

CHAIRMAN'S MESSAGE

Dear Shareholders,

It gives me great pleasure to present Malakoff Corporation Berhad (Malakoff or the Group)'s Integrated Annual Report 2023.

Recent global shifts have underscored the undeniable interconnectedness of our world, with geopolitical tensions and economic disruptions creating ripple effects worldwide. In 2023, the Malaysian economy reported a normalised 3.7% GDP growth, from the 8.7% reported in the previous year, mainly due to weak external demand.

Nevertheless, 2023 proved to be a challenging year for the power generation industry following the sharp decline in global coal prices from the highs in 2022. The weakened coal prices negatively impacted Malakoff due to negative fuel margins. We also faced escalating business costs and heightened competition in the renewable energy (RE) sector.

For the year ended 31 December 2023, Malakoff recorded a revenue of RM9,067.0 million, a 12.4% year-on-year decrease from RM10,355.2 million in 2022, and a Loss After Tax and Minority Interests (LATMI) of RM837.2 million from RM302.2 million of PATMI in 2022.

Nevertheless, given our firm commitment to shareholder value creation, the Board approved an interim dividend of 1.50 sen per ordinary share, during the second quarter results announcement in respect of the financial year ended 31 December 2023 (FY2023). This translates into approximately RM73.3 million and was subsequently paid in October 2023, reflecting our dedication to deliver value despite the challenges we faced. In addition, the Board approved a final dividend in respect of FY2023 of 1.50 sen per ordinary share, which will be paid in May 2024.



Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali

Chairman

Revenue
RM9,067.0 million

EBITDA
RM664.1 million

Dividend Per Share
3.00 sen

Leading Malaysia's New Energy Future

Amidst rapid changes in the business environment, the energy crisis and increasing climate-related events have heightened the urgency to transition towards clean energy and sustainability.

Through the Malakoff 2.0 Strategic Transformation, we realigned our portfolio and established three new business pillars - Malakoff Green Solutions, Malakoff Environmental Solutions and Malakoff Energy - with sustainability at its core. This proved to be a defining moment for Malakoff as it represented a significant shift in expanding our Green Solutions and Environmental Solutions businesses while maintaining a balanced approach to drive growth in Malakoff Energy. To position ourselves ahead of the curve, we focused on operational excellence, harnessing our asset base and competencies of our workforce to achieve our Net Zero goals by 2050.

Growing our renewable and environmental solutions portfolio remained at the core of our strategy in 2023. We focused on building the RE segment, successfully secured an RM975 million to partly finance Rising Promenade (RP) Hydro's Sungai Galas Project via the ASEAN Green SRI Sukuk Wakalah Issuance, and explored energy export potential to neighbouring countries to expand our market reach. We entered into several landmark partnerships, whereby our

total RE generating capacity stood at 153 MW at the end of 2023. We also partnered with the Abu Dhabi Future Energy Company PJSC-Masdar (Masdar) - a clean energy pioneer and powerhouse to explore more RE projects. In strengthening our position as an environmental solutions player, we successfully entered into a conditional Share Sales and Purchase Agreement (SSPA) in October with Metacorp Berhad through our subsidiary, Tuah Utama Sdn Bhd, in relation to the proposed acquisition of 49% equity interest in E-Idaman Sdn Bhd where we will be expanding our waste management services in the northern part of Peninsular Malaysia. The launch of the Recovery Initiative Sustainable Eco-Facility Kuala Lumpur (RISE@KL), aligned with the Government's vision to increase the National recycling rate to 40% by 2050.

As a testament to our proactive approach to fostering environmental responsibility and sustainability, Malakoff emerged as the sole non-government-linked company that was identified under the National Energy Transition Roadmap (NETR) to champion a co-firing of biomass initiative. While we have completed the trial phase, our aim is to achieve up to 15% of biomass capacity by 2027. Concurrently, we will also focus on diversifying into Waste-to-Energy under our Environmental Solutions business pillar, creating synergy between our waste portfolio and power business.

