

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.

The Company and its subsidiaries (“**Group**”) have relied on the guidance provided under the Guide for its sustainability practices. The Guide provides guidance on how to embed sustainability in our organisation and helps us to identify, evaluate and manage our material economic, environmental and social (“**EES**”) risk and opportunities. Our sustainability practices aim to generate long term benefits to our stakeholders in terms of business continuity and value creation.

SCOPE OF REPORT

This statement shall covers predominantly the sustainability performance of our core business operations which comprise two divisions, the express bus service sector and the stage bus service sector for the financial year ended 31 December 2021 as the Company had only diversified into the construction business in the fourth quarter of the financial year. More emphasis on the sustainability reporting for the construction division shall be included in the forthcoming financial years.

COMMITMENT TO SUSTAINABILITY

In pursuant with the Practice Note 9 of the Listing Requirements of Bursa Securities, this Sustainability Statement is prepared to enable the stakeholders to have 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 transport 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:

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC	ENVIRONMENTAL	SOCIAL
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.	An organisation's impact on living and non-living natural systems, including land, air, water and ecosystems.	The impacts an organisation has on the social systems within which it operates.
<i>Note: These may include the organisation's procurement practices, or community investment.</i>	<i>Note: These may include the organisation's usage of energy and water, discharge of emissions, or loss of biodiversity, etc</i>	<i>Note: These may include the organisation's relationships with communities, employees, and consumers, etc.</i>

(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
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
Customers	- Service quality - Reliable services	- Customers feedback - After sales services
Employees	- Competitive salary and benefits package - Clear line of reporting and proper communication channel - Work-life balance - Career path and opportunities	- Employee handbook - Internal training - Engagement with employees - Occupational safety and health
Vendors	- Procurement policy and procedures - Prompt payments within credit period - Business prospects and financial stability	- Practising procurement policy and procedures - Assessment on suitability of vendors
Communities	- Impact of operations on surrounding environment - Corporate social responsibility	- Provide job opportunities - Pay attention to polluting emissions and effluents
Regulatory authorities	- Compliance with existing laws - Standards and certification	- Updates on rules and regulations - Consultation with authorities - Attendance at relevant seminars and conferences

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS

Sustainability matters are the risks and opportunities arising from the EES impacts on 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 the 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 conduct our business activities ethically and in a transparent manner so as to build a lasting and trusting business relationship with all our stakeholders.

Service quality

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.

Customer's satisfaction

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.

Market presence

To constantly build up our market share, we have engaged our customers to obtain feedback which will form part of our data base to formulate our business strategy to expand our market share.

Workplace

Our employees are our greatest asset and managing them is our priority. We have in place our Employee Handbook which spelt out our HR policies and practices and comply with the Employment Act, 1955. In order to retain our talents, we have come out with competitive remuneration package which is 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 talent to join our organisation to 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.

SUSTAINABILITY STATEMENT (CONT'D)

Safety and health

Our policy is to create a safe and healthy workplace for our employees where they have a peace of mind whenever they are working. We have complied to the best of our ability the existing laws and regulations relevant to our operations such as Occupational Safety and Health Act, 1994, Environmental Quality Act, 1974 and Fire Services Act, 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 is seriously concern on the safety issues and all the necessary measures have been duly undertaken. We have implemented a 24 hours 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 monitoring the performance of our drivers with regard to their departure and arrival times and speed limits. Thus, we are able to minimise the number of speeding incidences and speeding summons and idling engine in order to optimise fuel consumption and this is reflected by the reduction of the maintenance cost. Furthermore, all new buses have been installed with seat belt, speed limiter, speeding warning light and buzzer. In addition, KTB has also appointed checkers 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.

Certification

KTB has obtained a 4 star grade by the Malaysian Institute of Road Safety Research (MIROS) for our operations in Kelantan and Terengganu, and we are also targeting to obtain the same certification for the other areas and the preparation towards that is under progress.

KTB has also obtained the CIDB Grade G7 registration from the Construction Industry Development Board, 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.

Work and 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 for 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 fall under criminal, anyone caught will be dealt with severely like reporting to the police and brought to court.

Environment

The Group regularly reviews its environmental policies to address pressing environment concern, and explore measure to reduce the impact of its operation on the environment.

The Board and management are following closely on the technology developments 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.

The Group shall also initiate its assessment on the environmental impacts of its construction division and shall establish relevant policies and initiatives to address such issues in the forthcoming years as the Group continues to expand its construction business.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL RESPONSIBILITIES

The Group takes responsibility 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 provides internship program which gives undergraduate students the opportunities to gain practical experience. These students are attached with our operation for a fixed period to allow them to gain valuable working experience that will allow them to excel in their academic and professional pursuits.

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.

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.