

SUSTAINABILITY STATEMENT

INTRODUCTION

This Sustainability Statement is prepared as required under the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and in accordance with the Sustainability Reporting Guide (“Guide”) issued by Bursa Securities.

Our Sustainability Statement outlines the sustainability issues that are relevant to both our stakeholders and business operations. It encompasses our efforts to identify and assess economic, environmental, and social (“EES”) risks and opportunities and sustainability matters, with the goal of developing a comprehensive sustainability strategy that provides practical solutions. In doing so, we have taken into account the most critical sustainability issues that impact both our direct and indirect stakeholders, including employees, shareholders and investors, government authorities, the local community, and the public at large. We have prepared this report in accordance with the requirements stated in the Guide that applies to Konsortium Transnasional Berhad and its subsidiaries (“the Group”) located in Malaysia. Our sustainability practices aim to generate long term benefits for our stakeholders in terms of business continuity and value creation.

SCOPE OF REPORT

This statement covers predominantly the sustainability performance of our core business operations which comprise two divisions, the public transportation services sector and the construction services sector for the financial year ended 31 December 2022 being the first full year disclosure of the construction business following its diversification in the fourth quarter of the previous financial year.

COMMITMENT TO SUSTAINABILITY

Pursuant to the Practice Note 9 of the Listing Requirements of Bursa Securities, this Sustainability Statement is prepared to enable the stakeholders to gain an understanding of the EES risks and opportunities that are material to the Group’s business activities. This statement provides an insight to our approach in achieving sustainability across our operations.

The Group is committed to promote sustainability and has embedded policies in our operations to minimise the impacts of our transportation and construction activities on the environment and communities where we carry out our operations.

The responsibility to ensure that sustainability is a priority in the Group’s business strategy lies with the Board of Directors. Senior Management is tasked to incorporate sustainability considerations in the day-to-day operations of the Group. Underlying these efforts are commitments the Group has towards good governance which include sound and business ethics, viable policies and stewardship.

In line with the Guide, sustainability is viewed in the context of EES, as good governance is regarded as one of the underlying foundations that underpin the focus on performance along the aforementioned dimensions. The terms economic, environmental and social can be explained as follows:

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 ECONOMIC An organisation's impacts on the economic conditions of its stakeholders and on economic systems at local, national and global levels. It does not focus on the financial condition of the organisation. Note: These may include the organisation's procurement practices, or community investment.	 ENVIRONMENTAL An organisation's impact on living and non-living natural systems, including land, air, water and ecosystems. Note: These may include the organisation's usage of energy and water, discharge of emissions, or loss of biodiversity, etc	 SOCIAL The impacts an organisation has on the social systems within which it operates. Note: These may include the organisation's relationships with communities, employees, and consumers, etc.
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(Source: Adapted from the GRI Standards)

STAKEHOLDER ENGAGEMENT

A stakeholder is essentially an individual or a group that has an effect on, or is affected by our Group and our activities. Naturally, our stakeholders influence the way we carry out our business activities and how we formulate our strategies to meet their expectations and to generate long term benefits to our stakeholders in terms of business sustainability and value creation.

The table below lists the needs of our different stakeholder groups and how we engaged and addressed their needs.

Stakeholder Groups	Areas of Interest	Engagement Methods	Frequency of Engagement
Investors/ Shareholders	- Return on investment - Business prospects	- Engagement with shareholders during the Company's annual general meeting - Quarterly reporting - Dissemination of information through the Company's website	- Annually - Quarterly - Ongoing
Customers	- Service quality - Reliable services	- Customer's feedback - After-sales services	- Ongoing - Ongoing
Employees	- Competitive salary and benefits package - Clear line of reporting and proper communications channel - Work-life balance - Career path and opportunities	- Employee handbook - Internal training - Engagement with employees - Occupational safety and health	- Ongoing - Ad hoc - Ongoing - Ongoing
Vendor	- Procurement policy and procedures - Prompt payments within credit period - Business prospects and financial stability	- Practising procurement policy and procedures - Assessment on suitability of vendors	- Ad hoc - Ongoing

