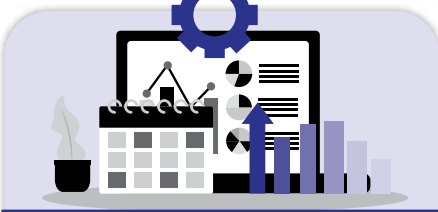


SUSTAINABILITY STATEMENT



ABOUT THIS REPORT (GRI 2-3)

HSS Engineers Berhad (“HEB” or the “Company” or the “Group”) presents the Sustainability Statement (the “Statement”) for the financial year ended 31 December 2023 (“FY2023”). This is our 8th annual Sustainability Statement, and it provides relevant disclosures on our sustainability activities, its impact to our stakeholders and reflects our commitment to create sustainable value for all stakeholders. It describes the sustainability initiatives we have executed in our business and operations for the interest and benefit of our stakeholders and the environment to propel our business.

We have designed this report to highlight the key facets of our business model, emphasising our efforts in integrating sustainability into every aspect of our operations. As a company focused solely on engineering solutions, we recognise the critical role we play in influencing the infrastructure landscape’s sustainable development.

SCOPE AND BASIS OF SCOPE (GRI 2-2)

The table below showcases the scope covered in this statement FY2023.

Reporting Coverage HEB, its subsidiaries and associates (the “Group” or “HEB Group”)

Reporting Cycle Annually

Reporting Period From 1 January 2023 to 31 December 2023

Sustainability Framework Reference and Guideline

- Bursa Malaysia Main Market Listing Requirements;
- Sustainability Reporting Guide 3rd edition issued by Bursa Malaysia;
- Malaysian Code on Corporate Governance;
- Global Reporting Initiative (“GRI”) Standards; and
- United Nations Sustainable Development Goals (“UNSDG”).

Statement Content The content in this statement follows a multi-stakeholder approach, the materiality assessment, GRI standards requirements and other sustainability ratings. It also reflects HEB’s initiatives with stakeholders in addition to showcasing year-on-year (YoY) comparison where the performance for this year shall form the benchmark for future objectives

Feedback We welcome stakeholder feedback and any of the issues discussed herein.

For further enquiries, please contact:

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SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE (GRI 2-14)

At HEB, our sustainability governance structure is designed to ensure that sustainability is integrated into all aspects of our business. The Board of Directors has ultimate responsibility for overseeing all sustainability matters including identifying, evaluating, and managing significant risks and opportunities related to economic, environmental, and social domains.










The following table describes the roles and responsibilities at each level of our sustainability governance.

Level	Roles and Responsibilities
Board of Directors (BOD)	<ul style="list-style-type: none"> Provide direction and impetus to achieve company's goals and objectives. Supervises the progress of HEB's sustainability initiatives. Authorises final approval for all strategies, policies, and initiatives presented by the SSC.
Risk Committee	<ul style="list-style-type: none"> Review, supervise and make recommendations to the Board on the approval of the Group's sustainability strategy and key issues. Ensures ESG risks are monitored with effective risk mitigation response communicated to SSC regularly. Ensure processes and controls are in place across the Group for the successful implementation of sustainability strategies.
Sustainability Steering Committee (SSC)	<ul style="list-style-type: none"> Oversees materiality assessment to identify and present material matters relevant to HEB's business operations. Develops appropriate sustainability initiatives in collaboration with Business and Operations Departments in line with HEB's business values and aspirations.
Business and Operations Departments	<ul style="list-style-type: none"> Plan and implement yearly ESG plans in collaboration with SSC to deliver targets. Provide regular data, reports, and progress to SSC on quarterly basis.

SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT (GRI 2-29)

At HEB, we maintain ongoing communication with both internal and external stakeholders using diverse channels throughout the year. This approach enables us to gather insights into their perspectives, requirements, and expectations regarding crucial matters, given their understanding of our business operations. Our identification of key stakeholders involves assessing how our projects and decisions affect various individuals and groups. We carefully consider the potential impacts on different stakeholders, ensuring alignment with the company's mission, values, and legal obligations. The table below illustrates the groups of our key stakeholders, their areas of interest, and the methods through which we engage with them.

Stakeholder Group	Engagement Method	Engagement Frequency	Reason for being important to us
Shareholders and Investors 	<ul style="list-style-type: none"> Financial Result Announcements Annual General Meetings Extraordinary General Meetings Regular Communication 	<ul style="list-style-type: none"> Quarterly Annually Ad Hoc Regularly 	HEB's overall goal is to create sustainable shareholder value while fulfilling the expectations of other stakeholders. To achieve this goal, a strong focus on financial performance, risk management, and internal control is essential.
Employees 	<ul style="list-style-type: none"> Employee Grievance System Employee Training E-Mail Communication Management Meetings Other Events Including Functions and Informal Gatherings 	<ul style="list-style-type: none"> As Required Regularly 	HEB encourages an engaging, inclusive, and stimulating work environment that champions high quality performance as well as high employee satisfaction and loyalty.
Government/Regulatory Authorities 	<ul style="list-style-type: none"> Regular Communication Reports and Compliance 	<ul style="list-style-type: none"> Regularly As Required 	By serving as Malaysia's engineering DNA, HEB supports the government's initiative to advance the nation. With its superior technical quality, innovation, and performance, the company has made an outstanding contribution to the development of the nation's infrastructure and supports Malaysia's broader sustainability objectives, including those outlined in the Malaysian Green Agenda and Green Technology Master Plan.
Clients 	<ul style="list-style-type: none"> Customer Satisfaction Survey Customer Complaints Platform 	<ul style="list-style-type: none"> Per Project Basis As Required 	Everything we do is built on relationships and trust. HEB listens to customers and provides clear advice on all types of engineering and project management services.
Analysts and Media 	<ul style="list-style-type: none"> Analysts' Briefings Regular Communication Media Interviews, Press Releases and Website Postings 	<ul style="list-style-type: none"> Regularly 	HEB connects with its media partners and analysts regularly at corporate events and launches where it communicates first-hand project information.
Community and the Public 	<ul style="list-style-type: none"> Community Engagement Open Dialogue 	<ul style="list-style-type: none"> Regularly 	We build communities through our innovative engineering solutions as well as engaging them through many of our project activities.
Suppliers 	<ul style="list-style-type: none"> Contract Bidding and Procurement Management 	<ul style="list-style-type: none"> On Project Basis 	HEB encourages participation of local suppliers and promotes the advancement of our suppliers.

SUSTAINABILITY STATEMENT

MATERIALITY ASSESSMENT (GRI 3-1)

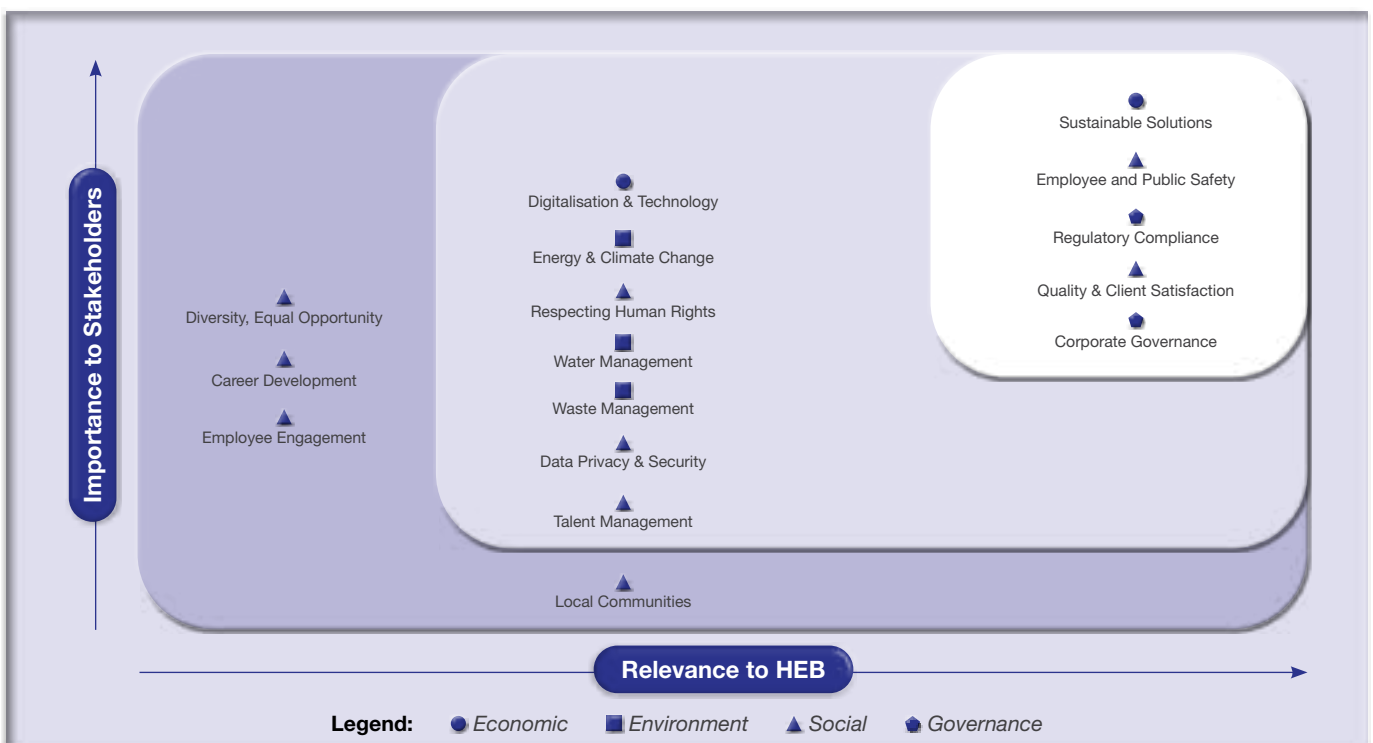
At HEB, our commitment to sustainability is underpinned by a diligent examination of material matters, recognising the risks and opportunities stemming from the sustainability impacts of our operations and activities. This assessment is a crucial step in ensuring that our sustainability initiatives align with the interests of both our stakeholders and the broader HEB Group. The assessment process that is practised at HEB is described as shown below.



This year we undertook materiality reassessment process, which only included consultation with senior management and focused on reassessing and realigning our material topics with international standards such as GRI and SASB, as well as with industry peers.






Last year, we identified 14 material topics, including Nation Building, Employee and Public Safety, Regulatory Compliance, and others. However, for 2023, we expanded the list to 16 topics. We replaced Environmental Awareness with Waste Management and Water Conservation and renamed several topics to better reflect their significance, such as Nation Building to Sustainable Solutions, Industry Advancement to Digitalisation and Technology, and Job Creation to Talent Management. Additionally, we introduced a new topic, Data Privacy and Security. The prioritisation of these topics was informed by feedback from senior management and external consultants. Moving forward, we plan to conduct a comprehensive materiality assessment next year to reassess all topics and their prioritisation.

MATERIALITY MATRIX 2023 (GRI 3-2)



SUSTAINABILITY STATEMENT

RISK MANAGEMENT (IFRS S1 2.2)

