Integrated Annual Report 2023

Welcome to the third integrated report of Malakoff Corporation Berhad (Malakoff or the Group). This report aligns with the principles of the Integrated Reporting Framework under the guidance of the International Financial Reporting Standards (IFRS) Foundation. Its purpose is to present a balanced and accurate overview of Malakoff's performance and future prospects, taking into account the strategy, challenges and key risks posed by the operating environment. While the primary audience for this report is capital providers, it is also pertinent to all stakeholders seeking insights into how we aim to generate value in the short, medium, and long term by adhering to good governance practices, balancing our vision for growth and responsibility towards environmental and social considerations.

Reporting Framework

Our integrated reporting process, as well the principles and requirements of the and direction. Integrated Reporting <IR> Framework, the Main Market Listing Requirements Combined Assurance (MFRS), and the International Accounting auditors. Standards (IFRS Accounting Standards).

Our Sustainability Statement has been prepared in line with the Global Reporting Initiative (GRI) Standards, Bursa Malaysia's Sustainability Reporting Guide (Second Edition) and the United Nations' Sustainable Development Goals (UN SDGs).

Scope and Boundary

This report covers the financial period from 1 January 2023 to 31 December 2023, taking into consideration the activities, Directors' Responsibility Statement during the financial year, unless stated otherwise. The report encompasses all companies within the Group in which we have a majority shareholding and substantial influence, including our Oman.

Basis of This Report

This report outlines our approach to managing the identified material as the contents of this report adheres to matters, which are areas that guide our long-term business strategies, goals

(MMLR) of Bursa Malaysia, the Corporate We are continuously enhancing the quality of our report by providing relevant Governance Guide (Fourth Edition) issued assurance to ensure balanced and accurate disclosure. The contents of this by Bursa Malaysia, the Companies Act report have been reviewed and approved by the Management and the Board 2016 (CA 2016), the Malaysian Code on of Directors. Financial statements presented within this report have been Corporate Governance (MCCG) 2021, the audited by Messrs. KPMG PLT (KPMG). Selected parts of the Sustainability Malaysian Financial Reporting Standards report have been subjected to an internal review by the Company's internal

Forward-Looking Statements

This report includes forward-looking statements regarding future performance. These statements are based on current assumptions and circumstances, and due to the inherent uncertainty in these factors, they may be subject to change. It also involves risks, uncertainties and other factors which may cause future performance, outcomes and results to differ materially from those expressed or implied in such forward-looking statements. Changes may be made to ensure alignment with the evolving macroeconomic and operating environment as we move forward on our

initiatives and key events that took place The Board of Directors of Malakoff takes responsibility for safeguarding the integrity of Malakoff's Integrated Annual Report 2023. In our assessment, the report provides a fair evaluation of the Group's performance and adequately addresses all key matters that hold significance for our ability to generate

operations in Saudi Arabia, Bahrain and The preparation of this report adheres to the <IR> Framework and has received official authorisation for release by the Board on 13 March 2024.

Sustainable Development Goals

Environmental

2



















Social









Governance

Navigating This Report

OUR CAPITALS



Financial Capital









OUR STAKEHOLDERS

Shareholders/

Customers/Clients

Community



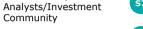


Rating Agencies and Financial Institutions

Government

Contractors

and Vendors



S8 Media

OUR STRATEGIC PILLARS



Thermal Power Generation



Renewable Energy



Environmental

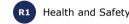


Water Desalination



Strategic Bets

KEY RISKS



Talent Management





Policies and







MATERIAL MATTERS

Cybersecurity

Environmental

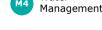
Biodiversity

Impact

Waste Management











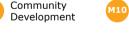
Employee

Engagement

and Well-Being

Social











Human Rights

and Labour

Relations













Governance



Regulatory

Compliance

Supply Chain

Integrated Annual Report 2023



2023 KEY HIGHLIGHTS

- 2.07% YoY reduction for Scope 1 and Scope 2 total absolute GHG
- 11.00% YoY
 reduction in Scope
 2 absolute GHG
 emissions
- 2.02% YoY reduction in Scope 1 absolute GHG emissions

- 21.76% reduction in absolute GHG Emissions (versus baseline year of 2019)
- Due to the success of the trial run, we are se to scale our biomass co-firing initiatives up to 2% in the first quarter of 2024, with the ultimate goal of reaching 15% by 2027
- Collected
 41,444.5 kg of
 recyclables

- Introduced Drive-Thru
 Recycling Centre (DTRC) via
 collaboration with various retail
 grocery stores
- Successfully increased our RE capacity to 153 MW