CHAIRMAN'S MESSAGE

Sustainability

Aligned with our new positioning, we are focused on becoming a sustainably conscious organisation, committed to work towards a world of clean energy, environmental conservation and thriving communities. We have set ambitious sustainability goals, including a 30% reduction in greenhouse gas (GHG) emissions intensity by 2031 and to increase revenue contribution from RE and environmental solutions to at least 50% over the next decade, all of which are aligned towards Malaysia's environmental aspirations. Please refer to page 21 for the information on our sustainability goals.

In 2023, Phase 1 of our Sustainability Roadmap commenced with the establishment of our Sustainability Financing Framework and Management Sustainable Committee. Enhancing our thought leadership in the industry, our sustainability team contributed valuable insights to the community report 'Mobilising Investments for Clean Energy in Malaysia' during engagement sessions with the World Economic Forum and Khazanah Nasional Berhad. Currently in the hands of the Government, this report will not only shape future policy considerations but will also serve as a dynamic platform for learning and advancing investments in clean energy.

On the Environmental Solutions front, Alam Flora Sdn Bhd (Alam Flora) conducted 86 programmes through its 3R on Wheels platform, collecting 41,444.5 kg of recyclables. Simultaneously, 85 activities were held at Fasiliti Inovasi Kitar Semula (FIKS) which reached 1,878 visitors, enhancing awareness and education on proper waste management and recycling practices.

Through Alam Flora's subsidiary, Alam Flora Environmental Solutions (AFES), our kerbside recycling programme with Nestlé Malaysia continued to thrive. Additionally, impactful initiatives such as Waste Is Amazing 2023, Sustainability Hunt 2023, Cyber Eco Hunt 2023 and Karnival Saya Sayang Bumi 2023, led by Alam Flora and AFES, further reinforced our commitment to driving recycling awareness. Our strategic partnership with Agensi Nuklear Malaysia yielded a successful Proof of Concept for plastic waste recycling through radiation pyrolysis, culminating in our groundbreaking product, Radiolysis Assisted Pyrolysis (RAP) Oil.

These collective efforts, including exploring innovative ways to manage waste, significantly contribute to realising the Government's target of achieving a 40% recycling rate.

Alam Flora garnered notable recognition as it was honoured with the Company of the Year (Waste Management) for Excellence in Community Support Initiatives at the Sustainability & CSR Malaysia Awards 2023. It went on to win the Exceptional Achievement Award for Environmental Performance for its FIKS Project at the Prime Minister's Hibiscus Awards 2021/2022. Additionally, AFES's dedication to effective waste management solutions was further acknowledged as it received the Technological Advancement and Innovation Awards at the Waste Management Association Award 2023, as well as Renewable Energy in Off-Grid (Thermal) Merit Winner for Production of Biogas from food waste through Anaerobic Digester at the National Energy Awards 2023, spearheaded by the Ministry of Energy Transition and Water Transformation.



Corporate Governance

At Malakoff, corporate governance is a fundamental element in guiding our business and sustainability commitments. The dynamic macro-economic landscape and global market interdependencies have reinforced the need to practice strong ethics, transparency and accountability in executing our strategies. Therefore, robust corporate governance practices remain as a cornerstone in ensuring we operate sustainably and deliver consistent shareholder returns. We also remain committed to aligning our standards seamlessly with international best practices.

We are proud to announce that Malakoff has won Gold at the 2023 Integrity, Governance and Anti-Corruption Awards (AIGA 2023) for our outstanding adherence and commitment to governance and integrity policies within the organisation. This recognition from the Malaysian Institute of Integrity (MIM) underscores Malakoff's excellence in upholding governance standards and signifies our dedication to ethical business practices.

Outlook

In 2024, global GDP growth is expected to slow down to 2.4% due to mounting geopolitical tensions, slugging global trade and tightening of monetary policies in specific markets. In contrast, Malaysia's economy is projected to grow between 4% to 5% in 2024, driven by continued expansion in domestic demand and improved external demand.