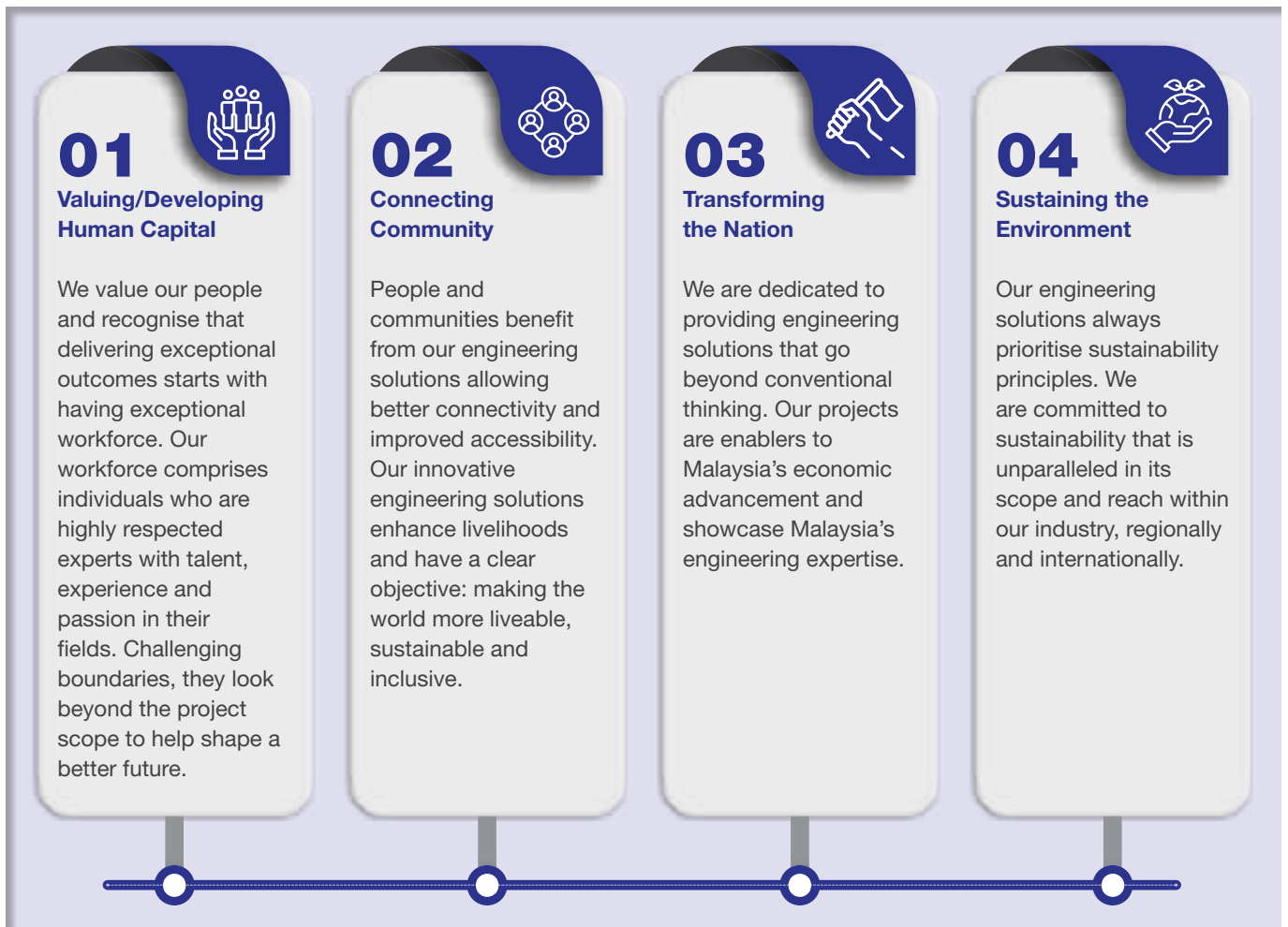
Material Topics	Risks	Opportunities	Impact to Key Stakeholder	Management Action Plan
 Sustainable Solutions	Increasing regulations which can escalate costs	Invest in R&D to create new products and services with the government mandate	Increased demand resulting in improved revenue and profits	Conduct risk assessment and develop crisis management plan, monitoring and reviewing project performance and compliance with regulations
 Employee and Public Safety	Breaching legislation legal liability, hefty fines, and possible prison times	Implement safety protocols and procedures, providing training and education for employees, and ensuring compliance with relevant laws and regulations	Company with good safety record is more likely to attract customers and investors, improved infrastructure and better services	Identify potential hazards, develop a safety policy, provide training and education, foster a culture of safety, and implement regular trainings
 Regulatory Compliance	Non-compliance will result in tarnished reputation and regulatory fines	Dedicated compliance committee and/or hiring external consultants to review and update the policy regularly and provide training for employees	Safer work environment, improved job satisfaction, improvement in quality of life, more likely to attract customers	Identify regulatory risks, conducting gap analysis, creating compliance policies and internal controls, implementing training, and conducting compliance audits
 Quality & Client Satisfaction	Poor customer service would lead to losing customers' interest and damaging reputation and branding	Stimulate and increase competitiveness and create green business segments	Meeting the needs of its clients and delivering high-quality work, which can lead to increased business opportunities and a positive reputation	Hearing customer problems, customer service surveys, social media handles, live web chats
 Corporate Governance	Increased cost from non-compliance and hindered business growth	Improve operational efficiency, operating and financial performance may be improved	Protects the interests of shareholders providing accountability, efficient running of business	Assigning clear roles and responsibilities, including appointment and dismissal of board committees, ensure compliance with the law, promote ethical and responsible behavior

SUSTAINABILITY STATEMENT

SUSTAINABILITY FRAMEWORK (GRI 2-22, 2-23)

At HEB, sustainability is fundamental to our strategic vision. We strategically leverage digitalisation and cutting-edge engineering solutions, positioning ourselves at the forefront of transformative change for the sustainable development of our nation.








Our Sustainability Policy, effective since 23rd November 2022, seamlessly integrates sustainability into every aspect of our operations, as approved by our Board of Directors. Our sustainability framework provides a structured approach to integrating sustainability into our business operations, with a focus on creating long-term value.











SUSTAINABILITY STATEMENT

PERFORMANCE SCORECARD

Our Group's key performance for the financial year ended 31 December 2023 ("FY2023") summarised below:

HEB's Key Material Matters	Area	2023 Performance	
Sustainable Solutions	<ul style="list-style-type: none"> Market Presence 	<p>Carried out sustainable approach in several projects, most prominent ones:</p> <ul style="list-style-type: none"> KVMRT Line 2 (Sungai Buloh-Serdang-Putrajaya) New Healthcare Facility for IJN, KL Proposed Residuals Disposal Works for Sg. Selangor Phase 3 (SSP3) Refurbishment Works of Complex A Sultan Abdul Aziz Shah Airport, Subang, Projek Pembinaan Takungan Air Pinggiran Sungai (TAPS) Jernih in Melaka 	
Employee and Public Safety	<ul style="list-style-type: none"> Health & Safety 	<ul style="list-style-type: none"> Zero major incidents Zero fatalities 	
Regulatory Compliance	<ul style="list-style-type: none"> Compliance 	<ul style="list-style-type: none"> Zero non-compliance fines 	
Quality & Client Satisfaction	<ul style="list-style-type: none"> Customer Satisfaction 	<ul style="list-style-type: none"> HEB Group has 89% score in client satisfaction index 	
Corporate Governance	<ul style="list-style-type: none"> Anti-Bribery Whistle-Blowing 	<ul style="list-style-type: none"> Zero incidents of Anti-Bribery (AB) Zero incidents of whistle-blowing 	
Digitalisation & Technology	<ul style="list-style-type: none"> Market Presence 	<ul style="list-style-type: none"> Winner in Country - Innovator of the Year Award for Sg. Marang Bridge Project Collaborated with Taylor University on using Building Information Modeling (BIM) and Artificial Intelligence (AI) for construction and engineering 	
Energy Management and Climate Change	<ul style="list-style-type: none"> Energy and Emission Management 	<ul style="list-style-type: none"> The total electricity consumed during FY2023 (991 MWh) was 1.3% lower compared to FY2022 (1,005 MWh) Scope 1 emissions were 141 tonnes of CO₂e, and Scope 2 emissions were 751 tonnes of CO₂e 	

SUSTAINABILITY STATEMENT

HEB's Key Material Matters	Area	2023 Performance	
Talent Management	<ul style="list-style-type: none"> Engagement 	<ul style="list-style-type: none"> 20 participants joined and 2 of them were offered permanent positions 	
Diversity, Equal Opportunity, and Non-discrimination	<ul style="list-style-type: none"> Diversity 	<ul style="list-style-type: none"> 25% females at Board level 35.7% females in overall workforce 71.2% Malay in the workforce 	
Career Development	<ul style="list-style-type: none"> Training & Development 	<ul style="list-style-type: none"> 13.72 hours of training per trained employee 	
Employee Engagement	<ul style="list-style-type: none"> Engagement 	<ul style="list-style-type: none"> More than 18 employee engagement activities carried out in this year 	
Local Communities	<ul style="list-style-type: none"> Community/ Society 	<ul style="list-style-type: none"> Focused efforts on community engagement and welfare 	
Water Management	<ul style="list-style-type: none"> Water Management 	<ul style="list-style-type: none"> 16.9% decrease in water consumption 	
Waste Management	<ul style="list-style-type: none"> Waste Management 	<ul style="list-style-type: none"> Disclosure of scheduled waste usage 	
Carbon Emissions	<ul style="list-style-type: none"> Emissions Management 	<ul style="list-style-type: none"> Scope 1 emissions were 141 tonnes of CO₂e, and Scope 2 emissions were 751 tonnes of CO₂e 	

SUSTAINABILITY STATEMENT

MATERIAL TOPICS



ECONOMIC & GOVERNANCE

**Material
Topics
Covered**



**Sustainable
Solutions**



**Digitalisation &
Technologies**



**Corporate
Governance**



**Regulatory
Compliance**

Aligned SDGs

8

DECENT WORK AND
ECONOMIC GROWTH

Producing sustained, inclusive and sustainable economic growth by providing productive employment opportunities for all

11

SUSTAINABLE CITIES
AND COMMUNITIES

Making cities and communities inclusive, resilient and sustainable

9

INDUSTRY, INNOVATION
AND INFRASTRUCTURE

Building resilient infrastructure, promoting inclusive and sustainable industrialisation and fostering innovation

16

PEACE, JUSTICE
AND STRONG
INSTITUTIONS

Promoting just, peaceful and inclusive societies through effective corporate governance

SUSTAINABLE SOLUTIONS

(SDG 8, 11; GRI 203-1, 203-2, 304-1, 304-2, 304-3)

Sustainability is ingrained in every project we undertake. Our commitment to sustainable solutions ensures that each endeavor not only meets the needs of today but also fosters a positive environmental impact for future generations. Through innovative designs, energy-efficient technologies, and responsible resource management, we strive to create a greener, more sustainable world with every project we deliver.



KVMRT Line 2 (Sungai Buloh-Serdang-Putrajaya)

Project Brief:

The MRT Putrajaya Line (PYL), also known as MRT 2, is the second Mass Rapid Transit (MRT) line in Klang Valley (KV), Malaysia. As one of Malaysia's transformative infrastructure developments, KVMRT Line 2 aims to provide efficient and sustainable transportation solutions for the growing population in the Klang Valley.

Project Implementation & Execution:

The project embraced a paperless environment, implementing a centralised common database accessible remotely through mobile applications. This facilitated seamless collaboration among stakeholders, regardless of their geographical locations. By adopting digital documentation, the project significantly reduced printed hardcopies, promoting a more environmentally friendly and efficient workflow.

Architecture, Civil & Infrastructure:

Environmental sustainability was at the forefront of station design, emphasising features such as natural lighting, energy-efficient LED lights, and rainwater harvesting. These

measures aimed to minimise energy usage and reduce the carbon footprint. The rail systems incorporated cutting-edge automation (GoA 4) and regenerative braking systems, showcasing a commitment to long-term sustainability and safety.



SUSTAINABILITY STATEMENT



Proposed Residuals Disposal Works for Sg. Selangor Phase 3 (SSP3) Bukit Badong and Rasa Water Treatment Plants and River Monitoring Stations

Project Brief:

The Proposed Residuals Disposal Works addresses the responsible management of residuals generated from water treatment processes. Derived from raw waters, water treatment plant (WTP) residuals contain constituents removed during the treatment process. While not hazardous, these residuals, containing small amounts of aluminium hydroxide, is classified as Scheduled Waste under SW204 of the Environmental Quality (Scheduled Waste) Regulations 2005. This project ensures compliance with environmental regulations and sustainability practices by implementing advanced treatment systems and constructing a dedicated landfill.

Rasa Residuals Disposal Landfill:

Advanced residuals treatment system comprising thickening and dewatering processes have been proposed at both the SSP 3 Bukit Badong and Rasa WTPs to provide the necessary treatment mainly to reduce the volume of residuals and followed by ultimate disposal to a designated landfill. The

construction of the Rasa Residuals Disposal Landfill adjacent to the Rasa Water Treatment Plant ensures safe and controlled disposal of residuals. This monofil type landfill is designed to cater to residuals generated from Rasa WTP for an operational period exceeding 30 years.

Effluent Collection Pond:

An effluent collection pond is incorporated to receive effluent flows from the residuals landfill and any rainwater seepage. This pond facilitates a sedimentation process before final discharge into a flood detention pond, ensuring compliance with DOE effluent discharge limits into Sg. Selangor.

On-line River Monitoring Stations:

The project installs on-line river monitoring stations strategically along the upstream of the existing SSP3 Bukit Badong Raw Water Intake. These stations serve as an early warning system, detecting high levels of pollution and enabling timely responses to prevent disruptions to water treatment operations.



Sg. Selangor Phase 3 (SSP3) Bukit Badong and Rasa Water Treatment Plants and River Monitoring Station



Projek Pembinaan Takungan Air Pinggir Sungai (TAPS) Jernih, Melaka

Project Brief:

The Projek Pembinaan Takungan Air Pinggir Sungai (TAPS) Jernih, Melaka addresses the growing need for sustainable water resources to support population growth. Under the direction of Bahagian Bekalan Air (BBA) in Kementerian Alam Sekitar dan Air (KASA), this project aims to meet the raw water demand of the Alor Gajah district up to 2030 and reduce dependency on Melaka's raw

water resources from Johor. SMHB was appointed as an Engineering Consultant to carry out feasibility study, preliminary engineering design and detailed design, tender preparation, supervision during construction, monitoring and advise on remedial works during Defects Liability Period.