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Stakeholder Groups	Areas of Interest	Engagement Methods	Frequency of Engagement
Communities	- Impact of operations on surrounding environment - Corporate social responsibility	- Provide job opportunities - Pay attention to polluting emissions and effluents	- Ongoing - Ongoing
Regulatory Authorities	- Compliance with existing laws - Standards and certification	- Updates on rules and regulations - Consultation with authorities - Attendance at relevant seminars and conferences	- Ad hoc - Ad hoc - Ongoing

MATERIAL SUSTAINABILITY MATTERS

Sustainability matters are the risks and opportunities arising from the EES impacts of an organisation's operations and activities and sustainability matters are considered material if they (a) reflect our Group's significant EES impacts; or (b) substantively influence the assessments and decisions of our stakeholders. Based on existing policies and practices, we have identified and prioritised the following material sustainability matters which have the greatest impacts on our business operations and stakeholders.

ECONOMIC

We have formulated sustainability practices which aim to generate long term benefits to all our stakeholders in terms of business continuity and value creation. Our view to business excellence is the focus on strong corporate governance and prudence in financial management by adapting to the challenges from market changes. We strive to achieve the following:

- Healthy turnover and strong operating cash flows;
- Maximising vehicles utilisation to enhance operation efficiency and productivity;
- Strict adherence to planned work schedule for our construction progress to ensure timely delivery of work done; and
- Retain customers by providing quality and prompt services.

Marketplace

We are committed to conducting our business activities ethically and in a transparent manner to build a lasting and trusting business relationship with all our stakeholders. We see the need to strengthen our foothold in our operation base of Perak, Selangor, Pahang and Melaka whilst eyeing opportunities in other states within Malaysia.

Expanding orderbook

Currently, majority of the projects secured by the Group are landed building construction. The Group intends to explore potential construction works for industrial properties such as factories and warehouses in the near mid-term leveraging the increasing demand for industrial properties pursuant to the recovery of manufacturing activities in Malaysia from the Covid-19 pandemic.

Strengthening internal capabilities

To maximise the efficiency of our construction division we expanded our personnel size to 32 (FY 2021: 20) and will further in tandem with the size and requirements of the additional construction projects secured. Currently we obtained an approval of quota for 800 foreign workers to work at our construction sites.

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Certification

KTB has obtained a 4 star grade by the Malaysian Institute of Road Safety Research (MIROS) for our operations in Kelantan and Terengganu. We are actively preparing to obtain similar certification awards for the other areas. KTB has also obtained the CIDB Grade G7 registration from the Construction Industry Development Board ("CIDB"), which allows the Company to bid for and secure new construction contracts as well as enables it to undertake construction projects without any limit in contract value.

Service Quality & Customer Satisfaction

Our reputation is built upon the quality and prompt services to our customers. Our services meet regulatory, safety and quality standards and expectation of our customers.

We recognise and believe in the slogan of "the customer is always right". In line with this slogan, our employees are well trained to give high priority to customer satisfaction and to achieve this attribute our employees are required to attend the relevant trainings.

To build our market share, we constantly engage our customers to obtain feedback which will form part of our database to formulate our business strategy that will expand market share, enhance operational efficiency and propel our organisation's profitability.

ENVIRONMENTAL

Transportation

The Group regularly reviews its environmental policies to address pressing environment concerns, and explore measures to reduce the impact of its operations on the environment.

The Board and management are following closely on the technology development on the two major problems faced by the transport industries:

- Carbon emissions from vehicles; and
- Road safety and accidents.

We are following closely on technology improvement for the green vehicles or environmentally friendly vehicles.

Natural Gas Vehicles

In a bid to cut down our carbon emissions, we will look into utilisation of more compressed natural gas ("CNG") buses. Our subsidiary, CLSB's fleet of stage buses mainly comprise CNG buses.

Energy Efficiency in Operations

We recognise that the conservation of energy and energy efficiency in our fleet must be prioritised, to mitigate the impact of global warming and climate change. We strive to reduce our carbon emissions and use of fossil fuels across our operations.

Technology for Energy Efficiency

We have implemented a 24-hour continuous fleet monitoring system for our fleet of buses. With this system, we are able to track the movement of our fleet of buses as per their trip schedule as well as monitor the performance of our drivers with regard to their departure and arrival times and speed limits and minimise the number of speeding incidences and idling engine in order to optimise fuel consumption and this is reflected by the reduction of the maintenance cost.

