

SUSTAINABILITY STATEMENT

MD/CEO'S MESSAGE

GRI 102-14, 102-15

**DEAR
SHAREHOLDERS,**

Despite the intense challenges we faced as a result of the Covid-19 pandemic, Malakoff remained true to our value creation ideals, and continued with its sustainability centred programmes and initiatives to create meaningful and tangible benefits for our ecosystem of stakeholders.

Our sustainability agenda demonstrates our commitment towards being a business that practises the principles of sustainable development, in line with contributing to the United Nations' Sustainable Development Goals ("SDGs"). Malakoff's sustainability agenda is underlined by the global mega trends that are shaping the global power industry, most notably the energy transition shift towards clean energy sources in line with combating the impacts of climate change.



The future is rapidly shifting towards a world of electric vehicles, digitalisation and grid-scale energy storage, all key trends that are having an even greater impact on the power sector. The global move towards greener energy is being led by the adoption of new technologies that are enabling more sustainable power generation operations. These changes in power generation and consumption will in turn impact the energy value chain in terms of distribution, storage and protection.

Technological innovation, RE deployment, new energy regulations and changing consumer behaviour are driving national energy policies. Coupled with this are increasing stakeholder expectations for greater levels of disclosure in terms of corporate sustainability reporting and performance measurements, as investors, communities and other stakeholder groups gear towards a more sustainable and eco-friendly future.

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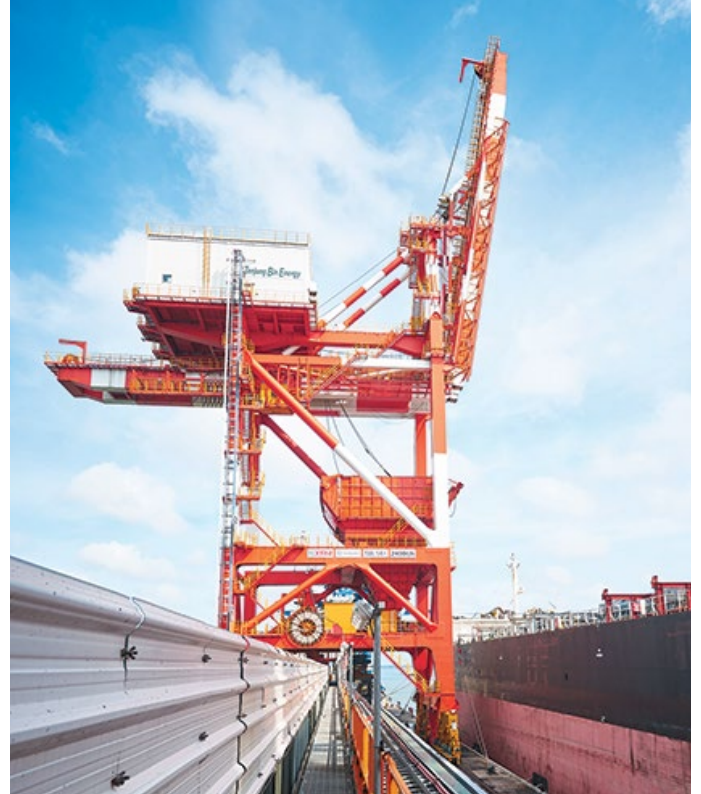
Combating climate change, developing greener energy solutions and promoting the circular economy are all issues which are close to Malakoff's heart, and represent the integral focus of our sustainability agenda. We have actualised our sustainability beliefs and commitment by embedding sustainability into our business strategy, as well as implementing concrete actions, programmes and measures throughout the Group. Additionally, we are deeply committed to helping communities with their journey towards a greener and more sustainable future, by providing them platforms they can use to contribute to eco-friendly and environmental initiatives.

I am pleased to present to you our account of our sustainability journey in FY2020 with our Sustainability Statement. This Statement provides a transparent narrative of how the Group is supporting the national Government's agenda towards achieving 20.0% RE generation by 2025 and promoting the circular economy, as we maintain our focus on ensuring optimised operations that provide both reliable and continuous energy supply whilst we minimise our business' impact on the environment. It also provides an account of our employee-facing initiatives, as well as the measures we have in place to build a strong and ethical governance culture Group-wide.

