

SUSTAINABILITY REPORT

Kerjaya Prospek Property Berhad (“KPPROP” or the “Company”) is pleased to present this Sustainability Report (“Report”) which discloses the concepts, practices, and performances of the economic, environmental, social, and governance risks and opportunities of KPPROP and its subsidiaries (“KPPROP Group” or the “Group”).

We prioritise sustainability as a core value and we do not merely view sustainability as an idealistic concept, but rather as a practical undertaking with measurable outcomes. We also recognise our obligations to our industry, environment, our people, and community. We consistently and proactively evaluate the environmental consequences of our businesses, foster the growth and development of our workforce, and build meaningful connections with the local communities we serve.

As KPPROP Group continuously drives business performance, we are also relentlessly pursuing improvements in how we do business and our business sustainability. In response to the latest introduction of amendments to the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”) in relation to sustainability-related disclosures, KPPROP Group has also undertaken an exercise to review its sustainability-related processes including data gathering to enable the Group to be better prepared to comply when the amendments come into effect moving forward.

REPORTING SCOPE AND PERIOD OF THE REPORT

The scope of this Report includes the Group’s two main businesses, namely Property Development and Hospitality, for the reporting period from 1 April 2022 to 31 March 2023 (“FY2023”), unless otherwise stated. All information in this Report is disclosed at the Group level, unless otherwise stated.

This Report is prepared in accordance with the Bursa’s MMLR and has considered elements of the Sustainability Reporting Guide – 3rd Edition and its accompanying Toolkits.

The Report adheres to the reporting principles of:

MATERIALITY

The Group identifies key sustainability issues through stakeholder engagement and materiality assessment

QUANTITATIVE

The Report states the Group’s key environmental and social key performance indicators (“KPIs”) on a quantitative basis (where applicable); quantitative information is accompanied by a narrative, explaining its purpose, impacts and giving comparative data where appropriate

BALANCE

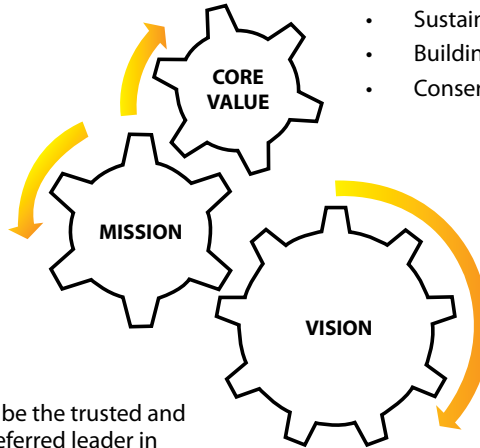
The Report provides an unbiased picture of the Group’s environmental and social performance

SUSTAINABILITY REPORT (CONT'D)

COMMITMENT TO SUSTAINABILITY DEVELOPMENT

Our vision and mission are the cornerstones of our commitment to the sustainability of the Group. Our core values steer our day-to-day operations and shape our culture while ensuring our business and operations are consistently aligned with our vision and mission.

- To pursue excellence in our business
- To deliver quality products and services to customers on a timely basis
- To develop human capital and be a caring employer
- To create value for shareholders
- To be a responsible corporate citizen



- Sustainable Profitability
- Building a resilient workforce
- Conserving our environment

To be the trusted and preferred leader in providing products and services in the property development industry.

As a responsible corporate citizen, we are committed to upholding high standards of governance throughout our business. This commitment supports us in demonstrating accountability and responsibility towards our stakeholders, alongside other responsible business practices such as effective management of environmental impacts and meeting the social needs of the communities in which we operate. These objectives are deeply ingrained in our corporate culture, ensuring that we operate in a manner that aligns with our mission and core values.

In addition, the Group also has a policy on sustainability to guide our employees in response to the growing awareness and importance of sustainability issues in the current market and business environment. The policy also serves as a guideline that provides our employees with clear expectations and actionable steps to integrate sustainability into the Group's day-to-day activities and decision-making processes.

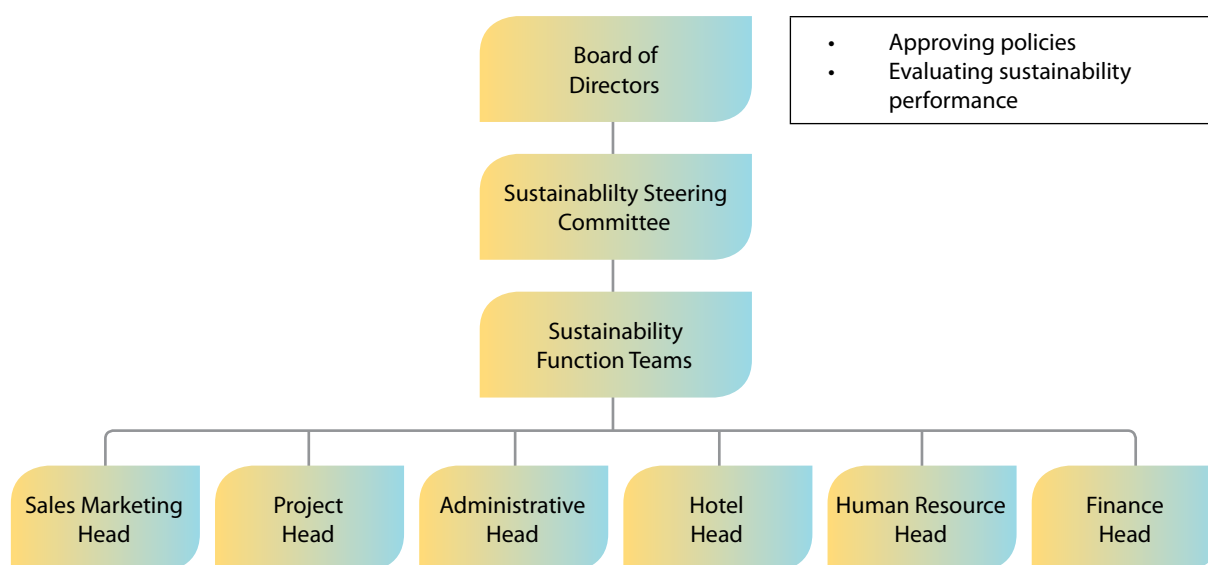
OUR POLICY ON SUSTAINABILITY



SUSTAINABILITY REPORT (CONT'D)

The Group continued success in maintaining a sustainable business and generating long-term stakeholder value is influenced by various internal and external factors. These material factors bring risks and opportunities that are specific to our Group, and they play a crucial role in shaping our strategies and their execution. To ensure our continued growth, the Board consistently reviews these factors and evaluates their effects on our business model in the near, medium, and long term.