Off-River Storage Scheme:

The proposed TAPS project is mainly an off-river storage scheme with active storage capacity of 13 MCM (million cubic meter) which will provide raw water yield of 95 Mld (Million liter per day) to cater for the proposed new water treatment plant at Lubok China. In order to secure raw water yield of 95 Mld and to shorten the refilling of the off-river storage after a drought, a

pump refilling system of 50 Mld will be needed to capture and store the excess flow during the wet months.

Raw Water Intake and Pipeline:

The project also includes a raw water intake at Lubok China, about 250m downstream of Sg. Rembau/Sg. Siput confluence and a single DN 1100mm raw water pipeline of about 5km in length to the proposed TAPS. The raw water from the Lubok China intake will be pumped to the TAPS during wet months, whilst during the drought period the water will be released from the TAPS directly to the proposed new water treatment plant at Lubok China via the same pipeline.

SUSTAINABILITY STATEMENT



Proposed Refurbishment of Main Building and Infrastructure Works at Subang Engineering Complex A, Sultan Abdul Aziz Shah Airport

Project Brief:

The Impeccable Vintage Properties (IVP) project signifies the refurbishment of the main building and infrastructure at Subang Engineering Complex A, Sultan Abdul Aziz Shah Airport. Beyond mere restoration, this project envisions a transformative revival of a three-decade-old structure, integrating modern innovation, sustainability, and community engagement.

Rainwater Harvesting System:

The project embraces a rainwater harvesting system, capturing rainwater from the facility's roof via a gutter system. This collected rainwater is filtered, stored in tanks, and distributed for non-potable purposes within the facility, reducing reliance on conventional water sources and contributing to water conservation.

Zero Ozone-Depleting Potential (ODP) Products:

In a commitment to environmental responsibility, the project opts for zero ODP products in systems such as Fire Protection, Air Conditioning, and Mechanical Ventilation. This includes the usage of a clean agent fire extinguishing system (IG-55), R410a (VRV), and R32 (split unit), all of which are zero ODP products, contributing to global efforts to protect the ozone layer and mitigate climate change.

Energy-Efficient Technologies:

The refurbishment project prioritises energy efficiency through the use of high-efficiency motors (IE3) with Variable Speed Drives (VSD) for pumps and mechanical fans. The existing lighting is upgraded using energy-saving fittings, and lighting zoning is implemented for optimised energy consumption. Additionally, Solar PV modules installed on the hangar roofs harness renewable energy, promoting sustainability in power consumption.



Expansion and Construction of A New Healthcare Facility For Institut Jantung Negara (IJN)

Project Brief:

The Institut Jantung Negara (IJN) Expansion project envisions a modern healthcare facility, starting with phased demolition and construction. It aims for a 120-bed private wing through sustainable initiatives.

Waste Reduction:

It involves recycling construction waste to reduce waste, i.e. utilising composite formwork minimises waste, aiding in deforestation prevention. Additionally, various materials, such as steel bars and other recyclable items, are systematically separated and processed for recycling.

Future-ready Infrastructure:

Anticipating future trends, the project includes EV bays with LEED Platinum Certificate requirements. It also includes smart hospital solutions i.e. envisions comprehensive environmental control, smart material usage, services/maintenance control, advanced communications, and innovative healthcare delivery. The project also boosts smart connectivity features which includes, integration of Wi-Fi, IT infrastructure, and a smart digital communication system, to streamline operations and optimise resource usage.

Water Management:

On-Site Stormwater Detention (OSD) is part of the project's drainage system. It controls rainwater flow, minimising flood risks and reducing public drainage system loads. On top of it, Rainwater Harvesting systems are also installed which captures roof rainwater for landscape irrigation, promoting responsible water usage.



Institut Jantung
Negara (IJN)
expansion project

SUSTAINABILITY STATEMENT

DIGITALISATION AND TECHNOLOGY

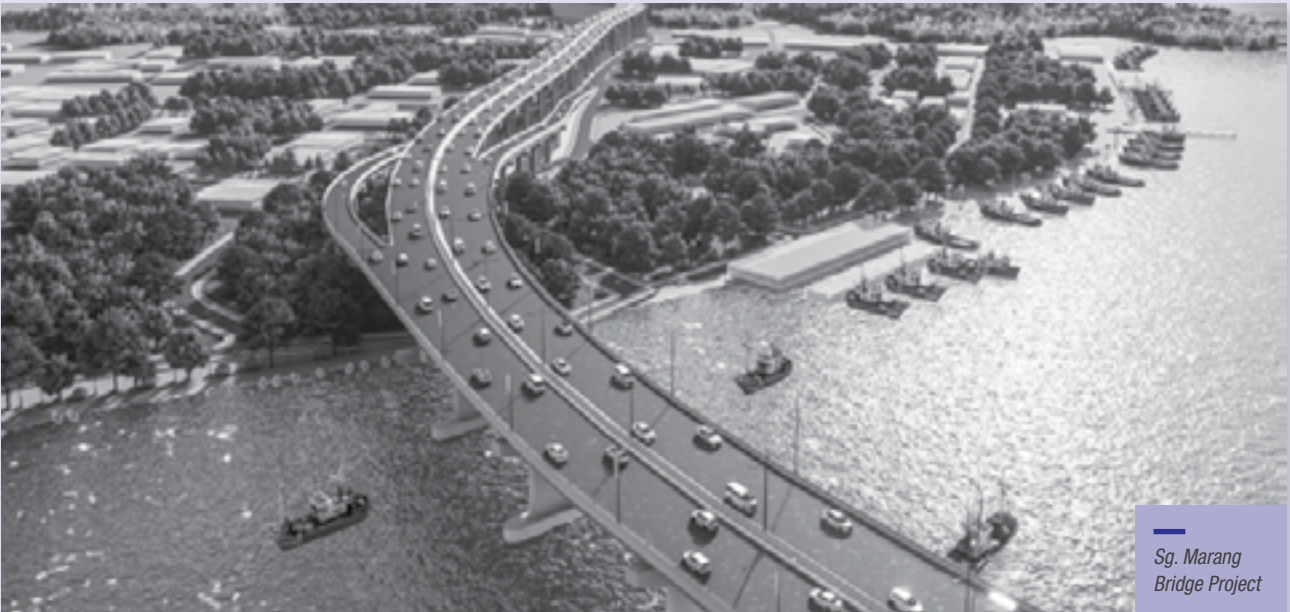
(SDG 8, 9)

Embracing the forefront of digitalisation and technology, HEB pioneers innovative solutions that drive sustained economic growth, foster productive employment opportunities, and build resilient and sustainable infrastructure. Through cutting-edge digital tools and technologies, we redefine the landscape of project execution, ensuring efficiency, reliability, and environmental stewardship in every endeavor.

The following section depicts some of our key projects and initiatives in FY2023 that positively contributed towards the digital landscape and have been recognised as innovative by industry stakeholders. Additionally, we highlight several digital features that were used in these projects :-

Sg. Marang Bridge Project: Winner in Country - Innovator of the Year Award

Our Sg. Marang Bridge Project, recognised as the “Innovator of the Year,” exemplifies our commitment to pioneering solutions in the infrastructure landscape. Through seamless collaboration and leveraging cutting-edge technology, we overcame complex challenges to deliver a transformative bridge replacement project, 400 kilometers away from Kuala Lumpur. Utilising Autodesk’s emerging technologies, including Revit Cloud Worksharing, Navisworks for Clash Detection, Civil 3D, and InfraWorks, we streamlined design coordination, optimised resource allocation, and ensured timely project delivery. Our innovative venture not only sets a new standard for infrastructure development but also underscores our dedication to digital transformation and sustainable progress.



Industry Partnership with Taylor's: Championing Smart Road Safety Monitoring

Our collaboration with Taylor's University on the Intelligent Road Safety Monitoring System.

The project marks a significant milestone in advancing digital innovation in the construction sector. Recognised as the “Best Student Project,” this initiative harnesses the power of Building Information Modeling (BIM) and Artificial Intelligence (AI) technologies to revolutionise road maintenance in Malaysia. By seamlessly integrating AI with IoT sensors and BIM technology, we aim to provide an efficient and user-friendly platform for reporting, tracking, and addressing road damages. This transformative software application not only enhances road safety but also optimises maintenance planning, ensures efficient repairs, and fosters a better user experience for road users. Through this industry-academia collaboration, we are shaping the future of construction with innovative solutions that prioritise sustainability, efficiency, and societal well-being.

SUSTAINABILITY STATEMENT

Enhancing Digital Literacy: Empowering Employees through Training Initiatives

To foster the culture of innovation, we are committed to develop and upskill employees in digitalisation and technology. As part of “Digital Lunch Talk”, we conducted 8 digital engineering sessions in the second half of FY2023. A total of 206 different staff attended one or more of these training sessions. The sessions covered a range of topics aimed at enhancing knowledge and skills in various digital technologies relevant to engineering and project management. These sessions included discussions on Common Data Environment (CDE), Virtual Reality (VR) & Augmented Reality (AR), 4D planning and construction

simulation, 360 photos and site monitoring solutions, 5D quantity take off and pricing, drones and photogrammetry, data analytics and project dashboards, and Artificial Intelligence (AI) applications in construction. Each session had specific learning objectives, such as understanding the concepts and benefits of the technologies, exploring practical applications, and gaining insights into future trends and advancements. These training sessions provided valuable opportunities for staff to expand their digital literacy and stay abreast of the latest developments in the field.

CORPORATE GOVERNANCE

(SDG 9, 16; GRI 2-2, 102)

We believe in fostering a culture of transparency, accountability, and ethical conduct through robust corporate governance practices. As a leading engineering firm, we understand the pivotal role that corporate governance plays in maintaining the trust and confidence of our stakeholders, driving sustainable growth, and mitigating risks. Our commitment to upholding high standards of corporate governance is ingrained in every aspect of our operations, serving as the foundation upon which we build our reputation and ensure our long-term success in the industry.

Corporate governance at HEB Group encompasses a comprehensive framework designed to guide our decision-making processes, promote transparency, and ensure adherence to legal and regulatory requirements. We recognise that effective governance is not only essential for safeguarding the interests of our shareholders but also for creating value for our clients, employees, and the communities we serve. Through regular assessments, audits, and compliance reviews, we continuously evaluate and strengthen our governance practices to uphold integrity and the highest standards of ethical conduct throughout our organisation. These policies help govern the way we operate and ensure that business is conducted in compliance with the law, core ethical values of respect and integrity and adherence towards the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018).

In November 2023, we endorsed a human rights policy that offers a guiding framework for integrating fundamental principles into our daily operations, business decisions, and relationships.

More information on policies can be found on our website's corporate governance section at https://hssgroup.listedcompany.com/corp_governance.html.

ANTI-BRIBERY

(GRI 205-1, 205-2, 205-3)

HEB Group upholds high standards of business ethics and compliance across the Group as a reflection of our core values: Honesty, Integrity, and Operational Excellence. This is crucial for us to protect the interests of both the business and stakeholders while building trust and reinforcing confidence of our stakeholders in us.

We have a Anti-Bribery Policy (“**AB Policy**”), to address the bribery and corruption risks, guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009. The Board oversees anti-bribery and anti-corruption matters within the Group and takes a leading role in developing, applying, and reviewing the Group's AB Policy to reinforce internal anti-corruption and anti-bribery efforts. The Group has a “zero-tolerance” policy towards bribery and corruption

Applicable to all employees and business associates engaged in activities with the Group, the AB Policy is complemented by the Anti-Bribery Management System (“**ABMS**”), which outlines policies and procedures aimed at preventing, identifying, and addressing bribery.

The Group regularly communicates the AB Policy's guidelines and principles to employees through reminders from supervisors, employee handbook, internal memos, office notice boards, and the official website. Induction sessions for new employees include briefings on the Group's policies, including those related to anti-corruption and anti-bribery.

In addition, to ensure our workforce is adequately educated regarding ABMS, in FY2023, we carried out ISO-37001 ABMS Awareness and Integrity Day, which mainly focused on training participants in Anti-Bribery Management System (“**ABMS**”) and promote the importance of anti-bribery. We implemented Anti-Bribery Management Systems in accordance with MS ISO 37001:2016 in 2019. SIRIM QAS International Sdn. Bhd. has certified HEB, BGV, HSS Engineering Sdn. Bhd., HSS Integrated Sdn. Bhd. and HSS Mekanikal & Elektrikal Sdn. Bhd. for ISO 37001:2016. In March 2022, SMHB Engineering Sdn. Bhd. and SMHB Sdn. Bhd. also received the ABMS certification.

SUSTAINABILITY STATEMENT

Recognising the importance of assessing corruption-related risk for safeguarding the integrity of the Group's infrastructure, senior management underscores the necessity of thorough risk assessment across all levels of the organisation. As such, HSS has assessed 100% of its operations for corruption-related risks, reflecting its commitment to preventing and detecting corruption as part of its ongoing management practices. We have started reporting this data metric in 2023 and will continue to report on a rolling basis in future.