On behalf of the Group, I would like to express our collective appreciation to all our stakeholders for their continued interest and support towards our sustainability agenda.

Anwar Syahrin Abdul Ajib

Managing Director/Chief Executive Officer



SUSTAINABILITY GOVERNANCE

GRI 102-11, 102-18, 102-19, 102-20, 102-32, 102-49

Malakoff's sustainability agenda is driven by a robust governance structure that ensures all material topics are identified, monitored, assessed and deliberated in a holistic manner throughout the Group. Our robust Group-wide governance framework enables high levels of accountability, internal controls, risk mitigation, oversight and management of EES related matters.

Our sustainability ethos is centered on our commitment towards the highest level of corporate governance, as denoted by our accountability, transparency, due diligence, independence, robust risk management policies, anti-corruption and anti-bribery policies, and the development of a corporate culture based on uncompromising business ethics.

The Board and Senior Management form the apex of our governance structure. This sets a strong tone from the top, with the Board and Senior Management having direct oversight on all sustainability-related matters. This top down approach has been the driving force behind Malakoff's sustainability oriented organisational culture as an essential component of the Group's DNA.

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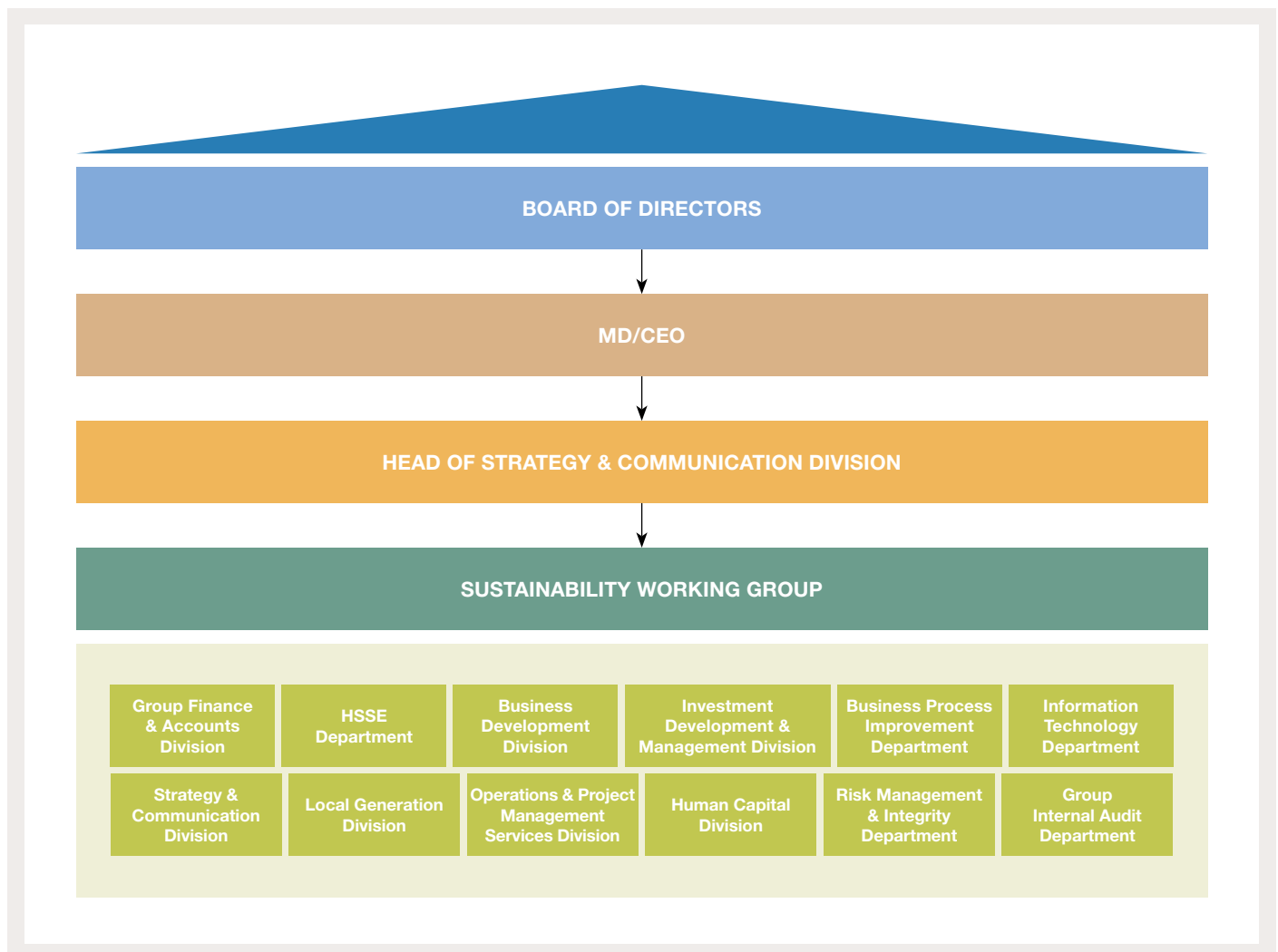
Lines of reporting and accountability have been drawn for sustainability-related issues to be escalated up the chain of command, to facilitate strategic decision making, and the identification and implementation of action plans and programmes that are effectively implemented at ground level.