Environmental

Sustainability

Highlights

Achieved 18.9%
Recycling Rate from
waste collected by
Alam Flora

Zero Bribery Cases and Zero Non-

- Zero number of confirmed incidents o corruption reported
- 85% of our employees received information and attended training related to anti-corruption
- 100% of operations assessed for corruption-related risks
- Established and convened the Group's first ever Management Sustainability Committee (MSC)

- Contributed
 RM240,500
 to educational
 institutions and
 community
 enrichment initiatives,
 impacting over 4,000
 beneficiaries
 - Employees received an average of 29.33 training hours
 - No cases of discrimination were reported in FY2023
 - Malakoff achieved **Zero LTI** cases for Projects

Awards & Recognition

Independent Power Producer of the Year
by Enlit Asia Award 2023

Company of the Year
(Energy) and (Waste Management) for
Sustainable Leadership Award
by Sustainability and CSR Malaysia Awards 2023

Renewable Energy in Off Grid Merit Award
by National Energy Awards

Exceptional Achievement Award for Environmental Performance (Project FIKS) by Prime Minister Hibiscus Awards 2021/2022

Gold Award at the Integrity, Governance and Anti-Corruption Awards (AIGA 2023)
by Malaysian Institute of Integrity (MIM)









Integrated Annual Report 2023

WHO WE ARE & WHAT WE DO

A Leading Global Energy Generation and Environmental Solutions Company

Malakoff Corporation Berhad (Malakoff or the Group) stands as a dynamic, sustainably-driven multinational energy generation and environmental solutions company, dedicated to improving lives and communities. As Malaysia's largest Independent Power Producer (IPP), we boast an effective generating capacity of 5,342 MW and an impressive Renewable Energy (RE) capacity of 153 MW. Our commitment extends beyond power generation, with Alam Flora Sdn Bhd (Alam Flora), our subsidiary, leading the charge as one of Malaysia's foremost environmental services companies, managing a substantial waste volume of 4,386 tonnes per day.

With a global footprint, Malakoff has introduced innovative solutions through power generation and water desalination ventures in Saudi Arabia, Bahrain, and Oman. In our current transformative stage, we are actively driving change to align with the Nation's aspirations for carbon neutrality and a circular economy.

Malakoff's pursuit of a cleaner and greener world is underpinned by a dedication to collaboration, knowledge-sharing, and leveraging collective expertise for a sustainable and resilient future.

To be a leading global energy generation and environmental solutions player, shaping a greener future through innovation and sustainability best practices **MISSION** We aspire to become the preferred employer We deliver superior shareholder value We are sought after as a partner of choice We sustain best-in-class operating discipline We earn respect as a good corporate citizen

Integrity
We conduct our
business with a
sense of honesty,
truthfulness and
transparency in all
situations

Teamwork
Our
interdependence
brings togetherness
and strengthens
relationships to
accomplish our
Vision & Mission

Corporate Values Innovation
Our creativity
and ability to
look at things
differently are the
platforms for our
advancement

ExcellenceWe strive for

We strive for perfection and conduct ourselves in a professional manner

Harmony

We respect our people, care for the environment and uphold governance



Market Capitalisation

RM3.10 Billion (as at 29 December 2023)



Total Assets
RM20.30 Billion



Total Employees 4,319

WHO WE ARE & WHAT WE DO

Three Business Pillars



Malakoff is focused on providing innovative and sustainable green energy solutions to become the Nation's leading sustainable energy provider, ensuring a greener future.





Malakoff is dedicated to being a leading waste management provider, helping communities reduce waste with minimal environmental impact and supporting the circular economy.





Malakoff guarantees dependable and cost-effective energy supply through quality energy management services, while also promoting energy conservation and effectiveness.

Tanjung Bin Powe

Tanjung Bin Energ

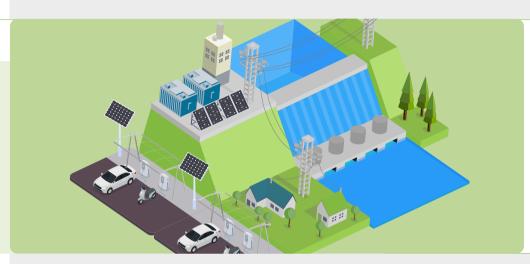
malakoff

malakoff

malakoff



Malakoff's strategic focus is structured around three pillars:





Malakoff Green Solutions

Malakoff is at the forefront of renewable energy (RE), leading the charge towards a sustainable future. Under the banner of Malakoff Green Solutions, we specialise in harnessing the power of renewables through solar, small hydropower, biogas, biomass, RE certificates, battery energy storage systems (BESS) and the development of carbon-free mobility infrastructure. Our commitment to environmental stewardship is unwavering, as we actively contribute to reducing the carbon footprint and advancing clean energy alternatives.