On May 31, 2023, we hosted HSS Group Integrity Day 2023 and Anti-Bribery campaign, bringing together stakeholders and interested parties to underscore our commitment to integrity. In partnership with the Malaysian Anti-Corruption Commission (MACC), we have implemented robust anti-bribery initiatives as part of our proactive strategy, aimed at safeguarding our reputation and promoting stakeholder satisfaction. By instilling awareness and providing essential tools, the campaign serves as a bulwark against corruption, fostering transparency and ethical conduct within the organisation. Our dedication to exemplary corporate governance aligns with global Environmental, Social, and Governance (ESG) standards, reinforcing our commitment to transparency and mitigating bribery risks, thus enhancing our appeal to discerning partners and investors.

In FY2023, 77% of employees (679 employees) have undergone anti-corruption training.

Percentage of employees who have received training on anti-corruption by employee category	Completion rate %		
	2023 ²	2022	2021
Overall	77%	68%	65%
Professional	76%	75%	70%
Sub-Professional	82%	70%	65%
Administrative	73%	60%	60%

Any violation of this AB Policy or relevant local laws by an individual may lead to disciplinary measures and, in extreme cases, termination of employment. Additionally, legal action may be pursued if the Group's interests suffer harm due to non-compliance or misconduct. Incidents of violations can

be reported through the Group's whistleblowing channel. In FY2023, HEB recorded zero incidents of corruption. The complete AB Policy is accessible on the official website of HEB.



Award for Exemplary Practices in Integrity, Governance and Anti-Corruption

During FY2023, several subsidiaries of HEB Group were recognised by the Malaysian Institute of Integrity for their exemplary practices in Integrity, Governance, and Anti-Corruption. HEB and BGV were awarded the silver, while HSSI, HSSM&E, and HSSE received the bronze award.

REGULATORY COMPLIANCE (SDG 8, 9, 16; GRI 307, 419)

As a responsible corporate entity, we recognise the paramount importance of conducting business in accordance with local and international laws, regulations, and industry standards. Our unwavering dedication to regulatory compliance not only safeguards our reputation but also underscores our commitment to transparency, integrity, and accountability in all our endeavors. Through meticulous adherence to regulatory requirements, we strive to foster trust among stakeholders, mitigate risks, and uphold the highest standards of corporate governance.


To ensure comprehensive regulatory compliance, HEB Group has implemented a range of robust systems and procedures tailored to meet the diverse regulatory landscapes in which we operate. One such system is the ISO 37001 Anti-Bribery Management System. ISO 37001 sets forth internationally recognised guidelines and best practices for preventing, detecting, and addressing bribery and corruption within organisations, empowering us to maintain the highest standards of ethical conduct and integrity.

We are pleased to report that there have been no cases of non-compliance concerning ethical conduct during this FY2023 reporting period. (FY2023: Nil).

¹ Corruption risk assessment includes operation of HSS but does not include SMHB operations.

² 2023 data includes HSS as well as SMHB related entities whereas 2021 and 2022 data only include HSS related entities.

SUSTAINABILITY STATEMENT



ENVIRONMENT

Material Topics Covered

Energy Management & Climate Change

Water Management

Waste Management

Aligned SDGs

7 AFFORDABLE AND CLEAN ENERGY

Providing engineering and project management services through technology advancement and engineering solutions.

13 CLIMATE ACTION

Addressing the drastic effects of climate change by exploring new renewable energy projects and opportunities

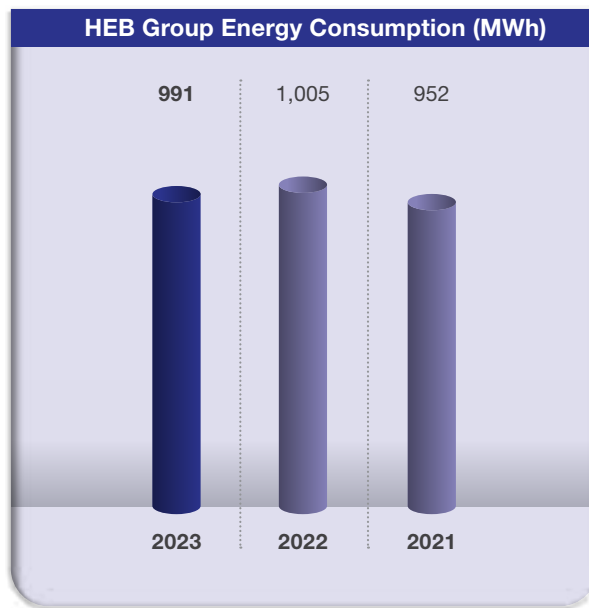
ENERGY MANAGEMENT AND CLIMATE CHANGE

(SDG 7, 13; GRI 302)

The Group acknowledges that our energy consumption and greenhouse gas (GHG) emissions contribute to climate change impacts. We recognise that as a corporate citizen, it is our responsibility to reduce our carbon footprint while also embracing opportunities that unfold while making the transition to a low-carbon economy.

To promote environmental sustainability within our company, we introduced a dedicated team known as the Green Task Force since 2017. This team is responsible for organising, executing and implementing green initiatives throughout the year. Our commitment to the environment ensures that we not only comply with environmental rules and regulations but also exceed our clients' requirements.

The total electricity consumed during FY2023 (991 MWh) was 1.3% lower compared to FY2022 (1,005 MWh). HEB continues to monitor the use of electricity in an effective and efficient manner and prioritise in minimising usage where required. HEB is committed to continue instilling energy consciousness among staff, prioritising energy efficiency initiatives to diminish environmental impact and enhance operational efficiency.

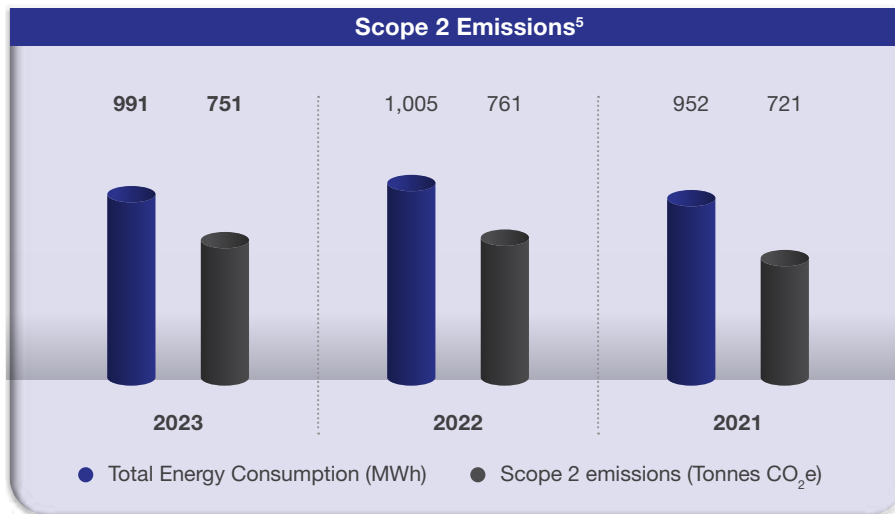
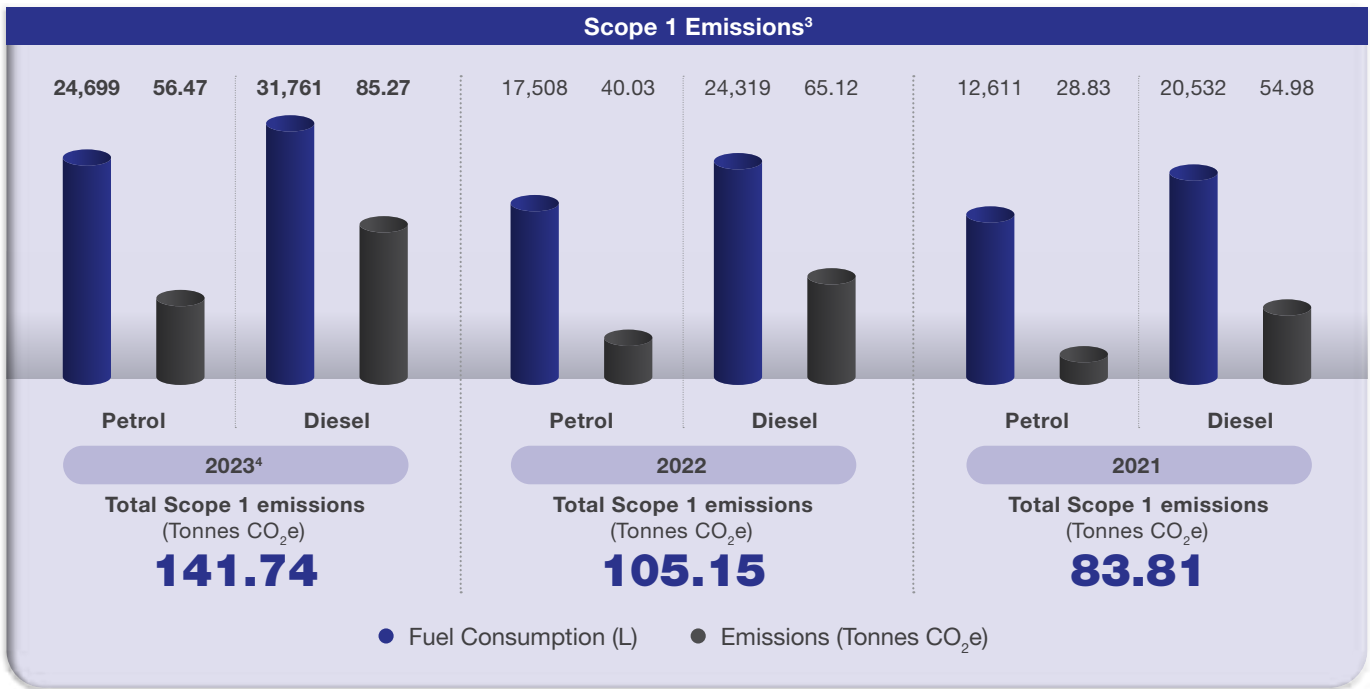


Carbon Emissions (Emissions Management) – Scope 1 and Scope 2

In FY2023, the Scope 1 emissions showed that the consumption of diesel and petrol was on the rise due to business operations. The following table showcases total carbon emissions against total fuel consumed from transportation. Our Group aims to further strengthen the Scope 1 related data collection initiative on a gradual progress. The total Scope 1 emissions increased by 34% (141 Tonnes CO₂e) in 2023 as compared to 2022 (105 Tonnes CO₂e).

As for Scope 2, we have restated the 2021 and 2022 emissions based on the latest emission calculation methodology. It can be observed that the emissions amount appears to be the highest in FY2022 (761 Tonnes CO₂e), with a spike in contrast with FY2021 (721 Tonnes CO₂e). In FY2023, electricity consumption dipped by 1.3%. The following table showcases the Scope 1 and Scope 2 emissions for the last three years (FY2021 to FY2023).

SUSTAINABILITY STATEMENT



We recognise pollution as an issue of concern and ensure that environmental management systems are incorporated in the project requirement to minimise the levels of pollution to safeguard the overall environment. We have not received any fines or penalties for any environmental violations throughout the year. The organisation's operations do not emit Nitrogen oxides (NO_x), Sulphur oxides (SO_x), Methane (CH₄) and Volatile Organic Compounds (VOCs) into the atmosphere nor any effluent discharges into the receiving water body.

Air Emissions	2023	2022	2021
Nitrogen Oxides (NO _x) (Tonnes)	0	0	0
Sulphur Oxides (SO _x) (Tonnes)	0	0	0
Methane (CH ₄) (Tonnes)	0	0	0
Volatile Organic Compound (VOCs) (Kg)	0	0	0

³ Emission Factors referenced from World Resource Institute (2015), GHG Protocol tool for Stationary Combustion. Version 4.1

⁴ Fuel consumption data of 2023 include data from SMHB as well as HSS whereas the data of 2021 and 2022 only includes data from SMHB, hence the increase in emissions.

