



Advancing Sustainably

Sustainability Report 2024

Reducing the environmental impact of this sustainability report

JENTAYU Sustainables Berhad has taken conscious efforts to manage of this report and minimise environmental impact by utilising Forest Stewardship Council certified paper and reducing printed copies.



During JENTAYU's team visit to the Sabah's Maliau Basin Conservation Area visit, led by the Executive Chairman, the team encountered the smallest species of pitcher plant. This encounter highlighted the fragile and unique nature of the forest ecosystem, emphasising the shared responsibility to safeguard these natural habitats. By sharing this experience, JENTAYU aims to raise awareness about biodiversity conservation and reinforce the importance of sustainable practices to protect the planet for future generations.

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View JENTAYU Sustainable Berhad’s Annual Report and Sustainability Report online and on-the-go. The reports and other information about the company can be found at

www.jentayu-sustainables.com

About the report

About the report

JENTAYU Sustainables Berhad (“JENTAYU” or “the Group”) is pleased to present the third standalone Annual Sustainability Report 2024 (“SR” or “this Report”) for the year FY 2024. This Report is designed to showcase the progress of JENTAYU’s implemented sustainability strategies within Malaysia and the value creation journey JENTAYU has embarked upon.

Scope and Boundaries

The scope of the SR includes JENTAYU and its three core businesses i.e., Renewable Energy, Healthcare and Trading. The Group has omitted the property division’s operations from this Report, as it is currently engaged in divesting these assets as part of the Group’s strategic shift towards renewable energy. This Report offers the financial year data covering the financial year spanning from 1 July 2023 to 30 June 2024 (“FY 2024”), unless specified otherwise.

In line with best reporting practices, the Group is committed to ensuring transparency when addressing material matters. The Group has carefully monitored and disclosed relevant targets, providing up to three years of historical key performance indicators where available, ensuring accurate and comprehensive reporting to the best of our ability.

Additionally, the Group has improved the reporting scope of this Report to include selected Scope 3 Greenhouse Gas (“GHG”) emissions, more specifically on Category 5: waste generated in operations, Category 6: business travel and Category 7: employee commuting in all the operations.

Framework and guidelines

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

- Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Main Market Listing Requirements (“MMLR”);
- Malaysian Code on Corporate Governance 2021 (“MCCG”);
- Bursa Malaysia’s Sustainability Reporting Guide 3rd edition (“Guide”); and
- Global Reporting Initiative (“GRI”) 3rd edition.

Assurance Statement

To enhance the Group’s disclosures, selected aspects of this Report have undergone an internal review by JENTAYU’s internal auditors, and has been reviewed and approved by the Group’s Board Audit Committee.

Forward looking statements

This Report may include forward-looking statements regarding JENTAYU’s financial position, performance, operations and business prospects, which the Group considers realistic at the time of publication. However, these statements inherently involve risks and uncertainties, as they depend on future events and circumstances. A range of factors could cause actual outcomes or developments to differ significantly from those projected in these forward-looking statements.

Feedback

JENTAYU encourages stakeholders to provide feedback on this Report and its topics via the Sustainability department. Please contact the Group at comms@jentayu-sustainables.com to share your thoughts.

About JENTAYU

Progress to sustainability

Advancing sustainably

Strong pathway for FY 2024

JENTAYU continues to navigate a challenging and ambitious journey, as evidenced by another year of progress driven by sharp focus on implementation. The Group's FY 2024 milestones include significant progress toward the financial close of Project Oriole which represents a development of a 162 MW greenfield run-of-river hydropower plant in Sabah and securing approval with conditions from Securities Commission Malaysia ("SC") for the acquisition of Telekosang Hydro One and Two, and Jentayu Solar, both brownfield assets on 27 March 2024. These developments serves as catalysts for JENTAYU's transformation into a key player in the renewable energy sector.

The Group continues to build on these developments, maintaining a strong focus on delivering tangible value to stakeholders while pursuing its transformation strategy. However, the Group acknowledges the progress has not been without challenges as resource constraints and regulatory processes have impacted momentum of selected projects. Despite this, the Group remains optimistic, buoyed by promising opportunities and changes in Malaysia's renewable energy market and policies such as the introduction of the Corporate Renewable Energy Supply Scheme, Cross Border Electricity Sales, Sabah Energy Roadmap and Master Plan 2040 and Net Energy Metering.

Strategic and operational progress remains solid

The Group has taken several key steps throughout the year to advance on transformation, which are shown below.



Received an Initial Letter of Notification and a Letter of Notification from the Energy Commission of Sabah for Project Oriole, a 162 MW run-of-river hydropower plant in Sipitang, Sabah



Secured approval with conditions for the acquisition of Telekosang Hydro One and Two, and Jentayu Solar from Securities Commission Malaysia



Commissioned the Group's first rooftop solar panel installation, with a capacity of 0.5 MWp, for a commercial manufacturer in Johor



Ceased the lubricants business to support decarbonisation efforts and sharpen focus on sustainability initiatives



Streamlined warehouse operations by consolidating trading activities into a single location, resulting in reduced overhead costs



Bolstered OHANA Specialist Hospital's ("OHANA") leadership team with the formation of an Executive Committee (Exco), headed by Dr. Noor Haliza Yussoff, a seasoned specialist with over 30 years of experience in both public and private healthcare sectors



Intensified promotional and digital marketing efforts to boost awareness of OHANA within the local community



Achieved a Silver 1 rating from RAM Sustainability Sdn. Bhd.



Achieved 3 stars for FTSE4Good

Group highlights in FY 2023 and FY 2024



7 October 2022

Received Letter of Intent for Project Oriole from the Ministry of Energy and Natural Resources



6 November 2022

Corporate Social Responsibility ("CSR") programme for flood victims of Tenom, Sabah



10 December 2022

Awarded the Sustainability Awareness and Employee Engagement Recognition by United Nations Global Compact Network Malaysia and Brunei



21 December 2022

Handover of solar streetlights to Tuan Sorang, the village head of Kg. Maligan, Sabah



15 May 2023

Partnered with the Sabah Forestry Department ("SFD") to contribute 4,000 trees to the Sook Nursery, located in Hutan Simpan Sook Lake in Keningau, Sabah, as part of a reforestation initiative



20 July 2023

Signing a Memorandum of Understanding with Sumitomo Corporation

Group highlights in FY 2023 and FY 2024 (Continued)



29 August 2023

JENTAYU Recycling Initiative in all its operating locations



9 September 2023

Gotong Royong Madani event at SK Kemabong, Tenom, Sabah



7 October 2023

Illuminated Kg. Namaatan, Tenom, Sabah with solar streetlights



11 October 2023

2nd Solar Energy Storage award from Future Malaysia 2023



5 November 2023

JENTAYU Tenpin tournament with stakeholders to strengthen relationships, between JENTAYU's employees and policymakers from the Suruhanjaya Tenaga, the Ministry of Natural Resources, Environment and Climate Change, and the Sustainable Energy Development Authority Malaysia



8 December 2023

Achieved commercial operation date at Outspan solar project in Tanjung Pelepas, Johor



24 January 2024

JENTAYU Health Day, organised by OHANA



17 March 2024

Collaboration between JENTAYU and Lions Club of Kota Kinabalu City for the medical camp at SK Kaiduan, Papar, Sabah



26 March 2024

Secured Initial Letter of Notification for Project Oriole from the Energy Commission of Sabah

Group highlights in FY 2023 and FY 2024 (Continued)



27 March 2024

Secured Securities Commission Malaysia's conditional approval for the acquisition of Telekosang Hydro One and Two, and Jentayu Solar



11 June 2024

Completed the CSR solar PV installation project (45 kWp) at Al-Khaadem



24 June 2024

Received 3 stars rating for FTSE4Good



25 October 2024

Achieved Silver 1 rating from RAM Sustainability Sdn. Bhd.