GOVERNANCE STRUCTURE



The Group's approach towards ensuring long-term business sustainability is driven by strong top-level leadership. The Board of Directors ("Board") is instrumental in providing stewardship and overseeing the sustainability efforts and performances across our businesses. Bearing in mind the interest of stakeholders and the short, medium and long-terms sustainability of the business, the Board is responsible for setting the Group's sustainability strategies, key indicators, and targets. The Board is also periodically informed on the Group's sustainability approaches, progress, and performance.

The Board recognises the importance of risk management and internal control in our effective management of sustainability risks and opportunities. The Board holds the responsibility for establishing a sound risk management framework and internal control system and ensuring their adequacy and effectiveness, including in relation to sustainability matters. The Audit and Risk Management Committee is delegated with the responsibility to evaluate the adequacy and effectiveness of these frameworks.

The Sustainability Steering Committee ("Committee"), which is chaired by the Executive Chairperson and includes the Executive Directors as members, is established to support the Board. The Committee meets with the Board annually to discuss the strategic focus areas, objectives, and the direction the Group should take in relation to managing sustainability matters.

The Committee also ensures that sustainability is integrated into the Group's daily operations by communicating sustainability-related information to Directors and employees via tools such as policies, internal memos, and updates to the Group's Standard Operating Procedures ("SOPs"). To promote and implement sustainability-related practices within the Group, the Committee is tasked with the responsibilities as follows:

- reviewing the engagement with stakeholders;
- developing sustainability strategy, policies, and goals, considering the material sustainability matters ("MSMs") of the Group;
- driving, reviewing, and monitoring sustainability performance;
- maintaining sustainability performance throughout the Group;
- generating and increasing awareness among internal and external stakeholders; and
- reviewing the Sustainability Report.

SUSTAINABILITY REPORT (CONT'D)

The Sustainability Function Team comprises the head of key departments and functions, and they are responsible to oversee and manage the day-to-day operations within the capacity of their respective roles. The Sustainability Function Team performs materiality assessment to identify sustainability matters which are most material to the Group so resources can be prioritised to address these MSMs. They are required to report the progress, performance, and outcomes of the management of MSMs to the Committee.

The effectiveness of the Group's sustainability governance is further supported by its overall corporate governance practices, including ensuring Directors receive the relevant information to keep themselves abreast of global and domestic development of sustainability topics that are material to the Group's business.

STAKEHOLDERS' ENGAGEMENT AND COMMUNICATION

KPPROP Group has established a Stakeholders Communication Policy with the purpose to promote effective communication with the Group's various stakeholder groups. Each stakeholder engagement channel serves different purposes, including obtaining feedback and comments from stakeholders, communicating policies or updates to stakeholders, and serving as a platform for bi-directional discussions between the Group and its stakeholders. In addition, the stakeholder engagement processes also enable the collection of valuable input from stakeholders which is considered in the Group's materiality assessment process, facilitating the Group's understanding of stakeholders' issues and concerns, as well as matters which influence stakeholders' assessments and decisions.

Our key stakeholder groups, engagement approaches and engagement areas for all key stakeholders are summarised as follows.

Stakeholders	Engagement Methods	Engagement Areas
Shareholders	<ul style="list-style-type: none"> Annual & Extraordinary General Meetings Press releases Bursa announcements Quarterly report Annual report Timely update on corporate website 	<ul style="list-style-type: none"> Financial and operational performance Return on investments
Government	<ul style="list-style-type: none"> Compliances to laws and regulations 	<ul style="list-style-type: none"> Operation regulations Bursa listing requirements Companies Act Labour law Taxations Department of Environment Occupational Safety and Health Act
Board of Directors	<ul style="list-style-type: none"> Board meetings 	<ul style="list-style-type: none"> Corporate strategy Corporate governance
Employees	<ul style="list-style-type: none"> Technical and skills training Performance review Department meetings In-house newsletters/ communications 	<ul style="list-style-type: none"> Occupational safety and health Remuneration policy Career development Performance review Fair employment practices
Financial Institutions	<ul style="list-style-type: none"> Bursa announcements Quarterly report Annual report Timely update on corporate website 	<ul style="list-style-type: none"> Financial and operational performance Funding requirement

SUSTAINABILITY REPORT (CONT'D)

Stakeholders	Engagement Methods	Engagement Areas
Customers	<ul style="list-style-type: none"> Customer Relationship Management Facilities management review Marketing events, social media, roadshows and sales galleries 	<ul style="list-style-type: none"> Customer satisfaction After-sales services Quality assurance
Suppliers & Contractors	<ul style="list-style-type: none"> New Supplier Form Regular meetings Quality audit on services and products Contract negotiation 	<ul style="list-style-type: none"> Services and products' quality Legal compliances
Communities	<ul style="list-style-type: none"> Charity and welfare programs 	<ul style="list-style-type: none"> Social contribution Job opportunities Donation and financial aid
Analyst/ Media	<ul style="list-style-type: none"> Annual & Extraordinary General Meetings Investor briefings Media release 	<ul style="list-style-type: none"> Financial and operational performance General announcements

SUSTAINABILITY RISKS AND RESPONSES

In the Group's efforts in managing sustainability risks and opportunities, we take into consideration key issues which affect the long-term objectives of the Group. The Board, in its oversight of the planning, performance, and long-term strategy of the Group, ensures that it incorporates business sustainability considerations as well as other key business risks and opportunities such as market risks, competition risks, reputation risks, and compliance risks. Such integrated planning, strategy setting, and management enable the sustainable creation and delivery of value to stakeholders.

The following table summarises some of the Group's key risks and risk responses.

Risk	Risk Analysis	Risk Responses
Market demand	<p>Property development</p> <p>Purchasers may face difficulties in securing financing, especially in the current economic environment.</p> <p>The outlook of the property market poses the risk of slow-moving inventories.</p> <p>Hotel</p> <p>Hotel owners may encounter challenges in attracting guests and securing high occupancy rates due to competition from neighbouring hotels in the vicinity.</p>	<p>Property development</p> <p>The Group strives to actively engage several sales agencies to increase the sales take-up rate and also liaise with banks to assist purchasers.</p> <p>Keeping up to date with marketing strategy and strategic plan is established to address the market conditions such as embarking on the digitalisation journey to enhance customers' experience.</p> <p>Hotel</p> <p>The Group is actively leveraging online platforms to increase booking rates.</p> <p>Hotel rates are adjusted based on the monitoring of market rates.</p>

SUSTAINABILITY REPORT (CONT'D)

Risk	Risk Analysis	Risk Responses
Compliance to rules and regulations	Risk of stop work order issued by relevant authority due to health, safety and environmental issues which might potentially result in untimely project completion and handover.	Constantly monitoring the change in rules and regulations by relevant departments. The Group encourages staff to report any non-compliance issues to the relevant departments.
Non-performing contractors	Risk related to the poor quality of deliverables, project delays, health, and safety practices.	Robust contractor selection and evaluation process whereby contractors are assessed in terms of quality, timeliness of the delivery, financial capability and etc. The Group continues to monitor closely the contractor's performance in terms of timeliness, quality, health, and safety practices at the site.

CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS ("SDGs")

In September 2015, 193 member states of the United Nations collectively adopted "Agenda 2030", a comprehensive plan aimed at addressing the world's most urgent economic, environmental, and social challenges over a span of 15 years. This agenda comprises 17 goals and 169 targets, which encompass a wide range of challenges including economic inclusion, geopolitical stability, depleting natural resources, environmental degradation, and climate change. Malaysia has demonstrated its commitment to "Agenda 2030" by implementing its own SDG Roadmap.

We actively support the SDGs not merely due to their significant strategic value to our business and the global community, but also because we are a responsible business. All the SDGs are relevant to our operations to varying degrees and we are already making meaningful contributions to numerous goals through our ongoing initiatives.



SUSTAINABILITY REPORT (CONT'D)

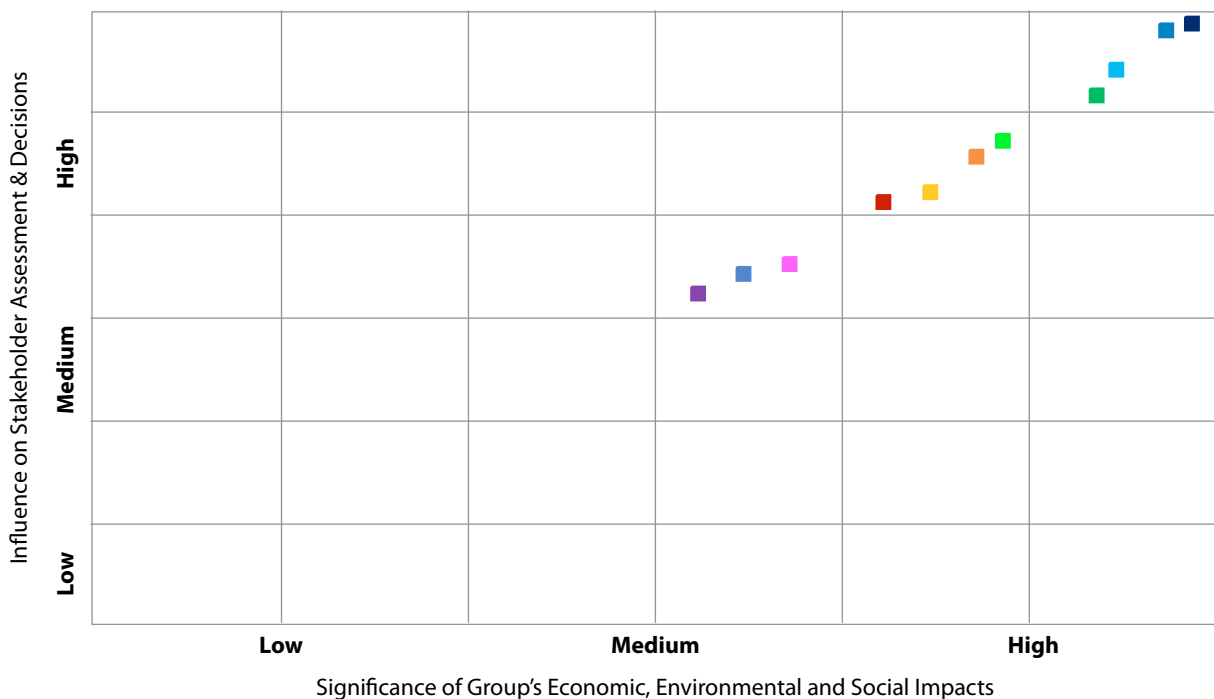
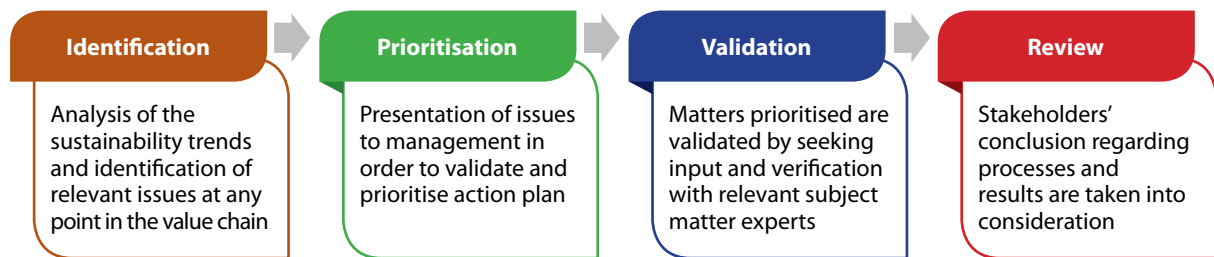
MATERIALITY ASSESSMENT

Materiality assessment is a process through which the Group assesses and prioritises the sustainability matters in relation to their significance in reflecting the Group's sustainability impacts, or whether they substantively affect stakeholders' decisions or assessments. The materiality matrix, which illustrates the relative materiality of the sustainability matters assessed, highlights the MSMs which are more important for the Group to manage, report, and communicate to stakeholders.

For the financial year under review, the Sustainability Function Team reviewed the materiality matrix for FY2023, which remained unchanged from the previous year. The matrix was tabled to the Committee and the Board.

This year, the Group's MSMs are discussed in four broad categories, i.e. Economic, Environmental, Social, and Governance, in the following section.

KPPROP Group's materiality process:



- Financial Sustainability
- Talent Attraction, Retention & Development
- Waste & Recycling
- Customers & Products
- Corporate Governance Compliance
- Ethics & Integrity
- Supply Chain Management
- Energy & Water Savings
- Environmental Management
- Safe Workplace
- Community Engagement

SUSTAINABILITY REPORT (CONT'D)

Rank	Material Sustainability Matters	Sustainability Pillar	SDGs
1	Financial Sustainability	Economic	
2	Customers & Products	Economic	 
3	Supply Chain Management	Economic	
4	Safe Workplace	Social	 
5	Talent Attraction, Retention & Development	Social	   
6	Corporate Governance Compliance	Governance	
7	Energy & Water Savings	Environment	  
8	Waste & Recycling	Environment	 
9	Ethics & Integrity	Governance	
10	Environmental Management	Environment	 
11	Community Engagement	Social	 

ECONOMIC

Financial Sustainability

At KPPROP Group, we operate on the fundamental principle that long-term profitability and value for shareholders are achieved by considering the interests of various stakeholders including shareholders, employees, suppliers, and the communities we serve. Amongst others, financial sustainability is one of the fundamental conditions for ensuring the sustainability of the Group's businesses in the short, medium, and long term, ensuring sufficient financial resources are in place to fund working capital, implement business strategies, and others. The Group's financial sustainability also fosters trust and confidence amongst shareholders and investors, in addition to generating and preserving shareholders' value for them.