The Sustainability Working Group (“SWG”) plays a vital role in monitoring, gathering data and providing regular sustainability reports to the Head of Strategy and Communication Division, who reports directly to the MD/CEO. Heads of Divisions/Departments are required to authorise all inputs and performance disclosures, which are then verified by the SWG to ensure compliance with the MMLR of Bursa Malaysia. We have also strived to meet global benchmarks by following the GRI Standards on sustainability reporting.

All EES matters have been integrated into the Group’s business strategies, as deliberated upon by the Board and Senior Management. Operational decisions are made in line with the Board and Senior Management directives, which seek to balance the Group’s business objectives against EES matters and our stakeholder perspectives.

In addition to our formalised governance structure, Malakoff’s sustainability governance is also premised upon the following policies and procedures:

- Board Charter (inclusive of Terms of Reference (“TOR”) for all respective Board Committees)
- Group Anti-Bribery Policy (“AB Policy”)
- Whistle-blowing Policy
- Procurement Policy
- Environmental Policy
- IT Governance and Security Policy



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STAKEHOLDER ENGAGEMENT

GRI 102-21, 102-40, 102-42, 102-43, 102-44, 102-48

We conduct our stakeholder engagements in order to identify and address their concerns, especially with regards to sustainability-related matters. Our stakeholder ecosystem comprises both internal and external stakeholders who play a significant role in the continuity of our business operations. We believe our focused stakeholder engagements enable us to proactively address EES matters that have a material impact on our business.

In FY2020, we conducted the following stakeholder engagements:

