



SUSTAINABILITY AT THE FOREFRONT

Sustainability Report 2023



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Table of contents

About us	3
About our report	11
Our approach to sustainability	13
Stakeholder engagement	15
Material matters	18
Sustainability framework	20
Sustainability governance	21
Performance scorecard	22
Approach for material matters	24
Produce energy that works with nature	25
Sustain economic contribution	26
Contribute to the local communities	27
Lead with responsible governance	29
Other material matters	31
GRI content index	36
Glossary	41

About us

The word "Jentayu" is derived from a large mythical bird which represents courage and resilience, personified by the team in JENTAYU Sustainables Berhad undertaking the formidable task of transforming the Group from its challenging situation in 2020.



About us

Transforming into a Renewable Energy ("RE") company



Admin and Support Centre at Menara FELDA

Overview of the Group's Journey

JENTAYU Sustainables Berhad ("JSB" or "the Group"), previously known as Ipmuda Berhad, is a Malaysian company which was incorporated in 1975. It became publicly listed in 1993.

The Group, originally a building materials trading house, suffered a significant net loss of RM 38 mil in FY 2020. It struggled to gain support from key stakeholders, including financial institutions, suppliers and customers. Faced with these challenges, the Group undertook a comprehensive reassessment of its business model and strategic direction towards the end of the FY 2020.

Transformation to a RE company

Following a strategy review exercise, the Board of Directors has established an ambitious new goal for the Group, shifting the focus from a long-established building material trading company of over 45 years to a company primarily centred on renewable energy and healthcare. This shift places sustainability at the forefront of the Group's strategy, essentially transforming it from an established but deteriorating trading house company into a high-growth startup with legacy challenges as it embarks on this new venture.

Three years on, the transformation exercise is well underway, with key steps taken as follows:

- Implement leadership changes within the Board and senior management. This is aimed to secure the necessary capabilities and expertise needed for the company's transition.
- Restructure its banking arrangement and settle outstanding debt. This was achieved by monetisation of real-estate assets and fundraising via private placements to rebuild financial credibility and relationships with key stakeholders.
- Acquire an 18-bed hospital.
- The Group has successfully secured the rights to develop a 170 MW run-of-river hydropower plant in Sabah.
- Acquire approximately 46 MW of brownfield assets RE sector. This acquisition is contingent on obtaining the shareholder and regulatory approvals.

Key milestone in the Group's journey

- Jun 2020 • New major shareholder in the company.
- Jul 2020 • New board of directors and senior management in the company.
- Nov 2020 • Announced proposed diversification and restricted issue to directors in the company.
- Dec 2020 • Proposed change of name and directors' fees rejected.
- Jun 2021 • Announced Head Of Agreements ("HOAs") for OHANA, Telekosang Hydro ("TH") and Jentayu Solar ("JS").
- Aug 2021 • Signing of Share Subscription Agreements ("SSAs") for OHANA, a specialist hospital focusing on Obstetrics and Gynaecology ("O&G")
- Sep 2021 • Signing of SSAs for TH, a 40 MW run-of-river hydropower plant in Sabah and JS, a 5.99 MW solar plant in Kedah.
- Aug and Sep 2021 • Approval of Project Oriole from Sabah State Government.
- Nov 2021 • Approval for disposal of Seksyen 13 land and corporate exercise.
- Dec 2021 • Changed name to JENTAYU Sustainables Berhad.
- Feb 2022 • Completion of OHANA acquisition.
- Mar 2022 • Completion of corporate exercise (special dividend, bonus issue and rights issue).
- Jul 2022 • Approval of 30% private placement and disposal of Penchala land.
- Oct 2022 • Approval of Project Oriole from Federal Government.
- TBC • Approval from Bursa and Securities Commission for acquisition of TH, JS.
- TBC • Financial close of Project Oriole.

About us (Cont'd)

Sustainability at our core

Sustainable development has been defined in many ways, but the most frequent definition is "sustainability development is the development that meets the needs of the present without compromising the ability of future generations to meet their own need" (World Commission on Environment and Development, 1987).

Diversifying for sustainability

Based in Malaysia and deeply rooted in the local market, the Group operates in three sectors: RE, healthcare and trading. Whilst our primary focus is on RE, we maintain a diverse portfolio that includes healthcare and trading. This strategic choice is driven by the distinctive characteristics of the RE sector, which requires several years for project development, run-of-river hydropower assets often span for three to five years. To maintain consistent revenue, the company is committed to sustaining its healthcare and legacy trading divisions. This balanced approach is evident in the respective contributions of these sectors to the Group's top-line performance in FY 2023.

Pursuing sustainability across all sectors

Our Group is dedicated to prioritising sustainability across all three sectors. We are actively integrating sustainability into our core strategy, with a focus on optimising operations. Here are a few examples of our sustainability initiatives:

- Trading sector: In response to the changing market dynamics, the Group is considering exiting the lubricant trading segment. This strategic move is driven by the evident shift in consumer preferences from internal combustion engine vehicles to electric vehicles. Our goal is to adapt to these evolving market trends and secure the long-term sustainability of our trading operations.
- RE sector: In the RE sector, we are at the forefront of technological innovation. To tackle the intermittency of solar energy, we are exploring alternative solutions such as pump-storage. This innovative approach addresses the reliability issues of renewable sources whilst avoiding reliance on lithium-ion batteries which have environmental and supply chain concerns. Our dedication to sustainable practices is aligned with our vision for a cleaner and more environmentally friendly future.

A holistic sustainability approach

We are integrating sustainability into all aspects of our operations, making it the cornerstone of our corporate strategy. We are confident that this approach will not only help us meet, but surpass the expectations of our key stakeholders. Our commitment to a sustainable future is at the core of our journey, aiming to benefit our communities, the environment and our business simultaneously.

About us (Cont'd)

Overview of the 3 business sectors

RE

The RE business primarily involved as developer and contractor of RE assets, specialising in run-of-river hydropower plants. The Group has made significant strides towards becoming an RE player, having announced the development of Malaysia's largest run-of-river hydro scheme in Sabah which is expected to deliver 170 MW of additional generation capacity to the state by 2027. This project forms the foundation of JSB's future as the Group allocates a growing share of its resources to the new RE sector.

Key features

- Project completed:
 - 116 MWp solar as Engineering, Procurement, Construction and Commissioning ("EPCC") contractor.
- Projects under development:
 - 0.5 MWp solar.
 - 170 MW run-of-river hydropower (Project Oriole).
- Target assets for acquisition (subject to regulatory and shareholder approvals):
 - 5.99 MW solar.
 - 40 MW run-of-river hydropower.

Healthcare

The healthcare division involves the operation of a private boutique O&G hospital called OHANA Specialist Hospital, whose differentiating factor is its an all-female O&G medical team. The O&G hospital is based in Seri Rampai, Kuala Lumpur.

Key features

- 9 doctors (exclusively female O&G medical team).
- 18 beds.

Trading

The trading division has been streamlined into 2 primary divisions:

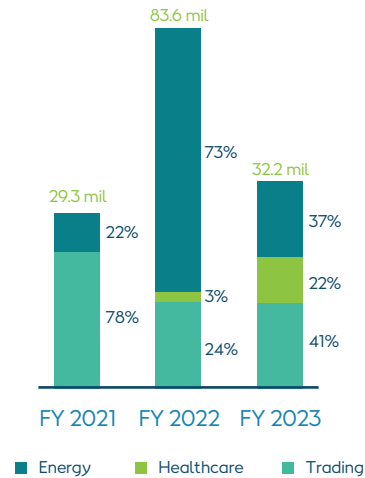
- Ipmuda Buildermart, a supplier of building materials, including lightweight blocks, roofing materials and tiles, who has established its market reputation over decades of operation.
- Ipmuda Edar, a supplier of petroleum based lubricants.

Key features

- Malaysia's first shariah-compliant trading house, dedicated to advancing socially responsible and ethical business practices. This approach emphasises transparency in contractual terms, prioritising clear and straightforward agreements whilst avoiding concealed fees or charges.
- 2 locations.

About us (Cont'd)

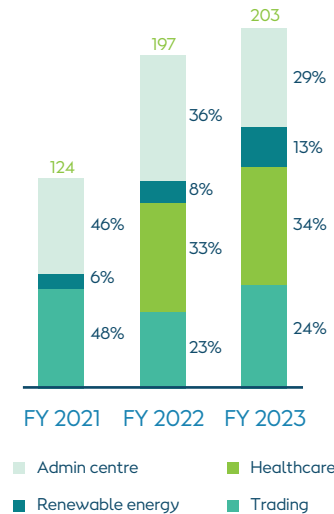
Key statistics



Graph 1: Revenue by division (RM)

Revenue

The emphasis on the RE business is exhibited by its growing allocation of resources towards the division as well as its consistent position as a major source of revenue since the Group's diversification in FY 2021. The RE business has contributed 73% and 37% of the Group's total revenue in FY 2022 and FY 2023 respectively. As the Group pushes to complete the acquisition of Telekosang Hydro and Jentayu Solar, the Group continues to be supported by its healthcare and trading division which contributed 22% and 41% in FY 2023.



Graph 2: Total employees

Total employees

The Group is increasing the allocation of resources to its RE workforce with growth from 6% in FY 2021 to 8% in FY 2022 and 13% in FY 2023. This trend is mirrored in the healthcare division with a slight increase from 33% to 34% in both FY 2022 and FY 2023. Meanwhile, the declining workforce in the trading division highlights the Group's strategic shift towards sustainability and ongoing efforts to optimise the trading operations.



Visual 1: Geographical location

Geographical location

In FY 2023, the Group maintains operations in Ipoh, Kota Kinabalu and Kuala Lumpur as part of its distribution business but has plans to shrink its geographical footprint in FY 2024 to streamline its business operations. The Group has plans to shutter the Ipoh Edar business division and close the Glenmarie location as part of its plan to streamline the trading operations and focus on RE. The trading business will be centralised at the Group's Menara FELDA admin and support centre, streamlining business operations. Meanwhile, the Kota Kinabalu headquarters will remain operational to provide essential support to the Group's RE projects in Sabah.

About us (Cont'd)

Board of Directors ("BOD") as of October 2023



Non-Independent Executive Chairman
Datuk Haji Beroz
Nikmal Mirdin

Chief Executive Officer of Telekosang Hydro and former deputy chief engineer at Tenaga Nasional Berhad. His area of expertise is in power.



Non-Independent Executive Director
Jeefri Muhamad
Yusup

Former director at Kenanga Investment Bank and CEO of Rampai Puteri Medical Centre. His area of expertise are in healthcare and corporate management.