Board of Directors

Board of Directors

as of 1 October 2024

Fortifying the leadership team in the growing renewable energy sector

The Group is enhancing its leadership by bringing in seasoned experts from diverse backgrounds on its Board and senior management team, including a greater number of female professionals. This initiative is key to provide the Group with the collective minds and expertise necessary to thrive in the renewable energy industry. JENTAYU is committed to ensuring that it has the capabilities needed for long-term sustainability.



Datuk Haji Beroz Nikmal Mirdin

Non-Independent Executive Chairman
Chief Executive Officer of Telekomang Hydro One and Two and former deputy chief engineer at Tenaga Nasional Berhad. His area of expertise is in power.



Baevinraj Thiagarajah

Non-Independent Executive Director
Management consultant and director of Telekomang Hydro One and Two. He worked with DRB-HICOM Berhad as part of the senior management team. His areas of expertise are strategy, power and automotive.



Datin Noor Afzalinah Mohd Afzul Khan
Non-Independent Executive Director

Experienced professional in corporate governance. Prior to joining JENTAYU, she held roles including Head of Legal, Company Secretary, and Executive Director in various subsidiaries of Qhazanah Sabah Berhad. In October 2021, she was appointed as Deputy Group Chief Executive Officer before joining JENTAYU.



Abdul Halim Jantan

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



Dato' Amiruddin Abdul Satar

Independent Non-Executive Director
Director General of Federal Land Development Authority (FELDA) and former Chief Executive Officer of KPJ Healthcare Berhad. His area of expertise is in healthcare.



Pamela Kung Chin Woon

Independent Non-Executive Director
Partner at Shearn Delamore. Her area of expertise is in legal specifically in the banking and debt capital markets sector with 30 years of experience.



Tobias Hjalmar Mangelmann

Independent Non-Executive Director
Non-Executive Director for both Merica Holdings Pte. Ltd. and Merica Forest Pte. Ltd. His areas of expertise are management consulting and entrepreneurship, with over 20 years of experience.



Ahmad Shahizam Mohd Shariff

Independent Non-Executive Director
Experienced professional with 29 years experience in leadership roles across healthcare, finance and investment management. He currently serves as Independent Director of the Malaysia Healthcare Travel Council, member of the Investment Panel of Tabung Haji, and chairs the Investment Panel of Penjana Kapital. As General Partner at Mekar Capital, he manages investments in growth-stage companies.

Senior management team

as of 1 October 2024



Datuk Haji Beroz Nikmal Mirdin
Executive Chairman



Baevinraj Thiagarajah
Chief Executive Officer



Noor Erni Surya Noordin
Chief Financial Officer

Oversees the Group's finance, accounting operations, potential investments and sustainable strategies. She has three decades of accounting experience; she formerly held the roles of Group Chief Financial Officer at UiTM Holdings Sdn. Bhd. and the Executive Director of Finance and Administration at International Islamic Liquidity Management Corporation.



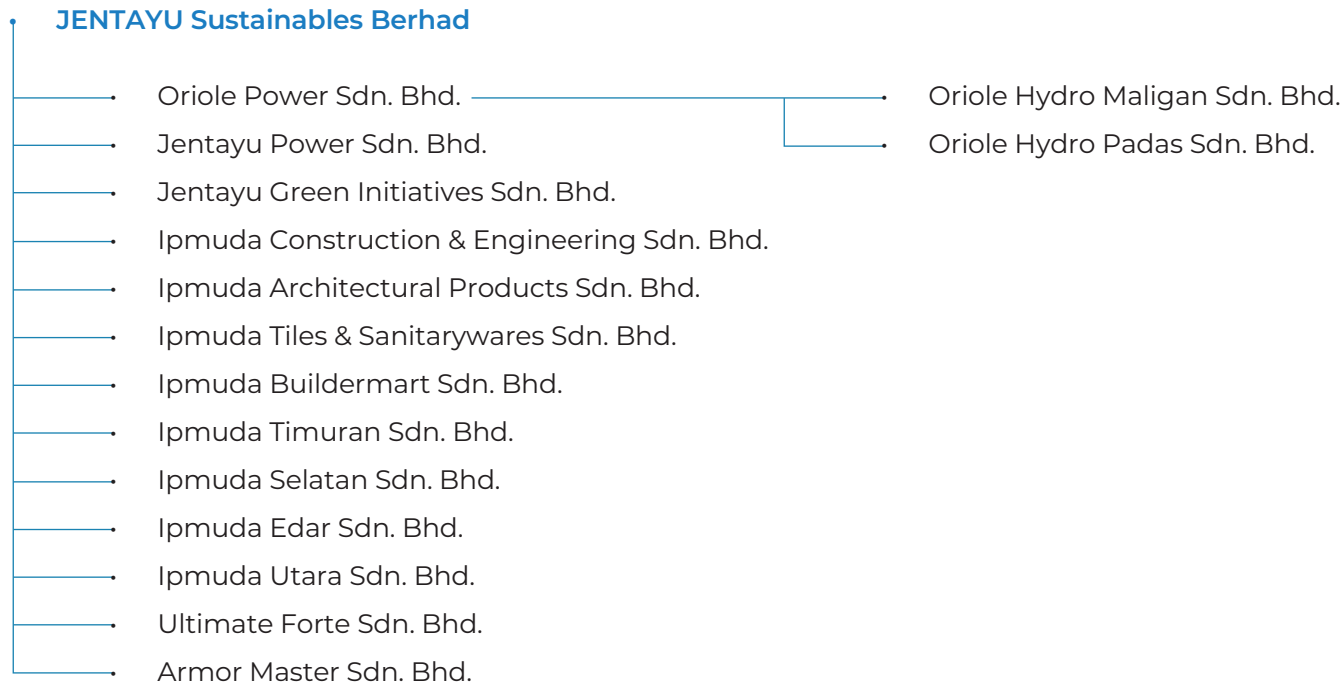
Datin Noor Afzalinah Mohd Afzul Khan
Chief Corporate Officer

Note:
The profiles of Datuk Haji Beroz Nikmal Mirdin, Baevinraj Thiagarajah and Datin Noor Afzalinah Mohd Afzul Khan are disclosed in the Board of Directors segment on page 10.