Stakeholder Group	Description	Engagement Channels	Material Topics
 Employees	Individuals who are hired by an employer to do a specific job, barter his or her skills, knowledge, experience, and contribution in exchange for compensation from an employer	<ul style="list-style-type: none"> Townhalls Virtual meetings Surveys Company intranet/newsletters 	<ul style="list-style-type: none"> M14 Employee Engagement & Well-being M15 Occupational Safety and Health M18 Effective Communication
 Local Communities	A group of interacting people living in a common location	<ul style="list-style-type: none"> Surveys Community events Interviews 	<ul style="list-style-type: none"> M13 Community Investment & Development M9 Natural Disaster/Pandemic M14 Employee Engagement & Well-being
 Shareholders/ Investors	Also referred to as a stockholder, is a person, company, or institution that owns at least one share of a company's stock, which is known as equity/a person or organisation that puts money into financial schemes, property, etc. with the expectation of achieving a profit	<ul style="list-style-type: none"> Virtual meetings/briefings AGM Quarterly/annual reports Website updates 	<ul style="list-style-type: none"> M9 Natural Disaster/Pandemic M2 Strategy Implementation M1 Economic Performance
 Customers	The individuals and businesses that purchase goods and services from another business	<ul style="list-style-type: none"> Virtual engagements Surveys Social engagement activities 	<ul style="list-style-type: none"> M6 RE M9 Natural Disaster/Pandemic M13 Community Investment & Development
 Government Authorities	Any governmental entity, department, commission, board, agency or instrumentality, and any court, tribunal or judicial or arbitral body, whether federal, state, local or foreign	<ul style="list-style-type: none"> Surveys Corporate events Dialogues 	<ul style="list-style-type: none"> M5 Governance, Ethics and Integrity M4 Regulatory Compliance M13 Community Investment & Development
 Law Enforcement Agencies	Numerous law enforcement agencies which generally comes under the direct purview of the Royal Malaysia Police, the main Government agency entrusted with the maintenance of law and order in the country	<ul style="list-style-type: none"> Surveys Virtual meetings 	<ul style="list-style-type: none"> M7 Energy Sources M2 Strategic Implementation M3 Operational Excellence
 Rating Agencies and Financial Institutions	A company that assesses the financial strength of companies and Government entities, especially their ability to meet principal and interest payments on their debts/a company engaged in the business of dealing with financial and monetary transactions such as deposits, loans, investments, and currency exchange	<ul style="list-style-type: none"> Surveys Virtual meetings/briefings 	<ul style="list-style-type: none"> M3 Operational Excellence M1 Economic Performance M2 Strategic Implementation
 Contractors and Vendors	The party that exist on the other side of the procurement value chain. The party that is contractually bound to deliver the Supplies, Works or Consultancy Services in accordance with the terms of the Contract	<ul style="list-style-type: none"> New vendors registration Vendors registration updates 	<ul style="list-style-type: none"> M3 Operational Excellence M2 Strategic Implementation M9 Natural Disaster/Pandemic

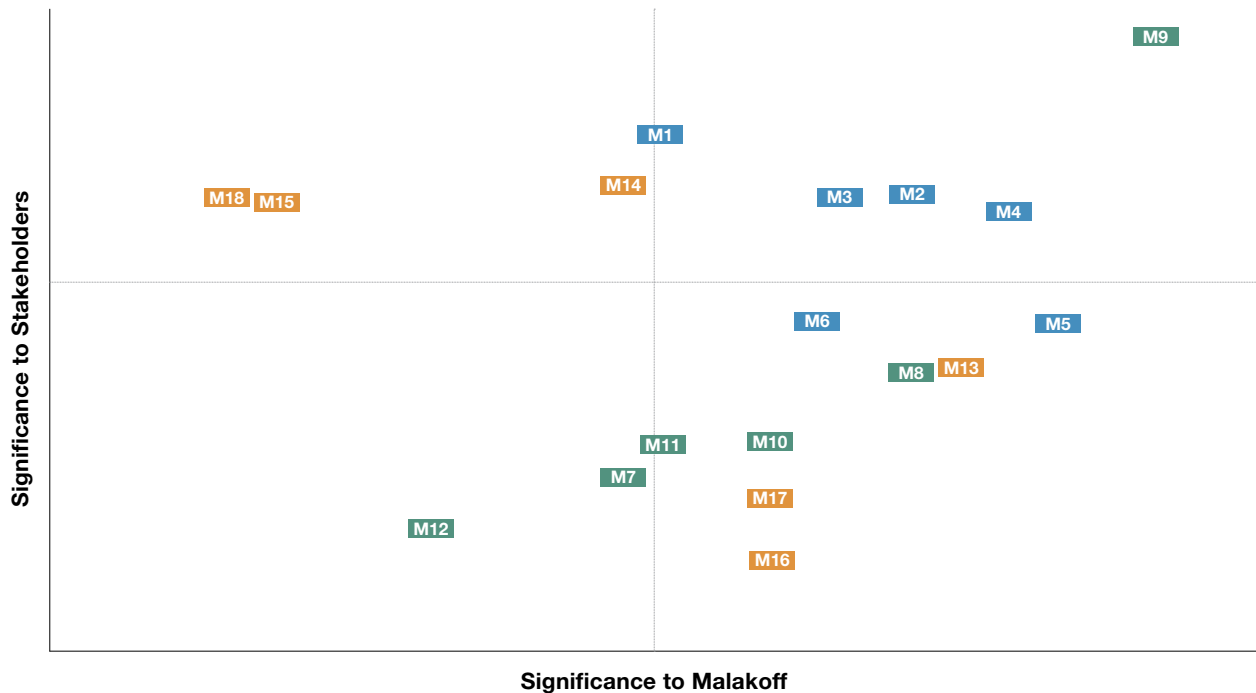
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MATERIALITY

GRI 102-29, 102-31, 102-33, 102-34, 102-47

In FY2020, we reviewed and confirmed our material topics and aspects based on the availability of new information as well as the latest feedback and perspectives obtained from our stakeholders.