During the financial year under review, KPPROP Group recorded a profit before tax of RM121.4 million. Total equity stood at RM635.0 million as at 31 March 2023 where the gearing ratio was maintained at a healthy level at 0.06. At the end of the financial year, the Group has RM158.0 million in cash and bank balances.

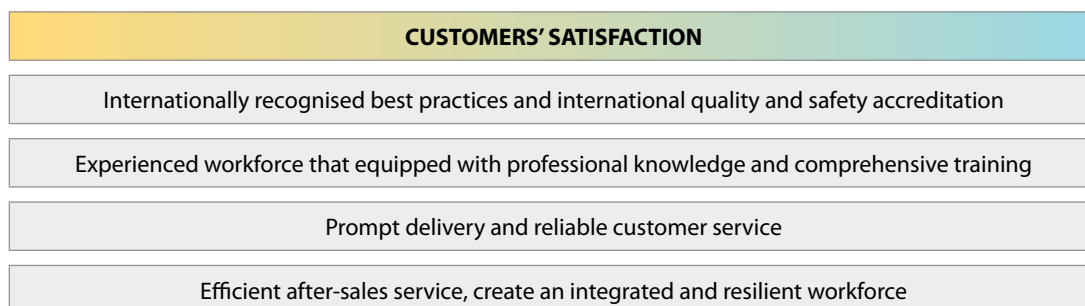
For further details regarding the Group's financial performance and position, refer to the **Management Discussion and Analysis** section.

SUSTAINABILITY REPORT (CONT'D)

We exercise the principles of accountability and transparency in our relationship with shareholders, where providing timely and accurate information regarding the Group's financial performance and position is one of the key priorities. On top of the Annual General Meeting where we endeavour to have meaningful engagements between our Directors, shareholders, and the Company, we also have our corporate website (www.kpproperty.com.my) which publishes key information, including those required by the MMLR such as quarterly results, announcements, and circular/ statements to shareholders. We strive to upload these documents promptly as they become available, facilitating easy access for our shareholders.

Customers & Products

Through our products and services, we create and deliver value for our customers. By selecting KPPROP, our customers have cast their vote of confidence in the quality of our products and services. In return, we are wholeheartedly committed to meeting their needs and expectations by providing high-quality products and services. We are also committed to continuously seeking improvement and exceeding customer expectations. Our goal is to foster long-lasting relationships with our customers by delivering exceptional value and maintaining a customer-centric approach.



To ensure the consistent standard and quality of our products, we diligently select contractors who are accredited with ISO 9001:2015 - Quality Management Systems. This accreditation serves as an assurance of their compliance with stringent quality and safety requirements. It also bolsters our credibility and upholds our standards in the property development industry. Additionally, our Group adheres to all applicable laws and regulations governing safety and quality, further ensuring the satisfaction and trust of our customers.

Before handing over properties to our customers, we conduct thorough internal assessments to evaluate the functionality and the quality of finishes. This includes scrutinising elements such as tiling, internal paint, electrical functionality, plumbing functionality, and more. If any defects are identified during these assessments, immediate corrective measures are implemented to address them.

During the previous year, HSBC Malaysia and KPPROP Group jointly achieved a major milestone by successfully completing the first green loan for the funding of Bloomsvale, a mixed development project in Old Klang Road. This green funding not only supports the development of Bloomsvale but also plays a crucial role in KPPROP's transition towards its net-zero journey. The completion of this green loan represents a significant step in our sustainability journey, demonstrating our commitment to incorporating more sustainable developments into our portfolio and adopting responsible practices in our construction and development processes. Moreover, the green loan with HSBC Malaysia is aligned with the Green Loan Principles ("GLP"), an internationally recognised standard that holds significance in the global syndicated loan markets. This collaboration and adherence to the GLP underscore our dedication to sustainable financing and contributing to a greener future.

In September 2022, KPPROP furthered its milestone, by securing a RM100 million green financing facilities from AmBank for the funding of Courtyard by Marriot Hotel, Kuala Lumpur South at Bloomsvale. The green financing facilities were structured incorporating considerations of enhancing sustainability, including environmental, social, and governance aspects, of funded projects. The project aims to obtain GreenRE certification upon completion, in align with the aspirations of the Bloomsvale development.

SUSTAINABILITY REPORT (CONT'D)



KPPROP Group is also committed to embracing digital transformation to enhance the experience of our customers, and this includes the creation of virtual sales galleries to cater to our customer's needs. Through these virtual platforms, it enables us to integrate sales processes and customer engagement with technology. Our virtual sales galleries enable buyers to explore and select their preferred properties, view detailed site plans, specifications, and other relevant information. In addition, we have expanded our branding and marketing efforts to encompass various online and social media platforms. This approach allows us to extend our reach and enhance engagement with consumers across different age groups.

KPPROP Group also recognises the significance of our customers as essential innovation partners, their feedback and ratings are a valuable resource for driving our continuous improvement. In our pursuit to remain competitive, we understand the importance of aligning our service and product development with their evolving needs. To achieve this, we actively collect feedback from our customers through multiple channels, including social media platforms, our website, hotlines, and interactions with our frontline staff. By actively listening to our customers' expectations and suggestions, we gain insights that inform and guide our future improvements and innovations. This customer-oriented approach enables us to enhance the overall experience and satisfaction of our customers while staying at the forefront of the industry.

In a highly competitive market, KPPROP Group focuses on establishing and maintaining strong trust-based relationships with our customers. The Group's charter values the customers' well-being, safety, and satisfaction of our customers, which form the cornerstone of our approach to product responsibility. We diligently uphold these principles throughout the entire lifecycle of our services and products.

Sustainable design and living

We strive to integrate sustainability principles into our master plans, incorporating features such as lush greenery and thoughtfully designed landscaping. For KPPROP, sustainable living means living harmoniously with the natural environment and integrating with the local elements and ecosystem. In the design of our projects, we take into consideration and aim to make optimal use of local site elements such as natural lighting and natural ventilation. These design elements help to reduce the need for excessive electricity consumption for lighting and air-conditioning, provide a space with cross-ventilation systems with optimal temperature regulation, and create a healthier living environment for our residents. These elements ultimately will contribute to more responsible living where our building users can achieve greater energy efficiency, conserve energy, reduce water consumption, and minimise carbon emissions.