Read more on pages 78 to 85.

Malakoff Environmental Solutions

As a responsible corporate citizen, we play a pivotal role in environmental management through Malakoff Environmental Solutions. Our comprehensive services span from waste solutions to integrated facility management, recycling, marine and hazardous waste solutions, water desalination, and innovative waste-to-energy projects. Through Alam Flora Sdn Bhd and Alam Flora Environmental Solutions, we are a leading force in Malaysia's environmental services sector, managing waste and providing sustainable solutions.

Read more on pages 86 to 97.

Malakoff Energy

Under the banner of Malakoff Energy, we continue to be a major player in the **thermal power generation sector**. Our extensive portfolio includes fully or partly owned power plants in Malaysia, including Segari, Kapar, Prai, Tanjung Bin and Tanjung Bin Energy Power Plants. Additionally, our international ventures in Saudi Arabia, Bahrain and Oman contribute significantly to our effective power generation capacity. Malakoff Energy covers **operation and maintenance**, **electricity distribution and district cooling system**. We also operate in Kuala Lumpur Sentral, holding an exclusive license for electricity distribution to premises within the 72-acre area. These operations ensure the reliable and efficient delivery of power to meet the growing demands of the regions we serve.

Read more on pages 98 to 109.



sustainable future for

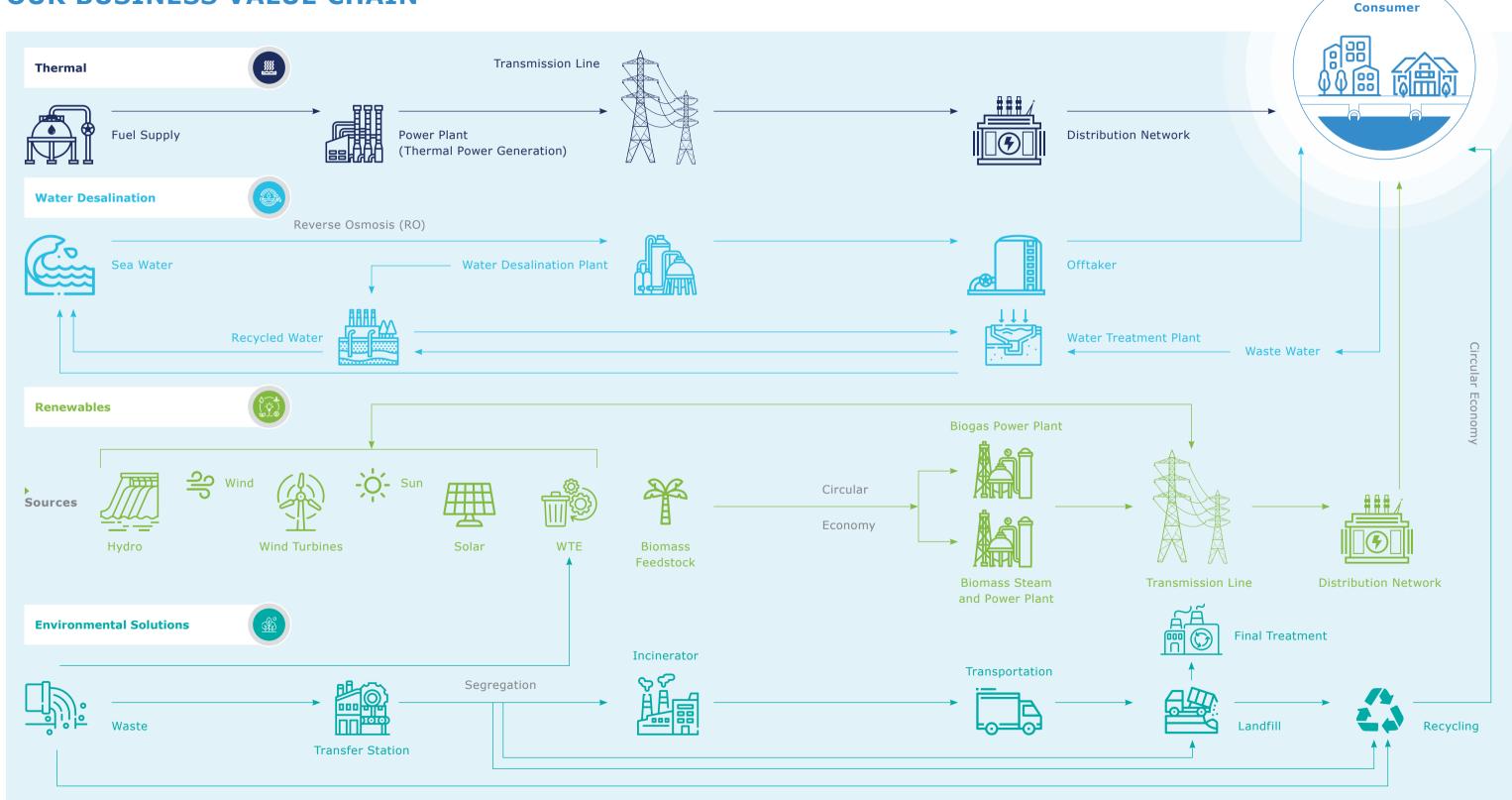
generations to come.