Non-Independent Executive Director
Baevinraj Thiagarajah

Management consultant and director of Telekosang Hydro. He worked with DRB-HICOM Berhad as part of the senior management team. His area of expertise are strategy, power and automotive.



Independent Non-Executive Director
Dato' Amiruddin
Abdul Satar

Director General of Federal Land Development Authority and former CEO of KPJ Healthcare Berhad. His area of expertise is in healthcare.



Independent Non-Executive Director
Abdul Halim Jantan

Director at Sterling Insurance Brokers. His area of expertise is in the power sector with almost 30 years of experience.



Independent Non-Executive Director
Tobias Hjalmar
Mangelmann

Non-Executive Director for both Merica Holdings Pte Ltd and Merica Forest Pte Ltd. His area of expertise is in management consulting and entrepreneurship with over 20 years of experience.



Independent Non-Executive Director
Pamela Kung
Chin Woon

Partner at Shearn Delamore. Her area of expertise is in legal experience in the banking and debt capital markets sector with 30 years of experience.

Elevating expertise in our leadership team

In the pursuit of excellence within the RE sector, the Group has taken deliberate steps to expand and strengthen its Board of Directors and senior management team. This strategic move is aimed at infusing the Group with the essential expertise and capabilities necessary for thriving in the dynamic RE space. By progressively growing the management team, JSB is equipping itself with the knowledge and skills required to succeed in its sustainable energy endeavours.

About us (Cont'd)

Senior management team as of 30th June 2023



Responsible for overseeing the Group's finance and accounting functions. She has nearly 30 years of experience in accounting. Previously, she was the Group Chief Financial Officer at UiTM Holdings Sdn. Bhd., where she supported the Group Chief Executive Officer in managing all aspects related to the holding company and its subsidiaries.

Responsible for identifying and managing potential investment initiatives for the Group. He was named as the Co-Head of Middle-Market Solutions at Maybank Investment Bank with the responsibility to enhance the adoption of capital market solutions amongst middle-market companies. He has nearly 30 years of experience in the banking industry.

Responsible for overseeing the Group's operations. He served as an advisor to the board of directors for Solar System and Power Sdn. Bhd., and Ennesa Power Sdn. Bhd., both operating in the renewable energy and green technology sector. These companies specialise in investing, developing and operating solar photovoltaic plants.

Responsible for overseeing the legal, company secretarial, compliance, governance, human resources, information technology, property and administration function of the Group with nearly 15 years of experience in corporate legal services.

Responsible for developing and implementing the organisation's strategic goals while ensuring they align with sustainable business practices. He was the former Chief Executive Officer of Acasia Communications Sdn. Bhd., and was responsible for the day-to-day operations.

Note:

The profiles of Datuk Haji Beroz Nikmal Mirdin and Jeefri Muhamad Yusup were disclosed in the Board of Directors segment on page 08.

About us (Cont'd)

Our company

JENTAYU Sustainables Berhad

Trading division

Ipmuda Construction & Engineering Sdn. Bhd.

Ipmuda Architectural Products Sdn. Bhd.

Ipmuda Tiles & Sanitarywares Sdn. Bhd.

Ipmuda Buildermart Sdn. Bhd.

Budimex Sdn. Bhd.

Eager Vest Sdn. Bhd.

Ipmuda Edar Sdn. Bhd.

Roset Interiors Sdn. Bhd.

Ipmuda Timuran Sdn. Bhd.

Roset Properties Sdn. Bhd.

Ipmuda Selatan Sdn. Bhd.

Ipmuda Utara Sdn. Bhd.

Jentayu (MM2H) Sdn. Bhd.

Modular Equity Sdn. Bhd.

Victory Rally Sdn. Bhd.

Armor Master Sdn. Bhd.

⋮
Toriki Metal Engineering Sdn. Bhd.

Renewable Energy division

Jentayu Green Initiatives Sdn. Bhd. *

Jentayu Power Sdn. Bhd.

Oriole Power Sdn. Bhd.

⋮
Oriole Hydro Maligan Sdn. Bhd.

⋮
Oriole Hydro Padas Sdn. Bhd.

Healthcare division

⋮
Ultimate Forte Sdn. Bhd.

Note:

We have excluded the operations of Roset Interiors Sdn. Bhd.; it functions as an Interim Management Corporation and we are in the process of subdividing the strata title.

Glorious Future Sdn. Bhd., Sitolly Co. Sdn. Bhd., Ipmuda Oil & Gas Sdn. Bhd., Ipmuda Development Sdn. Bhd., Ipmuda Lanco Sdn. Bhd., Ipmuda Properties Sdn. Bhd., Jentayu Life Sdn. Bhd., Homemart Distribution Centre Sdn. Bhd., Ipmuda Borneo Sdn. Bhd., Ipmuda Tradelinks Sdn. Bhd., Better Living Grand Sdn. Bhd., Perak Metal Industries Sdn. Bhd., Mudacare Sdn. Bhd. and Uniherbal Sdn. Bhd. have been excluded as they are dormant companies.

* Formerly known as Jentayu Sustainables Capital Sdn. Bhd.

About our report

JSB is pleased to share our Annual Sustainability Report 2023 ("SR" or "Report"). The content of the Report encompasses full year data for the financial year which runs from 1st July 2022 to 30th June 2023 ("FY 2023"), unless stated otherwise.



About our report

Scope and boundaries

The content of this Report highlights the company's sustainability progress and performance across our operations in Malaysia.

Dormant subsidiaries are excluded from this report. We also excluded the operations of Roset Interiors Sdn. Bhd., from our reporting scope given:

- It is an Interim Management Corporation providing facilities management services to a previous development project (Kristal Condominium at Kota Kinabalu) and has a limited operational impact to the Group.
- We intend to transfer the Interim Management Corporation once the stratification has been completed and full strata titles have been passed to the property owners.

Additionally, we have improved the reporting scope of this Report from previous years to include:

- Carbon solutions, healthcare and trading operations.
- We have conducted a preliminary assessment of Scope 1, 2 and 3 Greenhouse Gas ("GHG") emissions. This assessment is part of an ongoing process with a focus on enhancing and refining the data as our efforts continue.
- Where possible, we also disclosed data from the RE operations between 1st July 2021 to 30 June 2022 ("FY 2022") which was absent from our previous SR.

Framework and guidelines

This report disclosure aligns with both local and international standards and guidelines:

- Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Main Market Listing Requirements ("MMLR").
- Bursa Malaysia's Sustainability Reporting Guide 3rd Edition ("Guide").
- Global Reporting Initiative ("GRI") 3rd edition.
- Malaysian Code on Corporate Governance 2021 ("MCCG 2021").

Feedback

- We invite and actively encourage our stakeholders to share their feedback regarding this report and the topics it addresses with our sustainability department. You can reach out to us at strategy&sustainability@jentayu-sustainables.com



JENTAYU Sustainables Berhad
Sustainability Report 2023

Our approach to sustainability



Our approach to sustainability

Sustainable development at the heart of what we do

Vision

A sustainable energy industry leader with regional footprint, helping nations adopt clean energy solutions in line with their sustainability agendas.

Mission

- To design, develop and incept sustainable energy assets with installed capacity of 350 MW by 2027.
- To participate in the development of medium and large-scale sustainable energy projects, regionally and globally.
- To be recognised as a distinct, reputable, regional ESG-conscious organisation.

Our business is sustainability based

The Group's vision revolves around sustainable development, with a primary goal of delivering RE solutions that address the energy trilemma's three key aspects: affordability, security and sustainability. The Group is committed to offering RE solutions that assist nations in fulfilling their sustainability commitments, particularly in markets where the Group possesses a competitive edge and a compelling value proposition. This vision is exemplified by our current endeavour to provide RE solutions in Sabah through Malaysia's largest run-of-river hydropower project, designed to optimise affordability, security and sustainability. Refer to the Sabah power industry situation in 2023 as per Visual 2.

Our approach to sustainability

Internally, the company is in a constant process of reevaluating and redesigning its operations to align with the expectations of key stakeholders within the Environmental, Social and Governance ("ESG") framework. Building upon its historical context and initial position, the Group has amplified its commitment to sustainability with a particular focus on the following:

- Intensified senior level engagement with key stakeholders such as policy makers and regulators, investors, employees and local communities to build understanding on matters of concern and provide transparency.
- Reviewed and revamped our process of identification, assessment and prioritisation of material matters, aligning it with stakeholder interests and business strategy.
- Integrated our sustainability framework with our business strategy and incorporated ESG related risks into both our Enterprise Risk Management framework and our project development feasibility studies.
- Improved implementation oversight through top-down commitment. This effort is demonstrated by the set up of an array of Board and senior management led committees that meet periodically to measure and track progress through performance scorecards and progress updates.
- The performance scorecard highlights 7 material matters that falls within the high and medium quadrant in the material matrix. This scorecard functions as a data-driven instrument for assessing.

By aligning our actions with our vision and a stakeholder-informed strategy, our goal is to create a lasting impact and contribute to a more environmentally friendly and equitable world.

"... the energy sector is currently hindered by various challenges and barriers arising mainly from high System Average Interruption Duration Index (SAIDI) levels, heavy reliance on fossil fuels and subsidy for electricity tariff as well as insufficient infrastructure to expand the energy accessibility"

extracted from Sabah Energy RAMP 2040, published by the Energy Commission of Sabah in 2023.

In Sabah, the problem of power security begins with the challenges of supply and grid connectivity across the state which has adverse effects on economic development. Sabah's power network consists of two main components – the West Coast Grid and the East Coast Grid, which are only linked via the 275 kV Kolopis-Segaliud transmission line. The East Coast region relies heavily on this connection to access electricity from West Coast generators, but certain areas remain primarily dependent on off-grid solutions. The imbalance has caused load shedding and rolling blackouts across Sabah as recently as 2023, with mobile generator sets deployed as temporary solutions.

Adding to the complexity of this situation is the lack of affordability and sustainability of the prevailing electricity tariff in Sabah. The cost of electricity supply in the state is estimated to be between 42 to 50 sen per kWh depending on the price of fuel, while the average tariff is approximately 34 to 36 sen per kWh, which means the state utility company operates at a deficit, impacting the ability to re-invest to strengthen the system.

We believe RE is part of the solution as although RE generators are dependent on geographical potential and have issues of intermittency, its addition have the potential to meet all 3 elements of the energy trilemma.