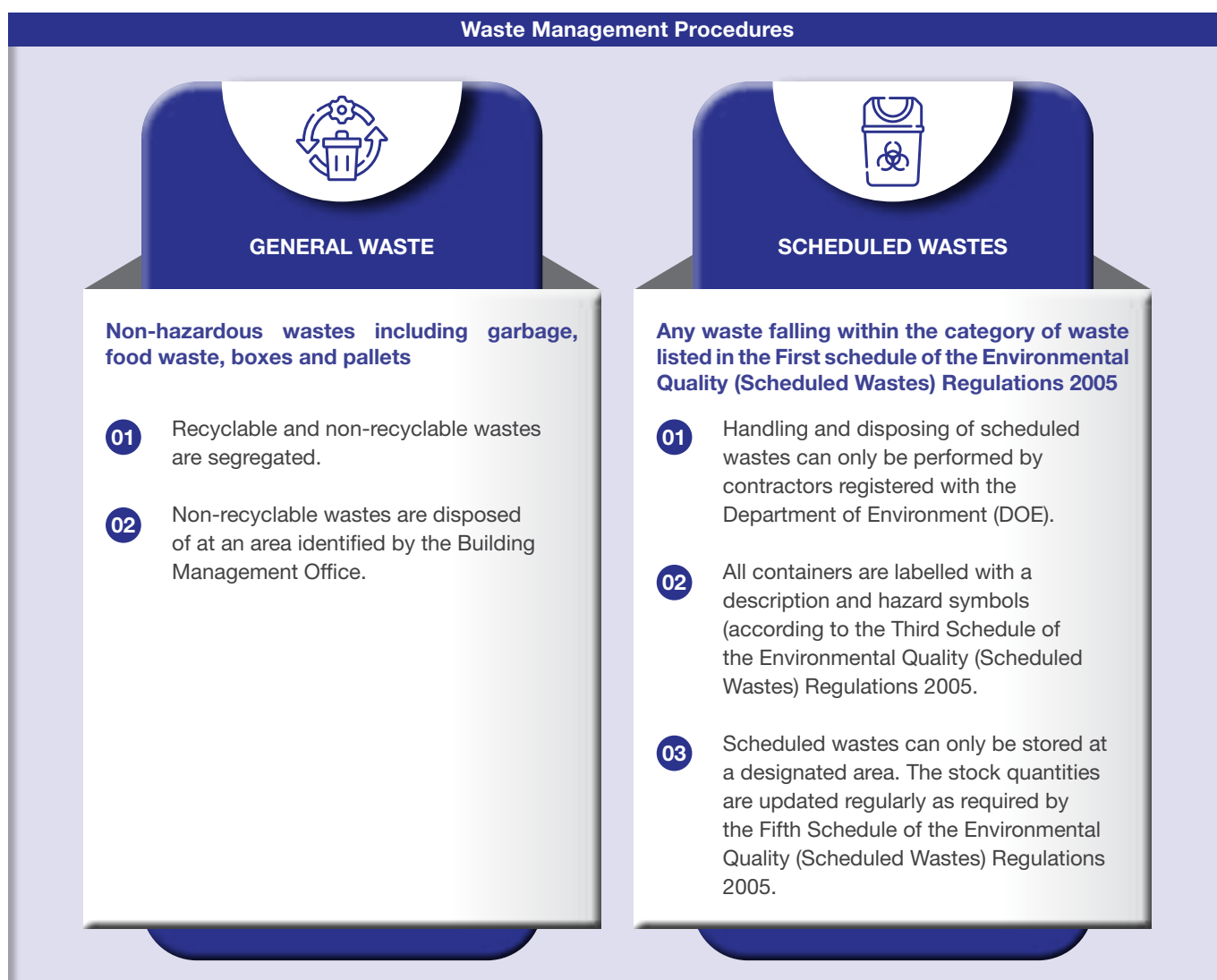
⁵ Restated 2021 and 2022 emissions based on 2021 Grid Emission Factor for Peninsular Malaysia by the Energy Commission.

SUSTAINABILITY STATEMENT

WASTE MANAGEMENT

(SDG 7, 13; GRI 303)

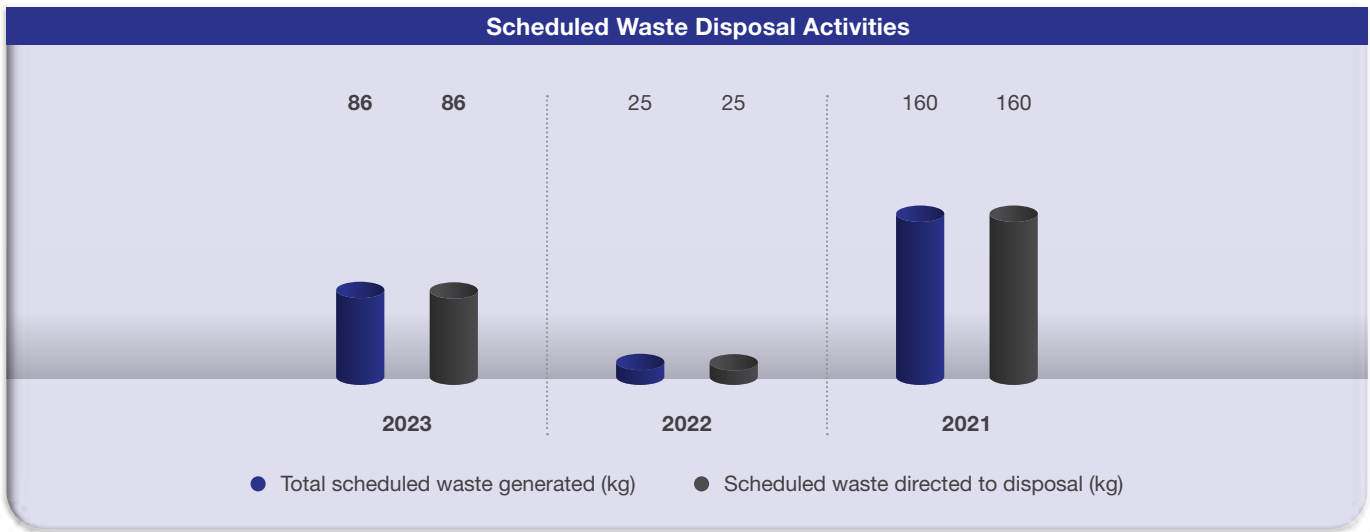
At HEB, we prioritise proper waste management to reduce our environmental impact and benefit the surrounding communities, especially in relation to our construction business. Waste management is essential for protecting the environment and preserving natural resources. It helps to reduce the environmental impacts of waste, such as air and water pollution, greenhouse gas emissions, and land degradation. At HEB, we ensure our waste is properly contained and disposed of by following a robust waste management procedure using our Integrated Management System (“IMS”). The IMS system is designed to capture information relevant to waste which enables us to closely monitor and follow environmental regulation.



To facilitate an efficient and strategic approach to the disposal of scheduled waste, we have implemented a structured scheduled waste management process within our organisation. This process governs all activities related to the management of scheduled waste, outlining specific actions, responsibilities, and interfaces to ensure effective waste identification and minimisation practices. Our priority is to minimise the generation of scheduled waste and maintain stringent control over its disposal.

A key aspect of our scheduled waste management practice is to ensure that waste disposal does not exceed a storage duration of six months or exceed a quantity of 20 metric tonnes (MT), whichever comes first. To assist us in this endeavor, we have engaged Kualiti Alam Sdn. Bhd., a licensed contractor registered with the Department of Environment (DOE), to manage our scheduled waste disposal activities. This partnership ensures compliance with regulatory requirements and upholds our commitment to responsible waste management practices.

SUSTAINABILITY STATEMENT



No.	Scheduled Wastes Type	Code	2023 (kg)	2022 (kg)	2021 (kg)	Total (kg)
1.	Fluorescent Tube	SW109	81.2	21.0	75.1	177.3
2.	Bulbs	SW109	0.4	0.4	0.9	1.7
3.	Chokes	SW110	0.0	2.5	81.8	84.3
4.	Battery	SW103	4.6	1.4	1.9	7.9
5.	Total Qty Generated		86.2	25.3	159.7	271.2

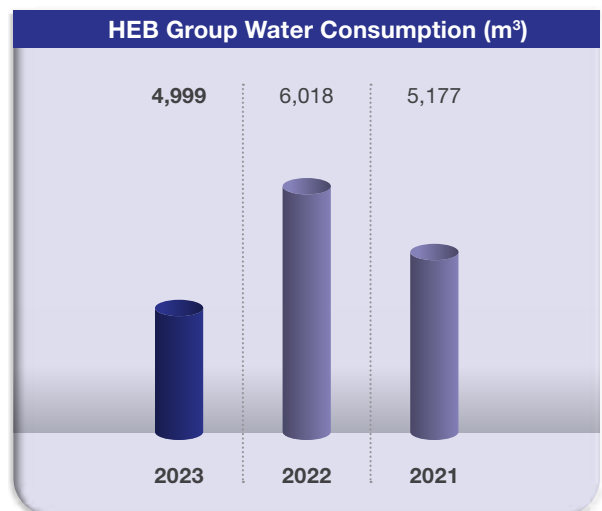
WATER MANAGEMENT

(SDG 7, 13; GRI 302)


The issue of water scarcity is becoming increasingly alarming due to several factors, such as climate change, poor water management, and contamination. As water cuts and scarcity are becoming more frequent, the Group is committed to mitigating the risk of water shortages through efficient water management across our operations.

We prioritise ongoing water conservation efforts aimed at significantly reducing our overall water consumption. Recognising the critical importance of clean water supply and the global challenges surrounding it, we are dedicated to developing and implementing innovative water-saving strategies throughout our organisation and operations. Our commitment to water conservation has already yielded promising results, with a 16.9% reduction in water usage compared to the previous fiscal year. We remain vigilant in our efforts by promoting awareness among employees to conscientiously manage their daily water usage, conducting regular assessments of water consumption, and continuously devising and implementing new strategies to further curtail water usage.

The following table shows water consumption analysis in FY2023 in comparison to FY2022 and FY2021.











SUSTAINABILITY STATEMENT




SOCIAL

Material
Topics
Covered

 Employee & Public Safety	 Respecting Human Rights	 Diversity, Equity & Inclusion	 Career Development
 Quality & Client Satisfaction	 Data Privacy and Security	 Talent Management	 Local Communities


Aligned SDGs

3 GOOD HEALTH AND WELL-BEING




Ensuring healthy working environment and promote the well being of our employees and stakeholders

4 QUALITY EDUCATION




Delivering lifelong and professional development by continuously investing in the workforce through plethora of internal and external trainings

5 GENDER EQUALITY




Ending all discrimination against women and providing equal rights to employees without discrimination during hiring, on the job training and upon leaving

8 DECENT WORK AND ECONOMIC GROWTH



Producing sustained, inclusive and sustainable economic growth by providing productive employment opportunities

10 REDUCED INEQUALITIES



Respecting the rights and opportunities of all people to operate a diverse and inclusive business that reflects the local community

EMPLOYEE AND PUBLIC SAFETY

(SDG 3, 4, 8; GRI 403, 416)

We prioritise the health and safety of our employees and contractors in our business operations and workplaces. By ensuring a healthy, safe and conducive workplace, we aim to prevent injuries and illnesses among those working within our premises, which ultimately leads to increased efficiency and output. We have established the following governance teams and policies for the same.



Emergency Response Team



Environment, Safety, and Health Committee ("ESH")