While we are mindful of ongoing market volatility, we remain steadfast in realising our strategic transformation. The initiatives undertaken in 2023 have established significant growth options, focusing on operational excellence across our three new business pillars to achieve growth and sustainability goals. Our ongoing focus on amplifying RE growth is essential for fostering a resilient energy mix and ensuring energy security over the long-term. This sets a solid foundation to navigate challenges in 2024 and unlock as much value as we can from our core business to emerge stronger.

Acknowledgements

I would like to take this opportunity to extend my thanks and gratitude to my fellow Board members for your support, guidance and unwavering trust. It is with great appreciation that I commend the Management Team, led by our Managing Director & Group Chief Executive Officer (MD & GCEO) Anwar Syahrin Abdul Ajib for their consistent dedication, perseverance and leadership in steering us towards achieving our corporate and sustainability goals. Meanwhile, I warmly welcome Datuk Prakash Chandran Madhu Sudanan and Datuk Wira Roslan AB Rahman, as Independent Non-Executive Directors, who joined us on 1 March and 1 June, respectively.

We would also like to express our sincere appreciation for the Malaysian government for their support in building a supportive ecosystem. Additionally, gratitude is extended to governments and regulators in countries where we operate as your continuous efforts in establishing and driving robust regulatory environments for power and environmental management players have been crucial to our success. Recognition is also due to our business partners, vendors, investors and shareholders for your continued loyalty, having stood by us through this difficult year. To our dedicated employees, I am truly grateful for your passion, dedication and energy in helping us realise our Malakoff 2.0 Strategic Transformation.

While 2023 has been a challenging year on many fronts, it has demonstrated our collective ability to thrive in difficult times, while building our business for a stronger future. There is still a lot of work to be done and we remain committed to meeting our targets in 2024.

Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali
Chairman

MANAGING DIRECTOR & GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders,

The events that carried us through 2023 illustrated the vital role of being adaptable and agile in the face of uncertainties.

We refined the Malakoff 2.0 Strategic Transformation, unlocking new opportunities in sustainability and green energy. Though it was a challenging year, we stayed focused on delivering our strategy, leveraging on our strong track record, innovative thinking and operational excellence.



Anwar Syahrin Abdul Ajib

Managing Director & Group Chief Executive Officer (MD & GCEO)

Q The year 2023 was a transformative one for Malakoff. Beginning in plantations, to being an Independent Power Producer (IPP) and now, into renewable energy (RE). How would you best describe the year for Malakoff?

★  **28.2 TWh of electricity exported to the National Grid, compared to 26.3 TWh in 2022**

★  **67.6 MWh generated from our RE assets throughout the year**

“Despite these challenges, 2023 emerged as a pivotal year for ushering a new era of growth where we reshaped and redefined Malakoff's future trajectory.**”**



Looking back at the unprecedented twists and turns of 2023, the year unfolded against a backdrop of navigating through stringent monetary policies, global trade disruptions and heightened geopolitical tensions stemming from conflicts such as the Russia-Ukraine and Middle East disputes. Persistent inflation, supply chain disruptions and climate-related disasters further compounded the complexities within the market.

For us at Malakoff, these challenges manifested through coal prices, revealing that IPPs are not immune to financial uncertainties. The element of risk lay embedded in the cost of fuel, resulting in a fuel margin setback during the initial two quarters. This setback, linked to pre-ordered coal at predetermined terms, known as the Applicable Coal Price (ACP), significantly impacted our financial performance as the ACP declined, and we had no choice but to use the coal at terms higher than the weighted average.

Despite these challenges, 2023 emerged as a pivotal year for ushering in a new era of growth where we reshaped and redefined Malakoff's future trajectory. In the face of adversity, operational performance was commendable, exporting 28.2 TWh of electricity to the National Grid, compared to 26.3 TWh in 2022. The increase, despite the expiry of the GB3 Power Plant in December 2022 was due to higher grid demand and lower outages throughout the year.