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Malakoff Corporation Berhad

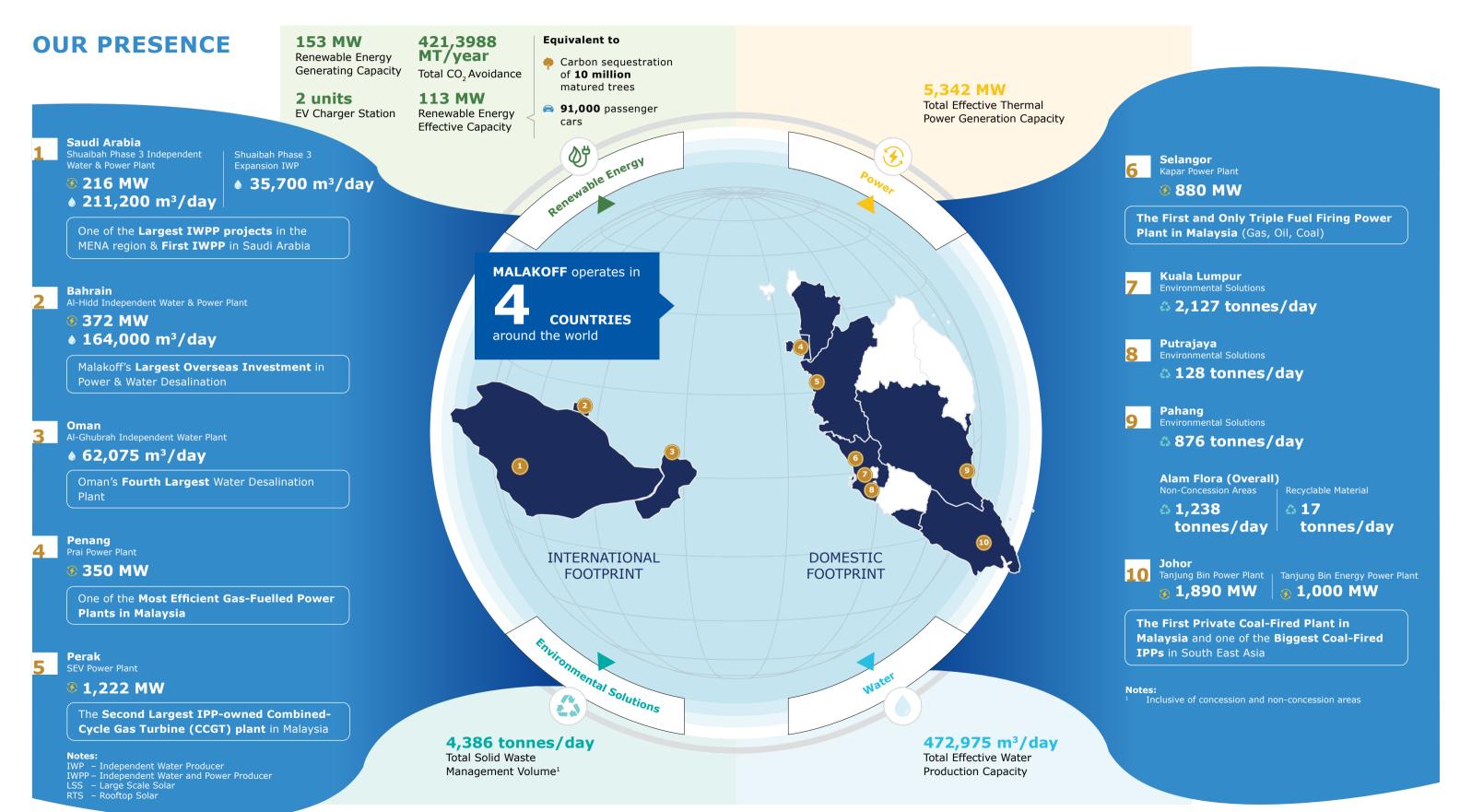
OUR BUSINESS VALUE CHAIN



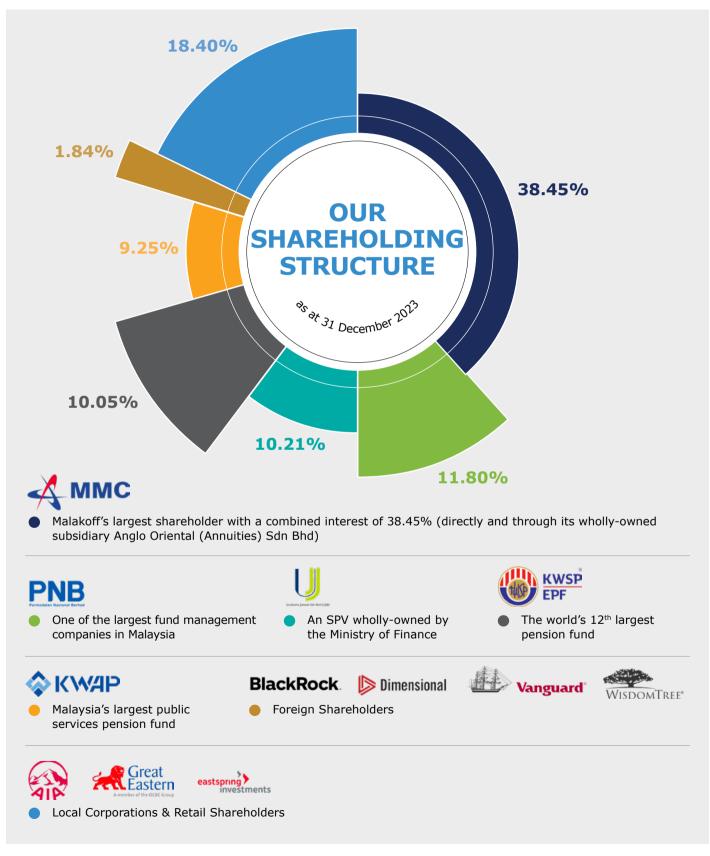
SECTION 01:

Overview of Malakoff

Malakoff Corporation Berhad Integrated Annual Report 2023







OUR CREDIT RATINGS

MALAKOFF POWER BERHAD BY MARC	AA- _{IS} /STABLE
LONG TERM	
TANJUNG BIN O&M BERHAD BY MARC	AA- _{IS} /STABLE
LONG TERM	
TANJUNG BIN POWER BY RAM	AA2/STABLE
LONG TERM	
TANJUNG BIN ENERGY BY RAM	AA3/STABLE
	·········
LONG TERM	
ALAM FLORA SDN BHD BY MARC	AA _{IS} /STABLE
	········
SHORT TERM	
ALAM FLORA SDN BHD BY MARC	MARC-1 _{IS} /STABLE
	·······
LONG TERM	
RP HYDRO (KELANTAN) SDN BHD BY RAM	AA3/STABLE



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OUR APPROACH TO SUSTAINABILITY

At Malakoff, we have consistently challenged ourselves to enhance lives by creating economic, environmental and social value while upholding robust governance practices. sector, sustainability is not only viewed as a business necessity but has emerged as our competitive advantage. lasting impact on Malaysia and global communities.

established norms, practices and limitations. In 2023, we materialised our commitment through a transformative Malakoff 2.0 Strategic Transformation plan. We are no longer solely enhancing energy and waste management businesses. This involves accelerating our RE ventures, diversifying into sustainable environmental solutions that support a circular economy and decarbonising power generation.

