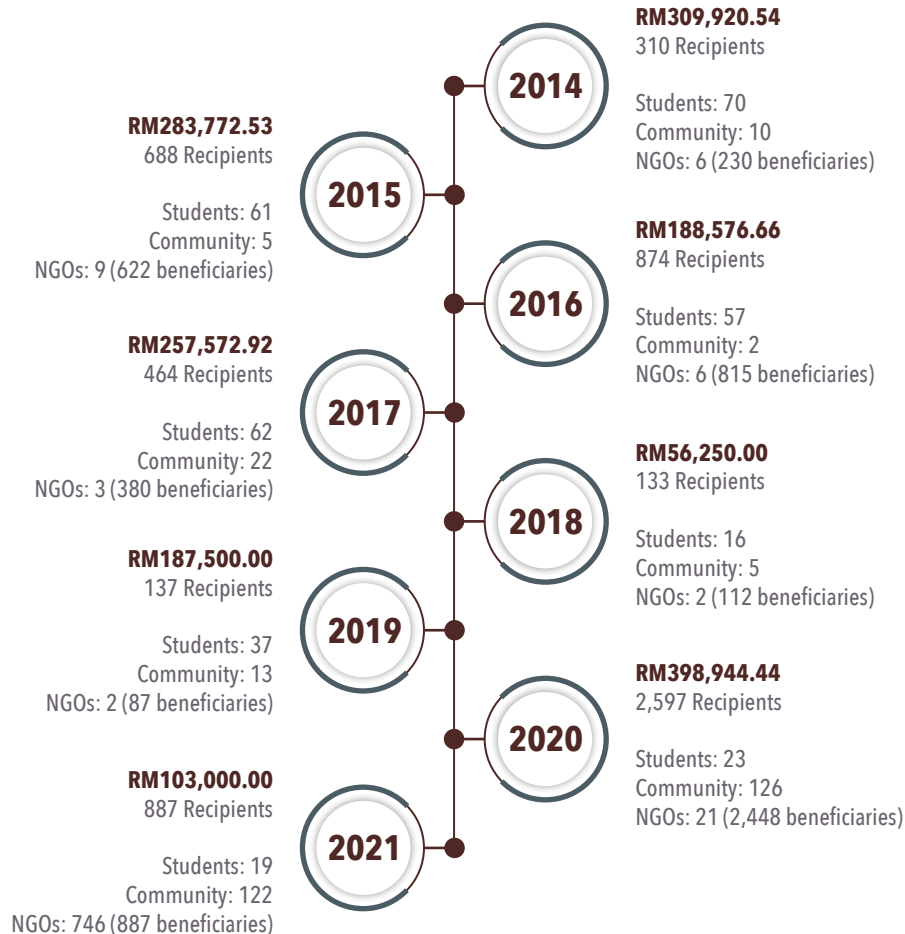
ZAKAT DISTRIBUTIONS

At KPS, we are committed to ensuring the poor, needy and infirmed in our community are supported and protected to help restore their lives with dignity. In 2021, Zakat amounting to RM103,000 was presented to students (19), individuals from the general public (122) as well as 12 public NGOs, mosques and associations, which distributed their allocated amount to 746 asnaf beneficiaries.

At KPS, we are committed to ensuring all human beings are given the support and protection they need to restore their lives with dignity. Since 2007, KPS has fulfilled its Zakat obligation by contributing to the Lembaga Zakat Selangor ("LZS") with total payments amounting to RM13,339,371.57 up till 2021.

Since 2014, KPS has redistributed 3/8 of its Zakat payment to individuals identified to receive contributions under Zakat ("Asnaf"). These contributions were meant for those severely affected by the pandemic who faced the after-effect due to either layoff, pay cuts or loss of income.

TOTAL BENEFICIARIES OF ZAKAT RE-DISTRIBUTION FROM 2014 TO 2021 (AS OF 2021)





DOING MORE, ASPIRING HIGHER

Embracing ESG challenges

ESG implementation is no longer a top-down approach; there must be a line of sight at every level within the Group so that the commitment is holistic. We have been scrutinising and identifying ESG risks and opportunities to establish action plans, which can realistically reframe our business operations. This has led us to incorporate longer-term planning by applying more social values and initiatives and, as necessary, ensuring more effective governance structures in place.