We moved forward aggressively on the RE front as we transitioned towards an ESG-focused organisation. Malakoff generated a total of 67.6 MWh from our RE assets throughout the year, with expectations that this will increase given the number of upcoming projects. In environmental solutions, Alam Flora collected and managed 1.6 million tonnes of waste as compared to 2.0 million tonnes of waste in the previous year. The reduction was mainly due to the

expiry of the Kepong Transfer Station and the Cameron Highlands mini incinerator. Recyclable materials collected during the year increased by 14.7% year-on-year due to higher domestic waste collected in the concession areas and the implementation of a new buy-back centre in Pahang. Our water desalination projects, which is one of the largest in the Middle East was able to consistently meet the production demands of the region.

Throughout 2023, our steadfast focus on responsible growth remained the cornerstone of our strategic initiatives. Aligned with our aspiration to transform into a sustainably conscious organisation, we focused on expanding our RE and environmental solutions business through continuous collaboration and partnerships. We also dedicated efforts to instilling circular economy awareness among Malaysians.



MANAGING DIRECTOR & GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

Q Could you elaborate on the rebranding carried out as part of the Malakoff 2.0 Strategic Transformation in 2023, and explain the rationale behind it?

“It is our promise towards shaping a sustainable legacy and fostering responsible business practices.”

Reviewing Malakoff’s journey, historically, we have been Malaysia’s largest IPP with a stellar track record of profitability. The acquisition of Alam Flora in 2019 propelled us to become the country’s largest environmental service providers, with the ability to manage more than 4,386 tonnes of waste daily.

As our Power Purchase Agreements (PPAs) for coal-based power plants approach expiration over the next 17 years, accompanied by concluding agreements for international investments, we found ourselves in a pivotal juncture. While power generation was our forte, Alam Flora was a vital component of our portfolio, prompting the need to re-strategise and consider the direction of our company.

Recognising the significance of sustaining our contribution to Malaysia’s economic growth and ensuring energy security, especially with our 21% share of the generation capacity in Peninsular Malaysia, a decisive move was made. To remain relevant in the power business, we committed to neutralising and transitioning into renewables, responding to the growing emphasis on sustainability and ESG principles. This would also help us plug the earnings gaps, given the challenges faced in 2023.

We undertook a rebranding exercise in 2023, a transformative effort that initiated this strategic shift towards RE and environmental solutions, forming the foundation of Malakoff 2.0 Strategic Transformation. Comprising three business pillars – Malakoff Green Solutions, Malakoff Environmental Solutions and Malakoff Energy – this strategy reflects our decision to foster a sustainable future through innovative,

environmentally-friendly energy solutions. This transformation is not just a facelift but a strategic necessity. It is our promise towards shaping a sustainable legacy and fostering responsible business practices.

Through this strategic pivot, we adeptly navigated challenges arising from reduced fuel margins and the impact of fluctuating global coal prices, aligning with our transition towards a low-carbon future.

As part of the Malakoff 2.0 Strategic Transformation, we established clear goals – to reach an RE capacity of 1,400 MW by 2031 and achieve 15% to 20% recycling rate by 2025 from waste collected by our subsidiary, Alam Flora Sdn Bhd.



Alam Flora is responsible for sweeping roads in the Federal Territory of Kuala Lumpur

Q How have you progressed on your new business pillars, especially given the unfavourable market conditions in 2023? As you are also a new player in RE, what are you doing to strengthen your position in this sector?

“Throughout the year, we made steady progress in growing the RE portfolio.”

Embedded in our transformative journey are three core business pillars, which represent our determination in driving growth from our RE, environmental solutions and energy businesses.

On the frontlines of Malakoff Green Solutions, we intensified efforts to expand the RE portfolio and strengthen our foothold in the clean energy space. We zeroed in on Rooftop Solar (RTS), Large Scale Solar (LSS) and Small Hydropower Plant (SHP), strategically positioning Malakoff in this highly competitive industry.