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Construction

In line with our commitment to environmental sustainability, the Group takes proactive measures to prevent any negative impact on the environment at all our construction sites and workplaces. As our business operations have some adverse effects on the environment, we recognise the importance of minimising any irreversible environmental damage. Hence, we make every effort to mitigate or prevent environmental pollution through various measures.

KTB intends to adapt relevant measures to i) achieve reduction in carbon emission intensity; ii) achieve reduction of water use intensity at construction sites; iii) achieve waste diversion from landfill.

Sustainable Materials

KTB is cognisant that the construction industry accounts for 38% of the world's CO₂ emission while concrete, the second more extensively used material in building and steel contribute 6-10% and 6.7% of global CO₂ emissions respectively. Realising the immense impact of the construction industry on the natural ecosystems and the environment, we strive to ensure our activities lead to less waste, less energy consumption and a reduced impact on the environment as a whole.

To achieve this, we source construction materials that minimise its carbon footprints:

1. Industrialised Building System ("IBS") Wall Panel

Aligned with our goal to increase positive environmental impact, we have embarked on the usage of IBS Wall Panels for non-load bearing walls. These panels are fully recyclable and pre-cut to the required sizes, reducing construction time and labour costs. Additionally, it is more energy efficient than clay bricks and uses less cement, which is carbon intensive.

2. Aluminium Formwork

Apart from its strength and endurance, Aluminium Formwork maximises return on investment (ROI) from its multiple reuse for construction projects. It is 100% recyclable and produces high scrap value at the end-of-life stage and eliminates the need to use timber or plywood.

3. Fibreglass Bar

As the construction industry comes under scrutiny for emissions and waste, we strive to play our part in the race to zero by using fibreglass bar, instead of steel. Fibreglass bar's spiral ribbed profile aids concrete reinforcement, requiring less use of concrete. It supports 70% reduction of CO₂ emission, lowers the use of concrete and water and is recyclable and reusable.

Raising Awareness on Carbon Footprints

The Group is committed towards raising awareness among our employees and business partners in managing our carbon footprint by reducing construction waste, lowering greenhouse gas ("GHG") emissions and optimising the usage of natural resources in all sites where we operate. We are aware that Malaysia is also committed towards addressing climate change, therefore we hope to drive initiatives that will be aligned to mitigating climate change concerns and promote sustainable energy.

Construction Site Housekeeping

We conduct our project implementation in strict adherence to relevant environmental regulations and guidelines. Our project sites maintain an excellent track record for housekeeping and have established robust maintenance systems to ensure a safe and hygienic working environment. Furthermore, we ensure compliance with all legal and regulatory requirements set forth by the Department of Environment (DOE) and other relevant authorities.

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Noise Management

Our site environment officers carefully monitor noise levels at all our project sites to ensure effective noise reduction and management. We strictly adhere to the permissible high noise hours set by the relevant authorities during our project operating hours. Moreover, to prevent any disturbance, the Group ensures that our operations do not cause excessive noise pollution after 6 pm or during other specific hours as directed by the Local Authorities.

Effluent and Waste Management

Our Group is committed to preventing environmental pollution and takes a proactive approach to this through continuous training, monitoring, and auditing initiatives. Our operation sites have implemented responsible waste management procedures, and we take precautions to ensure our operations do not contribute to pollution to nearby water catchments and streams. In 2022, there were no reports of pollution resulting from our operations.

SOCIAL RESPONSIBILITY

The Group takes responsibility seriously to ensure that the employees have a safe and healthy working environment, that vehicles are inspected on a regular basis and drivers are sent for training on driving skills as well as road safety awareness. Employees' wellbeing is a key issue that the Group thrives to address to ensure that our employees remain happy and motivated at work.

The Group regarded the use of its environmentally friendly CNG fuel buses as its corporate social responsibility to promote healthier living and reduce pollution. In other instances, the Group often provides low price charters to non-profit/charity organisation for their good cause anywhere in Peninsular Malaysia.