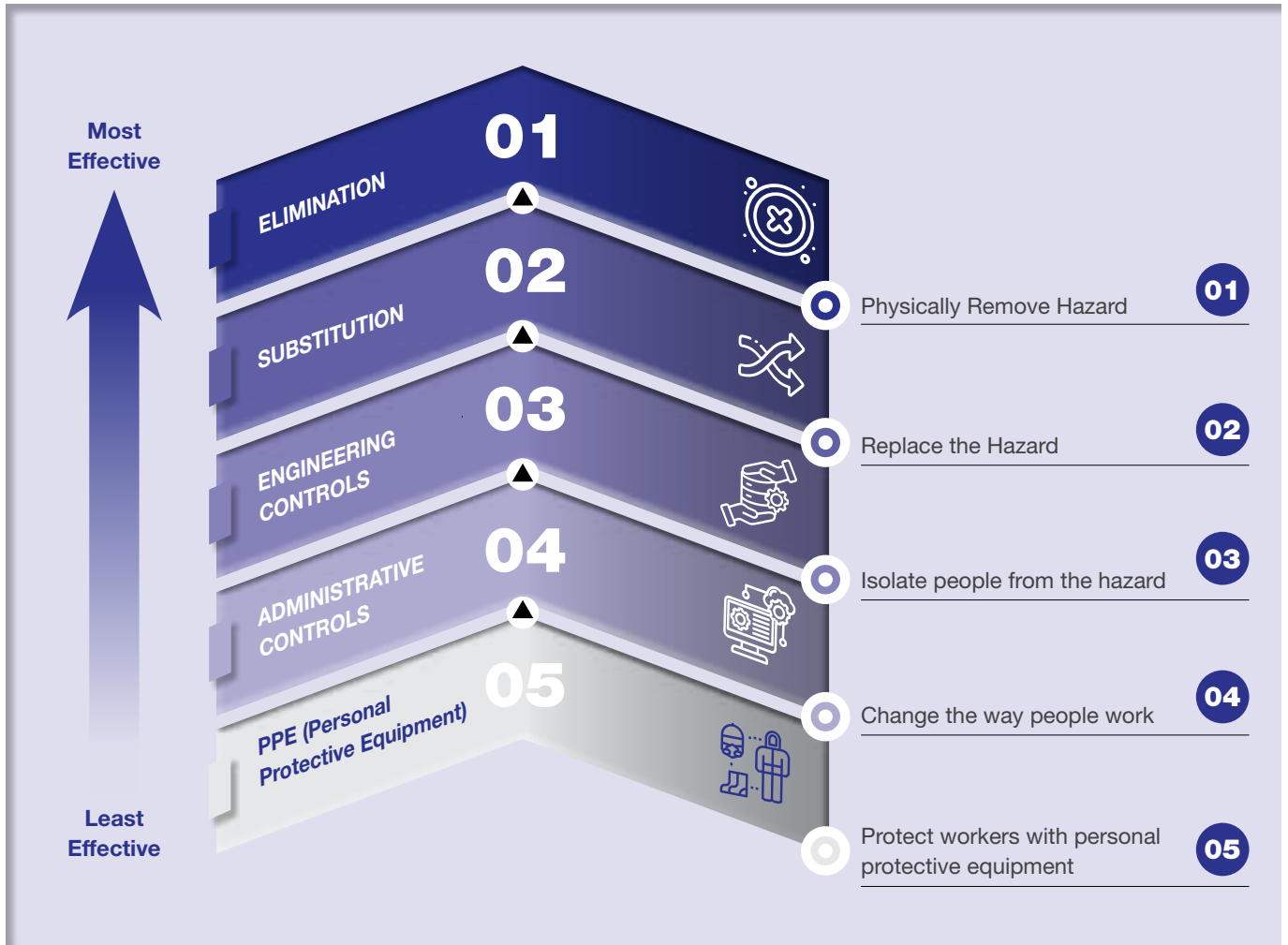


Quality, Environment, Occupational Safety and Health ("QESH") Policy

Ensuring the safety and well-being of our employees and the community is paramount to us. To this end, we have implemented and upheld several measures aimed at enhancing Occupational Health and Safety (OHS) practices. We are pleased to announce that we have successfully met all our targets, achieving zero fatalities across all business units, as delineated by our four key indicators: zero accidents, zero near misses, zero first-aid cases, and zero lost-time injuries. We continue to target zero fatalities at all business units. We continuously monitor, assess, and refine our health and safety protocols to minimise incidents within our business operations. Additionally, we have instituted initiatives and protocols to regularly review pertinent health and safety standards, ensuring adherence and effectively managing OHS risks and hazards stemming from our operations.

SUSTAINABILITY STATEMENT

The diagram below illustrates a hierarchy of internal controls for situations involving hazards, arranged in order of effectiveness from the least effective to the most effective, when viewed from bottom to top.



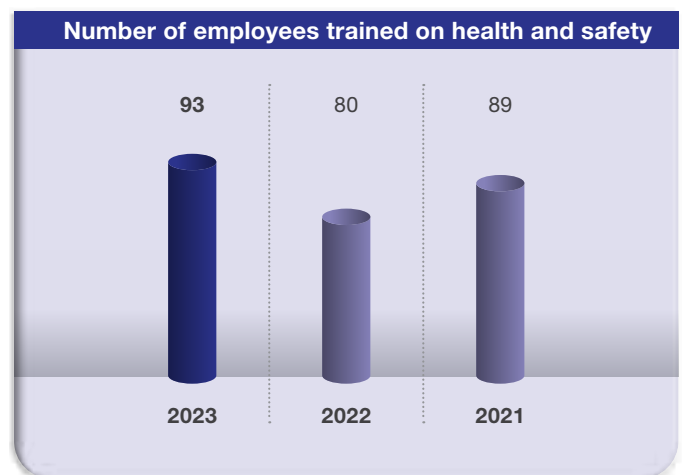
Employee and Public Safety	2023	2022	2021
Number of fatalities	0	0	0
Number of lost time injuries	0	0	0
Lost time incident rate	0	0	0

SUSTAINABILITY STATEMENT

The following figure showcases our key initiatives in place: -



Starting in 2019, our subsidiaries and associated companies transitioned from OHSAS 18001:2007 to the ISO 45001:2018 Occupational Health & Safety Management Systems (OHSMS). Throughout FY2023, we conducted a total of four ESH Committee meetings, engaging in constructive discussions aimed at improving our work environment and addressing safety, health, and environmental concerns. Various training initiatives were rolled out to bolster employee competencies in diverse domains. The Group organised IMS Induction Training session, Fire Awareness Program and various other training sessions. These sessions were designed to furnish employees with crucial insights into safety protocols and integrated management systems. The Group delivered a cumulative 159.5 hours of training, catering to 93 participants, further emphasising our commitment to skill enhancement and professional development.



In August 2023, a Fire Safety Emergency Drill was carried out to raise awareness among all staff about the significance of fire emergency response procedures. Additionally, it aimed to provide training and practice session for all assigned Emergency Response Team (ERT) members on evacuation procedures.

QUALITY AND CLIENT SATISFACTION

(SDG 8)

The organisation recognises that client satisfaction and loyalty are pivotal for long-term success and upholding our standing as a premier service provider in the industry. To this end, we are committed to elevating client satisfaction by actively soliciting and incorporating their feedback while consistently upholding high-quality standards across all our offerings.

Our range of services is endorsed by esteemed certification bodies. HSS Engineering Sdn. Bhd., HSS Integrated Sdn. Bhd., and HSS Mekanikal & Elektrikal Sdn. Bhd. have obtained MS ISO 9001:2015 certification for Quality Management System from SIRIM QAS International Sdn. Bhd. This certification encompasses a wide spectrum of services, including consultancy for civil, mechanical, and electrical design, along with site supervision, independent consulting, and project management consultancy services.

Moreover, since 1997, SMHB companies have maintained MS ISO 9001 Quality Management Certification, subsequently upgraded to MS ISO 9001:2015 in August 2018. This certification encompasses the provision of engineering consultancy and project management services, spanning engineering and environmental studies, design, and construction supervision.

SUSTAINABILITY STATEMENT

Client Satisfaction and Survey (CSS)

We employ milestone surveys throughout project lifecycles to glean insights into our clients' experiences. These surveys are divided into two categories: Time-based (after project initiation) surveys and Experience-based (upon completion of services) surveys. Furthermore, we administer a survey annually to elicit feedback from our clients, meticulously analysing their input internally to identify areas for improvement. The illustration below delineates the facets explored in our client satisfaction survey, offering an exhaustive evaluation of HEB Group's performance. We aim to maintain a minimum average Client Satisfaction Survey (CSS) score of 85% annually. This year HEB Group has achieved a score of 89% in client satisfaction index.

Client Satisfaction Survey Score (%)				
No.	Survey Item	2023	2022	2021
1.	Budget/Cost	81	70	86.7
2.	Schedules	89.5	75	87.5
3.	Occupational Health & Safety	91	80	95
4.	Environmental	91.5	75	85
5.	Quality	83.5	81	97.5
6.	Performance Satisfaction	100	80	94

TALENT MANAGEMENT

(SDG 4, 8; GRI 401)

We recognise that our employees are our most valuable asset, and as such, we prioritise initiatives aimed at attracting, and retaining the top talent. From recruitment strategies to training and career development programs, this section highlights our efforts to create a supportive and empowering workforce through recruitment and retention strategies.

Recruitment

We aim to continue creating employment opportunities to help individuals experience unbeatable career development. At HEB, we encourage candidates to directly apply for open positions via our Company Website at <http://www.hssgroup.com.my/career/>. It is important that we hire the right candidate for the right position. Internally, we have developed a robust talent acquisition process that encompasses fair and transparent talent screening and hiring procedures

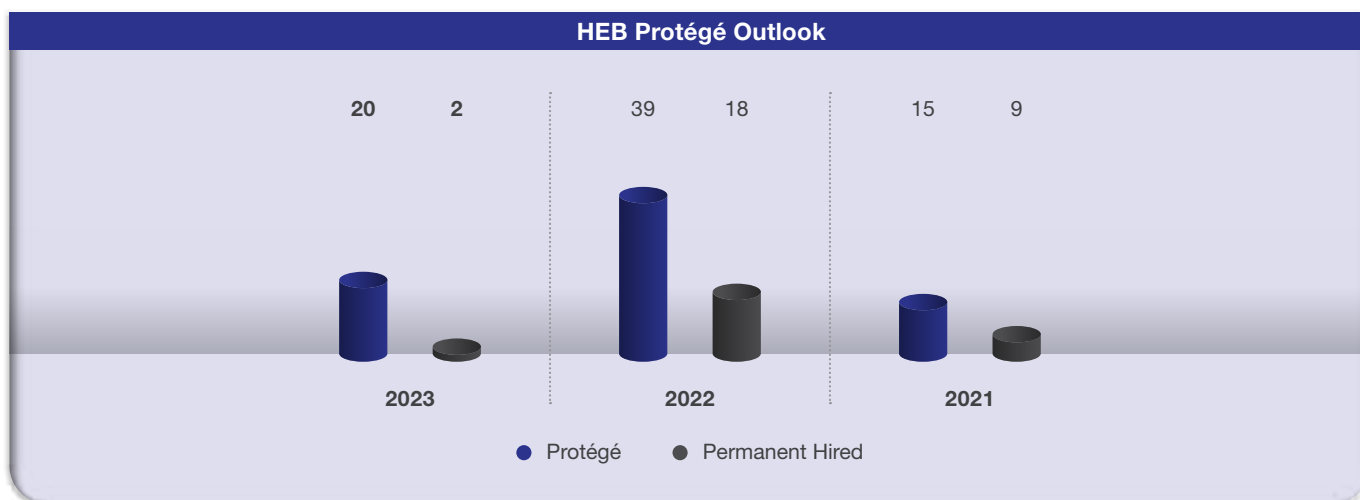
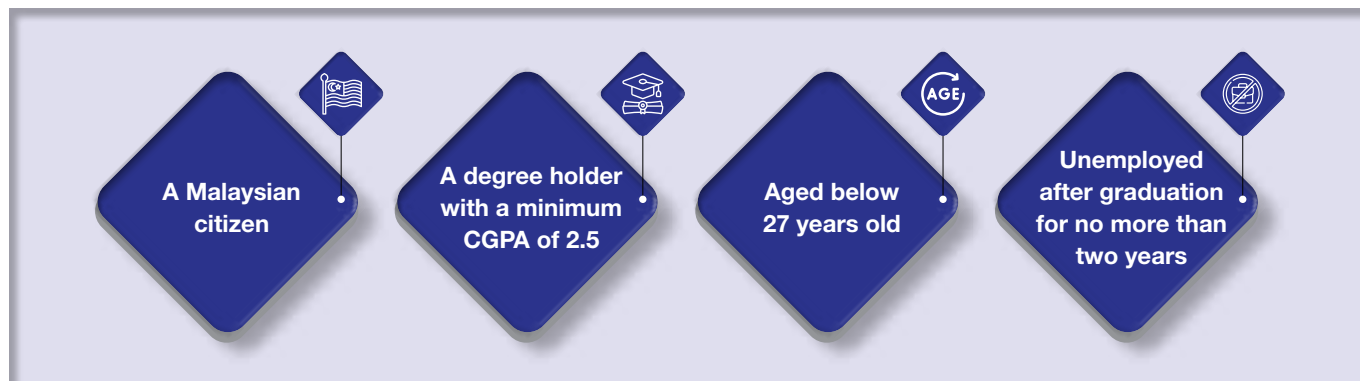


At HEB, we actively participate in the PROTÉGÉ (Professional Training and Education for Growing Entrepreneurs) program, facilitated by the Ministry of Entrepreneur Development and Cooperatives (MEDAC). This 12-month program offers a blend of personal and professional development through on-the-job and on-site training experiences, aimed at nurturing engineering talents in Malaysia.

In FY2023, we welcomed 20 Protégé participants into our team, placing them in various technical and non-technical departments. Following the successful completion of the program, 2 were offered permanent positions within our Group. We also maintain partnerships with local universities to provide industrial training experiences, ensuring a steady supply of engineering professionals in the field.