East coast of Sabah operating with 30% electricity supply deficit, says Nik Nazmi

By Izzul Ikram & Hailey Chung / theedgmalaysia.com

25 May 2023, 09:30 pm

Electricity rationing in Sabah to last until July

By Olivia Muiwi - May 19, 2023 @ 1:29pm

MALAYSIA

SESB chief says Sabah's power grid at risk even from squirrels

By [Social Media Icons]

Invest in power-short Sabah, not Kalimantan, TNB told

As it says say the national electricity company should first deal with the frequent power disruptions in the state. They did - 01 Jan 2023, 9:30am

Our approach to sustainability (Cont'd)

Stakeholder engagement

The significance of stakeholder engagement

At our Group, we place paramount importance on robust and meaningful engagement with our stakeholders for several compelling reasons:

- Deeper insights: Engagement with our stakeholders provides us with invaluable insights into the impact our operations have on them and their surroundings. This deeper understanding enables us to make informed decisions that not only align with our business goals, but also maximise our positive impact.
- Informed decision-making: By actively seeking and considering our stakeholders' perspectives, we are better equipped to determine the most appropriate course of action from their viewpoint. This approach ensures that our actions resonate positively with our stakeholders, driving the maximum positive effect.
- Trust-building: Building and nurturing trusted relationships with our stakeholders is of paramount importance to us. We understand that trust is the bedrock of successful partnerships and transformations.

Inclusive perspectives for effective sustainability

The inclusion of diverse stakeholders ensures that we consider a broad spectrum of perspectives which in turn leads to a deeper understanding and a greater capacity for the development of effective sustainability strategies. This information becomes the bedrock upon which our business strategies are built. In return, this fosters trust and support from our stakeholders, a vital ingredient for the successful transformation of our Group.

Stakeholder engagement process

In FY 2023, our Group embarked on an extensive stakeholder engagement process which played a pivotal role in identifying and validating the sustainability-related interests of each stakeholder group. Two key metrics guided our approach to this process:

- Level of influence: We assessed the level of influence each stakeholder group wields on our Group's business.
- Level of dependence: We evaluated the level of dependence each stakeholder group has on our Group's business.

As a result of this comprehensive engagement effort, six key stakeholder groups emerged as our priorities for FY 2023:

- Shareholders, investors and joint-venture partners.
- Policymakers and regulatory bodies.
- Local communities at project locations.
- Opinion shapers (Non-Governmental Organisations).
- Suppliers.
- Employees.

We meticulously analyse the feedback from various stakeholder groups to stay closely aligned with their most significant concerns. This input was incorporated into our materiality assessment, guiding the prioritisation of key issues that will shape our future business strategies. This comprehensive approach to stakeholder engagement emphasises our dedication to building a more sustainable and prosperous future for everyone.

Our approach to sustainability (Cont'd)

Stakeholder engagement (Cont'd)

Stakeholder	Engagement platforms	Key areas of concerns	Our response
Policymakers and regulatory bodies	<p>Ongoing</p> <ul style="list-style-type: none"> Engagement in government and regulatory activities. Print, digital and social media. <p>As needed</p> <ul style="list-style-type: none"> Emails, scheduled and ad-hoc meetings. 	<ul style="list-style-type: none"> Alignment of projects to national and state economic plans. Alignment to energy trilemma goals (security, affordability and sustainability). Strong governance (compliance to laws and regulations). 	<ul style="list-style-type: none"> Align projects to the goals of 1 National Energy Transition Roadmap 2050, Sabah Energy Roadmap and Hala Tuju Sabah Maju Jaya 2021-2025. Ensure compliance with regulatory bodies guidance and best practices e.g., Bursa Malaysia Securities Berhad's Main Market Listing Requirement and Malaysia Code of Governance. Increase transparency and communication of the Group's initiative to strengthen governance.
Shareholders, investors and joint venture partners	<p>Annually</p> <ul style="list-style-type: none"> Annual general meetings and annual report. <p>As needed</p> <ul style="list-style-type: none"> Announcement via Bursa, emails and corporate website. 	<ul style="list-style-type: none"> Shareholder returns. Good governance. Sustainable business strategy. 	<ul style="list-style-type: none"> Strengthen communication on Group's financial performance and strategy implementation . To provide timely investor Information on our corporate website. Promote strong governance throughout JSB and our supply chain.
Local communities	<p>Ongoing</p> <ul style="list-style-type: none"> Print and digital communication <p>Quarterly</p> <ul style="list-style-type: none"> Corporate Social Responsibility ("CSR") events <p>As needed</p> <ul style="list-style-type: none"> Strategic and ad-hoc meetings 	<ul style="list-style-type: none"> Project impact i.e., pollution and waste management. Standard of living i.e., support infrastructure and job opportunities. Respect of local traditions. 	<ul style="list-style-type: none"> Invest in the wellbeing of local communities at the project location, such as job creation. Update and secure feedback on the progress of our project development. Donations to promote/celebrate cultural events at local communities.

Our approach to sustainability (Cont'd)

Stakeholder engagement (Cont'd)

Stakeholder	Engagement platforms	Key areas of concerns	Our response
Current and future employees	<p>Quarterly</p> <ul style="list-style-type: none"> Townhalls and organisational culture surveys <p>Monthly</p> <ul style="list-style-type: none"> Breakfast sessions <p>As needed</p> <ul style="list-style-type: none"> Daily interactions 	<ul style="list-style-type: none"> Compensation. Working conditions including health and safety. Workplace culture. 	<ul style="list-style-type: none"> Communicate transparently and update on company direction and performance. Flexible work location through the implementation of Work From Anywhere policy. Offer fair employment opportunities.
Opinion shapers (Non-Governmental Organisations)	<p>Annually</p> <ul style="list-style-type: none"> Print and digital communication <p>Quarterly</p> <ul style="list-style-type: none"> Corporate Social Responsibilities ("CSR") events <p>As needed</p> <ul style="list-style-type: none"> Strategic and ad-hoc meetings 	<ul style="list-style-type: none"> Sustainability and carbon reduction initiatives i.e., RE technology and biodiversity conservation Support of local communities 	<ul style="list-style-type: none"> Seek support as needed at the project sites Regular interactions with non-governmental organisations to address sustainability and local community concerns
Suppliers	<p>Ongoing</p> <ul style="list-style-type: none"> Emails and meetings <p>Quarterly</p> <ul style="list-style-type: none"> Site visits <p>As needed</p> <ul style="list-style-type: none"> Daily interactions 	<ul style="list-style-type: none"> Project components (quality, cost and delivery) Financial health of client / bankability of project Governance of procurement process 	<ul style="list-style-type: none"> Ensuring transparent procurement procedures i.e., competitor bidding Ensure all contractors' compliance with JSB's Health and Safety and Human Rights policies

Our approach to sustainability (Cont'd)

Material matters assessment

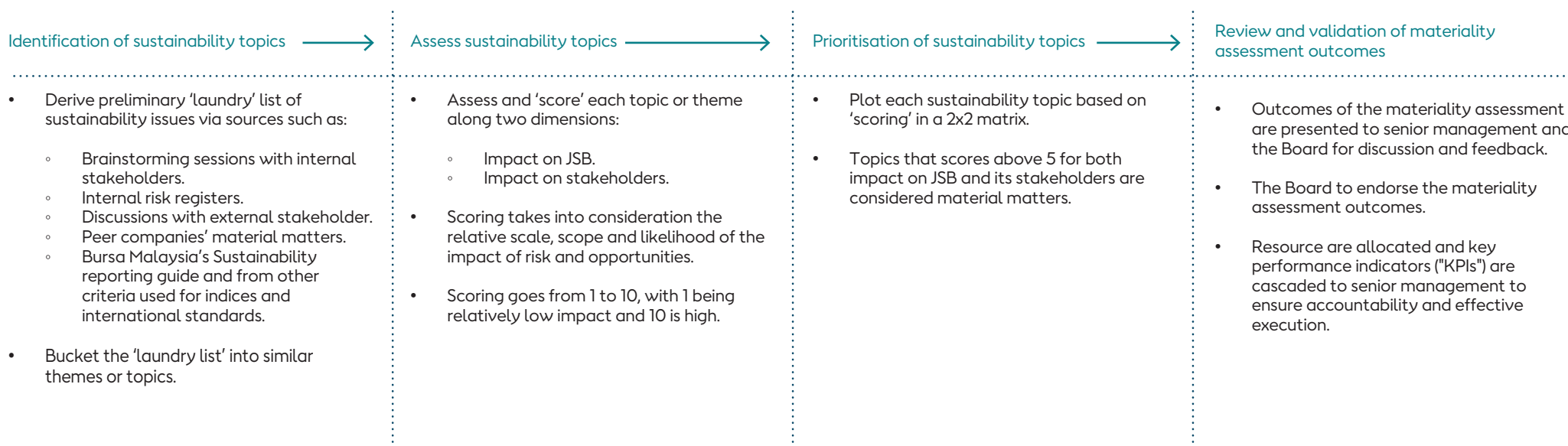
The significance of material matter assesment

The Group's transformation from a building materials trader to a RE company necessitates a comprehensive and adaptive strategy for identifying and addressing ESG concerns that are most relevant to the company and its stakeholders. This approach enables the integration of sustainability management across the business with the goal of generating long-term value for stakeholders.

Given the Group is undergoing a transformation process, we are also sensitive to the fact that material issues and its impact on stakeholders may be dynamic, especially when compared to our benchmark peers. Hence, our approach is to conduct an annual materiality assessment.