While we move forward on our business and sustainability goals, we continued to support our workforce by creating a safe, productive and inclusive workplace that As leaders in the energy and environmental solutions recognises high-performance. We continue to partner with communities to deliver lasting positive impact. We did this without compromising our stand on good It has become an important component in our journey corporate governance practices where sustainability, towards becoming a profitable organisation that leaves a integrity and transparency have been integrated in the way we conduct our business, as outlined by the Malaysian Code on Corporate Governance (MCCG) and Therefore, we are changing our mindset to think beyond the Main Market Listing Requirements (MMLR) issued by Bursa Malaysia Berhad.

rebranding effort. Embracing green considerations, we We acknowledge that our ability to accelerate the established three business pillars that aligned with the green transition depends not on setting goals, but on continuously having sustainable practices embedded into our working model. We understand that while we have efficiencies, but instead, we are greening our core made progress, there is still a lot more to be done. That is why we remain committed to making Environmental, Social and Governance (ESG) a cornerstone of our operations, as we believe that it is not just about being responsible, but it is the right thing to do.

The content below illustrates the alignment of our sustainability commitments with both material matters and 13 UN SDGs, demonstrating our efforts in creating substantial impact.

Our ESG strategy

Environmental



Social



Governance



Commitment

We are committed to act on climate change by reducing our carbon emissions and advancing the transition to a cleaner energy and circular economy future.

cultivate an inclusive culture within an agile organisation offering equal

We will enforce and observe the highest corporate compliance standards in all units and activities of the Group.