Bloomsvale's residential component has achieved a Platinum rating under Green RE's provisional certification. This recognition highlights our commitment to sustainable practices and signifies the project's exceptional environmental performance. At the same time, the commercial building component of Bloomsvale is expected to obtain a Gold rating. By incorporating green building principles, we aim to contribute to a more sustainable future while providing our customers with eco-friendly living and working spaces.

SUSTAINABILITY REPORT (CONT'D)

Supply Chain Management

The integrity of our supply chain has an important bearing on KPPROP Group's ability to create value. When selecting suppliers or business partners to work with, we place great emphasis on alignment with our core beliefs such as integrity and ability to deliver.

When selecting suppliers for a new project, the ability to provide high-quality services and products is among the key determinants of our assessment during a tender or bid call. The assessment also includes an evaluation of our supplier's compatibility with the Group's operational, environmental, and social objectives. The information and details of the newly selected suppliers are documented in the New Supplier Form.

To ensure the quality of products and services aligns with our standards and requirements, periodic assessments are carried out. Existing suppliers and contractors are also subject to annual audits to address any operational concerns. Suppliers with unsatisfactory performance will be terminated or reprovved, while contract continuity or renewal will be subjected to satisfactory performance or remedial actions for minor unsatisfactory performance.

We are committed to improving our processes and fostering strong relationships with our suppliers. We actively collaborate with suppliers to identify and mitigate risks, enhance productivity, and promote efficiency within the supply chain. Our approach is guided by principles of integrity and transparency. We believe in creating value by seeking opportunities to collaborate and share best practices with our suppliers to build a robust supply chain that is reliable and of quality.

Environmental and social sustainability in the supply chain

KPPROP Group is committed to mitigating the environmental and social impacts associated with our business activities, both internally and throughout our supply chain. We believe that operating in a sustainable manner is crucial for the long-term success of our business and enable us to continue serving our customers in the long term. This includes doing business responsibly and aligning responsible practices along key nodes of our value chain, especially our supply chain.

We actively promote responsible and sustainable practices among our suppliers, focusing on various potential and actual environmental and social issues. These expectations are incorporated into our supplier engagement process. When selecting new suppliers, we give greater preference to those who demonstrate a commitment to environmental conservation, the protection of endangered species, labour rights and welfare, equal opportunities, and the absence of pending environmental issues while integrity such as anti-corruption and anti-bribery and compliance are amongst the most important criteria. By integrating these considerations into our supplier relationships, we strive to create a supply chain that reflects the way KPPROP Group does business.

KPPROP is committed to safeguarding the fundamental human rights of its employees and providing a decent workplace for employees. This expectation is extended to our appointed contractors as well, where we have stringent requirements mandating strict adherence to the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 (Act 446). This ensures that the living conditions of workers who are involved in our projects are acceptable and are within the regulated boundaries.

Local Procurement

The Group strives to support the local economy and local businesses. It prioritises local procurement and actively promotes sourcing materials and goods from local business suppliers and associates. We engage with our contractors and suppliers to understand the sources of materials used in our construction projects and hotels and to encourage the use of locally sourced materials and services while not compromising the quality standards and cost-effectiveness of the procured materials or services.

During the financial year under review, more than 95% of KPPROP Group's procurement of products and services is attributable to local suppliers and contractors.

Group	FY2023
Proportion of spending on local suppliers (including contractors) (%)	>95%

SUSTAINABILITY REPORT (CONT'D)

ENVIRONMENT

Environmental Management

As a Group with its foundations in environmental protection, the Group is aware of the interaction and tender balance between the built and natural environments. KPPROP acknowledges its role in protecting and preserving the environment. We are committed to complying with applicable environmental laws and regulations, and we also strive to reduce the negative environmental impacts within our business. Amongst others, KPPROP Group also undertakes serious efforts to prevent any incidents of pollution as far as our business and operations are concerned. Environmental compliance is embedded as part of our operational procedures as well as key criteria in our relationship with business partners such as contractors and service providers who work together with us on our projects.

We are pleased to report that there were no fines or penalties, which arose from non-compliance with environmental laws and regulations, imposed on KPPROP during the financial year under review.

Beyond compliance, KPPROP takes additional steps to reduce the environmental impacts of its operations such as comprehensive cleaning and green programme around our hotels and landscape beautification project, as well as initiatives to enhance energy and resource efficiency across our hotels. We also promote environmental protection and preservation in our projects, as early as the conceptualisation stage, where we strive to integrate local environmental elements such as natural lighting and ventilation in our design, with an aim to achieve resource efficiency and reduce environmental impacts.

Energy & Water Savings

Energy

The Group's energy consumption is mainly attributable to the electricity consumption at our offices, hotels, and sales galleries. In this regard, we promote and strive to achieve efficient electricity use and adopt energy-saving initiatives, such as:

- switching off lights and air-conditioners in offices and meeting rooms when not in use;
- setting computers and photocopiers to "sleeping mode" or switching them off when not in use;
- using LED lighting which is more energy-efficient in general; and
- encourage maintaining the air conditioning temperature at approximately 23°C – 24°C in the office.

Currently, the Group measures the energy efficiency of its Hospitality segment via the percentage of electricity cost over the Hospitality revenue. For FY2023, the Group further reduced this ratio to 7%, from 8% in FY2022. The improvement is contributed by the higher Hospitality revenue as the economy and tourism in Malaysia recover from the pandemic period. In line with global and domestic efforts to tackle climate change and reduce GHG emissions, the Group is currently undertaking an initiative to measure and analyse the energy consumption of the Group as a whole and subsequently derives the GHG emissions associated with it. We also acknowledge the need to have in place a process to understand the carbon footprint of the Group to inform the strategy setting of the Group, in relation to addressing climate change.



Hospitality segment	FY2021	FY2022	FY2023
Electricity cost (RM'000)	1,633	1,925	2,997
% of electricity cost over hospitality revenue (%)	12	8	7

SUSTAINABILITY REPORT (CONT'D)

At KPPROP's Headquarter, we have participated in the Earth Hour, organized by WWF Malaysia, by turning off our lights to demonstrate our support for energy conservation and environmental awareness.



While we do not operate in water-stressed areas, we emphasise the importance of using water responsibly and avoiding wastage. We are committed to water conservation in all aspects of our operations.

Water is a key element in our Hospitality segment, used in our hotels for drinking, cooking, cleaning, leisure facilities, and irrigation. We aim to use water efficiently in our hotels and have implemented a range of measures to ensure water is used efficiently, including the installation of water-saving flush systems and other devices in guestroom bathrooms and public area washrooms. Moreover, we actively encourage our guests to participate in water conservation efforts by reusing towels and linen, thereby reducing overall water usage.