Materiality assessment methodology

In FY 2023, we have built on the solid foundations set in FY 2022 and conducted an enhanced 4-stage assessment process that serves to identify, assess and prioritise the topics that matter to our business strategy and stakeholders. Our four-step approach is as follows:



Our approach to sustainability (Cont'd)

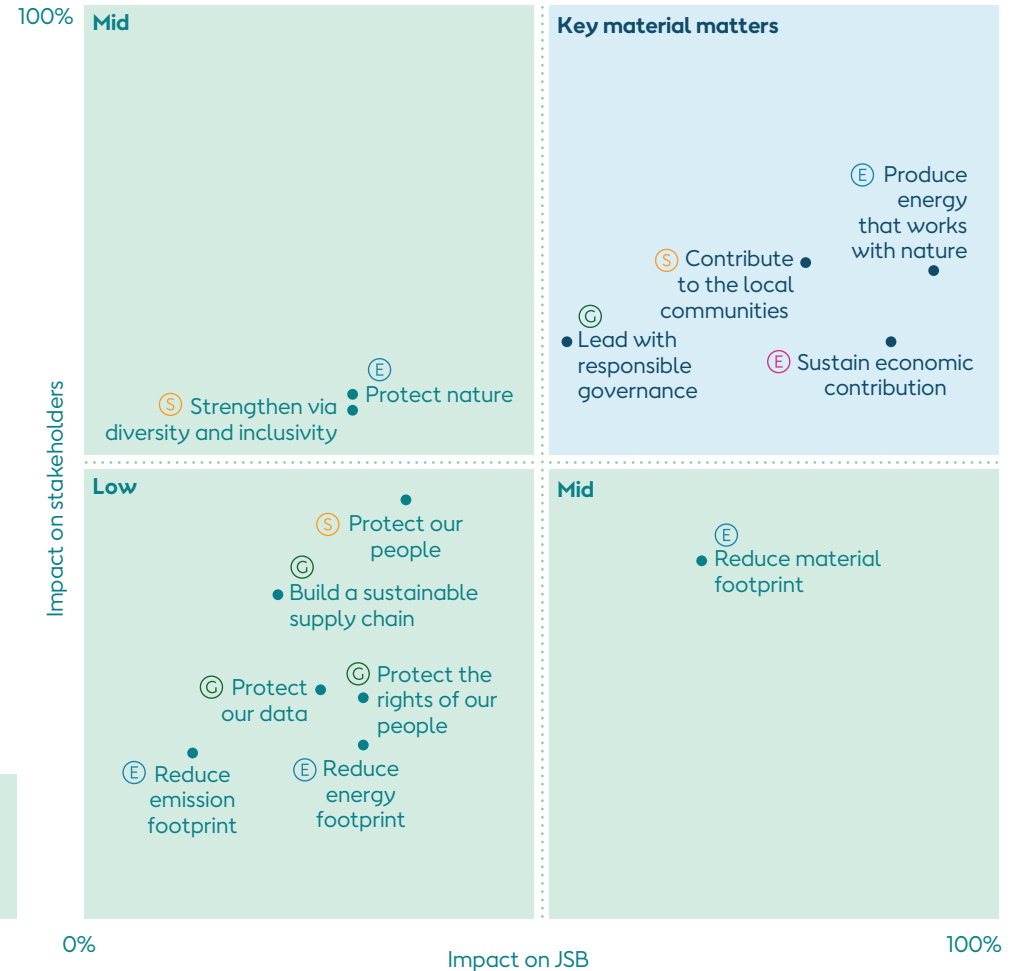
Material matters outcome

Outcome of materiality assessment

- Step 1** • 13 Sustainability topics were identified and 'bucketed' during step 1 of the four-step process.
- Step 2** • The 13 identified sustainability topics were ranked along 2 dimensions:
 - Impact on JSB: Scoring by senior management through qualitative assessment of scope, scale and likelihood of impact.
 - Impact on stakeholders: Scoring by the Group's Sustainability Steering Committee supported by feedback from various stakeholder engagement sessions.
- Step 3** • The 13 sustainability topics were then prioritised with special focus provided to the 4 topics that scored above 50% for both impact on Group business strategy and influence on stakeholder decisions (key material matters). The four topics were produce energy that works with nature, sustain economic contribution, contribute to local communities and lead with responsible governance. Output of step 3 is visually depicted as the materiality matrix.
- Step 4** • The outcome was subsequently validated at the senior management and Board level. As the Group remains in transition and thus in its startup state, the Board has agreed to prioritise addressing the material matters with the highest materiality rankings (key material matters) whilst diligently monitoring the remaining material matters.

Legend:

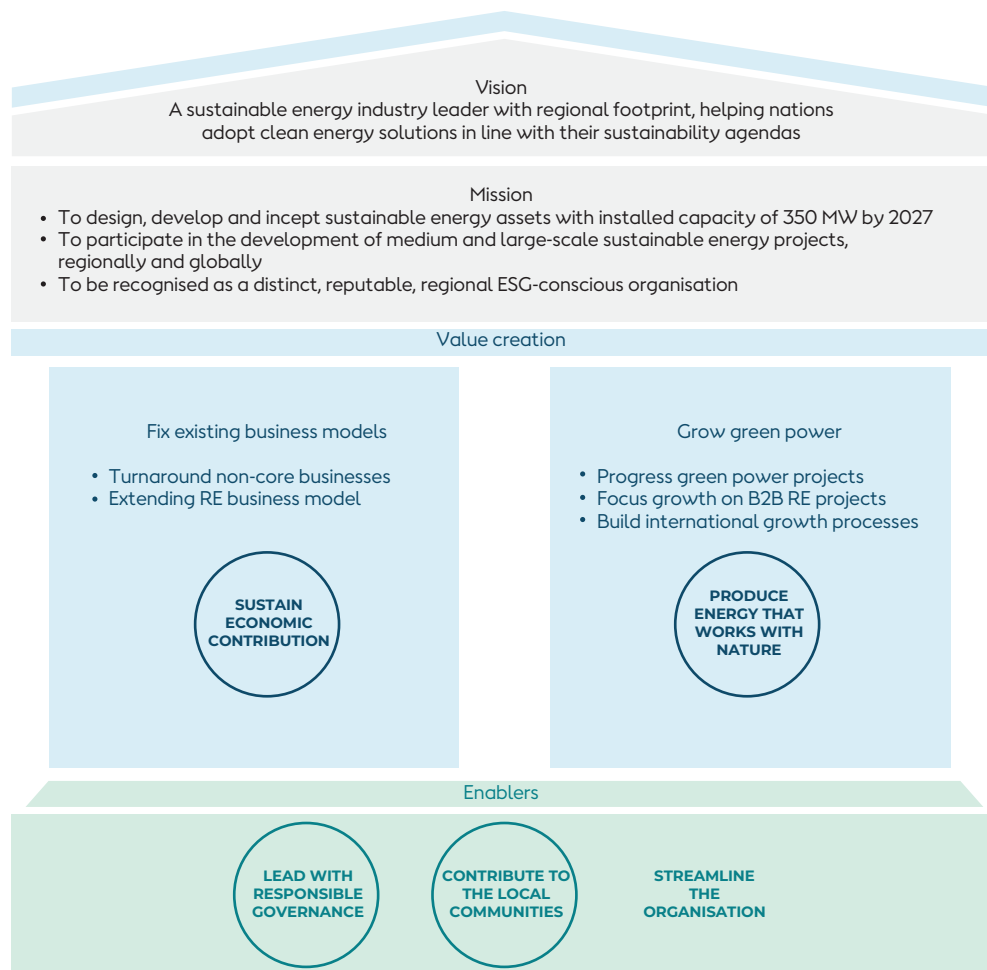
E Environment	E Economic
S Society	G Governance



Graph 3: Materiality matrix

Our approach to sustainability (Cont'd)

Sustainability framework



Visual 3: Sustainability framework

Aligning business strategy with sustainability framework

The Group's sustainability framework is strategically designed to complement our business strategy. The framework outlines the 2 key value creation pillars – Fix Existing Business Models and Grow Green Power. Special focus were also given to the 3 enablers for value creation and transformation, specifically, lead with responsible governance, contribute to local communities and streamline the organisation.

Utilising this framework, sustainability elements are incorporated across all facets of the business to create a positive difference to stakeholders. One example to illustrate this point is as follows:

- Producing energy that works with nature necessitates appropriate design of RE facilities to ensure its long-term performance. This may include incorporating higher safety margins e.g., design flood levels to mitigate the expected larger variability in operating conditions and heavy rainfall or prolonged drought due to effects of climate change. Integrating sustainability into our RE activities will ensure the Group is ahead of the curve when seeking to conduct sensitivity analyses or insure plants against extreme weather events.

We have also set targets to enable us to monitor our sustainability performance. The robust integration from vision to strategy to key material matters facilitates the linking of sustainability targets to the Group's business performance scorecard. This strong linkage builds personal accountability to results and encourages a culture of continuous improvements.

Legend:
• Key material matter — ○

Our approach to sustainability (Cont'd)

Sustainability governance

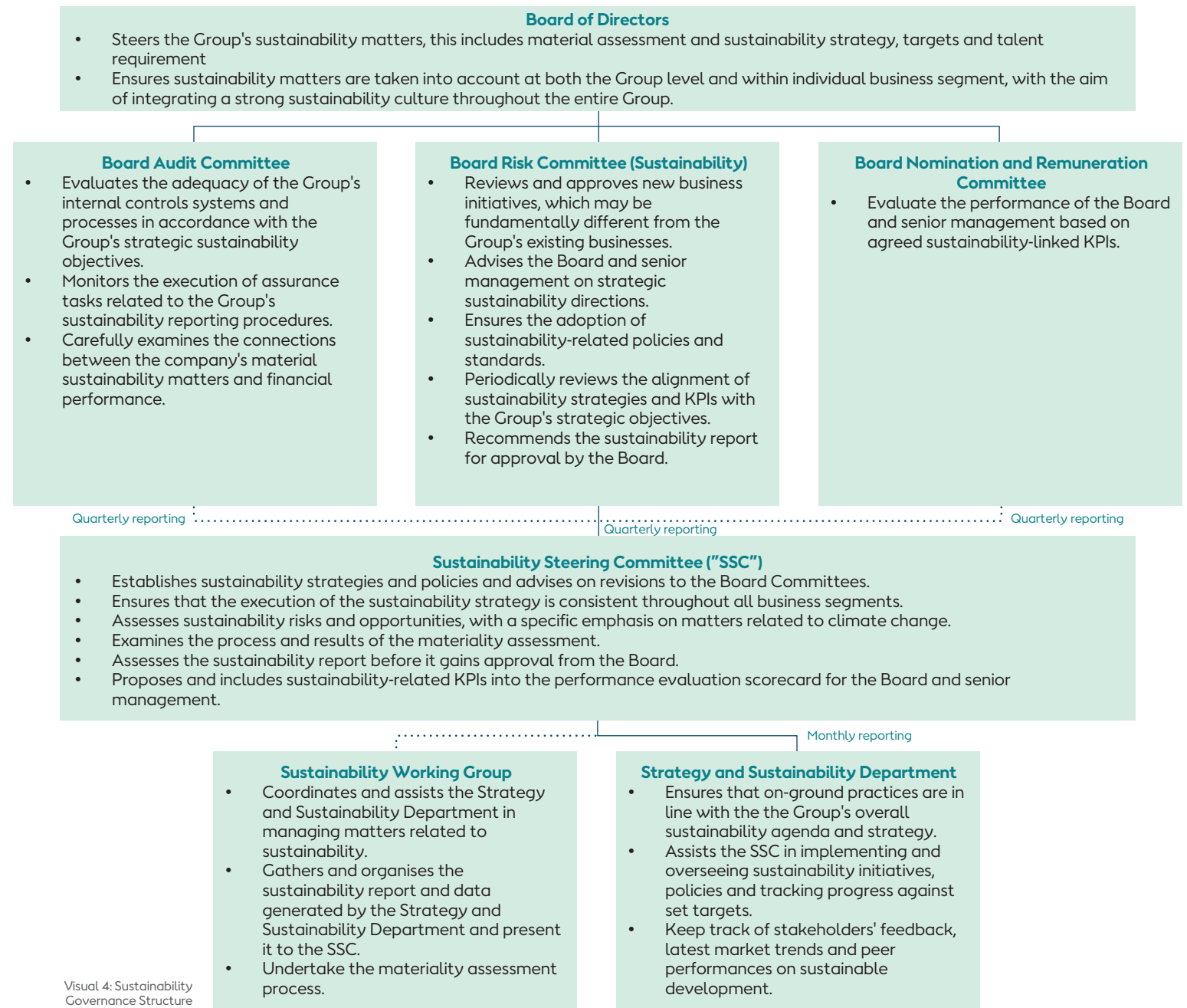
The Group understands that a robust sustainability governance structure is critical to ensure key sustainability matters are managed and embedded across all aspects of the organisation. Furthermore, to avoid un-necessary duplication, the Group's sustainability structure is integrated into our corporate governance framework.