Workplace

Our employees are our greatest asset and managing them is our priority. We have in place our Employee Handbook which outlines our HR policies and practices and complies with the Employment Act, 1955. In order to retain our talents, we have come out with competitive remuneration packages which are comparable in the industry, as well as creating a healthy and conducive workplace. This strategy will provide us with a stable and productive workforce which will contribute to our sustainability efforts. Further, we have in place our Code of Conduct to govern the ethics and behaviour of our employees in the discharge of their duties in the workplace as well as in our business dealings with customers, vendors and service providers.

Recruitment

We have implemented a standard recruitment procedure which will ensure the proper identification and recruitment of new talents to join our organisation and contribute to the growth of our business.

Career path

In order to retain our talents, we provide opportunities for high-potential employees to develop and progress to senior positions in the Group. Priority is given to the existing employees for promotions rather than getting fresh candidates from outside.

Training

We believe in empowering our employees by having in place a standard operating procedure on training and personnel development. Providing appropriate training to our employees will result in better customer service, productivity improvements, better efficiency and better workplace safety practices. During the review year, the Group conducted 640 hours of training to enhance efficiency, competence and productivity of our employees. The following training programmes were conducted:

- 1) Occupational Safety and Health Basic Course (Defensive Drive)
- 2) Firefighting Training (Identify Disaster)
- 3) Firefighting Training (Rescue and Putting off Fire)
- 4) Emergency Training for Drivers

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Internship

The Group provides internship programmes which give undergraduate students the opportunity to gain practical experience. These students are attached to our operations for a fixed period to allow them to gain valuable working experience that will contribute towards their academic progression and professional pursuits.

Safety and health

Our policy is to create a safe and healthy workplace for our employees. We created safety nets for their workforce, with provision of group personal accident policy to our staff.

We have also complied to the best of our ability, with the existing laws and regulations relevant to our operations such as Occupational Safety and Health Act, 1994 ("OSHA 1994"), Environmental Quality Act, 1974 ("EQA 1974") and Fire Services Act, 1988 ("FSA 1988").

Some of the more important measures which we have implemented to complement the compliance of the aforementioned laws and regulations are:

- Establishing a Safety Committee to oversee and monitor ongoing safety and health initiatives which have been undertaken.
- Regular maintenance of fire extinguishers and proper layout location and signage plan for the fire extinguishers for easy identification in the event of emergency.

KTB view seriously all safety issues and all the necessary measures have been duly undertaken. All new buses have been installed with seat belt, speed limiter, speeding warning light and buzzer.

In addition, KTB has also appointed checker station at Terminal Bersepadu Selatan (TBS) as our quality control to ensure that all of our buses meet the service requirements.

We started implementing the Safety, Health and Environment Code of Practice in 2007 and now, our buses are regarded as the safest in the country. We also placed emphasis on defensive drivers' training and awareness programme as well as intensified our enforcement activities for protection of our revenue streams, enhanced passenger comfort and safety levels.

Public transport is a service industry, as such, we always have to evaluate and improve our services to the public. It is our obligation to give our customers the best service, safety and comfort throughout their journey to all destinations.

For our construction division, we have relevant safety and health officers and site safety supervisors to advise the Company or any person-in-charge of the sites on the measures to be taken in the interest of safety and health of a person working at sites and to conduct Safety and Health monitoring checklist / reports on Safety and Health Compliance and Non-compliance activities at sites.

GOVERNANCE

Corporate Governance

Corporate governance is a crucial element towards realising our sustainability goals. It provides us with a foundation to implement sustainability strategies across the Group, while ensuring that we remain steadfast in fulfilling our obligations to stakeholders. We strive to maintain high standards of corporate governance throughout the Group by embracing transparency, integrity, accountability and discipline in all our practices.

Work, business ethics and anti-corruption policy

Our work ethics require all our employees to discharge their duties and responsibilities in accordance to their job functions professionally, honestly, productively and efficiently. Likewise, those conducting business on behalf of the Group are required to observe generally accepted business ethics such as engaging in fair negotiations with our customers and vendors and adopting a "win-win" strategy when closing business deals. Premised on the aforementioned, we will not tolerate bribery and corruption practices among our employees irrespective of ranks and status. As bribery and corruption practices are considered criminal, anyone caught will be dealt with severely including report to the police and brought to court.