SUSTAINABILITY STATEMENT

The eligibility criteria for Protégé include:-



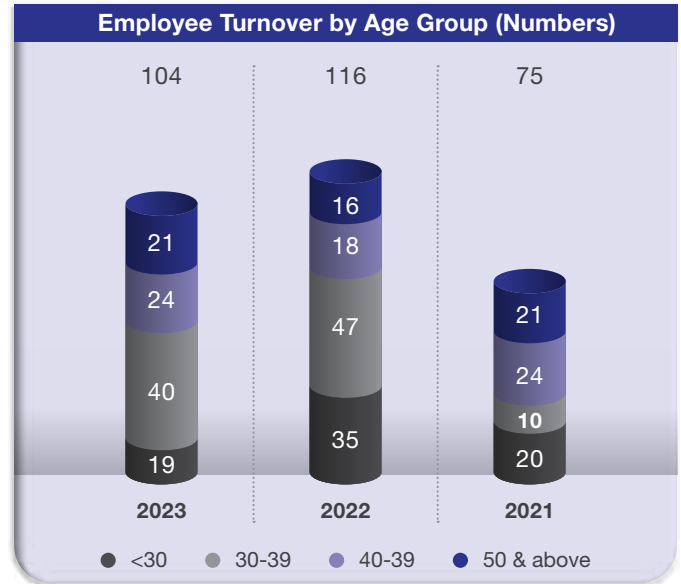
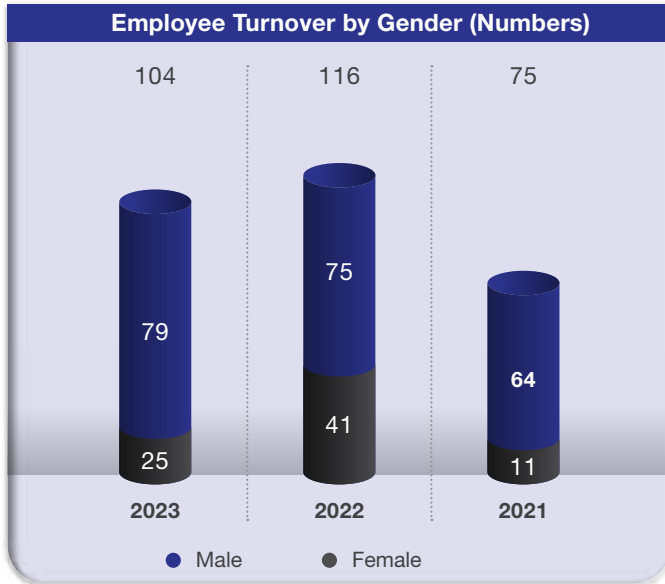
We also prioritise nurturing talent and upskilling future professionals in the engineering and project management fields. As part of this commitment, in 2023, we have established a memorandum of understanding (MoU) with Tunku Abdul Rahman University of Management and Technology (TAR UMT). Through this collaboration, we aim to share extensive technical knowledge and industry best practices with TAR UMT students and educators. This will be achieved through various initiatives, including joint training programs, site visits, seminars, conferences, and workshops. Moreover, we will offer internship opportunities to selected TAR UMT students, providing them with valuable hands-on experience and exposure to real-world projects.

Employee retention and attrition

HEB is proud to have a highly engaged workforce, which is reflected in the longevity of our employees' tenure. In FY2023, there were a total of 104 employee turnovers (FY2022:116), with male employees contributing to approximately 76% of the total turnover (FY2022:65%). Employees aged 30-39 had the highest turnover rate, with 40 employees leaving. This was followed by the age groups of below 30 years and 40-49 years old. While our Group strives to find new and effective employee retention strategies, we also maintain an open environment that encourages movement and change of talent. This benefits us as an engineering company that values innovation and digital transformation, while also providing growing talents with the opportunity to apply their skills and experience across different organisations. We believe that this approach can drive meaningful change and growth.

SUSTAINABILITY STATEMENT

The graphs below depict the employee turnover analysis at HEB Group.



CAREER DEVELOPMENT (SDG 4; GRI 401)

Recognising that career development is essential for both individual fulfillment and organisational success, we have implemented comprehensive programs and initiatives to support our employees' career aspirations. From personalised development plans to mentorship opportunities and skills training, this section demonstrates our commitment to empowering our workforce and ensuring their long-term success within our organisation. We aim to create an exceptional experience for every individual who goes through our program.



SUSTAINABILITY STATEMENT

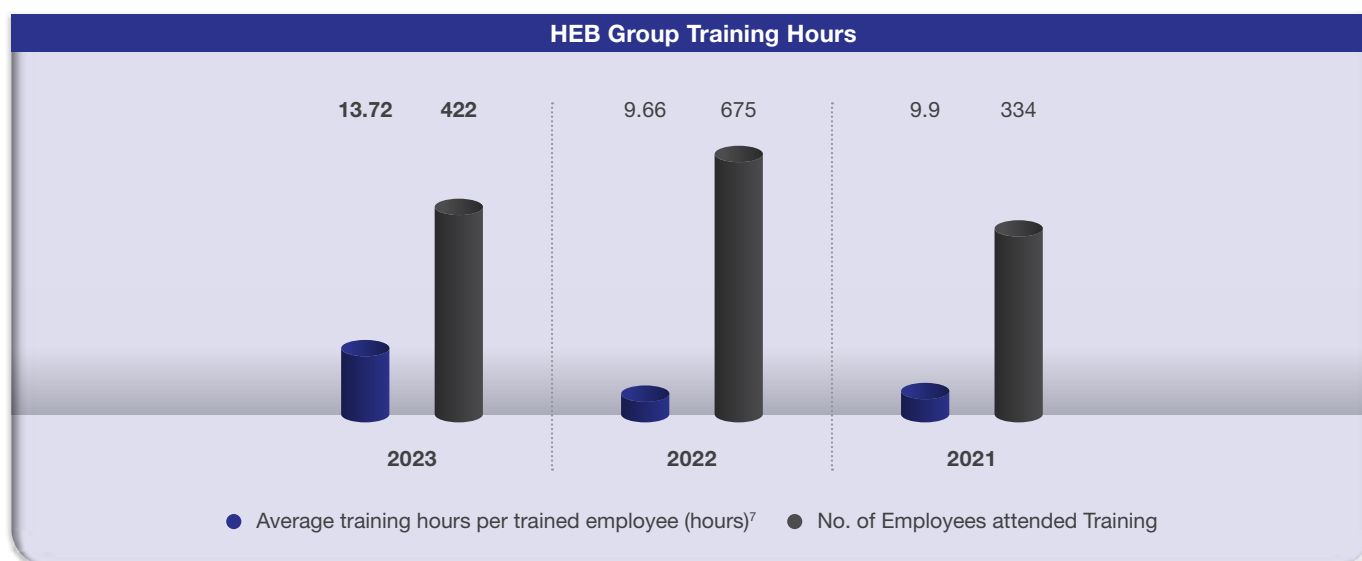
Professional Development

We believe professional development is important to help employees improve their skills, knowledge, and competencies in their respective areas of expertise. Learning is a long-term journey and to ensure continuous learning, we commit to train and groom our employees in acquiring the necessary skills and most importantly, remaining relevant within the fast-moving industrial revolution and technology diaspora. In return, this will mould them to go through uncertainties, embrace ambiguity and explore breakthrough capable engineering technologies that will benefit technological advances and business growth. To achieve this, we have intensive focused training categorised into internal and external training.



As part of Internal training, HSS organised digital engineering sessions called “Digital Lunch Talk” series. Covering topics like Common Data Environment, Virtual Reality, 4D planning, and others, these sessions aimed to enhance staff’s understanding and practical skills in digital technologies relevant to engineering. Each session had specific learning objectives, empowering staff to leverage technology effectively in their work.

Employee Category	Total hours of training		
	2023	2022 ⁶	2021
Professional	4,936	NA	NA
Sub Professional	379	NA	NA
Admin	476	NA	NA
Total	5,791	6,520	3,304

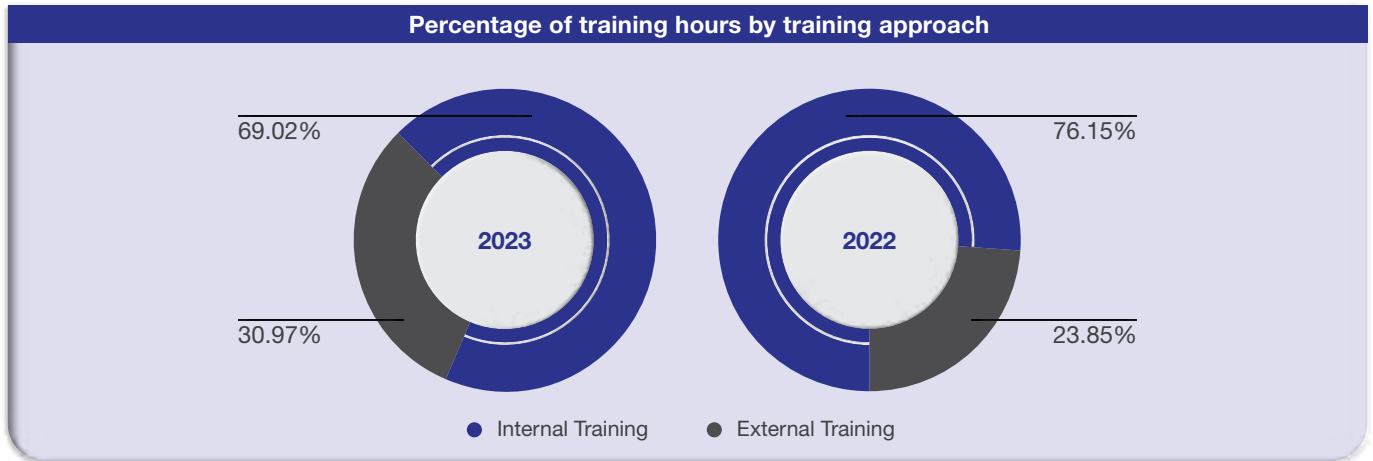


⁶ Training hours data by employee category is being collected from 2023, hence 2022 and 2021 number are not available

⁷ Average training hours = Total training hours / Number of employees attended training for the year

SUSTAINABILITY STATEMENT

A total of 422 employees attended training to further develop skills and competencies. This amounted to a total of 5,791 hours (FY2022: 6,520) dedicated to training with 13.72 average training hours per employee trained (FY2022: 9.66). The following table showcases the training analysis of our Group.



Employee Engagement

Effective employee engagement drives organisational change and creates a culture of sustainability within the company, supporting its reputation and attracting and retaining top talent. At HEB, we encourage employees to participate in social groups, clubs and societies which promote work-life balance.

Our Sports and Recreational Club was established in 1984 with the aim of creating a lively working environment by organising activities to strengthen relationships amongst staff. In FY2023, the Club organised several activities, including an Ice Cream Day, Endurance Challenge, Annual Hike to Gunung Angsi, Free Health Screening Programme (HSP) Under SOCSO Benefits, Blood Donation Drive, Paintball, Satay Day, Movie Night Event - Transformers - Rise of the Beasts, Badminton League Tournament, Annual Trip, Iftar Ramadan, and others. In total, more than 18 employee engagement activities were carried out during the year.

Employee Benefits

We consistently dedicate time to investigating methods for retaining our employees. In addition to prioritising personal and professional development, we recognise that competitive remuneration serves as a significant incentive for our employees as they advance in their careers. At HEB, we closely monitor industry trends regarding remuneration packages and make enhancements to our employees' salary packages accordingly. Furthermore, we actively address discriminatory practices and strive to eliminate gender pay inequality within our organisation. The figure below shows the benefits offered by HEB.



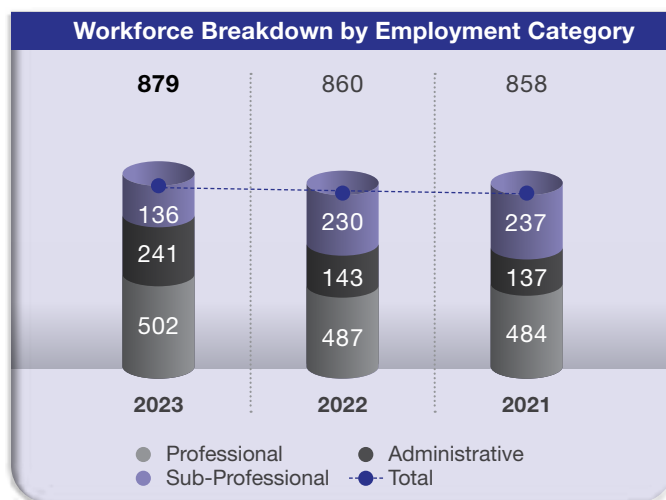
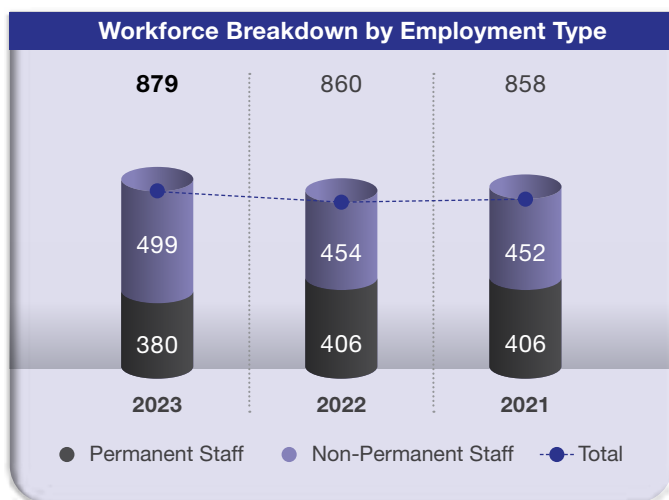
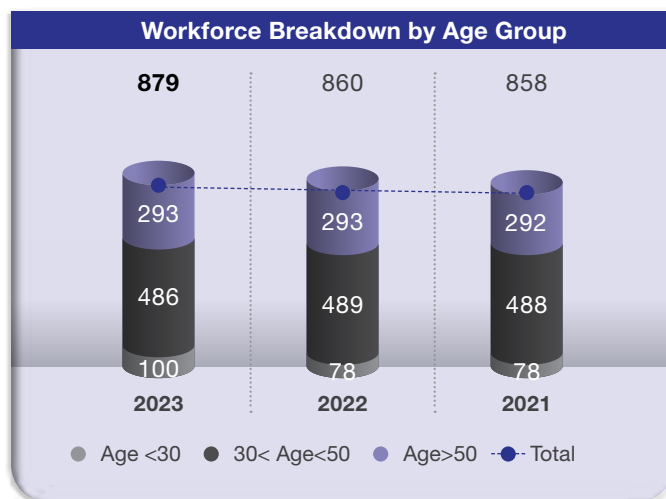
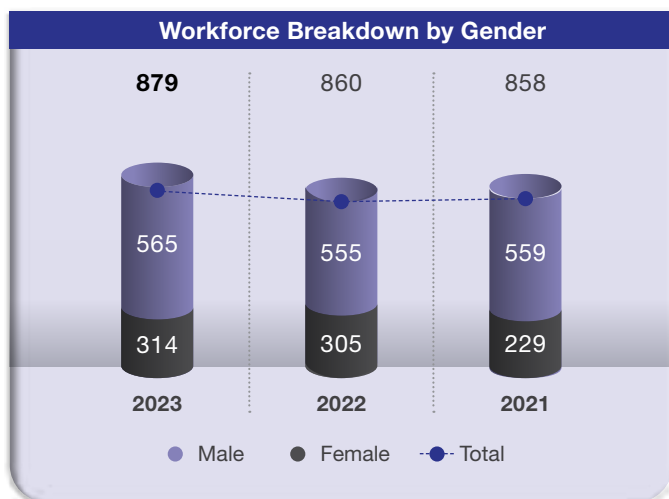
SUSTAINABILITY STATEMENT