The Group’s Heads of Divisions/Departments captured the relevant data, which is then provided to the SWG for further analysis and disclosure. Through this process, we were able to continuously assess our list of material topics and aspects, and make adjustments where necessary. We have categorised our material topics into EES themes, respectively.



ECONOMIC

What It Means to Us

Various aspects of governance, operations, growth and profitability

Top 6 Material Topics

- M1** Economic Performance
- M2** Strategy Implementation
- M3** Operational Excellence
- M4** Regulatory Compliance
- M5** Governance, Ethics and Integrity
- M6** RE



ENVIRONMENT

What It Means to Us

Impact and approach towards the environment

Top 6 Material Topics

- M7** Energy Sources
- M8** Waste Management
- M9** Natural Disaster/Pandemic
- M10** Biodiversity Impact
- M11** Water Management
- M12** Energy Consumption



SOCIAL

What It Means to Us

Strategies on social issues, including talent management, diversity and performance

Top 6 Material Topics

- M13** Community Investment & Development
- M14** Employee Engagement & Well-being
- M15** Occupational Health and Safety
- M16** Talent Management
- M17** Human Rights and Labour Relations
- M18** Effective Communication

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ECONOMIC

GRI 200, 102-11, 103-1, 103-2, 103-3



We believe that good governance is an essential component of any successful organisation. It is the key driver guiding the Group and its people towards achieving their business objectives and goals, thus providing the foundations for a high performing organisation that preserves and strengthens stakeholder confidence.

REGULATORY COMPLIANCE

GRI 307-1

We believe in ensuring strict regulatory compliance with all the various legislations pertaining to the power sector. In FY2020, Malakoff continued with its stellar track record on regulatory compliance, recording zero incidents of non-compliance pertaining to environmental, social, legal, and health and safety regulations. This was the result of our comprehensive operating procedures, processes and frameworks that were developed and implemented to ensure strict compliance with all the relevant laws, regulations and other requirements.

We have a regulatory compliance management system in place, which consists of a series of internal audits that are conducted regularly across the Group. The audits include the Quality, Health, Safety and Environment (“QHSE”) Audit and the Group’s HSSE Audit and Inspection. Through the outcomes of the audits, we are able to assess our compliance and performance levels, identify gaps and solutions, and implement these accordingly.

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In FY2020, we conducted a total of five audits as follows:

- TBP for two days from 23 - 24 June 2020
- TBE for two days from 25 - 26 June 2020
- LPP for two days on 29 - 30 June 2020
- Prai for two days from 2 - 3 July 2020
- KLHQ for one day on 15 July 2020

All the audit findings have been identified and appropriate actions were taken for further improvements.

Our Occupational Safety and Health (“OSH”) policies have been developed in compliance with the relevant legislation. Our policies aim to foster a preventive based workplace health and safety culture. We continuously review, update and improve on our OSH policies to ensure its relevance and effectiveness. Our reviews and improvements take into account the feedback and concerns raised by our stakeholders, especially our employees. During the year, we have achieved a successful transition from OHSAS 18001:2008 to ISO 45001:2018 – OHSMS.

COMPLIANCE WITH NEW ENVIRONMENTAL QUALITY (CLEAN AIR REGULATIONS) 2014

GRI 307-1

The Group has maintained its strict compliance of emission levels as provided by the Environmental Quality (Clean Air Regulations) 2014 (“CAR 2014”). We monitor our Hydrogen Fluoride (“HF”), Hydrogen Chloride (“HCl”) and Polychlorinated Dibenzodioxins (“PCDD”)/ Polychlorinated Dibenzofurans (“PCDF”) emission levels in line with CAR 2014 requirements. We have also ensured compliance with the lower limits of Carbon Monoxide (“CO”) and Mercury (“Hg”) emissions for coal plants, along with the new emission limits of CO and opacity monitoring for gas plants as stipulated in CAR 2014. Compliance to the emission regulations are managed through each plants’ Environmental Management Plan. As at end of December 2020, no non-compliance notices were issued by the Department of Environment (“DOE”) to any of Malakoff’s plants.