Yet, our path to sustainable growth requires constant rebalancing between expansion and stakeholder expectations and maintaining our position in high growth sectors. As a new entrant into the green energy landscape, we faced intricate challenges with no easy solutions. Undeterred, we adhered to our core strategy, making green energy our new north star and the most viable option for Malakoff. This represented our ambition and drive in tackling global environmental concerns.

★  **RM975 million secured via the ASEAN Green SRI Sukuk Wakalah Issuance**

Throughout the year, we made steady progress in growing the RE portfolio. We marked our venture into hydropower generation by adding three SHPs in Kelantan, namely Kemubu SHP, Kuala Geris SHP and Serasa SHP. As part of this project, we will develop, own, operate and maintain these three run-of-the-river SHPs. To partly finance Rising Promenade (RP) Hydro’s Sungai Galas project, we secured RM975 million via the ASEAN Green SRI Sukuk Wakalah Issuance.

In expanding our footprint in solar, Solar Power Purchase Agreements (SPPAs) were inked with DRB-HICOM Group of Companies, spanning 7 locations

across four states - Selangor, Perak, Negeri Sembilan and Pahang. Subsequently, we entered into another SPPA with UMW Group of Companies to provide RTS PV systems at 3 locations. We have installed Electric Vehicle (EV) charging stations at Gas Malaysia headquarters and office in Jalan Gurney, Kuala Lumpur. Collaborations with Railway Assets Corporation and Keretapi Tanah Melayu Berhad (KTMB) facilitated the harnessing of solar power at railway stations, depots and one park-and-ride terminal across five states.

Leveraging the introduction of the Corporate Green Power Programme (CGPP), we embarked on a strategic partnership with MMC Ports, paving the way to develop 500 MW solar projects within the Albukhary Group of Companies. This alliance has also uncovered opportunities for LSS, cold ironing and other green power programmes.



With the growing interest in RE among businesses and individuals, we joined forces with Bank Muamalat Malaysia to offer RE financing programmes, specifically for solar PV systems, Battery Energy Storage System (BESS) and EV chargers. This initiative promotes environmental awareness and enhances accessibility to RE for consumers and businesses, fostering a just transition.

MANAGING DIRECTOR & GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

Our relentless pursuit of RE expansion garnered global recognition through a Heads of Agreement (HoA) with Abu Dhabi Future Energy Company PJSC-Masdar (Masdar), a pioneer and leader in clean energy from United Arab Emirates. This landmark collaboration focused on the development of a solar PV power plant project in Peninsular Malaysia with an aggregate capacity of up to 1,000 MW. We will also be exploring other RE projects such as floating solar, leveraging on Malakoff's extensive land bank.



13 tonnes per day (TPD)
of daily capacity in solid waste management

We elevated our dedication to environmental solutions business to aggressively tackle Malaysia's methane and carbon emissions through innovative solid waste management solutions. Our three Port Recovery Facilities (PRFs) projects – PRF Penang Port, PRF Johor Port and PRF Pelabuhan Tanjung Pelepas – showcased a daily capacity of 13 TPD. The conditional Share Sales and Purchase Agreement (SSPA) that was entered in October between Metacorp Berhad and our subsidiary, Tuah Utama Sdn Bhd, in relation to the proposed acquisition of a 49% equity interest in E-Idaman Sdn Bhd fortified our waste management expansion into the northern region and enhanced Malakoff's future earnings.

The launch of the Recovery Initiative Sustainable Eco-Facility Kuala Lumpur (RISE@KL) proved to be a game changer. Beyond being a recycling facility, it represented a strategic move to address waste disposal while serving as an educational hub to promote recycling best practices. With an anticipated daily intake of 65 tonnes of recyclable waste per day from Kuala Lumpur and its surrounding areas within in the next five years, this will reduce the amount of waste that ends up in a landfill, aligning with Malakoff's sustainability target to achieve 15% to 20% recycling rate by 2025.