We believe the first step to approach this is by embedding ESG integrated thinking in our business strategy and operational processes, controls, and executions to improve KPS' long-term profitability in line with creating greater impact on the wider community. And our people from the US to Malaysia and Indonesia and Singapore, to China and Vietnam, must all play a part in providing the diversity and dexterity of thought while in the process, embracing an integrated thinking culture. Our people are the catalyst for ESG changing the Group, our society, and the communities in which we operate.

By embedding the integrated thinking culture, we expect to:

- Optimise growth and innovation;
- Prioritise our focus on ESG-ing our operations;
- Enhance ESG capabilities and develop training plans; and
- Measure and understand outcomes and impacts of our environmental footprint.

Tackling Climate Change

Over the next five years, our plan will revolve around climate action, leading to enhancing our value creation from an ESG standpoint. At this stage, we would have already adopted integrated reporting. Next, we would have already formulated our science-based Climate Strategy aligning our business operations to 1.5°C world and net-zero economy and detailing efforts on how to reduce our emissions by 45% by 2030. In the process, we would have up the ante in terms of our sustainability disclosure by aligning our reporting not only as per the GRI standards but also to the recommendations stipulated as per the TCFD Framework.

Aligning our reporting to the TCFD will provide our stakeholders disclosure on the financial implications of climate-related risks and opportunities on KPS business and how these can be integrated into our business and investment decisions. Efforts will be concentrated on internalising the sustainability agenda throughout all departments and subsidiaries.

Driving a culture of sustainability within the Group involves strengthening ties with our multi-faceted stakeholders, our employees, and our customers, and from our supply-chain vendors to the communities where we operate. Guided by our sustainability vision, mission, and philosophy, and by upholding best practices, we can achieve specific, clearly defined sustainable goals. We shall continue to gear ourselves towards improvement in sustainability commitments and reporting transparency.

INDEPENDENT ASSURANCE STATEMENT

[GRI 102-56] [F4GBM]



SIRIM QAS INTERNATIONAL SDN. BHD. 199601037981 (410334-X)

SIRIM Complex

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Tel: 603-5544 6400

Fax: 603-5544 6810

www.sirim-qas.com.my

INDEPENDENT ASSURANCE STATEMENT

Scope and Objective

SIRIM QAS International Sdn. Bhd., a Conformity Assessment Body in Malaysia, with extensive expertise and experience in the provision of sustainability-related assurance services, was engaged by Kumpulan Perangsang Selangor Berhad (hereafter referred to as KPS) to perform an independent verification and provide assurance of KPS Sustainability Report 2021. The main objective of the verification process is to provide assurance to KPS and its stakeholders of the accuracy and reliability of the information presented in the report. This was established through checking and verifying claims made in the report. The verification by SIRIM QAS International covered all sustainability-related activities which had been included in KPS Sustainability Report 2021. Further details on topics reviewed were provided in Appendix 1 of this statement.

The management of KPS was responsible for the preparation of the Sustainability Report. The objectivity and impartiality of this verification statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the KPS Sustainability Report and Annual Report 2021.

Verification Team

The verification team from SIRIM QAS International consisted of:

- 1) Ms. Aernida Abdul Kadir : Team Leader
- 2) Ms. Kamini Sooriamoorthy : Team Member



ACB ABMG 01
ACB EnMS 01
ACB FMG 02
ACB GMP 04
ACB HACCP 03
ACB MSPO 05
ACB FS 03
MIRAS 003



ACB EMS 02
ACB FSMS 01
ACB ISMS 01
ACB MDGMS 04
ACB OSHMS 01
ACB PC 01
ACB QMS 01



SAMM 085
SAMM 086
SAMM 087
SAMM 240
SAMM 377
SAMM 734
SAMM 735



0074



INDEPENDENT ASSURANCE STATEMENT

[GRI 102-56] [F4GBM]

Methodology

The verification process was carried out by SIRIM QAS International between February and April 2022 involved the following activities:

- Reviewing and verifying the accuracy of data collected from various sources and that are presented in the statement;
- Reviewing of internal and external documentation and displays such as awards, press releases, media publications, internal newsletters, internal systems, etc.;
- Interviewing of key personnel responsible for collating information and writing various parts of the statement in order to substantiate the veracity of the claims;
- Evaluating the adequacy of KPS Sustainability Report and its overall presentation against the GRI Standards requirement.

During the verification process, issues were raised, and clarifications were sought from the management of KPS relating to the accuracy of some of the data and contents contained in the report. The report was subsequently reviewed and revised by KPS in response to the findings of the verification team. It can be confirmed that changes that have been incorporated into the final version of the report has satisfactorily addressed the issues that had been raised.