Lead from the top

The Group adopts a comprehensive and holistic governance structure which begins from the top, as the BOD plays a pivotal role in setting the tone to create and propagate a strong sustainability culture, implement a sustainability strategy and utilise the sustainability performance scorecard as a tool to build accountability. Leading from the top, the Board have also attended key capacity building programmes i.e., courses on circular economy to ensure they are equipped with up-to-date knowledge on management of sustainability issue

Comprehensive support down the organisation

Additionally, the Board is also supported by the various Board committees and senior management led Sustainability Steering committee ("SSC") and the working level, Sustainability Working Group ("SWG"). All these committees hold differing roles in the sustainability governance process to ensure the execution of sustainability strategies is consistent across the Group. Please refer to sustainability governance structure as per Visual 4.



Visual 4: Sustainability Governance Structure

Our approach to sustainability (Cont'd)

Performance scorecard

The performance scorecard highlights 7 material matters that falls within the high and medium quadrant in the material matrix. This scorecard functions as a data-driven instrument for assessing, monitoring and conveying the Group's performance in alignment with our established sustainability initiatives. The KPIs will be reviewed biyearly.

Material matters	Aspiration	Performance baseline in FY 2023	KPI targets in FY 2024 and onwards
E Produce energy that works with nature	Become a leading RE player by acquiring and developing solar and hydro assets, contributing to reduced carbon emissions and national RE production.	<ul style="list-style-type: none"> 0.5 MW under Power Purchased Agreement ("PPA"). 	<ul style="list-style-type: none"> 350 MW under PPA by FY 2026.
S Contribute to local communities	Empower the local communities at our project areas through meaningful initiatives and engagement that address their specific needs and contribute to their well-being and development.	<ul style="list-style-type: none"> Coordinated 8 community programmes. Positively impacted at least 2,093 individuals. 	<ul style="list-style-type: none"> Coordinate 12 community programmes. Positively impact at least 3,500 individuals.
E Sustain economic contribution	Efficiently manage finances in the capital-intensive RE business to create long-term value, aligning with the Group's sustainability goals and supporting economic stability and growth.	<ul style="list-style-type: none"> RM4.7 mil loss before tax. 	<ul style="list-style-type: none"> Achieve profit before tax of RM50 mil by FY 2026.
G Lead with responsible governance	Set a responsible governance example by consistently adhering to all laws and regulations at the federal, state and local levels. Our commitment to transparency and compliance will guide our journey.	<ul style="list-style-type: none"> All our operations underwent corruption risk assessments. No confirmed corruption incidents occurred. 100% of employees attended the anti-corruption-related training. No integration on climate-related risk in Enterprise Risk Management ("ERM"). 	<ul style="list-style-type: none"> All operations undergo corruption risk assessments annually. Zero confirmed corruption incidents occurred annually. 100% attendance of employees' anti-corruption-related training annually. Incorporate climate-related risks into our ERM by FY 2024.

Legend:

E Environment E Economic
S Society G Governance

Our approach to sustainability (Cont'd)

Performance scorecard (Cont'd)

Material matters	Aspiration	Performance baseline in FY 2023	KPI targets in FY 2024 and onwards
<p>E Reduce material footprint</p>	<p>Minimise our material footprint in RE projects and internal operations through eco-friendly materials, efficient planning and an eco-conscious project life cycle for long-term environmental gains.</p>	<ul style="list-style-type: none"> Established Paperless policy in the offices. Paper purchased: 808 kg. 	<ul style="list-style-type: none"> Establish a baseline for materials used in RE projects (concrete and steel). Reduce paper purchases by 10% from FY 2023.
<p>E Protect nature</p>	<p>Preserve and protect the natural environment in our RE projects through sustainable practices and initiatives that respect and follow authorities' rules and regulations, reducing our ecological footprint and fostering biodiversity.</p>	<ul style="list-style-type: none"> Planted 12,800 trees across 32 hectares as part of our CSR initiative for our ongoing acquisition of RE assets in FY 2023. 	<ul style="list-style-type: none"> Our target is to restore 58 hectares with the ongoing acquisition of RE assets by FY 2024.
<p>S Strengthen organisation via diversity and inclusivity</p>	<p>Build a stronger organisation through diversity and inclusivity, valuing each individual's unique perspective and fostering a sense of belonging for all.</p>	<ul style="list-style-type: none"> 14% of female representation on the Board of Directors. 29% of female representation in senior management. 	<ul style="list-style-type: none"> Achieve a 25% to 30% representation of females on the Board of Directors by FY 2024. Achieve a 30% representation of females in senior management by FY 2024.

Legend:

- E** Environment
- E** Economic
- S** Society
- G** Governance

Approach for material matters



Produce energy that works with nature

The Group's goal is to grow total installed RE capacity to 350 MW by 2027

Why is it important?

Producing energy through renewable sources helps nations reduce reliance on fossil fuel, reduce carbon emissions from energy production and if done well, ensures long term energy prices that are competitive. This transition to sustainable sources of energy represents an important global agenda as the world continues to mitigate the impacts of climate change and global warming. The Group intends to play a key role in supporting states and nations implement their energy transition roadmap.

Our aspiration

Increasing installed RE capacity is the basis of one of our core pillars, Grow Green Power. The Group aims to grow into an established player within the RE sector by securing 350 MW under Power Purchase Agreement ("PPA") by 2026 and generate 1,510,448 MWh annually. The Group plans to achieve its target via the development and/or acquisition of solar and hydro assets both locally and internationally.

What are we doing about it?

The Group is developing the largest run-of-river hydro project in Malaysia (Project Oriole) which is due to deliver 170 MW of installed RE capacity to Sabah by December 2027 and expected to generate 959,000 MWh annually from 2028 onwards.

In pursuit of our RE targets, the Group has also proposed acquisition of 40 MW run-of-river hydro scheme in Sabah (TH) and the 5.99 MW solar plant in Kedah (JS), which is subject to regulatory and shareholder approvals. If acquisition is successful, both these plants are expected to generate 285,400 MWh annually.

The additional 210 MW of hydro capacity in Sabah will contribute significantly to all 3 aspects of Sabah's energy trilemma, contributing as much as 3% of total energy capacity by 2024 and increasing to 13% by 2028*. In terms of sustainability, the hydro projects reduces the state's reliance on gas and will contribute 16% of Sabah's renewable energy by 2024 and 50% by 2028**, which is expected to result in a substantial 16% reduction in the state's CO₂ emissions from the power industry by 2028***.

Note: The calculations of Sabah energy capacity, renewable energy and carbon reduction are sourced as follows:

- *Sabah Electricity Sdn. Bhd.
- ** Hala Tuju Sabah Maju Jaya 2021 – 2025, Department of Statistics Malaysia (DOSM), Sabah Tourism, Jawatankuasa Perancangan dan Pelaksanaan Pembekalan Elektrik dan Tarif (JPPPET) Sabah
- *** 2016: Baseline CO₂ for Sabah and Wilayah Persekutuan Labuan is 0.512 tCO₂/ MWh

Risks

Delays in securing regulatory approvals, achieving financial close or completing construction of projects are substantial risks, given the net result in delays may include increases in labour and equipment costs which could potentially strain project budgets and ultimately derail the project. This poses high opportunity costs and significant long-term ramifications on reduction in CO₂ emissions and ultimately, economic competitiveness of surrounding industries.

Opportunities

Numerous opportunities surround expanding RE development in Sabah which can deliver significant economic and societal impact, such as lowering emission intensities for manufactured goods or increasing foreign direct investment and employment opportunities via the development of the RE facility itself. There is also an opportunity to reallocate the subsidies currently being used to purchase fossil-fuel/diesel powered electricity.

Next steps

In line with our RE business strategy, our objective is to secure a combined installed capacity of 350 MW from sustainable energy assets. Over the next 36 months, we aim to design, develop and construct RE assets to achieve our goal, which would mark a pivotal milestone in our dedication to clean and sustainable energy solutions. The Group will endeavour to secure as many of the pipeline projects as possible, whilst also continuing to build the pipeline for the future. In addition to this, the Group also intends to allocate resources towards international growth efforts to position us as a key global player in the RE sector.

SDGs



Targets and indicators

Secured RE capacity (under PPA)



RE power generated annually



CO₂ emission avoided annually



Sustain economic contribution

The Group aims to achieve RM 50 mil in profit before tax within 36 months

Why is it important?

Due to the challenges facing the building material trading business and the long gestation period of renewable energy assets, the economic performance of the Group mirrors the characteristics of a typical high-growth startup i.e., negative margins, infusion of equity for growth. The Group currently is faced with a volatile and risky revenue profile which we aim to transform into a stable, sustainable, recurring revenue stream via the acquisition and development of RE assets.

The short term economic and financial sustainability of the Group is vital to ensure the continued development of future RE assets, which over the longer term, have positive impacts to the environment and local communities.

Our aspiration

JSB aspires to earn a Profit Before Tax ("PBT") of at least RM 50 mil within 36 months for the sustainability of its business. The capital-intensive nature of the RE sector combined with the concession-based nature of RE assets necessitates prudent design features and cost management to deliver long-term value which is a key part of the turnaround plan to achieve the Group's sustainability aspirations.

What are we doing about it?

The Group is acquiring and developing a combined total of approximately 216 MW of renewable assets, all of which will generate significant economic value for the Group.

Additionally, as the RE plants are long term concession-based, the Group places importance on the incorporation of sustainable design parameters to mitigate against risks associated with climate change. As an example, the inclusion of the latest climate change models to understand the range of likely outcomes, which may include amongst others, accommodating conservative design flood levels given potential larger variability in operating conditions i.e., heavy rainfall or prolonged drought.