In FY2023, the water cost to Hospitality revenue decreased to 0.5%, compared to 0.8% of hospitality revenue in FY2022. This reduction indicates our ongoing efforts and successful implementation of water conservation measures within our operations.

Hospitality segment	FY2021	FY2022	FY2023
Water cost (RM'000)	172	198	235
% of water cost over hospitality revenue (%)	1.2	0.8	0.5

SUSTAINABILITY REPORT (CONT'D)

Waste & Recycling

We are committed to complying with applicable waste management practices, including scheduled waste management which is regulated by the requirements of the Department of Environment (“DOE”). All scheduled waste is handled and transported by licenced contractors to approved treatment facilities prior to disposal, and we have internal processes to monitor such practices to ensure they are carried out properly.

At our Property Development segment, we work closely with our project contractors and service providers to ensure sound waste management practices are in place, with an aim to prevent pollution and enable resource efficiency. Waste from building materials such as steel bars, timber, concrete, aluminium, plastic, and glass is valuable and can be recycled or reused. Waste segregation practices are in place to enable effective collection and subsequent recycling or reuse.

We have taken active steps to promote paper recycling within our operations such as in offices and sales galleries. Employees are encouraged to utilise electronic methods for sharing and storing documents to minimise the need for printing or photocopying. When printing is necessary, double-sided printing is encouraged.

In our showrooms, we make an effort to reuse high-quality furniture from previous showhouses. Instead of discarding them, the furniture is transferred to other showhouses when the showhouse is closed. This approach not only significantly reduces furniture waste but also saves costs that would otherwise be spent on purchasing new items. Waste segregation and recycling efforts are also carried out at our hotels. The key waste types include paper, plastic, metal and glass.



SUSTAINABILITY REPORT (CONT'D)

SOCIAL

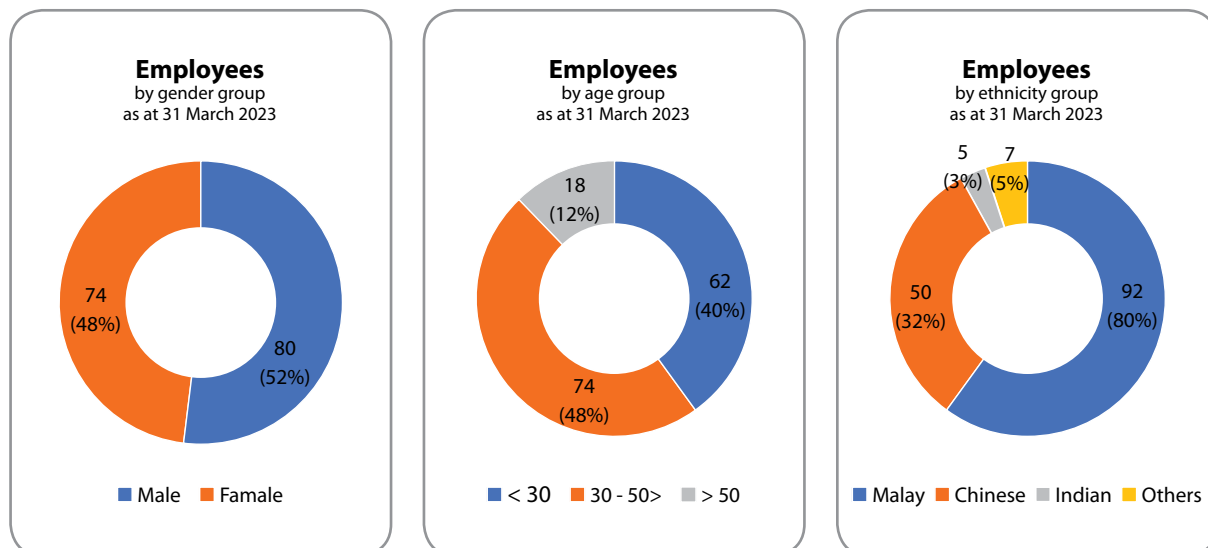
In KPPROP Group's employment practices, we adopt fair recruitment practices that promote diversity and inclusion and we are committed to offering equal opportunities for employment to all potential candidates. We do not discriminate against anyone on the basis of gender, age, race or ethnicity, colour, religion, or disability. Workplace discrimination is a reportable violation of our Group's Code of Ethics.

At the Board level, a Gender Diversity Policy and Target is established and the Directors of KPPROP Group are cognisant of the ongoing initiatives to enhance female representation in the boardroom should the right opportunity arise. Our Board and our workforce, overall, are comprised of a balanced composition of gender, age group, and ethnicity, bringing to the Group various benefits, including encouraging open-minded dialogues, expanding positive influence, bridging gaps, and introducing fresh perspectives and strategies.

Our hiring and recruitment processes are merit-based to ensure fair and unbiased selection and decisions. As we recognise human capital as our most valuable asset, we continuously invest in talent development, understanding that the commitment and productivity of our employees are crucial factors in sustaining our success and overall performance. The Group's employment demographics at the end of the financial year is as follows.

Group	FY2021	FY2022	FY2023
Employees by gender			
Male	49	65	80
Female	66	67	74
Total	115	132	154
Employees by age			
Below 30	42	50	62
30 – 50	56	62	74
Above 50	17	20	18
Total	115	132	154
Employees by ethnicity			
Malay	49	64	92
Chinese	56	57	50
Indian	9	6	5
Others	1	5	7
Total	115	132	154

SUSTAINABILITY REPORT (CONT'D)



Group	FY2023				
	Gender		Age		
	Male	Female	<30	30 – 50	>50
Board of Directors	4 (80%)	1 (20%)	0 (0%)	2 (40%)	3 (60%)
Employee Category					
Management	14 (47%)	16 (53%)	2 (6%)	17 (57%)	11 (37%)
Executives	17 (34%)	33 (66%)	21 (42%)	26 (52%)	3 (6%)
Non-Executives	49 (66%)	25 (34%)	39 (53%)	31 (42%)	4 (5%)
Total	80 (52%)	74 (48%)	62 (40%)	74 (48%)	18 (12%)

Due for the different nature of businesses and functions within the Group, the Group employs both full-time and part-time employees, as follows. All employees are remunerated fairly and provided with benefits that support, encourage, and incentivise employees to perform.

Group	No of employees in FY2023
Permanent employee	144
Contract employee	10
Total	154

Employee engagement holds great importance within our organisation as it serves as a driving force for motivating employees to perform at their best, on top of helping us understand how the business can align its interest with employees. We strongly believe that effective engagement is a fundamental aspect of our company's ability to generate value, as we recognise our people as our most valuable asset. To foster engagement, management consistently interacts with the workforce through a variety of activities, including annual dinners, festive celebrations, etc. Our performance management process acts as a crucial link between employees' performance outcomes, their learning requirements, and the rewards they receive.