Limitation

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of information reported in KPS Annual Report 2020/2021;
- The verification was designed to provide limited assurance in reference to International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, irrespective of the organization's ability to achieve its objectives, targets or expectations on sustainability-related issues;
- The verification has been remotely carried out as prevention against the Covid19 infection during the assessment period and did not include visit KPS corporate office or physical inspections of any of KPS operating assets; and
- The verification team did not verify any contractor or third-party data.

INDEPENDENT ASSURANCE STATEMENT

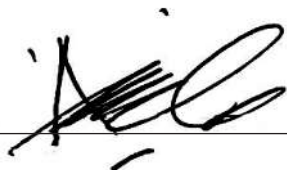
[GRI 102-56] [F4GBM]

Conclusion

Based on the scope of the assessment process and evidence obtained, the following represents SIRIM QAS International's opinion:

- The level of accuracy of data included in Kumpulan Perangsang Selangor Sustainability Report 2021 is fairly stated;
- The sustainability report was prepared in accordance with the GRI Standards: Core Option;
- The level of sustainability performance information presented in the report was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the report;
- The sustainability report provides a reasonable and balanced presentation of the sustainability performance of Kumpulan Perangsang Selangor Berhad.

Statement Prepared by:



AERNIDA ABDUL KADIR
Verification Team Leader
Management System Certification Department
SIRIM QAS International Sdn. Bhd.

Date : 4 April 2022

Statement Approved by:



MOHD HAMIM BIN IMAM MUSTANI
Senior General Certification
Management System Certification Department
SIRIM QAS International Sdn. Bhd.

Date : 11 April 2022

Note 1:

This Independent Assurance Statement has been issued based on the content verified prior to the approval date.
SIRIM QAS International Sdn Bhd shall not be responsible for any changes or additions made after the referred date (4 April 2022).

INDEPENDENT ASSURANCE STATEMENT

[GRI 102-56] [F4GBM]

Appendix 1 The topics and information covered in this assessment is tabulated below:		CLASSIFICATION OF DATA		
		HIGH	MEDIUM	LOW
Governance	Sustainability Board Committee			
	Sustainability Governance Structure			
	Ethics And Integrity			
Economic	Economic and Business Performance			
	Revenue Breakdown			
	5-Year Financial Highlights			
	Sustainability of the Business Strategy			
	Market Presence			
	Hiring from the Local Community			
	Indirect Economic Impacts			
	Sustainable Procurement Practices and Supplier Assessment			
Environment	Materials			
	Energy			
	Chemical Management			
	Water and Effluents			
	Emissions			
	Waste			
	Environmental Compliance			
	Supplier Environmental Assessment			
Social	Stringent Quality Standards			
	Our People, Our Greatest Asset			
	Dynamic Workforce			
	Employee Engagement			
	Managing Occupational Safety and Health			
	Corporate Social Responsibility			
	Four CSR Core Pillars			
	Envisioning A Sustainable Future			
	KPS Education Development Programmes			
	Catalysing Opportunities			
	KPS Entrepreneurship Development Programmes			
	Sports: Upskilling Talent Through Perseverance			
	Environment, Safety and Health			
	Our Community, Our Care: Philanthropy Upskilling Talent Through Perseverance			

Note 2:

Definition of LOW, MEDIUM and HIGH

LOW - Data and information reviewed has been based on information endorsed by the data owners. Verifiers did not have the access to the source of the data origin. It has been identified as one of the limitations during the conduct of the assessment.

MEDIUM - Data and information has been confirmed with the direct owners. However, the source of the data origin has been based on secondary data which is not accessible by the verifiers during the conduct of the assessment.

HIGH - Data and information reviewed has been confirmed with the direct owners. The source of the data origin was provided during the conduct of the assessment.

GLOBAL REPORTING INITIATIVE ("GRI")

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102-5	Ownership and legal form	Reporting Scope and Boundary Corporate Structure	12 - 13 22
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GLOBAL REPORTING INITIATIVE ("GRI") CONTENT INDEX

[GRI 102-55]

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102-37	Stakeholders' involvement in remuneration	Remuneration section of Annual Report 2021, page 182 - 184	-
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102-39	Percentage increase in annual compensation ratio	Financial Section of Annual Report 2021, pages 225 - 366	-
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102-48	Restatement of Information	There is no restatement of information.	-
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