Risks

As the transformation of the Group is yet to reach completion, the risk to the Group's financial stability remains high as all businesses remain unable to support the Group's operations sustainably. The current loss-making trajectory of the Group, coupled with the significant expenditure required for the development of RE projects, threatens to derail the continued development of RE projects.

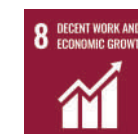
Opportunities

The current situation represents the inflection point of JSB's turnaround, which gives us a unique opportunity to streamline and restructure the Group's overall business operations and set solid foundations upon which we can achieve sustainability.

Next steps

The Group will continue to execute its business strategy, which includes turnaround of its healthcare and trading operations, as well as grow its RE segment.

SDGs



Targets and indicators

The Group, being in transition, has set a timeline of 36 months to achieve its goal of Rm 152 mil in revenues and RM 50 mil in PBT. Historical performance as depicted in Table 1.

The Group's historical results have been boosted by one-time events including the sale of land and recovery of bad debts. Recorded gains on disposal of land were as much as RM 18.4 mil in FY 2023 and RM 64.6 mil in FY 2022, whilst bad debts recovered were RM 1.9 mil in FY 2023 and RM 5.0 mil in FY 2022. Despite the boost from sales of land and bad debts recovered, the economic value retained by the Group was negative in FY 2023 and would have been negative in FY 2022 as well if not for the gains on disposal of land.

	FY 2022 (RM '000)	FY 2023 (RM '000)
Economic Value Generated (Revenue + Other Income)	155,427	64,626
Economic Value Distributed: Operating Costs	109,773	50,877
Economic Value Distributed: To Employees	11,977	15,652
Economic Value Distributed: To Financiers	3,968	2,420
Economic Value Distributed: To Government	118	255
Economic Value Distributed: Community Investment	781	575
Economic Value Retained	28,792	(5,153)

Table 1: Historical Economic Performance

Contribute to local communities

Empowering communities through RE

Why is it important?

Our commitment to the well-being of local communities through RE operations extends beyond achieving energy generation goals, but also includes addressing electricity poverty, enhancing well-being, creating jobs and contributing to the local economy. This is crucial to our mission of making a positive and sustainable impact on the communities we serve, aligning with our responsibility to accelerate the energy transition in a way that leaves no one behind and brings opportunities and benefits to communities, whilst ensuring local voices are heard and respected.

Our aspiration

In our commitment to sustainability, we aspire to enhance our engagement with local communities by fostering collaboration and understanding their concerns, creating a positive and lasting impact on the communities surrounding our RE projects, ensuring their well-being, prosperity and active participation. To ensure the realisation of this aspiration, we will establish measurable targets, including the implementation of a structured community feedback mechanism involving regular surveys, meetings and channels for community input, as well as the tracking of KPIs to assess the impact of our initiatives on local communities, encompassing job creation, local economic growth and improvements in electricity access.

What are we doing about it?

What happened in FY 2023?

In FY 2023, we undertook significant initiatives with the local communities surrounding the project sites for Telekosang Hydro and Project Oriole, both of which are in Sabah. The Group's goal is to build long-term relationships and improve the quality of life of the communities surrounding our RE operations. The CSR initiatives encompass three core pillars, each representing our commitment to sustainable community development and environmental responsibility.

- **Kampung Electrification Project:** This programme addresses energy poverty through solar streetlights to improve energy access and foster long-term sustainability.
- **Tree Pledge Project:** This programme focuses on responsible replanting and restorative actions at JSB project sites and other areas in Sabah, mitigating our environmental impact.
- **Community Outreach Programme:** Actively connecting with local villagers and foster strong connections and open lines of communication with the local communities.

The Group has organised programmes that foster closer relationships with the surrounding communities.

Programmes	Details	Beneficiaries
Lighting Up Kg. Maligan with Solar Street Lights	We have installed 10 solar street lights in community areas, greatly improving night time visibility and ensuring the safety of the local villagers.	210 families
Replanting Exercise at Telekosang Hydro Plant	The initial phase involves replanting 32 hectares to rehabilitate areas affected by the development of the Telekosang Hydro Plant.	12,800 trees
Tree Saplings Donation to Sook Nursery, Keningau	We expanded our tree-planting initiatives by contributing to the Sook Nursery in Hutan Simpan Sook Lake, Keningau, Sabah.	4,000 trees
Flood Donation at Tenom	We delivered essential food supplies, providing assistance to families affected by the floods in Tenom.	30 families
Donation to Al Khadeem for Motivational Talk	A motivational talk amongst employees aims to inspire and uplift our workforce, fostering a positive and motivated work environment.	70 employees
Eid Adha Qurban Donation	We made donations to support the local villagers and stakeholders in their preparations for the celebration.	5 organisations
Monetary Donation to Sabah Forestry Department	Showing our commitment to the community and promoting a healthy lifestyle.	300 individuals
Monetary Donation to Anak Yatim and Asnaf	We contributed financial support to Anak Yatim and Asnaf, demonstrating our commitment to helping those in need.	50 individuals

Table 2: List of Programmes of FY 2023

Contribute to local communities (Cont'd)

Empowering communities through RE (Cont'd)

What are we doing about it? (cont'd)

Community impact assessment for current RE project development

We conducted a thorough assessment to understand how our project could affect the community. This assessment involved interviews, surveys and observations with the people directly impacted. It helped us identify both challenges and opportunities for the community. This initiative showcases our commitment to transparency and community engagement.

- **Beneficial Social Impacts:** We anticipate an upsurge in employment opportunities, driven by a growing demand for jobs, directly benefiting the local workforce.
- **Ensuring Safety and Mitigation:** Specific concerns voiced by local communities for their safety during open blasting activities at the project site and the potential water pollution resulting from oil waste have been assessed.
- **Economic and Business Opportunities:** The ongoing project implementation is projected to stimulate economic growth and business opportunities in various sectors, including mechanical repairs, servicing, transportation and local businesses.
- **Traffic and Transportation:** Our commitment to enhanced road maintenance directly benefits the local community by ensuring smoother travel experiences and greater convenience.

Risks

Potential risks include conflicts with local authorities and/or community leaders which could delay project operations, risk of negative public perception due to the neglect of local concerns, both of which will threaten the potential operation and/or development of RE projects.

Opportunities

Opportunities centre around building strong bonds with local communities, which not only enhance the sustainability and smooth operation of our projects, but also align with our framework for sustainable development. Additionally, our CSR programmes play a significant role, as they provide local communities with a chance to grasp our initiatives and provide insight into their concerns. This two-way benefit strengthens our commitment to the well-being of the community.

Next steps

To enhance our community contributions, we are improving how we measure our impact. By identifying specific KPIs, we can better monitor the social and economic effects of our initiatives. Measuring impact is crucial as it validates the positive change we bring to local communities and ensures value for all stakeholders involved.

As we move forward, our key initiatives include:

- Enhanced collaboration with local Non-Governmental Organisations ("NGOs"): Strengthening partnerships with local NGOs to expand our community impact and sustainability efforts.
- Community feedback mechanisms: Establishing structured feedback channels to consistently gather input from the local community, ensuring their concerns and suggestions are heard and acted upon.

Targets and indicators

Key impact for FY 2023

- Positively impacted 2,093 individuals
- Positively impacted 240 families
- 81 employees involved across all programmes
- A total of 400 hours volunteered by the employees

KPI targets FY 2024

- Positively impact 3,500 individuals
- Positively impact 450 families

SDGs



Phase 1 of the replanting programme held in Sabah.

Lead with responsible governance

Governance standards are enhanced by integrating ethical business practices across the Group

Why is it important?

We uphold a zero-tolerance policy against corruption, placing the highest priority on fortifying governance structures and maintaining trust across our stakeholder relationships. The consequences of damaging our reputation with stakeholders, be it policymakers and regulators, shareholders, employees or suppliers are profound. Such consequences could potentially raise operational cost, jeopardise business licenses and hinder our ability to engage with global industry leaders.

Moreover, we acknowledge that both RE and healthcare sectors operate under stringent regulatory frameworks, heavily reliant on licenses granted by relevant authorities. In the case of our healthcare division, it faced significant challenges, necessitating a temporary closure on 5th April 2023 due to non-compliance with operational protocols. This temporary shutdown carried significant implications, including the potential loss of revenue, harm to reputation and loss of clients. Nevertheless, it is imperative to highlight that we have implemented comprehensive mitigating measures to address the non-compliance issues and undertaken efforts to enhance our operational procedures to ensure adherence to compliance standards. On 15th June 2023, our healthcare division successfully reopened, securing the reinstatement of its license by the Ministry of Health.

Our aspiration

Our aspiration is to nurture a compliance culture within our organisation, recognising its pivotal role in ensuring the Group's consistent and sustainable growth. JSB's long-term sustainability is contingent on achieving two critical milestones. First, the successful acquisition of 40 MW hydro and 5.99 MW solar assets, subject to regulatory approval. The second milestone is the completion of the 170 MW hydro run-of-river project in Sabah, with the Energy Commission and the Ministry of Natural Resources, Environment and Climate Change serving as governing authorities. An essential factor in expediting these processes is JSB's ability to consistently showcase and uphold strict compliance with all federal, state and local municipal council laws and regulations, ensuring all our actions remain transparent and our dedication to compliance remains evident throughout this journey.

What are we doing about it?

Under new leadership, the Group has undertaken a comprehensive due diligence process covering all its operations, in line with its transition to RE. For this purpose, the Group has engaged the expertise of third-party industry professionals, including auditors, legal experts, valuers and engineers. In essence, the comprehensive Group-wide due diligence initiative stands as a solid foundation for addressing potential areas of concern and elevating governance standards within the organisation.

In 2020, JSB took proactive measures by instituting a comprehensive Anti-Bribery and Anti-Corruption policy ("ABAC") which is in adherence to the Malaysian Anti-Corruption Commission ("MACC") Act 2009, Section 17 guidelines and integrated this policy into our Enterprise Risk Management ("ERM") framework, reflecting our commitment to aligning industry best practices as recommended by both Bursa Malaysia and the MACC Act 2009. The scope of this policy extends across our financial and operational activities, ensuring a holistic approach to combatting bribery and corruption.

Furthermore, the ABAC policy's efficacy is further improved through the implementation of the Integrity System. Serving as a governance framework and procedural guide, the Integrity System ensures that the Group diligently adheres to anti-bribery laws and guidelines. This approach further instils a culture of integrity and accountability in our day-to-day operations, affirming our commitment to conducting business with the highest standards of ethical conduct.