DIVERSITY, EQUITY, AND INCLUSION

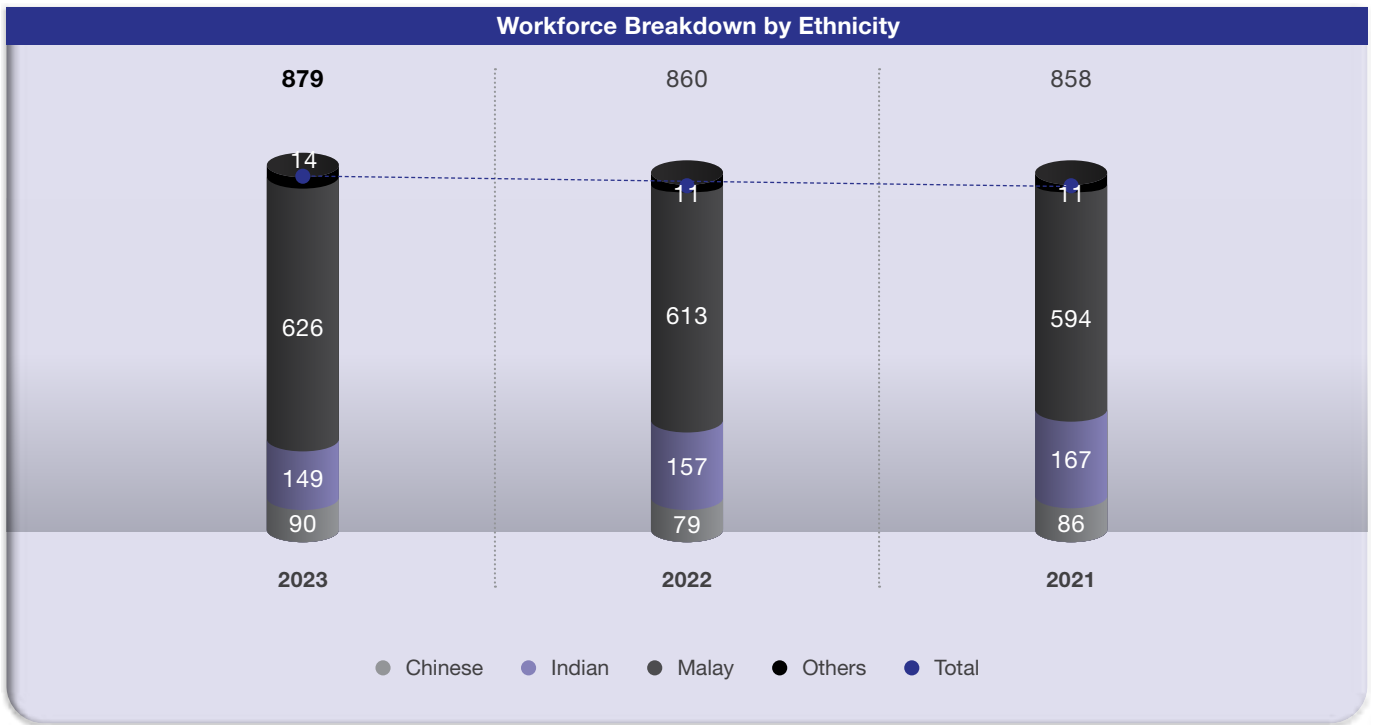
(SDG 5,8; GRI 405)

Diversity and inclusivity at work give us a competitive edge through accumulation of, and ability to tap into a wide range of knowledge, perspectives, and ideas. In line with this, we strive to promote equal employment opportunities and non-discrimination, by actively encouraging diversity of gender, race, religion, age and nationality.

At HEB, we value the importance of diversity as we believe a team made up of people with different backgrounds and perspectives can bring a range of ideas and approaches to the table, which can lead to more innovative and effective solutions. To align this concept with our objectives, values, and principles, we have incorporated a Diversity Policy since 2018, that is reviewed annually. Although the Board acknowledges the need to promote gender diversity within its composition and endeavors to increase female participation in the Board and Senior Management in the near future, it has decided not to set any specific targets as the Board believes that it is more important to have the right mix and skills at the Board and Senior Management instead of merely looking at percentages. Currently, there are two (2) women serving as members of the Board, representing 25% of female representation on the Board. The Board aspires to achieve the required 30% balance of diversity by recruiting more female board members, and we hope to achieve this over time. HEB recorded a total number of 879 employees (FY2022: 860), of which 314 (FY2022: 305) were women. The following visuals provide a snapshot of our workforce breakdown.



SUSTAINABILITY STATEMENT



RESPECTING HUMAN RIGHTS

(SDG 4, 5,8; GRI 412)

As a responsible organisation, HEB is committed to protecting and respecting human rights across all our business operations. We believe that strong human rights practices coupled with fair and ethical treatment improves productivity and promotes a healthy working culture.

We strongly support the idea that every individual has the freedom and basic right to life, liberty, and security, as well as the right to education, work and to form and join trade unions. We believe in the right to a fair trial, freedom of expression, association, and assembly, and the right to be free from discrimination and torture. At the corporate level, all employees have a professional obligation to report any misconduct, fraud, or wrongdoing. This enforcement is governed by our established Whistle-Blower policy, which is reviewed annually to ensure its relevance within the context of the existing business environment. We understand that individuals may be hesitant to report misconduct, fraud, or wrongdoings. To better manage this, all internal and external interested parties have full access to official channels for reporting and raising concerns.

In November 2023, we approved a human rights policy which provides the guiding framework to integrate fundamental principles into our day-to-day activities, business decisions and relationships. The figure below illustrates these fundamental principles of human rights.

SUSTAINABILITY STATEMENT



Conducive Work Environment

- Fostering a work environment that encourages diversity, inclusivity, mutual respect, and collaboration
- Equal opportunities regardless of race, religion, nationality, age, gender, sexual orientation, disability, or any other protected category



Safety & Health

- Providing a safe and healthy working environment
- Providing appropriate training, ensuring that safety equipment is available and used correctly, and regularly reviewing and updating our health and safety policies



Workplace Security

- Providing a secure workplace, where all employees can perform their duties without fear of violence, threats, or other forms of harassment



Child Labour

- Strictly prohibits the use of child labor in any of our operations or supply chains



Anti-Exploitation, Human Trafficking, and Slavery

- Stand firmly against all forms of human exploitation, including human trafficking and slavery
- Do not tolerate these practices in our operations or supply chains and take measures to prevent them



Violence and Sexual Harassment

- Zero tolerance for any form of violence or sexual harassment in the workplace



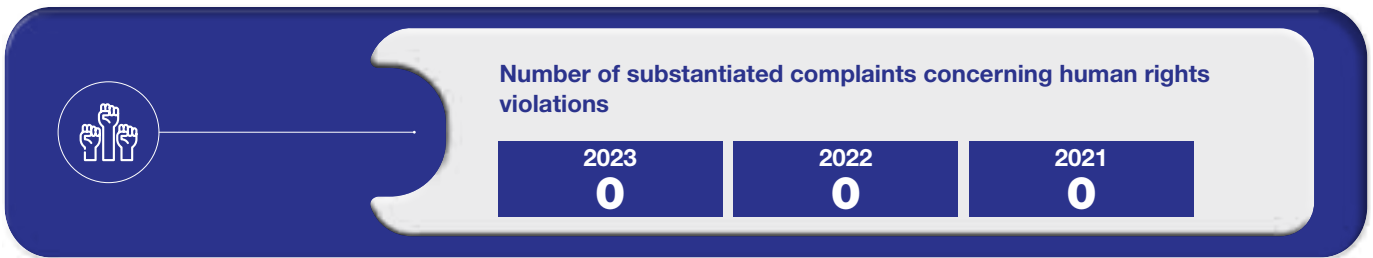
Fair Compensation and Wage Standards

- Adherence of the minimum wage as set by the Government



SUSTAINABILITY STATEMENT

It is important to ensure that every employee in our organisation is aware of our human rights strategies in action. To spread awareness, our town hall sessions have become an effective platform to communicate with our employees besides established consultation officers and grievance mechanisms to address violations and grievances. Any stakeholder who perceives violation of the policy can report the issue to HR department or directly to the Management in accordance with the Whistle-Blower Policy of the Group. We are proud to declare that there were no reported whistle-blower cases in FY2023 (FY2022: Nil).



DATA PRIVACY AND SECURITY

(SDG 4, 5,8; GRI 418)

In recent years, we have seen the acceleration of various trends revolving around remote working, e-commerce, and automation, which has propelled the adoption of digital technologies and infrastructure. However, it has also made data more susceptible to cybersecurity risks. Consequently, we have a responsibility to manage the growing threat of cyber-attacks, including protecting our customers' sensitive information, to prevent any leaks, threats, or loss of customer information.

HEB respects the confidentiality and privacy rights of our customers and is committed to protecting their information. HEB does not sell customer information and restricts access on a least privilege basis, allowing access only to the information required for job function. Our IT policy explains how to manage the software and hardware assets, network, data storage (physical and cloud), and systems (including corporate electronic mail communication system) to ensure that the Group and its employees are in full compliance with all applicable laws.

We collect and process personal information that a user provides through our services, which may include the user's name and address, and we may use this information to communicate with the user and provide the user with requested services. Policies which address the protection, use and disposition of client data, are wholly determined by the Company and are compliant with regulatory and client requirements. Some of the data loss prevention steps we take include, daily auto backup on all data located at the primary servers onto backup servers, weekly backup onto offsite portable devices and weekly cloud backup. The controls, programs, and practices used to secure the data conditionally vary with the categorisation and classification of the data along with the project, client and regulatory requirements.

As of 31 December 2023, there were zero substantiated complaints concerning breaches in customer privacy or data loss.



SUSTAINABILITY STATEMENT

LOCAL COMMUNITIES

(SDG 10; GRI 413)

We firmly believe that fostering a positive relationship between businesses and communities promotes better social inclusion and creates tangible and favorable outcomes in the long run. At HEB, we strive to be a responsible corporate citizen by giving back to the surrounding communities in which we operate, through our community engagement and impact programs, with a focus on education and social welfare. We are confident that by empowering and supporting exceptional individuals within the communities, we will contribute to forming a high-quality talent pool. This pool could not only benefit us in the near term but also produce future leaders of the nation. Additionally, we are convinced that our contributions towards the betterment of local communities through welfare-related initiatives will strengthen our relationship with them. An example of our effort is the Blood Donation by Pusat Darah Negara (PDN) where 42 blood bags were donated by 59 participants which was also open to the working community of Plaza Dwtasik.

MOVE FORWARD

We acknowledge the challenges of global warming and diverse environmental concerns, along with the international commitment to address climate change by striving to restrict the rise in the global average temperature to under 2 degrees Celsius from pre-industrial levels. Recognising our company's substantial responsibility, our board of directors pledges to integrate climate change strategies into our overall business plans when suitable. We will set specific objectives to diminish our carbon footprint, align our value creation with a low-carbon economy, and adhere to national environmental policy guidelines.