The Group

The Group

As of 30 September 2024



Note.
The Group has excluded the following items from the reporting scope:

1. JENTAYU's Property business segment's as it is divesting these assets to realign with the renewable energy business strategy.
2. The list of dormant companies are as follow:
 - Glorious Future Sdn. Bhd.
 - Sitolly Co. Sdn. Bhd.
 - Ipmuda Development Sdn. Bhd.
 - Jentayu Life Sdn. Bhd.
 - Homemart Distribution Centre Sdn. Bhd.
 - Ipmuda Borneo Sdn. Bhd.
 - Better Living Grand Sdn. Bhd.
 - Perak Metal Industries Sdn. Bhd.
 - Mudacare Sdn. Bhd.
 - Budimex Sdn. Bhd.*
 - Victory Rally Sdn. Bhd.
 - Eager Vest Sdn. Bhd.
 - Roset Interiors Sdn. Bhd.
 - Modular Equity Sdn. Bhd.

* Gazette number received on 14 October 2024

The Group's three core businesses

Focus on growing the businesses

Renewable Energy

The Renewable Energy business primarily operates as a developer and contractor of renewable energy assets, specialising in run-of-river hydropower plants. The Group has made significant strides towards becoming a renewable energy player, having announced the development of Malaysia's largest run-of-river hydro scheme in Sabah which is expected to deliver 162 MW of additional generation capacity to the state by 2028. This project forms the foundation of JENTAYU'S future as it allocates a growing share of its resources to the new renewable energy sector. The Group is also diversifying its renewable energy portfolio mix by trading Renewable Energy Certificates ("RECs"), participating in Large Scale Solar bids and exploring a wide range of renewable energy resources (e.g., geothermal, waste to energy, biogas and biomass).

Key features

- Project completed:
 - 116 MWp solar as Engineering, Procurement, Construction and Commissioning ("EPCC") contractor
 - 0.5 MWp solar
- Projects under development:
 - 162 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
- RECs sold in FY 2024:
 - Approximately 221,646 units

Healthcare

The Healthcare business unit encompasses the management of OHANA, a private boutique facility specialising in Obstetrics and Gynaecology ("O&G"). A distinctive feature of the hospital is its female O&G team. Located in Sri Rampai, Kuala Lumpur.

Key features

- 11 doctors
- 18 beds

Trading

The Trading business involves the operation of Ipmuda Buildermart, a supplier of building materials, including lightweight blocks, roofing materials and tiles, which has established its market reputation over decades of operation.

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
- Two locations

Amplifying JENTAYU's sustainability footprint

Amplifying JENTAYU's sustainability footprint

Expanding JENTAYU's renewable energy presence

Revenue

Due to the extended duration in developing renewable energy projects, the Group leans on two secondary businesses i.e., Healthcare and Trading. Although Renewable Energy remains the primary catalyst for growth, these secondary business units are essential for upholding the Group's overall operational continuity. In FY 2024, the Renewable Energy business contributed 9 percent to overall revenues whereas, the Healthcare business and Trading business contributed 25.3 percent and 65.5 percent respectively. With the proposed acquisition of Telekomang Hydro One and Two and Jentayu Solar on the horizon, anticipated revenues from these assets are poised to significantly boost the Group's financial outlook. Please refer to Diagram 1 to see revenue by business segment.

Revenue by business segment in FY 2024 (RM '000)

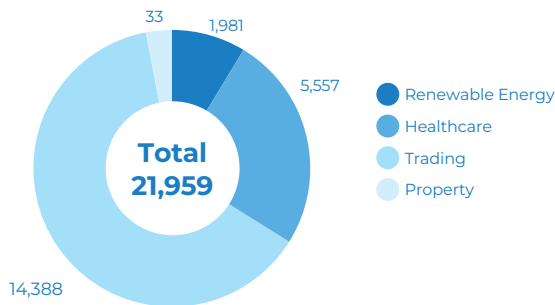


Diagram 1: Revenue by business segment

Total employees

The commitment to the Renewable Energy business is evident in the escalating allocation of resources to this segment, marked by employee rise of 9 % over the last 36 months. The Group is steadfast in its determination to cultivate exceptional talent specifically geared towards advancing the Renewable Energy business segment. Please refer to Diagram 2 for details on the total number of employees and business segments.

Employees by business segment in FY 2024

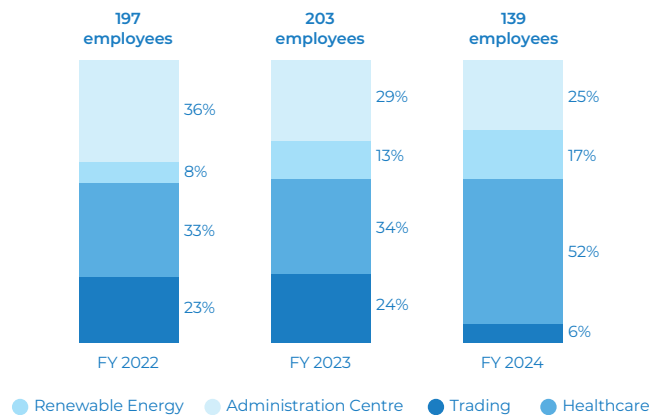
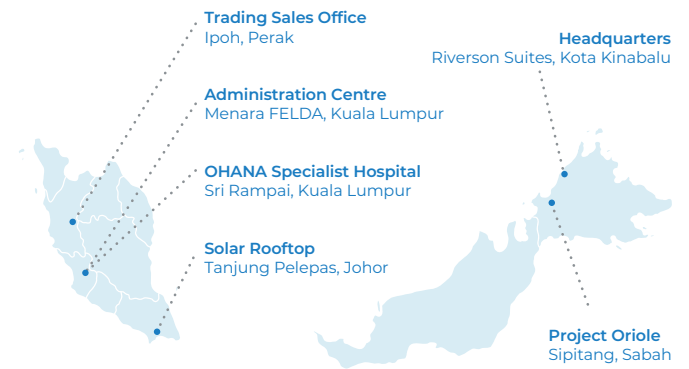


Diagram 2: Total number of employees

Geographical location

In FY 2024, JENTAYU strategically downsized the Trading business presence, opting to retain only the Ipoh office and closing down the Glenmarie warehouse following the cessation of Ipemuda Edar's lubricant business. The move reflects the Group's efforts to streamline operations and enhance efficiency. The Trading operations have been centralised at the Administrative Centre in Menara FELDA, Kuala Lumpur. Meanwhile, as seen in Visual 1, the Group's Kota Kinabalu office serves as the headquarters, strategically positioned to provide crucial support to Telekomang Hydro One and Two, facilitate the development of Project Oriole and spearhead future renewable energy initiatives in Sabah.



Visual 1: Geographical locations

Approach to sustainability

How the Group creates value for its stakeholders

How the Group creates value for its stakeholders



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 2028*

The Group's pursuit

JENTAYU's ambition extends beyond rapidly expanding megawatt capacity, prioritising a carefully orchestrated journey towards sustainable growth. This commitment is deeply embedded in the ethos of sustainable development, as JENTAYU strives to deliver renewable energy solutions that proficiently address the multifaceted challenges posed by the energy trilemma. This dedication is prominently showcased in the ongoing initiatives to introduce more renewable energy for Malaysia, particularly in Sabah, a state facing substantial hurdles across all aspects of the energy trilemma i.e., security, affordability and sustainability.