In driving circular economy, we ventured into Waste-to-Energy (WTE) projects in Malaysia through a consortium led by our member company, Alam Flora Environmental Solutions (AFES). This strategic move diversifies our non-concession business, creating synergy between our waste portfolio and our power business to address sustainability challenges.

Please let me reiterate that our shift to renewables does not signal an end for our thermal plants, but our way of adapting to changes. Fluctuating grid demand, declining power generation and rising coal prices prompted the pivot towards more cost-effective energy sources. Through proactive engagement, we secured a flagship project under the National Energy Transition Roadmap (NETR), enabling us to lead Biomass co-firing at our Tanjung Bin Power Plant (TBP) with a targeted 15% biomass capacity by 2027. This dual strategy, combining RE expansion and thermal power aims for a 10,000 MW power generation capacity by 2031, which ensures a resilient energy mix and supports the Nation's long-term energy security. Leveraging our history, experience, disciplined approach, superior Engineering, Procurement, Construction and Commissioning (EPCC) capabilities and strong financial support, Malakoff is ready for scalable growth and sustained success in the energy sector.

Q What challenges did you encounter during the process of transforming your business?

“With change, there will always be challenges. That is the only way to grow and emerge stronger.”

Embarking on this green journey, Malakoff encountered substantial challenges within the RE sector. In line with the Government's ambitious targets, we found ourselves navigating a complex landscape marked by the lack of well-defined policies and mechanisms, along with challenging conditions and administrative complexities. These factors could impede our progress in meeting the established targets. With change, there will always be challenges. That is the only way to grow and emerge stronger.

As a nascent player in the RE sector, we leverage our capabilities, financial backing and economies of scale to negotiate the best prices. It is crucial to note that, our projects are merely an investment as we are actively involved in executing projects and such involvement comes with inherent risks. Moreover, we are also faced with conditions set by financial institutions providing the necessary backing. So, there is a lot at stake when it comes to undertaking big projects.

However, the absence of adequate project categorisation, in addition to informal processes may have adverse effects over the longer term. The situation raises concerns as not all companies may have

the necessary bandwidth or capabilities to complete projects, ultimately affecting project quality and on a bigger scale, and the reputation of our country in this space. Additionally, we are also seeking clarity on the structure of the RE exchange to facilitate RE exports. This is critical as we continue to grapple with domestic constraints that impose limitations on growth.

Concurrently, we are advocating for policies that strengthen waste management, continue to push for the implementation of Extended Producer Responsibility (EPR) and Polluter Pays Principle (PPP) to reduce waste generation.

Compounding our challenges is the impending expiration of our PPAs that are looming close. Ensuring the relevance of these plants is imperative, given the average power demand fluctuating between 16,000 to 17,000 MW throughout the day. Maintaining base load consistency is critical for ensuring stability in power supply and any lapse in this regard could pose risks to energy security in the future.

Hence, we are hoping for meaningful interventions and greater clarity by the relevant authorities on these areas moving forward.



Integrated Recycling Facility (IRF) in Putrajaya

MANAGING DIRECTOR & GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

Q With your focus on RE, environmental solutions and energy, you will need fresh talent to drive these businesses. You will require talent that not only understands but is able to adapt to new technologies and market innovations. What is Malakoff's position on this?

“Looking ahead, our priority will be investing in people and driving effective communication.”



In steering Malakoff's transformative journey, the paramount role of nurturing our workforce to achieve our goals cannot be overstated. To usher in new ways of working and thinking, we're committed to building a diverse and skilled human capital, equipped with varied talents, passion and a shared dedication to our journey.

Given Malakoff's new business direction, cultivating a skilled workforce, especially in green solutions, has become essential as it represents a shift from our traditional business focus. With our move into these three key areas, we will intensify our focus on improving communication, focus on flexibility to adapt to changes swiftly and channel their efforts into tangible results. Our success hinges on turning our workforce into change agents, collectively leveraging their different skill sets and passion to assist us on this journey. This means we will have to work together to establish an exceptional talent pool, marked by excellence and accountability.