SUSTAINABILITY REPORT (CONT'D)

Human Rights and Labour Standards

At KPPROP Group, we respect the fundamental human rights of all people and we ensure full compliance with statutory requirements and regulations concerning wages and benefits, including minimum wage orders, Employee Provident Fund contributions, and Social Security Organisation obligations.

We are also committed to fostering a safe and respectful workplace environment and strictly prohibiting any forms of sexual harassment, including but not limited to verbal, non-verbal, psychological, or physical sexual harassment at our workplace. Any incident of sexual harassment will not be tolerated under any circumstances.

We are against child labour and forced labour, and we expect the same from our contractors and service providers. We respect the entitled benefits of our employees as prescribed by applicable laws and regulations. Furthermore, the Group also undertake efforts to enhance employee welfare by offering various additional benefits such as travel allowances, group personnel insurance, provision of uniforms, and protective equipment.

During the financial year under review, there were 0 substantiated complaints concerning human rights violations.

Group	FY2023
Substantiated complaints concerning human rights violations	0

Safe Workplace

KPPROP Group sees employees' safety and health as a high-priority matter in its business. We strive to create a secure and healthy workplace and uphold safe practices throughout our business operations. To this end, the Group has established a policy on the Group's commitment to occupational safety and health, summarised as follows.

- ensure compliance with laws and regulations in relation to occupational safety and health;
- set targets and measures to oversee occupational safety and health performance across the organisation; and
- promote a culture where all employees share the commitment to prevent harm or injury to the safety and health of our employees, contractors, and the general public.

Across the Group, we regularly communicate occupational health and safety procedures to our employees, through manuals, work instructions and various other channels, to keep employees informed of important safety measures and controls. New employees are also provided with induction that includes relevant safety and health training to enable them to understand possible safety and health risk at work and how to manage them. We also provide relevant personal protective equipment to employees, depending on their function and risk exposures.

We ensure that relevant employees are provided with relevant training to enable them to work safely and healthily and in accordance with the Group's safety procedures.

SUSTAINABILITY REPORT (CONT'D)

Safety and Health at our Hotels

At our Hospitality operations, we have Safety Officers who are responsible to oversee our hotels in managing health and safety risks during operations. Controls and actions to maintain the cleanliness, safety, and health of our hotels are embedded in the standard operating procedures to create a conducive work environment for employees and a comfortable experience for our guests. The Safety Officer also carries out regular checking to ensure the standard operating procedures are adhered to. We also conduct annual internal audits to ensure the effective implementation and maintenance of our health and safety management systems.

Our security teams operate 24/7 to maintain the highest standards of safety and security for our guests, employees, and other visitors. To ensure the reliability and effectiveness of our security systems, regular audits are conducted, assessing various aspects such as the efficacy of CCTV recordings and the training provided to security staff regarding emergency response in various scenarios. Through these audits, we strive to continuously enhance the efficiency and preparedness of our security measures to safeguard the well-being of our guests and employees.

Food Safety

We are firmly dedicated to upholding food safety standards, and as part of this commitment, we have established stringent requirements for our suppliers when it comes to food and beverages and associated services. These suppliers are required to meet stringent criteria which are aligned with internationally recognised food safety certifications or which are subject to third-party audits. In the case of small-scale suppliers, our hotels conduct hygiene audits to ensure compliance with our food safety standards.

Maintaining Disease Prevention Measures

Since the COVID-19 pandemic a few years back, we have implemented various measures and protocols to clean frequently-touched surfaces, providing our guests with sanitisers and disinfectants, optimising air quality, and increasing food safety measures. In order to provide peace of mind and create a comfortable environment for our guests and visitors, we continued to practise these measures at our hotels.

During the financial year under review, the Group and our contractors for KPPROP projects recorded no work-related fatalities. The lost time incident rate for FY2023 was recorded at 0.

Group	FY2023
Work-related fatalities	0
Lost time incident rate	0
Contractors in relation to KPPROP projects	FY2023
Work-related fatalities	0

SUSTAINABILITY REPORT (CONT'D)

Talent Attraction, Retention & Development

KPPROP Group considers its employees as valuable assets and recognises the importance of a strong team for the growth and success of the business. We put emphasis on the development of our employees through various initiatives such as providing job and personal development opportunities, offering training programs, promoting diversity in the workforce, providing employee benefits and welfare, and encouraging employee engagement.

The Group acknowledges the impact of the Industrial Revolution 4.0, which necessitates the continuous upskilling and reskilling of the workforce to remain relevant and productive. Employees are actively encouraged to participate in both internal and external training programs and pursue professional development opportunities. These initiatives aim to enhance their knowledge and skills in areas such as career enhancement, personal development, human resource management, technical expertise, and more. The Group provides training programs to its employees based on their specific roles and responsibilities within the organisation. These training initiatives encompass a wide range of participants, including tailored in-person training for businesses, subsidiaries, staff groups, and third parties. The training is conducted regularly and follows a structured approach, ensuring that employees at all levels, from entry-level recruits to frontline staff, supervisors, and top-level management, receive the necessary training. The Group believes in providing equal opportunities for all employees to enhance their skillsets and continually upskill, leaving no one neglected in the training process.

In FY2023, the Group recorded a total of 521 training hours for our employees.

Group	FY2021	FY2022	FY2023
Training hours	103	247	551

In order to ensure long-term performance and sustainability, KPPROP Group places significant importance on succession planning, particularly for critical and leadership positions. The HR Department plays a key role in reviewing the Group's human resources plan, which includes the succession management framework and related activities. This process encompasses various human resources initiatives, such as job and salary reviews, as well as the annual manpower budget. Succession planning is implemented across the Group in stages, with a specific focus on designing training programs tailored to the development needs of management staff.

Community Engagement

As we are deeply rooted in the community we operate, we are actively involved in community outreach programs and initiatives. We take great pride in having the opportunity to serve and support various segments of the community, working towards social empowerment and making a positive impact on people from all backgrounds. Through our ongoing efforts in FY2023, we have consistently made donations and contributions to disability centres and charity organisations.

As part of our commitment to environmental sustainability, KPPROP participated in a tree planting activity in February 2023. The activity received an acknowledgement certificate by the Forest Research Institute Malaysia.

Contribution in FY2023



Donation to Kelab Alea



Donation to Sunteck
Handicapped Welfare Home



Tree planting activity at Forest Research Institute
Malaysia

SUSTAINABILITY REPORT (CONT'D)

GOVERNANCE

Corporate Governance Compliance

Corporate governance is crucial for the sustained leadership and stewardship of the Group. It ensures that all aspects of our organisation are able to function effectively and that we deliver our accountability to our stakeholders.