How JENTAYU intends to create long-lasting value for stakeholders

The Group learned that delivering positive impact to stakeholders necessitates adopting sustainable approaches to ensure resilience in the renewable energy space. Only through these measures can JENTAYU achieve the clean energy transition at the pace and scale that is required. The following are three focus areas the Group has acted on:

- Energy Trilemma:** Address the energy trilemma through clean energy sources such as hydropower. Energy trilemma refers to the challenge of balancing three key priorities in energy policy and management i.e., security, affordability and sustainability. JENTAYU is actively contributing to this effort through developing Project Oriole, one of Malaysia's largest run-of-river hydro plant with an installed capacity of 162 MW upon completion by 2028. The clean energy from Project Oriole can reduce Sabah's reliance on fossil fuels. By harnessing local renewable resources, Sabah can develop a more reliable and independent energy supply. Additionally, run-of-river hydro facilities provide a long-term, cost-effective solution, cutting electricity generation costs by minimising dependence on costly imported fuels. This reduction in generation costs is expected to lower electricity prices for households and businesses across Sabah, particularly benefiting rural communities with limited energy access. The clean energy output from Project Oriole is expected to address all three aspects of Sabah's energy trilemma, potentially accommodating up to 12%** of the state's energy demand by 2028 .
- Strengthening governance:** The Board ensures that JENTAYU lives up to stakeholder expectations and adheres to the main market listing requirements by reviewing sustainability strategies and policies (e.g., implementing the Procurement Policy and updating the Enterprise Risk Management framework ("ERM")). This approach demonstrates the Group's dedication to ethical practices and sound governance, fostering trust and reinforcing a culture of compliance across the organisation. This is endorsed by rating of Gold 3 rating on Governance by RAM Sustainability.
- Stakeholder engagement:** JENTAYU ensures effective communication with stakeholders by prioritising transparency, accountability and consistent reporting. Through regular reporting such as Bursa announcements, annual reports and quarterly financial updates, the Group actively seeks stakeholder feedback and aligns with regulatory expectations. An example to demonstrating the Group's dedication to engaging with key stakeholders is the Stakeholder Engagement Survey, which is conducted at least twice a year. This initiative allows the Group to gather insights from key stakeholders, ensuring their perspectives are integrated into our decision-making processes.

Note:

* The Group has extended its mission's target date from 2027 to 2028, aligning with the anticipated completion of Project Oriole, one of Malaysia's largest run-of-river hydro plant with an installed capacity of 162 MW, which is scheduled to be completed in 2028.

** Based on Sabah Energy Roadmap and Master Plan 2040.

Stakeholder engagement

Supporting the quality of building relationships

Fostering strong and trusting relationships with the stakeholders is integral to the value creation process. The goal is to comprehensively understand their perspectives, concerns and expectations. JENTAYU believes nurturing rapport through ongoing dialogues, active listening and maintaining continuous interaction can enhance its sustainability strategies and programmes, ensuring they are aligned with stakeholders' interests and viewpoints. One key tool in this process is the stakeholder engagement survey, designed to gain comprehensive and detailed insights that help the Group make informed decisions, identify areas for improvement and further refine the stakeholder-driven sustainability initiatives. In the latest survey, 93 participants from six key stakeholder groups provided valuable feedback, guiding the Group's efforts in these areas.

Who are the Group's stakeholders

Since the transformation into Renewable Energy, JENTAYU has identified six key stakeholder groups as its priorities:



Policymakers and regulatory bodies



Shareholders, investors and joint venture partners



Local communities at project locations



Current and future employees






Opinion shapers (non-governmental organisations)






Suppliers

Stakeholder engagement (Continued)

Stakeholder	How engagement is conducted	Key areas of interest	JENTAYU's response
 <p>Policy makers and regulatory bodies</p>	<p>Ongoing</p> <ul style="list-style-type: none"> Engagements 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 Announcement via Bursa Securities, emails and corporate website (www.jentayu-sustainables.com) 	<ul style="list-style-type: none"> Alignment of projects to meet national and state economic timelines especially to secure Initial Letter of Notification ("ILON"), Letter of Notification ("LON") and Power Purchase Agreements ("PPAs") Alignment to Energy Trilemma goals (i.e., security, affordability and sustainability) Alignment of rules and regulations, ensuring operational resilience and stability 	<ul style="list-style-type: none"> Support their efforts and align projects with the National Energy Transition Roadmap ("NETR") 2050, Sabah Energy Roadmap and Master Plan 2040, and Hala Tuju Sabah Maju Jaya 2021-2025 The cost-effectiveness of renewable energy enables the provision of power at a fixed rate over long-term periods, typically surpassing 20 years Ensure compliance with regulatory bodies guidance and best practices e.g., Bursa Malaysia Securities Berhad's MMLR and MCCG Increase transparency and communication of the Group's initiative to strengthen governance
 <p>Shareholders, investors and joint venture partners</p>	<p>Annually</p> <ul style="list-style-type: none"> Annual general meeting, extraordinary general meetings, annual report and sustainability report <p>As needed</p> <ul style="list-style-type: none"> Announcements via Bursa (e.g., financial quarterly reports), emails and corporate website 	<ul style="list-style-type: none"> Financial position and project return Good governance Sustainable business model and strategy 	<ul style="list-style-type: none"> Enhance the transparency of the Group's financial performance and strategic execution through improved communication and increased sustainability disclosures Provide timely reports on JENTAYU's corporate website Promote strong governance throughout the Group's operations and its supply chain
 <p>Local communities</p>	<p>Ongoing</p> <ul style="list-style-type: none"> Print and digital communication Scheduled and ad-hoc meetings with community coordinators <p>Quarterly</p> <ul style="list-style-type: none"> CSR events <p>As needed</p> <ul style="list-style-type: none"> Strategic and ad-hoc meetings 	<ul style="list-style-type: none"> Positive project impact (e.g., pollution and waste management) Foster sustainable future, such as providing support infrastructure and job opportunities Respect of local customs and traditions 	<ul style="list-style-type: none"> Invest in the well-being of local communities at the project location (e.g., solar lamp contribution at Kg. Maligan, and 'gotong-royong' at SK Kemabong, Sabah) Ensure open channels of communication to provide updates on project developments allowing local communities to voice their concerns Donations for local events

Stakeholder engagement (Continued)