Let me give you an example. Our move into RE has prompted a change in work methodologies, requiring new skills to accelerate growth. Therefore, our people must reinvent themselves to remain relevant. To help them adapt, we have invested in training programmes that enhance their knowledge and broaden their competencies, including soft skills. We will also place

greater emphasis on teamwork and cross-collaboration, which will be crucial for achieving our goals.

Looking ahead, our priority will be investing in people and driving effective communication. Among some of our initiatives is the launch of a comprehensive Competency Dictionary, which clearly outlines the roles and requisite skills across Malakoff. We will also be initiating collaborations with local institutions. I hope to establish a co-working space for open discussions to provide a neutral ground for idea generation in addressing sustainability issues. Efforts will also be made to build a competent sales team that will be able to reach out to all industries to talk about RE, waste solutions and how these elements contribute to our business and the Nation's overall sustainability agenda.

Our people are the heart and soul of our transformative journey. We understand that changing established habits and instilling new working and thinking methods will take time. Therefore, I am committed to nurturing talent through open discussions as well as initiatives to empower Team Malakoff to constantly innovate and thrive. As I continue to work with the different teams across Malakoff, I am inspired by their exceptional capabilities. I firmly believe in the potential of our teams to be among the best in the country.

Q With sustainability ingrained into your core business pillars, how has Malakoff performed in championing sustainability?

“At Malakoff, sustainability is not merely integrated into our core business pillars; it is a fundamental component of the Malakoff 2.0 Strategic Transformation.”

Examining the proximity of the targets set, it is evident that we are less than a decade away from them. To meet these goals, we must take decisive and impactful measures to expedite progress or face dire consequences. In fact, recent events around the world have demonstrated many facets that challenge us in our daily lives, ranging from climate change to energy security concerns. This has further underscored our ambition to Enhancing Life, Enriching Communities.

At Malakoff, sustainability is not merely integrated into our core business pillars, it is a fundamental component of the Malakoff 2.0 Strategic Transformation. Aligned with the United Nations' Sustainable Development Goals (UN SDGs), our Sustainability Framework takes a holistic approach, considering the Government's commitment to reducing carbon intensity against GDP by 45% by 2030, achieving a RE installed capacity of 70% by 2050 and attaining a national recycling rate of 40% by 2025. It ensures we are not only building a strong business, but also supporting our communities, caring for the environment and overall well-being of our employees.

compared to the previous year, driven by increased efficiencies resulting in lower emissions. Currently, our RE capacity stands at 153 MW, and we are actively pursuing strategic projects in the SHP, LSS and WTE segments to expand our clean and green energy portfolio.

Throughout 2023, we made good progress in heightening awareness on circular economy in the communities we serve via RISE@KL, where we continuously emphasise the principles of reduce, reuse, and recycle. This concerted effort has empowered communities to manage their waste effectively, promoting recycling or repurposing to prevent waste from burdening landfills.

RM240,500
contributed to the community



4,000 individuals
impacted through various activities



★ **2.1%**
reduction in our operational Scope 1 and 2
GHG emissions as compared to the
previous year

As we journey towards realising our Net Zero Emissions goal by 2050, our renewables business, recycling focus and co-firing initiatives have helped us bridge the transition. We achieved a 2.1% reduction in our operational Scope 1 and 2 GHG emissions as

As we transitioned into clean energy and introduced our three new business pillars, it is crucial to ensure that this approach is cascaded into the way we engage with communities and protect the environment. We continue to play our part in narrowing social inequities through our community outreach programmes. In 2023 alone, our contributions exceeded RM240,500, positively impacting nearly 4,000 individuals through various activities.

MANAGING DIRECTOR & GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

Q What are the global trends shaping 2024? What are Malakoff's plans for 2024?

“For us, it's a matter of looking at those businesses – taking up these unpolished diamonds and refining them into substantial assets.”