As a company listed on the Main Market of Bursa Malaysia, KPPROP complies with all regulatory requirements in relation to corporate governance and applies relevant and applicable practices of the Malaysian Code on Corporate Governance ("MCCG").

The Board holds the ultimate responsibility to ensure a high standard of corporate governance is in place to steer the company's direction and oversee the management of the company. Details of the Group's corporate governance practices are disclosed in KPPROP's Corporate Governance Overview Statement and Corporate Governance Report.

Ethics & Integrity

Ethical business practice and the upholding of integrity is the most important fundamental element in KPPROP's business and relationship with stakeholders. We aim to uphold ethical business practices throughout our operations to preserve the trust of our stakeholders. We conduct our business affairs with integrity, guided by the Corporate Code of Conduct and Code of Ethics ("Codes"), which outline the principles and standards that govern our conduct and decision-making processes. These Codes serve as a framework for promoting good governance and ensuring that our actions align with ethical principles, providing guidelines to Directors and employees on matters pertaining to conflict of interest, anti-corruption, no gift policies, compliance, data protection and confidentiality, insider dealings, human rights, and others. We have embedded the highest standards of governance in our business not only by complying with the law but through processes and directives that continue to reinforce the principles.

Anti-Bribery and Corruption Policy

To uphold our commitment to preventing corruption and bribery practices, the Group has established and implemented the Anti-Bribery and Corruption Policy & Guidelines ("ABC Policy") that sets out the Group's zero-tolerance approach against corruption. Our business operations are conducted ethically and in full compliance with all relevant laws. The ABC Policy applies to the Board, all employees, and third-party business associates, ensuring a comprehensive framework is in place to prevent bribery and corruption throughout our organisation and associated relationships and across our businesses.

We adopt a risk-based approach towards managing corruption risk, where corruption risk levels at different business functions or business activities are identified and managed based on risk priorities. This management process is also supported by our established risk management processes which ensure the Group's risk assessment is reviewed annually.

We strictly adhere to a "No Gift Policy" and conduct our business with honesty, integrity, and in full compliance with relevant laws and regulations.

Since the roll-out of the Group's ABC Policy and relevant procedures, all of the Group's operations have undergone risk assessment for corruption-related risks.



Group	FY2023
Operations assessed for corruption-related risks (%)	100

SUSTAINABILITY REPORT (CONT'D)



As part of our commitment to ethical conduct, all new employees of the Group are required to undergo a thorough orientation program where they are introduced to the Group's ABC Policy and the Codes. Any updates or revisions to these policies are communicated to all employees through our internal network. Additionally, all employees are required to sign off on the Group's policies regarding confidentiality, conflict of interest, integrity, and prevention of staff fraud after attending internal briefings conducted by the Group. This ensures that all employees are well-informed and acknowledge their adherence to these important policies.

In addition, we also provide training for identified personnel especially those who are more exposed to corruption in their positions or functions. The following table summarises the Group's communication for employees in relation to anti-corruption as at 31 March 2023.

Group	FY2023
Percentage of employees communicated on anti-corruption (%)	100

Human rights

KPPROP Group is committed to upholding and respecting fundamental human rights while actively preventing any possible human rights violations. We maintain a workplace that is free from discrimination and harassment, prioritising the safety, health, and ethical treatment of all employees. We firmly believe in fostering an environment where employees can exercise their right to unionise and freely associate, in accordance with local laws and practices. This commitment ensures that our company operates with integrity and promotes a culture of inclusivity, respect, and fairness for all.

Data Security and Privacy

Now that businesses are more digitalised and integrated with the internet, it is increasingly important for all of us to develop cyber resilience to protect data and maintain the integrity of IT systems. KPPROP strives to safeguard the information and data of the business and its stakeholders. The Group recognises the significance of these imperatives and considers cyberattack risks as obstacles that must be minimised, if not completely eradicated.

We prioritize the protection of personal data privacy by adhering strictly to the Personal Data Protection Act 2010 ("PDPA"). Our commitment entails utilising customer information only for the purpose intended and notified. To ensure robust cybersecurity measures, the Group ensures that its IT systems are equipped with designated anti-virus software and are regularly maintained and updated where relevant.

We also ensure our employees have a standard level of cyber security awareness, understanding how to properly handle data and use the Group's IT systems so as to not expose the system or sensitive data to risks. Policies and guidelines are also in place to set out the do's and don'ts for employees when handling sensitive or confidential data.

The Group's IT officer performs regular IT audits to monitor and assess the health and security of the Group's assets. These audits encompass evaluations of potential risks arising from unauthorised software usage. The clean bill of health received from these routine audits demonstrates the Group's commitment to maintaining a secure IT infrastructure and safeguarding against potential cyber threats.

During the financial year under review, the Group has not experienced any significant incidents of successful breaches from malware, ransomware, hacking, or other cyberattacks on its database.

SUSTAINABILITY REPORT (CONT'D)

Whistleblowing Policy

KPPROP Group has established a whistleblowing policy that provides a platform for stakeholders, including employees and others, to report concerns or suspicions about wrongful activities or serious misconduct without fear of victimisation or recrimination. Any raised issues will be thoroughly investigated, and appropriate actions will be taken with the objective to achieve effective resolution and upholding ethics and integrity within the Group's businesses and operations.

Anyone, including Directors, employees, and other external parties, can access the whistleblowing mechanism to make genuine reports pertaining to matters covered by the policy. We also do not prohibit anonymous reporting. In order to ensure check and balance as well as the presence of the element of independence, there is a channel for whistleblowers to reach out to a designated Independent Director.

This policy demonstrates our commitment to addressing and resolving concerns in a transparent and responsible manner and the Group's Whistleblowing Policy and Procedures is available on our website at www.kpproperty.com.my.

During the financial year under review, there were no known or suspected cases of bribery and corruption or breaching of ethics/ integrity issues involving the Group's directors and employees. At the same time, the Group also did not receive any substantiated complaints concerning breaches of customer privacy and losses of customer data.

Group	FY2023
Cases of bribery and corruption	0
Cases of breaches of ethics/ integrity issues	0
Substantiated complaints concerning breaches of customer privacy and losses of customer data	0

OUR COMMITMENT

Recognising our role as responsible corporate citizens, the Group is committed to adopting sustainable and responsible practices that contribute to sustainable business growth, environmental stewardship, and social responsibility. Besides, the Group also strive to enhance value not only for our business but also for the environment and society at large. By integrating sustainability into our operations, we aim to make a positive impact and contribute to a more sustainable future.



This Report was made in accordance with a resolution of the Board of Directors dated 26 July 2023.