Material Matters

- Renewable Energy
- Energy Consumption
- Waste Management

- Employee Engagement and
- Community Development
- Talent Management
- Human Rights and Labour Relations
- Governance, Ethics and Integrity
- Regulatory Compliance
- Economic Performance
- Supply Chain Management
- Data Privacy and Security

Related SDGs























Malakoff's Sustainability Targets

Carbon Emissions

- Achieve Net Zero Emissions by 2050, in line with the 1.5°C scenario analysis based on SBTi Sectoral Decarbonisation Approach*
- Reduce our greenhouse gas (GHG) emissions intensity by 30% by 2031 from a 2019 baseline
- No new coal investments

Renewable Energy

- Achieve an RE capacity of 1,400 MW by 2031
- Increase revenue contribution from RE & Environmental Solutions to at least 50% in the next 10 years

Waste Management

- Collect, handle and manage waste volume of 10,000 tonnes per day by 2031
- Achieve 15% 20% recycling rate by 2025, from waste collected by Alam Flora
- Towards achieving a Zero Waste Circular Economy goal

Science Based Target initiative (SBTi) refers to emissions reduction in line with the Paris Agreement goal of limiting global warming to 1.5°C

Our approach to sustainability is shaped by the imperatives set forth in frameworks such as the United Nations' Sustainable Development Goals (UN SDGs), which are in sync with the expectations of our diverse stakeholders and addresses potential organisational risks. A thorough materiality assessment was then undertaken, taking into consideration these factors to identify key concerns that influence the direction of our sustainability initiatives and commitments.

More details on our 15 Material Matters can be found on pages 56 to 61 of this Integrated Annual Report

Integrated Annual Report 2023

OUR APPROACH TO SUSTAINABILITY

Sustainability Framework

Malakoff's Sustainability Framework was first introduced in 2022, as part of the Malakoff 2.0 Strategic Transformation. This further illustrated our dedication towards realising our sustainability goals to achieve lasting environmental and social impact.

Environmental

Transitioning to a Cleaner Energy and Circular Economy Future



Social

Empowering Our People and Supporting Our Communities



Governance

Embedding Sustainable, Innovative Business Practices and Acting with Integrity



Climate Change

Reducing our GHG emissions and moving towards a low-carbon system by transitioning to RE and Environmental Solutions

Circular Economy

Reducing overconsumption, designing out waste, regenerating the ecosystem and promoting reuse of new raw materials

Water Security

Improving the efficiency of water usage and long-term supply of water in water-stressed regions

Diversity

Fostering a culture of diversity & inclusion

Health, Safety, Security & Environment (HSSE)

Creating a safe working environment and prioritising the well-being of the workforce

Corporate Social Responsibility (CSR)

Ensuring the CSR pillar works hand-in-hand with various stakeholders

Corporate Governance

Maintaining an effective governance and decision-making structure

Risk Management

Identifying material risks and ensuring effective mitigation as well as strong internal controls

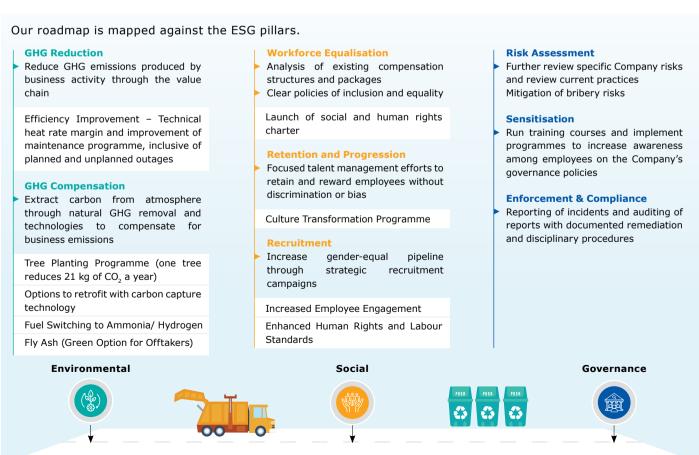
Compliance & Integrity

Acting with integrity and ensuring regulatory compliance

Our ESG Roadmap

Complementing our Sustainability Framework is a carefully crafted roadmap that has been designed based on our gradual evolution into a sustainability conscious organisation. This strategic roadmap delineates key milestones, propelling us step by step closer towards fulfilling our sustainability objectives. It also plays an important role in accelerating the adoption of a low-carbon, circular economy within the country.