Stakeholder	How engagement is conducted	Key areas of interest	JENTAYU's response
 <p>Current and future employees</p>	<p>Quarterly</p> <ul style="list-style-type: none"> Town halls and organisational culture surveys <p>Weekly</p> <ul style="list-style-type: none"> Monday breakfast session <p>As needed</p> <ul style="list-style-type: none"> Day-to-day interactions 	<ul style="list-style-type: none"> Compensation Working conditions (e.g., health and safety) Workplace culture 	<ul style="list-style-type: none"> Promote transparent communication and keeping employees informed about the company's direction and performance Offer fair employment opportunities without any form of discrimination Invest in human capital through trainings and employee engagement activities and health day Provide a grievance mechanism channel through the Human Resource Department
 <p>Opinion shapers (non-governmental organisations)</p>	<p>Ongoing</p> <ul style="list-style-type: none"> Print and digital communication <p>Quarterly</p> <ul style="list-style-type: none"> 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 (e.g., renewable energy technology and biodiversity conservation) Community well-being and development Support of local communities 	<ul style="list-style-type: none"> Partnership with Non-Governmental Organisations ("NGOs") such as, Lions Club of Kota Kinabalu City to improve the well-being of local communities by providing medical services Seek support as needed at the project sites Maintain regular interactions with NGOs to address sustainability and local community concerns
 <p>Suppliers</p>	<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"> Day-to-day interactions 	<ul style="list-style-type: none"> Project components (i.e., quality, cost and delivery) Financial health of suppliers and service providers / bankability of projects Governance and integrity of procurement process 	<ul style="list-style-type: none"> Ensure transparent procurement procedures by implementing the Procurement Policy and forming tender committee Ensure contractual compliance for all the Group's policies as published in the corporate website

Material matters

Material matters

What matters to JENTAYU

In the pursuit of sustainable development, the Group emphasises the importance of strategic decision-making that aligns to stakeholder expectations and adapts to the dynamic environment. The Group completed its most recent materiality assessment in FY 2023 and schedule to undertake the next assessment in FY 2025, following its practice of conducting materiality assessments every two years. This regular cycle helps the Group stay aligned with shifting sustainability priorities. The Group undertakes a materiality assessment to identify and assess key sustainability risks and opportunities. To effectively manage these factors, the Group has implemented a comprehensive sustainability governance structure that provides ongoing oversight and addresses both existing and emerging material issues, as well as its associated risks and opportunities. Following an in-depth review of the current operating landscape, it has been confirmed that the 13 material issues identified in the FY 2023 materiality assessment continue to be relevant and are well-aligned with the Group's strategic objectives.

The Group's materiality assessment process



Identification of sustainability themes

JENTAYU conducted brainstorming sessions with internal stakeholders, discussions with external stakeholders, studied regulatory changes and conducted an assessment of peer companies' material matters. Subsequently, the Group categorised the identified sustainability matters into cohesive themes.



Assess sustainability themes

In evaluating each theme, JENTAYU assessed and assigned scores based on two key dimensions: their impact on JENTAYU and their impact on stakeholders. These scores accounted for the scale, scope and likelihood of risks and opportunities. Ratings ranged from 1 to 10, where 1 denotes minimal impact and 10 represents significant impact.



Prioritisation of sustainability themes

Each sustainability theme is assessed and plotted on a 2x2 matrix based on its impact scores. Themes scoring five and above in terms of their impact on JENTAYU and stakeholders are identified as material matters.



Review and validation of materiality assessment outcomes

Following the materiality assessment, findings were presented to senior management and the Board for deliberation and input. The Board then evaluated and approved the assessment outcomes. Resources are allocated accordingly, and Key Performance Indicators ("KPIs") are disseminated to senior management to ensure accountability and efficient implementation.

Material matters outcome

In the FY 2023 materiality assessment, the Group identified 13 key sustainability topics, with four areas deemed most critical due to their significant impact on business strategies and stakeholder decisions, each affecting over 50 percent of these factors. These findings have been endorsed by the senior management team and the Board, who are committed to focusing on these key material issues while maintaining oversight of the remaining sustainability topics. The key material matters include:

- Produce energy that works with nature;
- Sustain economic contributions;
- Contribute to local communities; and
- Lead with responsible governance.

These key material matters are illustrated in the materiality matrix (Please refer to Diagram 3 for the materiality matrix).

Moving forward, the Group plans to conduct its next materiality assessment in FY 2025. As the Group embarks on civil works for Project Oriole and integrates Telekosang Hydro One and Two, and Jentayu Solar into its corporate framework, efforts will be made to enhance data collection processes to more effectively capture stakeholders' perspectives and expectations.

Material matters (Continued)