Additionally, our ERM framework is strategically designed to align strategy, processes and individuals, enabling the comprehensive assessment and mitigation of risks encountered across the entirety of the Group's business operations.

To fortify the implementation of our ERM framework, we adopt the Principles of Three Line Defense, an approach that enhances our risk management and control capabilities by clarifying roles and responsibilities at each level:

- First line of defence: Senior management and all supporting departments are accountable for establishing policies, procedures and managing risk within their respective areas.
- Second line of defence: Risk Management and Compliance Department tracks unresolved risk issues across the company to resolution, establish procedures to minimise risk of non-compliance and monitor risk activities such as implementing policies and establishing an ERM framework.
- Third line of defence: The internal audit conducts independent assurance on risk management and governance in the organisation such as assessing the reliability of risk reporting, reviewing the compliance of ERM framework and the measures to mitigate risks.

Moving forward in FY 2024, the ERM will incorporate climate-related risks to further improve our risk management.

Lead with responsible governance (Cont'd)

Governance standards are enhanced by integrating ethical business practices across the Group (Cont'd)

What are we doing about it? (cont'd)

In our efforts to promote ethical conduct and transparency within the Group, our Whistleblowing Policy provides a crucial avenue for employees, suppliers and business partners to report any instances of unethical or unlawful malpractice conducted by the Group's directors and employees. This policy entails the whistleblowing investigation procedures, guidelines for reporting concerns and the types of concerns that should be reported. It should be noted that this policy should be read in conjunction with the ABAC policy.

The Board Risk Committee (Sustainability) oversees the administration of this policy, whilst the Risk Management & Compliance Department enforces the policy within the Group. This policy undergoes review every 2 years to ensure it remains relevant, efficient and aligned to the changes within the organisation.

The Group has established a dedicated whistleblowing channel which enables both employees and external stakeholders to report misconduct via email or mail. The Whistleblower policy and form is available on the Group's corporate website.

To ensure that ethical standards are ingrained from the outset, new hires undergo an orientation programme that includes an introduction to both the ABAC and Whistleblowing policies. This induction and training programme ensures that new employees are well-versed in the Group's ethical standards from the very beginning of their tenure. Moreover, as part of our commitment to continuous improvement, we conduct annual training sessions for all employees. It serves to reinforce their understanding of our policies, thus ensuring that all employees remain informed and maintain compliance with the Group's ethical standards.

Risks

Failure to adhere to rules and regulations within the Group comes with a multitude of risks, including the potential loss of project licenses, strained relationships with regulators and governmental bodies, negative publicity affecting employees' morale and workplace dynamics and a decline in the Group's share prices and overall value.

Opportunities

Enhancing organisational compliance within the Group offers substantial potential to fast track business growth. It fosters trust amongst stakeholders through transparency and legal adherence, improves operational governance and enhances prospects for attracting new investors and securing additional funding.

Next steps

As the Group continues its expansion within the RE sector through a series of projects over the next 36 months, a key focus of this commitment is to ensure full compliance with relevant laws and regulations. This dedication goes hand in hand with fostering a culture of continuous improvement, where governance practices are regularly reviewed and refined. Looking ahead to FY 2024, the Group's strategic objective is to enhance risk management practices by integrating climate-related risks into its ERM framework.

Targets and indicators

We have implemented corruption risk assessment for all our operations. The corruption risk assessment involves identifying and mitigating corruption risks to prevent unethical, illegal or damaging behaviour within the Group such as fraud, bribery and extortion. This is depicted in data below.

In addition to this, we recorded zero incidents of corruption across the Group's business operations and all employees have completed the mandatory annual corruption-related training in FY 2023.

SDGs



100%

Percentage of operations that underwent corruption risk assessments for both FY 2022 and FY 2023

0%

Percentage of confirmed corruption incidents for both FY 2022 and FY 2023

Other material matters

The Group is dedicated to transparency, accountability and actively addressing important concerns. Currently, we have identified 9 matters that have relatively lower impact during our transition into RE. These material matters remain crucial for our future focus as we evolve within the RE sector.

Reduce material footprint

Our aspiration

The Group aims to minimise environmental impact in RE projects and internal operations by using eco-friendly materials, efficient planning and environmentally conscious project management. Our goal is to achieve long-term environmental benefits.

What are we doing about it?

The Group has implemented two key policies, including the adoption of the paperless office approach and prioritising green purchasing in our operations. Our efforts have led to a notable decrease in paper usage compared to the previous fiscal year. Additionally, we aim to set a baseline for materials used in RE projects, focusing on concrete and steel, whilst targeting a 10% reduction in paper purchases from FY 2023. These initiatives highlight our strong dedication to sustainability and environmentally responsible business practices.

Risks

Poor material management and disposal practices pose risks, such as failing stakeholder expectations, financial losses, environmental harm, fines and damage to our reputation.

Opportunities

Effective material management offers various opportunities, including waste reduction, conserving natural resources, minimising our environmental impact and improving our corporate reputation in our industry and beyond.

Our performance

- Implemented policies for managing paper usage and reducing non-environmental materials.
 - Paperless Office Policy
 - Green Purchasing Policy

- Purchased Paper in Kg

FY 2022		1,560
FY 2023		808



UNSDG:

Protect our data

Our aspiration

Our goal is to ensure the security and integrity of our data assets through comprehensive data protection measures, safeguarding sensitive information and mitigating risks to maintain trust and reliability.

What are we doing about it?

The group is continuously enhancing data privacy by implementing a Personal Data Protection Policy aligned with the Personal Data Protection Act of 2010. We take reasonable measures to ensure the lawful collection of data and obtain necessary consent when handling customer data. Throughout FY 2023, we successfully migrated all our systems to a cloud solution to prevent ransomware attacks.

Risks

Cybersecurity threats, such as unauthorised access to customer data can result in a loss of trust, damage to our reputation and breaches of the Data Protection Act 2010.

Opportunities

Robust cybersecurity measures and improved data management protect critical customer information and help maintain trust.

Our performance

- 100% migration of all systems to the cloud solution in FY 2023.
- Established a Personal Data Protection Policy that is aligned with the Personal Data Protection Act of 2010.
- Zero number of substantiated complaints concerning breaches in customer privacy or data loss for both FY 2022 and FY 2023.



UNSDG:

Other material matters (Cont'd)

Build a sustainable supply chain

Our aspiration

We aim to establish and nurture a sustainable supply chain that promotes ethical practices, reduces environmental impact and enhances resilience to support long-term growth and social responsibility.

What are we doing about it?

Our supply chain management approach centres on the careful selection of subcontractors, particularly within EPCC contracts of hydro projects. This emphasis is pivotal for enhancing project sustainability, ensuring construction quality and optimising electricity generation efficiency, particularly vital for hydro projects that rely on third-party EPCC contractors. In line with these efforts, we have conducted the tendering process for Project Oriole which we promoted on our corporate websites. Furthermore, our commitment to community development includes the engagement of local suppliers and contractors, job creation and empowerment of the community through activities, such as land clearing and road construction. As we move forward, we will expand our contractor screening practices to encompass environmental and social impact assessments.

Risks

Potential risks are associated with suppliers not adhering to our business principles which could lead to project delays and associated penalties.

Opportunities

Implementing responsible supply chain management enhances transparency, making the Group more appealing and enables us to retain skilled and reputable suppliers, thus growing our business.

Our performance

- 99% in spending of local suppliers in FY 2023.



UNSDG:

Protect nature

Our aspiration

The Group is dedicated to preserving the natural environment in our projects through sustainable practices that adhere to regulations. Our goal is to minimise our ecological impact and support biodiversity.

What are we doing about it?

To reduce our environmental impact, our RE projects strictly adhere to regulations, especially for our hydro projects. These regulations address concerns, such as noise, dust and habitat loss, overseen by authorities, including the Environmental Protection Department and Forestry Department. We have submitted an Environmental Impact Assessment ("EIA") for Project Oriole, emphasising biodiversity preservation. Additionally, we are committed to preserving the natural state of the hydro catchment area and have initiated replanting efforts, aiming to restore 181 hectares and reinstate the forest's natural ecosystem. The recommended tree species, including hardwood timber and fruit trees to attract wildlife, are guided by the Sabah Forestry Department ("SFD").

Risks

Non-compliance with environmental and biodiversity regulations may result in fines, legal penalties and project delays. The degradation of biodiversity in the vicinity of our sites could also pose a threat to the future operations of our plant.

Opportunities

Effective conservation and sustainability initiatives not only enhance our public image positively, but also extend the operational lifespan of our plant.

Our performance

- In 2023, we demonstrated our commitment to environmental conservation by planting 12,800 trees over 32 hectares of our project site. Our selection of tree species incorporated native varieties, such as Gagil, Binuang, Selanggan Batu and Seraya Putih, alongside one non-native species, Mahogany, which originates from Papua New Guinea. The SFD recommended these tree species based on their suitability for the native tree habitat in the project areas.



UNSDG:



Other material matters (Cont'd)

Protect our people

Our aspiration

We place a strong emphasis on the well-being and safety of both our employees and contractors within our business operations and workplaces. Our commitment to providing a healthy, safe and supportive work environment which is driven by the goal of preventing injuries and illnesses amongst individuals working within our facilities. This, in turn, results in improved efficiency and productivity.

What are we doing about it?

The well-being and safety of our business operations are of paramount importance to the success of the Group. We have fostered a workplace culture that places a high priority on the physical and emotional well-being of our workforce. This commitment is reflected in our established Occupational Safety and Health ("OSH") Policy, which encompasses promoting an environmentally sustainable workplace, implementing general emergency guidelines, conducting risk assessments and addressing accidents and work-related health concerns. Furthermore, we have improved our medical benefits for employees by increasing the outpatient limit and extending coverage to their family members. Looking ahead, we will continue to enhance our OSH management and raise awareness amongst employees and our supply chain.

Risks

Risks associated with workplace accidents and injuries encompass reduced productivity, project delays, legal penalties and reputational damage.

Opportunities

Fostering a robust safety culture and a positive work environment not only contributes to employee well-being, but also increases productivity and safeguards the Group's reputation.

Our performance

- The Group developed the OSH Policy on June 2023 in accordance with the Occupational Safety and Health Act 1994.
- Zero number of fatalities for both FY 2022 and FY 2023.



UNSDG:

Protect the rights of our people

Our aspiration

Our primary commitment is to prioritise the well-being of our people, supply chain and community. This commitment is rooted in our mission and values, where we actively promote fair and inclusive practices, creating a safe and respectful workplace and uphold ethical standards.

What are we doing about it?