Integrated Annual Report 2023

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OUR APPROACH TO SUSTAINABILITY

Sustainability Advocacy

As part of the Group's ESG Roadmap, Malakoff has intensified its efforts to practice sustainable actions and raise awareness on the company's decarbonisation efforts. This includes participating in key sustainability platforms and ESG conferences to mobilise, engage and empower key stakeholders and the general public to address sustainability issues, particularly on climate change.

This forms a critical part of delivering against our Net Zero Roadmap, helping to create the right frameworks and policies in a multi-stakeholder environment to ensure all sectors move towards the transition to a low-carbon future.

On 30 October 2023, Malakoff officially joined the United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative for the development, implementation and disclosure of responsible business practices. By joining the UNGC, Malakoff has affirmed its commitment to upholding the ten universally accepted principles of the UNGC in the areas of environment, human rights, labour standards and anti-corruption. As the country's first independent power producer to join the UNGC, Malakoff is dedicated towards advancing the transition to a clean energy future.

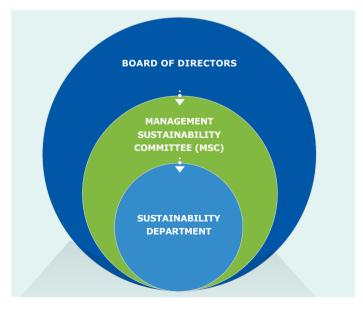


Sustainability Governance

Malakoff's Board of Directors has ultimate oversight on corporate governance and shareholder value creation. The Board is backed by a specialised Sustainability Department which reports to both the Management and the Board.

Based on our Terms of Reference (TOR) established in 2022, a Management Sustainability Committee (MSC) was introduced with the primary aim of steering the formulation of the Group's strategy, ensuring alignment with our corporate vision, goals and values. Taking on a leadership role, the MSC strives to foster a sustainability culture throughout the organisation.

Recognising the integral role of every individual in achieving optimal Environmental, Social and Governance (ESG) outcomes, we initiated roadshows to engage with senior management, Heads of Departments and key operational personnel at Malakoff, sharing insights into our sustainability journey and emphasising the importance of each person's contribution towards our corporate goals.



Roles

Responsibilities

BOARD OF

The Board holds the collective responsibility for overseeing the governance of sustainability within the Company. This involves establishing the Company's sustainability strategies, priorities, and targets. Sustainability considerations are integrated into the Board's decision-making processes, informing its duties such as the formulation and execution of the Group's strategies, business plans, major action plans and risk management initiatives.

MANAGEMENT SUSTAINABILITY COMMITTEE (MSC)

The MSC, chaired by the MD & GCEO, is tasked with the primary objective of overseeing, evaluating and resolving matters pertaining to the Group's sustainability strategy and initiatives, embracing ESG aspects while integrating sustainability practices throughout the Company and its subsidiaries.

The MSC plays an essential role in supporting the Board in fulfilling its statutory and fiduciary duties concerning sustainability matters, in accordance with the MMLR of Bursa Securities.