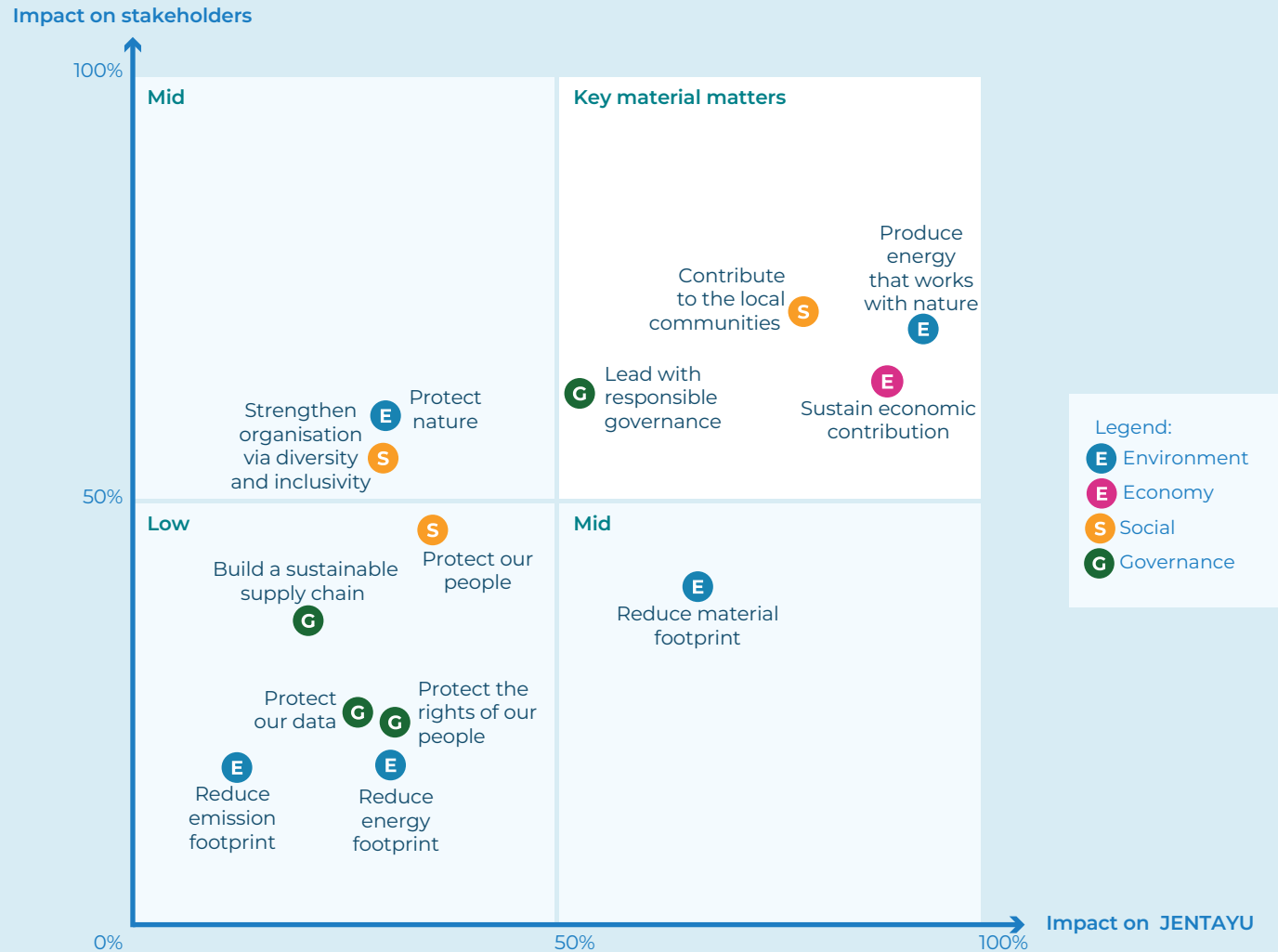
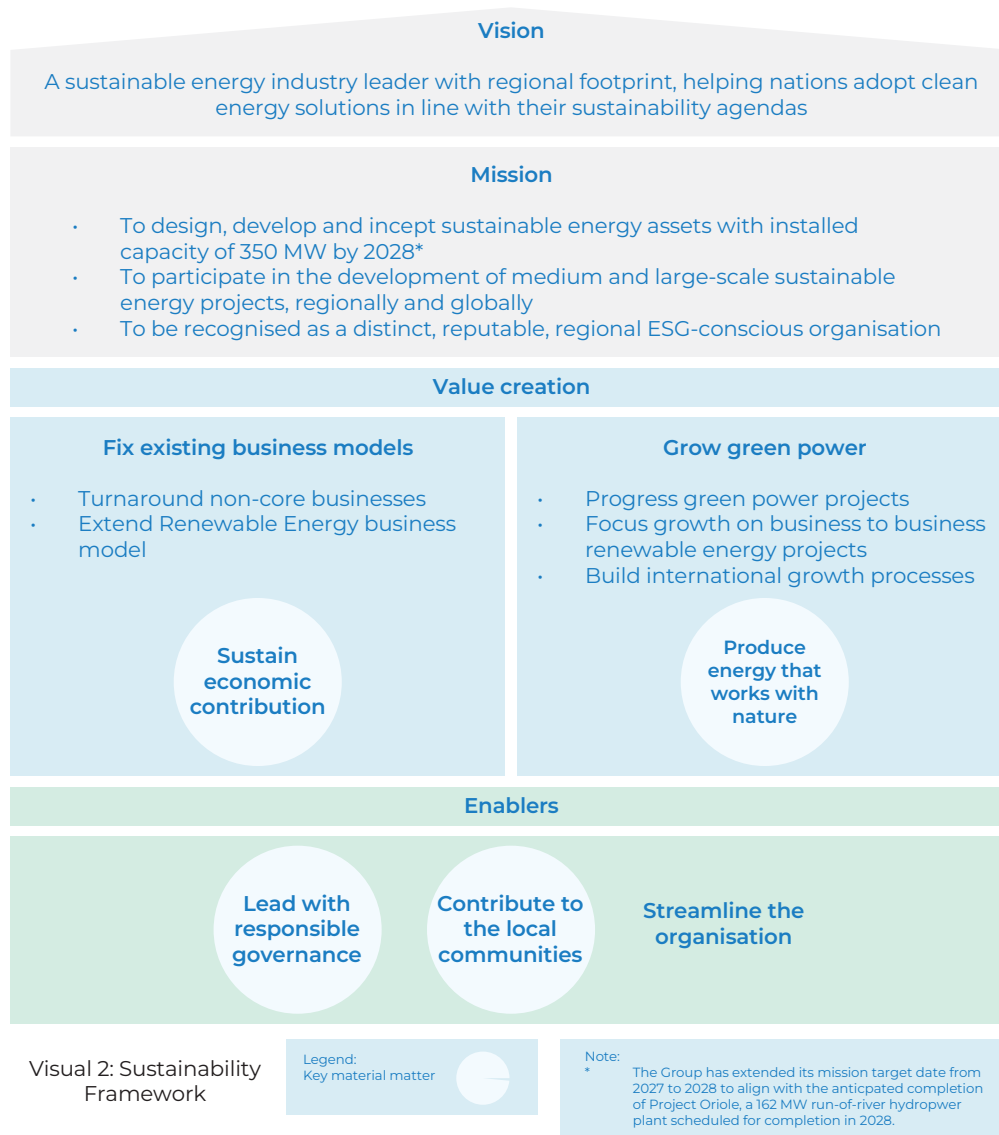


Diagram 3: Materiality matrix

Sustainability framework

Sustainability framework



Integrating business operations with sustainability

In line with the mission, the Group's sustainability framework aligns with the business strategy to create lasting value for stakeholders through two main pillars i.e., Fixing existing business models and Growing green power. Supporting these pillars are three enablers: lead with responsible governance, contribute to the local communities and streamline the organisation. This framework guides the Group in its efforts to address Environmental, Social and Governance (“ESG”) issues that are material to the business. Please refer to the Visual 2 for the sustainability framework.

Leveraging on this framework, sustainability principles are adopted across all aspects of the Group's operations, delivering positive impact for all stakeholders. Key initiatives are as follows:

- **Fix existing business models:** To stay competitive and enhance stakeholder value, the Group is committed to turning around its businesses. The Renewable Energy business plans to broaden its offerings across the industry value chain, while the healthcare business focuses on boosting profitability. Concurrently, the Trading business is undergoing a significant transformation which will see it supplying building materials to the Group's future renewable energy projects and streamlining operations to maximise value creation for the Group.
- **Grow green power:** JENTAYU's commitment to sustainable growth is evidenced by its strategic acquisitions of the 40 MW Telekosang Hydro One and Two, and the 5.99 MW Jentayu Solar projects, alongside the development of a run-of-river hydro scheme with an installed capacity of 162 MW. Concurrently, the Group is actively pursuing partnerships in both the business-to-business (“B2B”) and business-to-government (“B2G”) segments and exploring additional renewable energy resources such as solar, battery storage, geothermal, waste-to-energy, biogas and biomass projects, aiming to design, develop and incept sustainable energy assets with installed capacity of 350 MW by 2028. As the Group consolidates its position in Malaysia's renewable energy sector, the aspiration also extends to regional expansion.