Moving into 2024, we anticipate a landscape characterised by intensified global market competition and cost-cutting trends globally, influenced by unfavourable economic data from China and uncertainties surrounding the US interest rate regime. Balancing the imperative for heightened cost efficiency with our determination to uphold our service quality, especially rising innovation, addressing environmental challenges are important. Nevertheless, our commitment to a Net Zero future and sustainable innovation remains resolute amid the evolving landscape.

In embracing market dynamics, we remain open to strategic mergers and acquisitions (M&As) across the green and environmental solutions and the energy sectors. By collaborating with local and international partners, these alliances will not only enhance our expertise and facilitate technology transfer but also create investment opportunities in Malaysia. Focusing on countries where we possess familiarity including Malaysia, Saudi Arabia, Bahrain and Oman, we aim to leverage our established partnerships and in-depth understanding of the respective business landscapes.

Nevertheless, we will take a prudent approach to M&A activities, ensuring a balance between aggressiveness and selectivity. Armed with substantial reserves and a robust war chest, we have positioned ourselves to weather potential downturns, allowing us to acquire assets at favourable rates from sellers. Based on our current research, we have found that despite the current market stability, there still exists a certain amount of reluctance among potential sellers, such as LSS players, to part with their assets, even when presented with lucrative opportunities for monetisation. So, we will take a cautious approach moving forward.

In advancing RE, our focus is on delivering what we initiated. Following our agreement with Masdar and the three SHPs, a dedicated team has been established to pursue new business avenues. Aligning with the Government's Net Zero vision and our ownership of the Prai Power Plant, we strategically position ourselves in the gas industry where gas is used as a transitional fuel. We are also actively participating in competitive bidding for solar projects in Malaysia, emphasising LSS, CGPP and expansion into the SHP space. This ensures a continuous supply of electricity to off-grid homes and plantations. We are also considering potential acquisitions in operational greenfield ventures, particularly LSS projects and exploring opportunities in waste management and environmental solutions.

Our waste management and environmental solutions portfolio is one of our key areas of growth, given that we have been addressing the country's escalating waste over the last decade. We will look at innovation, improving recycling and expanding our business to other states. There are a lot of opportunities to be derived from this portfolio. There were also successes in non-concession businesses, such as PRFs and non-segregated waste facilities. Additionally, we are exploring collaborations with retail shopping centres to identify more Drive-Thru Recycling Centre (DTRC) locations. There are also opportunities in plastics, beginning with waste segregation, where some can be utilised for recycling and even composting purposes. We will also be looking at expanding WTE, as this aligns our waste business with our power business in addressing the country's sustainability, waste management and energy needs.

We are also actively pursuing a new Combined-Cycle Gas Turbine (CCGT) projects while exploring energy export opportunities to neighbouring countries.

The Biomass co-firing project is advancing well and in 2024, we intend to invest in expanding the proportion of biomass co-fired with coal. Presently, the co-firing rate is at 0.5% with encouraging initial results. From here, we will gradually increase this to 2% and execute progressively to safeguard the integrity of our equipment and machines.

Operational excellence will be fundamental to business success. Our focus will be on optimising and streamlining operations across all plants. At Malakoff, we take pride in our exceptional Operation and Maintenance (O&M) teams, positioning ourselves as leaders in the country,

if not the region. We are diligently working to solidify that reputation. We believe there will always be room for improvement, so we have focused on achieving 5%, 10% or even 20% enhancements in operations by 2024.

There is an undeniable sense of momentum throughout Malakoff. We have made significant progress over the past year, given our relentless drive and single-mindedness. While cautiously optimistic about the future, we acknowledge the exciting times ahead. For us, it's a matter of looking at those businesses – taking up these unpolished diamonds and refining them into substantial assets.

Anwar Syahrin Abdul Ajib
Managing Director & Group Chief Executive Officer



Drive-Thru Recycling Centre (DTRC) at Wangsa Waju