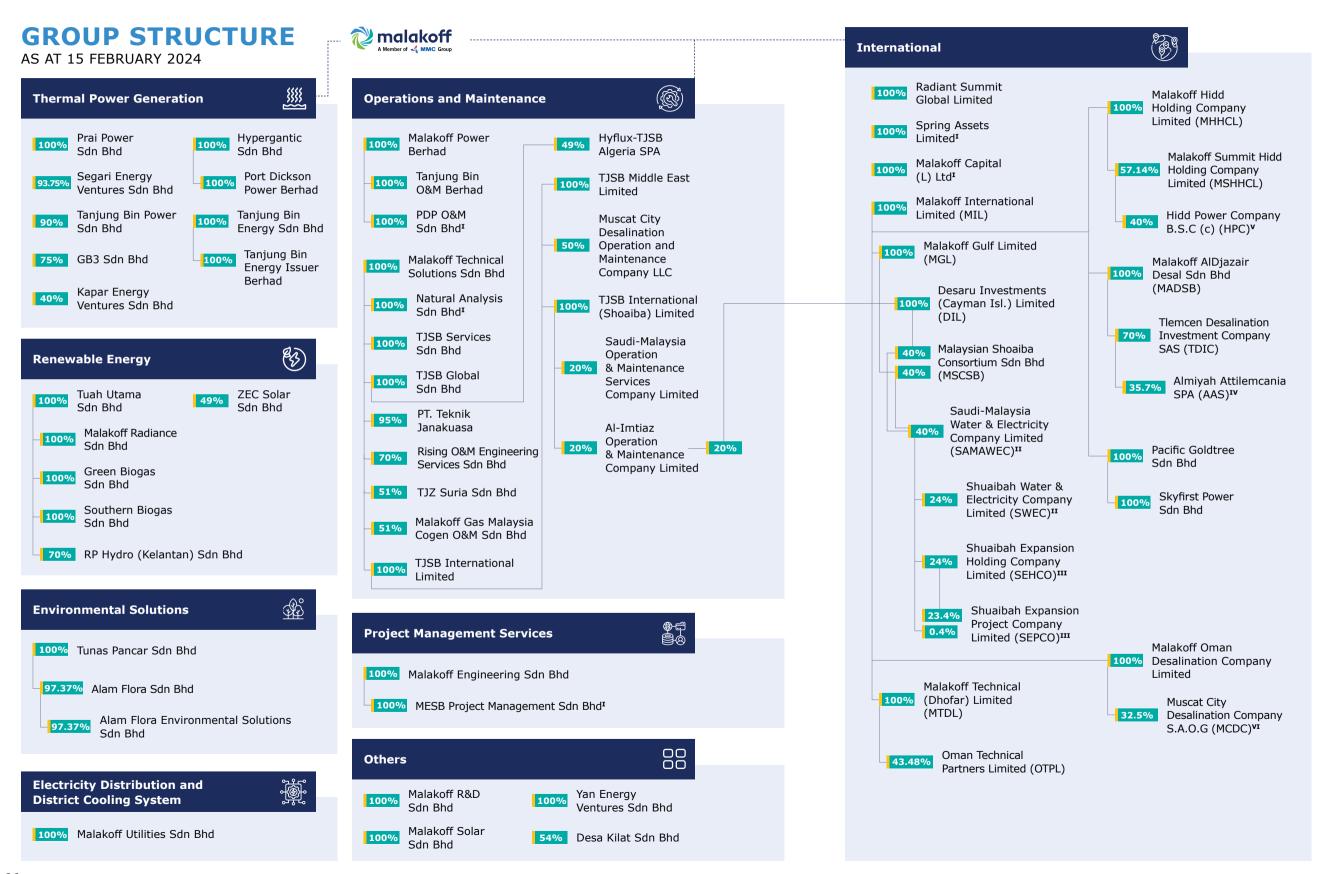
The key sustainability areas under the purview of the MSC are as follows:

- Climate change mitigation and adaptation;
- Energy transition initiatives;
- Sustainability-oriented research and innovation;
- Resource use and efficiency, including energy and water;
- Fair employment and labour rights;
- Safety, health, employment practices, community relations; and
- Other areas deemed material from time to time.

SUSTAINABILITY DEPARTMENT

The Sustainability Department, led by the Head of Sustainability, Research & Investor Relations, is dedicated to implementing sustainability strategies and projects, serving as the central hub for driving and managing critical sustainability matters on a day-to-day basis. With a proactive approach and steadfast dedication, the Sustainability Department plays a vital role in translating sustainability principles into actionable initiatives, ensuring the Company's alignment with ESG objectives. The key responsibilities are as follows:

- Develops and executes sustainability strategies, policies and roadmaps in line with the Group's Sustainability Framework
- Drives decarbonisation initiatives outlined in the ESG Roadmap to achieve Net Zero Emissions by 2050, monitoring progress using performance indicators
- Ensures compliance with ESG regulations, laws and international standards including climate, environmental, human rights, safety and supply chain matters
- Engages in Sustainability Advocacy with shareholders and stakeholders on ESG issues
- · Manages sustainability reporting, focusing on carbon accounting Group-wide
- Oversees processes for identifying and managing ESG risks and opportunities aligned with the Group's commitment to sustainability and UN SDGs



The percentage of shareholdings in the diagram represents effective equity interest of Malakoff in the respective companies.

- I. Dormant
- II. Malakoff's effective equity interest of 40% and 24% in SAMAWEC and SWEC respectively is held via MGL and DIL, which respectively hold 40% equity interest in MSCSB, which in turn holds 50% equity interest in SAMAWEC. SAMAWEC holds 60% equity interest in SWEC.
- III. Malakoff's effective equity interest of 23.8% in SEPCO is held via MGL and DIL, which respectively hold 40% equity interest in MSCSB, which in turn holds 50% equity interest in SAMAWEC. SAMAWEC holds 60% equity interest in SEHCO, which in turn holds 97.5% equity interest in SEPCO. SAMAWEC also holds a direct shareholding of 1% in SEPCO.
- IV. Malakoff's effective equity interest of 35.7% in AAS is held via MADSB, which holds 70% equity interest in TDIC, which in turn holds 51% equity interest in AAS.
- V. Malakoff's effective interest of 40% in HPC is held via MHHCL, which holds 57.14% equity interest in MSHHCL, which in turn holds 70% equity interest in HPC.
- VI. MCDC is a company listed on the Muscat Stock Exchange since 2 January 2018.