Visual 2: Sustainability Framework

Sustainability governance

Strengthening accountability through sustainability governance

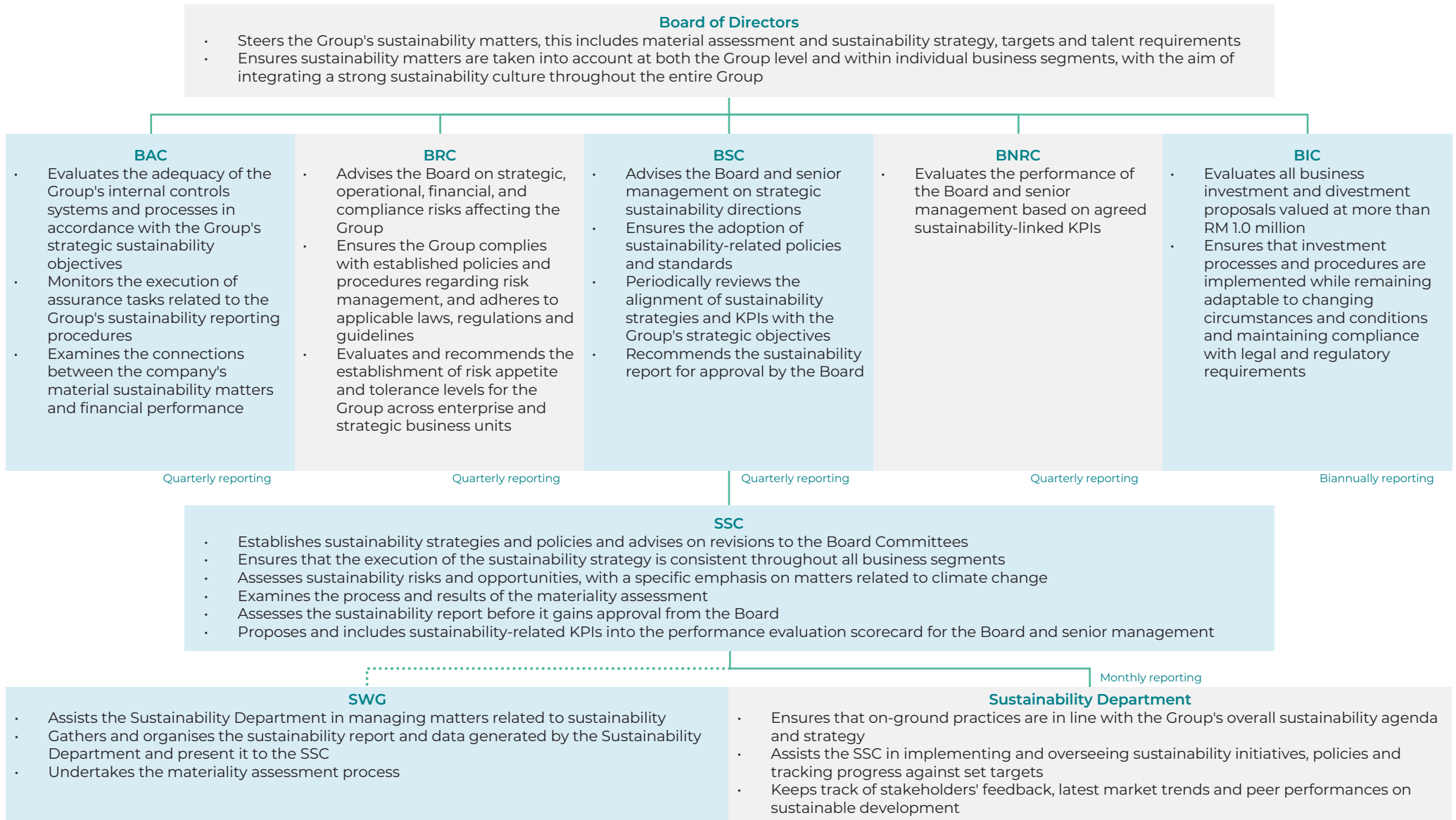
Creating a robust sustainability governance structure with well-defined roles and responsibilities is crucial for ensuring accountability and the effective execution of the Group's sustainability initiatives. The Board, as the Group's highest governing body, provides overarching leadership, strategic direction and oversight of the Group's ESG approach to managing risks and opportunities.

Comprehensive governance structure led by the Board and its committees

The Board is also supported by other key committees, including the Board Audit Committee ("BAC"), Board Risk Committee ("BRC"), Board Nomination and Remuneration Committee ("BNRC"), Board Investment Committee ("BIC") and the Board Sustainability Committee ("BSC"). In addition to these, the Sustainability Steering Committee ("SSC") and the Sustainability Working Group ("SWG") play crucial roles in overseeing the implementation and monitoring of the sustainability strategies. These committees comprise representatives from various departments, ensuring a well-rounded approach to sustainability governance. Please refer to the Visual 3 for the Sustainability governance structure.

To strengthen the commitment to sustainability, the Group established the BSC on 15 January 2024. This dedicated committee is responsible for overseeing all sustainability matters, marking a significant improvement from previous years when these issues were handled by the BRC. The BSC provides focused governance on sustainability issues, ensures strategic alignment with the Group's broader objectives, enhances compliance with relevant laws and regulations and better equips JENTAYU to identify, assess and mitigate sustainability-related risks.



Sustainability governance (Continued)





Visual 3: Sustainability governance structure

Performance scorecard

The performance scorecard identifies seven material matters categorised in the high and medium quadrants of the materiality matrix. This scorecard serves as a data-driven tool to assess, monitor and communicate the Group's performance in line with its sustainability objectives. KPIs will be reviewed biannually to ensure ongoing alignment and effectiveness.

Material matters	Aspiration	Five-year KPI target	Performance in FY 2024	Execution plan
 <p>Produce energy that works with nature</p>	<ul style="list-style-type: none"> Become a leading renewable energy player by acquiring and developing solar and hydro assets, contributing to reduced carbon emissions and national renewable energy production 	<ul style="list-style-type: none"> Execution of PPAs for a total of 350 MW by 2026 	<ul style="list-style-type: none"> Received conditional approval for the acquisition of Telekosang Hydro One and Two (40 MW) and Jentayu Solar (5.99 MW) from SC Received Initial Letter Of Notification ("ILON") for Project Oriole (162 MW) from ECoS 	<ul style="list-style-type: none"> The Group remains committed to its goal of securing 350 MW under PPAs by 2026 and is actively progressing toward this target JENTAYU is prioritising these potential projects for FY 2025: <ul style="list-style-type: none"> Under development <ul style="list-style-type: none"> Hydro plant (162 MW) Propose acquisition <ul style="list-style-type: none"> Hydro plant (40 MW) Solar plant (5.99 MW) Potential opportunities <ul style="list-style-type: none"> Solar plant (39.2 MW) Solar with energy storage (1.09 MW + 2.56 MWh) Hydro plant (110 MW)
 <p>Sustain economic contribution</p>	<ul style="list-style-type: none"> Efficiently manage finances in the capital-intensive Renewable Energy 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"> Achieve profit before tax of RM 50 million by 2026 	<ul style="list-style-type: none"> RM 19.53 million loss before tax 	<ul style="list-style-type: none"> Ongoing efforts under way to realise the target of achieving a profit before tax of RM 50 million by 2026, with ongoing efforts under way to realise this target. Aligned with the Group's overarching goals, the strategies and solutions for FY 2025 will include the following: <ul style="list-style-type: none"> The proposed asset injection of Telekosang Hydro One and Two, as well as Jentayu Solar, is targeted for completion in 2025 and financial close for Project Oriole is expected in 2025. These projects are anticipated to increase the revenue of Renewable Energy business segment and align with the Group's target to achieve 350 MW under PPAs by 2026. Turnaround strategy for OHANA Trading to actively participate in supplying building material for Project Oriole's construction

Performance scorecard (Continued)

