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# **KIA LIM BERHAD**

**Company No.: 199501013667 (342868-P)**

## **SUSTAINABILITY REPORTING POLICY AND PROCEDURES**

## 1. PURPOSE

- a) To provide guidance on how to embed sustainability in organisations and help organisations identify, evaluate and manage material Economic, Environmental and Social risks and opportunities.
- b) To aid organizations in preparation of the Sustainability Statement in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

## 2. SCOPE

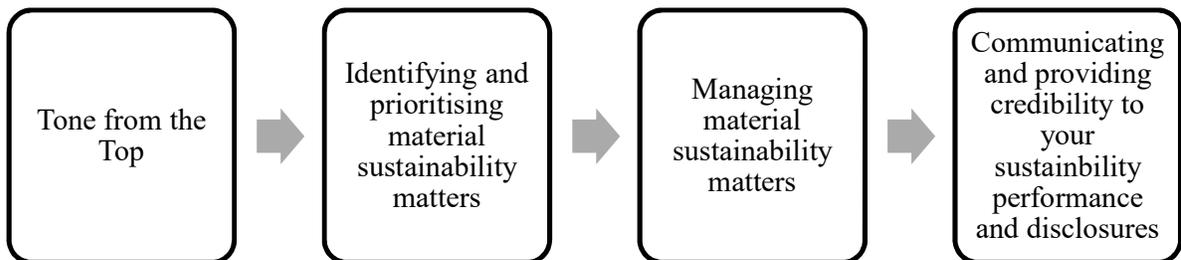
This Policy and Procedures are applicable to Kia Lim Berhad (“KLB” or the “Group”) and its Subsidiaries.

## 3. OBJECTIVE

- a) To observe and comply with all relevant legislation, regulations and code of practice;
- b) To consider sustainability issues and integrate these considerations into KLB's business decisions;
- c) To promote and ensure all employees are aware of, and are committed to, implementing and measuring sustainability activities as part of the Group’s strategy, taking into consideration economic, environment and social aspects; and
- d) To improve KLB's sustainability performance.

## 4. APPROACH TO SUSTAINABILITY REPORTING

Organisations can benefit most when they successfully embed sustainability rather than considering it separately, on a standalone basis. The following provides some key considerations of how KLB to embed sustainability in its business strategy and leveraging sustainability to reduce risks and take advantage of business opportunities:



### a) Tone from the Top

Successful integration and effective management of sustainability at a company requires having committed leadership, clear direction, and strategic influence—and none of this will happen without a robust Sustainability Governance. Sustainability Governance helps a company implement sustainability strategy across the business, manage goal-setting and reporting processes, strengthen relations with external stakeholders, and ensure overall accountability.

In order to embed sustainability effectively, accountability should be at the highest level, i.e. the Board. Board-level commitment is crucial as it is the Board that sets the strategic direction of the organisation. Such commitment is also important towards ensuring that sustainability is embedded across the organisation and adequate resources, systems and processes are in place for managing sustainability issues.

The commitment in achieving the above is driven by Executive Management with oversight and review provided by Board of Directors. (Please refer to **Attachment 1 – Sustainability Governance Structure**)

b) Identifying and prioritising material sustainability matters

The extent of economic, environmental and social risks and opportunities for KLB can be wide ranging. KLB will assess its operating environment and what materiality means in achieving its business objectives. In setting materiality objectives, KLB will consider and understand the intended audience of the materiality assessment - who the key users are of the outcome of the materiality assessment and how the information is to be used. Sustainability matters are considered material if they:

- i) Reflect the business's significant economic, environmental and social impacts; or
- ii) Substantively influence the assessment and decisions of your stakeholders.

Material sustainability matters for each organisation are likely to differ. KLB will assess and determine which sustainability matters are material. The two tests often used to determine material sustainability matters are impact to business and importance to stakeholders. KLB will prioritise the sustainability matters and focus their efforts in ensuring the appropriate management, monitoring and disclosure of the matters. Not all material sustainability matters are of equal importance.

c) Managing material sustainability matters

Once material sustainability matters are identified, KLB will analyse, compile information and response with respect to each material sustainability matter. The response could be in the form of:

- i) Developing policies and procedures;
- ii) Implementing various initiatives, measures or action plans;
- iii) Setting indicators, goals and targets and a timeframe and, where possible, setting longer term goals (e.g. five year goals); and
- iv) Implementing new, or changing existing systems, to capture, report, analyse, and manage data requirements associated with each material sustainability matter.

Information, or where applicable data, for each indicator (identified for each material sustainability matter) needs to be collected and tracked against a set target. High quality, comparable and consistent information that is material and relevant is important for stakeholders (e.g. investors and market analysts) to understand KLB's sustainability performance, as well as how this is linked to KLB's overall business strategy and financial performance.

d) Communicating and providing credibility to your sustainability performance and disclosures

Once KLB have an understanding of what is material and how this is to be managed, KLB will communicate the sustainability performance to stakeholders. In communicating KLB sustainability performance to the market, KLB are required to comply with the sustainability disclosure obligations as prescribed in the Listing Requirements.

Accuracy and reliability of sustainability information are important for informed business decision-making. KLB shall familiarise themselves with their stakeholders' (especially investors) preference for the types of assurance (internal or external). Sustainability-related information (like financial information) informs both internal and external decision-making in relation to performance. Therefore, the Board and Executive Management should ensure credibility of the information before relying on or communicating the information– either internally or externally.

## **5. SUSTAINABILITY MONITORING AND REVIEW**

Planned, regular monitoring of the Sustainability matters and the sustainability framework including processes are critical to keeping the sustainability framework relevant to the changing needs of KLB and external influences. Monitoring and review will be undertaken by Executive Management and the Board of Directors (or equivalent) on a yearly basis.

## **6. ATTACHMENTS**

- <Sustainability Governance Structure>

**ATTACHMENT 1 – KLB’s SUSTAINABILITY GOVERNANCE STRUCTURE**



The responsibility of the Sustainability Working Group includes overseeing the following:

- Stakeholder Engagement Process (i.e. identification of key stakeholders and engagement with stakeholders);
- Materiality assessment (i.e. identification of sustainability risks relevant to the Group’s business, risk/ opportunity assessment on sustainability risks, and identification of material sustainability risks);
- Oversee the management of material sustainability matters identified; and
- Preparation of sustainability disclosures.