At the core of our operations, supply chains and communities lies our steadfast commitment to safeguarding human rights. We have recently implemented a Human Right Policy, which is seamlessly integrated into our business practices and easily accessible on our corporate website. This policy aligns with the Minimum Wages Order 2022, assuring a minimum wage of RM 1,500 per month. For reporting any labour practice violations, disputes or inappropriate behaviour, we have provided secure and confidential whistleblowing channels. We are dedicated to preserving the anonymity of whistleblowers throughout the investigation and all reports are handled with the highest level of attention.

Risks

Human rights violations within the supply chain can pose a threat to the Group's continuity and reputation, potentially making it challenging to attract the right talent to thrive in the RE sector.

Opportunities

Demonstrating robust human rights practices not only strengthens our governance, but also enhances the Group's image. This, in turn, can facilitate the attraction of top-tier talent to our organisation.

Our performance

- The Group developed Human Rights Policy on May 2023 in accordance with the UN Guiding Principles on Business and Human Rights.
- Zero number of substantiated complaints concerning human rights violations for both FY 2022 and FY 2023.



UNSDG:

Other material matters (Cont'd)

Reduce emissions footprint

Our aspiration

The Group aims to reduce our emissions through sustainable practices, enhancing energy efficiency and lowering our environmental impact. This commitment supports the national goal of achieving Net-Zero by 2050 and contributes to a cleaner and greener future.

What are we doing about it?

The Group has made progress in setting a strong emissions baseline that covers both scope 1 and scope 2 emissions. Our sustainability efforts, including energy saving, reducing paper usage and supporting remote work are key to our ongoing emission reduction. We are broadening our data collection to include emissions from all business divisions.

We tracked the scope 1 emissions from our vehicles and scope 2 emissions from office electricity use. Furthermore, the scope 3 emissions include paper purchases, downstream leased assets, waste generation (mainly in healthcare division), and water usage (mainly in trading division). Our emission calculations follow the GHG Protocol Corporate Accounting and Reporting Standard.

Risks

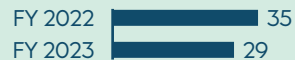
Increasing emissions may result in reputational damage, particularly for a company primarily focused on the sustainable energy business.

Opportunities

Reducing emissions presents opportunities for cost savings and achieving a smaller carbon footprint.

Our performance

- Total emissions scope 1 (tCO₂e)



Notes:

- The decrease in scope 1 emissions can be attributed to a reduction in fuel consumption, which was achieved through the implementation of more efficient journey plans for our transportation.

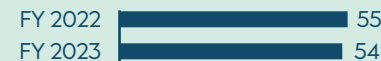
- Total emissions scope 2 (tCO₂e)



Notes:

- The increase in scope 2 emissions for FY 2023 compared to FY 2022 is mainly due to a full year's contribution from our healthcare division, compared to 3 months in FY 2022. The healthcare division uses a lot of electricity because it operates around the clock to meet its business needs.

- Total emissions scope 3 (tCO₂e)



Notes:

- The reduction in Scope 3 emissions is primarily due to a decrease in purchased paper in FY 2023. Moving forward, we will enhance data collection for Scope 3 emissions, focusing on quantifying business travel and employee commuting.



Other material matters (Cont'd)

Reduce energy footprint

Our aspiration

Our primary goal is to efficiently reduce our energy consumption and environmental impact through sustainable practices, all whilst maintaining a cost-effective approach to energy management.

What are we doing about it?

The Group prioritises energy efficiency in our operations by implementing energy-saving measures and supporting a remote working initiative. By embracing remote working initiative, we reduced our office space from 17,445 to 7,115 sq ft, leading to significant electricity savings. However, the inclusion of healthcare division increased electricity consumption due to its continuous 24-hour operations. In FY 2023, we established our baseline and have initiated efforts to reduce electricity consumption in our operations.

Risks

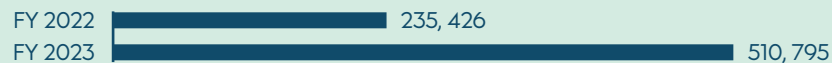
An increase in energy consumption may result in reputational damage, especially for a company primarily focused on RE businesses.

Opportunities

Reducing energy consumption not only leads to cost savings, but also results in a smaller environmental impact, reinforcing our commitment to sustainability.

Our performance

- Total electricity consumption (kWh)



Notes:

- In FY 2022, our electricity consumption only included data for three months of our healthcare division's usage, whereas in FY 2023 we have a full year's worth of consumption data.
- The high electricity consumption in our healthcare division is primarily driven by its operational requirements, necessitating 24-hour electricity usage due to the nature of its business.



UNSDG:

Strengthen organisation via diversity and inclusivity

Our aspiration

Our aim is to strengthen our organisation through diversity and inclusivity, valuing each individual's unique perspective and fostering a sense of belonging for all.

What are we doing about it?

The Group prioritises equal employment opportunities and inclusivity, as outlined in our handbook. With dedication to diversity, our initiatives include training and mentorship programmes. Our FY 2024 goals are 25-30% female representation on the Board and 30% in senior management.

Risks

The risks associated with failing to foster diversity and inclusivity include employee disengagement and underdevelopment, which can lead to reduced productivity and performance. Unequal treatment and limited opportunities can result in discriminatory employment practices, posing a significant reputational risk to our organisation.

Opportunities

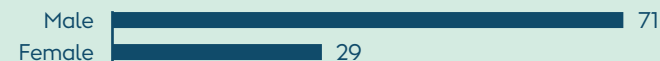
Offering growth opportunities to all employees, irrespective of their individual traits, can boost productivity and act as a motivation for exceptional performance. This approach not only benefits individual employees, but also enhances our overall organisational performance and reputation.

Our performance

- Board diversity by gender in FY 2023 (%)



- Gender diversity in senior management in FY 2023 (%)



- Zero number of discrimination related complaints for both FY 2022 and FY 2023.



UNSDG:

GRI content index



GRI content index

GRI index		Disclosure	Page No.
General disclosure			
GRI 2: General Disclosure 2021	2-1	Organisational details	4 - 10
	2-2	Entities included in the organisation's sustainability reporting	12
	2-3	Reporting period, frequency and contact point	12
	2-6	Activities, value chain and other business relationships	6 - 7
	2-7	Employees	7
	2-9	Governance structure and composition	8 - 9
	2-10	Nomination and selection of the highest governance body	Annual Report 2023, 47
	2-11	Chair of the highest governance body	Annual Report 2023, 8
	2-12	Role of the highest governance body in overseeing the management of impacts	Annual Report 2023, 18 - 21
	2-14	Role of the highest governance body in sustainability reporting	21
	2-15	Conflicts of interest	Annual Report 2023, 19 - 32
	2-16	Communication of critical concerns	16 - 17
	2-17	Collective knowledge of the highest governance body	18 - 19
	2-18	Evaluation of the performance of the highest governance body	Annual Report 2023, 48
	2-20	Process to determine remuneration	Annual Report 2023, 55 - 56

GRI content index (Cont'd)

GRI index		Disclosure	Page No.
General disclosure			
GRI 2: General Disclosure 2021	2-22	Statement on sustainable development strategy	20
	2-23	Policy commitments	25 - 35
	2-24	Embedding policy commitments	25 – 35
	2-25	Processes to remediate negative impacts	25 - 35
	2-26	Mechanisms for seeking advice and raising concerns	16 - 17
	2-27	Compliance with laws and regulations	25 - 35
	2-29	Approach to stakeholder engagement	16 - 17
Material Topics			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	18 - 19
	3-2	List of material topics	19
Produce energy that work with nature			
GRI 3: Material Topic 2021	3-3	Management of material topics	25
Sustain economic contribution			
GRI 3: Material Topics	3-3	Management of material topics	26
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	26
Contribute to local community			
GRI 3: Material Topics	3-3	Management of material topics	27
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	26

GRI content index (Cont'd)

GRI index		Disclosure	Page No.
Lead with responsible governance			
GRI 3: Material Topics 2021	3-3	Management of material topics	29
GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risk related to corruption	30
	205-2	Communication and training about anti-corruption policies and procedures	30
	205-3	Confirmed incidents of corruption and actions taken	30
Reduce material footprint			
GRI 3: Material Topics 2021	3-3	Management of material topics	31
GRI 301: Materials 2016	301-1	Materials used by weight or volume	31
Protect our data			
GRI 3: Material Topics 2021	3-3	Management of material topics	31
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	31
Build a sustainable supply chain			
GRI 3: Material Topics 2021	3-3	Management of material topics	32
GRI 204: Procurement Practices 2016	204-1	Proportion spending on local suppliers	32
Protect nature			
GRI 3: Material Topics 2021	3-3	Management of material topics	32

GRI content index (Cont'd)

GRI index		Disclosure	Page No.
Protect our people			
GRI 3: Material Topics 2021	3-3	Management of material topics	33
GRI 403: Occupational Health and Safety 2018	403-9	Work-related injuries	33
Protect rights of our people			
GRI 3: Material Topics 2021	3-3	Management of material topics	33
Reduce emissions footprint			
GRI 3: Material Topics 2021	3-3	Management of material topics	34
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	34
	305-2	Energy Indirect (Scope 2) GHG emissions	34
	305-3	Other indirect (Scope 3) GHG emissions	34
Reduce energy footprint			
GRI 3: Material Topics 2021	3-3	Management of material topics	35
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	35
Strengthen organisation via diversity and inclusivity			
GRI 3: Material Topics 2021	3-3	Management of material topics	35
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	35

Glossary



Glossary

List of abbreviations

ABAC	Anti-Bribery and Anti-Corruption
BOD	Board of Directors
CSR	Corporate Social Responsibility
EIA	Environmental Impact Assessment
EPCC	Engineering, Procurement, Construction and Commissioning
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
FSC	Forest Stewardship Council
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
Guide	Bursa Malaysia's Sustainability Reporting Guide 3rd Edition
HOAs	Head Of Agreements
TH	Telekosang Hydro
JS	Jentayu Solar

Glossary (Cont'd)

List of abbreviations

KPIs	Key Performance Indicator
MACC	Malaysian Anti-Corruption Commission
MCCG	Malaysian Code on Corporate Governance
MCCG 2021	Malaysian Code on Corporate Governance 2021
MMLR	Bursa Malaysia Securities Berhad's Main Market Listing Requirements
NGOs	Non-Governmental Organisations
RE	Renewable Energy
O&G	Obstetrics and Gynaecology
OSH	Occupational, Safety and Health
PPA	Power Purchase Agreement
SDGs	Sustainable Development Goals
SFD	Sabah Forestry Department
SSAs	Share Subscription Agreements
SSC	Sustainability Steering Committee



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