Material matters	Aspiration	Five-year KPI target	Performance in FY 2024	Execution plan
 <p>Contribute to local communities</p>	<ul style="list-style-type: none"> Empower the local communities at the 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"> Coordinate 12 community programmes by FY 2027* Positively impact at least 3,500 individuals by FY 2027* 	<ul style="list-style-type: none"> Coordinated four community programmes Programmes have positively impacted 2,693 to 3,293 individuals 	<ul style="list-style-type: none"> JENTAYU remains dedicated to its goal of coordinating 12 community programmes and making a positive impact on at least 3,500 individuals by FY 2027*. However, the Group has shifted its focus from organising numerous CSR activities to prioritising high-impact outreach initiatives, particularly within the local communities in Sabah where JENTAYU is actively involved The target for FY 2025 is JENTAYU will partner with local NGOs such as the Lion Club, a key element of the Group's strategy to extend its impact to a wider range of beneficiaries. JENTAYU intends to replicate this successful initiative in future programmes
 <p>Lead with responsible governance</p>	<ul style="list-style-type: none"> Set a responsible governance example by consistently adhering to all laws and regulations at the federal, state and local levels. The Group's commitment to transparency and compliance will guide the journey to responsible governance 	<ul style="list-style-type: none"> All operations undergo corruption risk assessments annually Zero confirmed corruption incidents occurred annually 100 percent attendance of employees' anti-corruption-related training annually Incorporate climate-related risks into the Group's ERM by FY 2024 	<ul style="list-style-type: none"> Implemented a Procurement Policy on 21 May 2024 that aligns with JENTAYU's anti-corruption and anti-bribery guidelines All operations underwent corruption risk assessments Zero confirmed occurrences of corruption incidents 100 percent attendance of employees for anti-corruption-related training by FY 2024 Incorporated climate-related risks into the ERM on 21 May 2024 RAM Sustainability Sdn. Bhd. reviewed the Group's ESG-related activities and awarded it a Silver 1 rating 	<ul style="list-style-type: none"> JENTAYU has successfully achieved all its targets for FY 2024 and will uphold the same objectives moving forward to ensure consistent governance across the Group's operations in FY 2025. These targets include: <ul style="list-style-type: none"> All operations undergo corruption risk assessments Zero confirmed corruption incidents occurrence Ensure anti-corruption-related trainings is conducted annually for employees and business partners Ensure the risk and opportunities of material matters are assessed and monitored Offices and Project Oriole to be assessed for Health and Safety (e.g., fire risk assessment and noise assessment) Moving forward, JENTAYU will be introducing these new targets in FY 2025: <ul style="list-style-type: none"> Ensure the risk and opportunities of material matters are assessed and monitored by FY 2025 Implement Equator Principles standards for Project Oriole

Note:
 * The Group has extended its KPI target date from FY 2024 to FY 2027 to align with its strategic focus on planning and identifying suitable high-impact outreach initiatives.

Performance scorecard (Continued)

Material matters	Aspiration	Five-year KPI target	Performance in FY 2024	Execution plan
<p>E</p> <p>Reduce material footprint</p>	<ul style="list-style-type: none"> Minimise the material footprint in renewable energy projects and internal operations through eco-friendly materials, efficient planning and an eco-conscious project life cycle for long-term environmental gains 	<ul style="list-style-type: none"> Establish a baseline for materials used in renewable energy projects (e.g., concrete and steel) by FY 2025 Reduce paper purchased by 10 percent from previous year 	<ul style="list-style-type: none"> In the current process of the Engineering, Procurement, Construction and Commissioning ("EPCC") for Project Oriole, the Group places significant emphasis on Bill of Quantities ("BOQ") i.e., monitoring the main material used in civil works. It is expected to be finalised once the EPCC tender is awarded, which is anticipated to occur in FY 2025. Paper purchased was reduced by 15 percent (796 kg) 	<ul style="list-style-type: none"> JENTAYU maintains its target to establish a baseline for materials used in renewable energy projects, such as concrete and steel. JENTAYU will implement targeted strategies for FY 2025 as follows: <ul style="list-style-type: none"> Monitor the BOQ's materials from the feasibility study to the EPCC bid, aiming to optimise main materials such as concrete, steel, and cement used in Project Oriole JENTAYU will track and monitor Scope 3: 2 capital goods in preparation for disclosure in FY 2026 The Healthcare business segment will enhance its processes and transition away from manual operations, helping reduce the use of paper in operations The Group achieved the target of reducing paper purchases by 10 percent from FY 2023 and is setting a new target to further decrease paper purchase by an additional 10 percent from FY 2024
<p>E</p> <p>Protect nature</p>	<ul style="list-style-type: none"> Preserve and protect the natural environment in the Group's renewable energy projects through sustainable practices and initiatives that respect and follow authorities' rules and regulations, reducing ecological footprint and nurturing biodiversity 	<ul style="list-style-type: none"> Restore 58 hectares by FY 2027* 	<ul style="list-style-type: none"> Since FY 2023, the Group had covered 32 hectares with 12,800 trees such as Mahogany, Seraya Putih, Selangan Batu, Gagil, Binuang, and Laran. However, analysis indicate that factors such as prolonged drought conditions associated with El Niño, soil composition, topsoil fertility and the suitability of species to their environment are contributing to a significantly high mortality rate of these planted trees 	<ul style="list-style-type: none"> In light of the significant tree mortality rate, JENTAYU has adjusted its objective to focus on efforts to preserve the surviving trees and restore the degraded land Steps to achieve this target by FY 2027 include: <ul style="list-style-type: none"> Preserve the surviving trees through regular weeding in FY 2025 Replant drought resistant pioneer plants (resilient species) in designated small plots of land as part of species trial (i.e., taxa trial). This also includes continuous weeding and monitoring Restore selected areas with suitable pioneer species based on the findings of the species trial

Note:

* The Group has extended its target date from FY 2024 to FY 2027 to focus on addressing the significant mortality rate observed amongst the planted trees.

Performance scorecard (Continued)

Material matters	Aspiration	Five-year KPI target	Performance in FY 2024	Execution plan
<p>S</p> <p>Strengthen organisation via diversity and inclusivity</p>	<ul style="list-style-type: none"> Build a stronger organisation through diversity and inclusivity, valuing each individual's unique perspective and fostering a sense of belonging for all 	<ul style="list-style-type: none"> Achieve 25 percent to 30 percent representation of females on the Board by FY 2024 Achieve 30 percent representation of females in senior management by FY 2024 	<ul style="list-style-type: none"> 33 percent* female representation on the Board 33 percent female representation in the senior management team 	<ul style="list-style-type: none"> The Group has successfully met both of the targets in FY 2024 for strengthening organisation via diversity and inclusivity material matter. Looking ahead, the Group is introducing new targets for FY 2025, outlined as follows: <ul style="list-style-type: none"> Achieve at least one sustainability training for Board Establish a trainee programme for graduates

Legend:

- E** Environment
- E** Economy
- S** Social
- G** Governance

Note:

* As of 30 June 2024, female representation on the Board was at 33 percent. However, following Datuk Hj. Masnah Binti Matsalleh's resignation on 10 September 2024, this percentage declined to 25 percent.