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ANTI-BRIBERY COMPLIANCE

GRI 102-16, 102-17, 205-2

In line with the Group Anti-Bribery Policy and the requirements of the new Section 17A of the Malaysian Anti-Corruption Commission (“MACC”) (Amendment) Act 2018, we established IGU which provides independent reporting to the Board on integrity related matters. In November 2020, Malakoff successfully obtained certification from SIRIM for ISO 37001:2016 ABMS. Currently, Malakoff has 37 trained ABMS auditors to carry out ABMS Audits in order to ensure compliance among our staff and business associates who deal directly and indirectly with Malakoff Group.

During the year, we conducted a series of online Bribery Risk Assessment Workshops for all business units. These sessions were conducted as part of our efforts to continuously improve and further identify and assess the potential bribery risks for the company and its current controls and mitigation plans. Additionally, two of our employees attended the Certified Integrity Officer (“CeIO”) Programme for the private sector that was organised by the Malaysian Anti-Corruption Academy (“MACA”) on 22 September - 15 October 2020.

WHISTLE-BLOWING POLICY

GRI 205-3

The Whistle-blowing Policy sets out avenues for employees and third parties dealing with the Group with proper procedure to disclose cases of improper conduct such as criminal offences, fraud, corruption, breach of Group Policies and Code of Conduct or other malpractices.

A Whistle-blower is assured confidentiality of identity, to the extent that is reasonably practicable. This includes protecting the Whistle-blowers from detrimental actions that may result from the disclosure of improper conduct, provided that the disclosure is made in good faith. The Whistle-blowing Policy is also to ensure that fair treatment is provided to both the Whistle-blower and the alleged wrongdoer when a disclosure of improper conduct is made.

Disclosure of improper conduct can be made verbally or in writing to the Chairman of the Board Audit Committee through a letter or via e-mail to whistleblowing@malakoff.com.my.

The Chief Internal Auditor is responsible for the administration, interpretation and application of the Whistle-blowing Policy. Any amendment to the Policy shall be effected by the Chief Internal Auditor, and is subject to the final approval of the MD/CEO, the Board Audit Committee and the Board of Directors.

For FY2020, four cases were reported through the Whistle-blowing channel and appropriate actions were taken in accordance with the Policy.

The salient terms of the Whistle-blowing Policy are available on our corporate website at:

 <http://www.malakoff.com.my/About-Us/Whistleblowing-Policy/>

SECURITY OF SUPPLY AND PLANT SECURITY

GRI 201-1, 203-1

Energy security is an issue that plays a huge role in the socio-economic development of a country. The continuous and uninterrupted supply of energy through the National Grid is required to power industries, businesses and homes. In order to ensure that Malakoff is able to deliver on its promise of continuous and uninterrupted energy supply, we have in place Scheduled Outage plans that are collaboratively reviewed with the Grid System Operator on a regular basis to ensure that our plants are available to support the national grid system without compromising on plant integrity, as stipulated in the PPA.

In FY2020, all of our plants were successfully audited by the *Jabatan Sasar Penting Negara* (“JSPN”). Recommendations were given to strengthen security at critical plants categorised as “*Sasaran Penting Keutamaan Satu*”. JSPN oversees infrastructure that is considered to be of national importance to maintain the security of the country and the economy. We continued to implement our operations and maintenance initiatives in line with optimising our plants’ availability and performance reliability.

To ensure continuous improvements in plant availability and reliability, we have implemented various O&M initiatives and adopted state-of-the-art tools such as Condition Based Maintenance, Reliability Centered Maintenance, Root Cause Analysis in failure investigations to avoid recurrences, Reliability Centered Spares, Risk-Based Inspection, Process Safety Management, and Hazard and Operability Study. We also conducted Forced Outage Management, and benchmarking activities for all the plants to ensure that the initiatives and its outcomes are on the right track.



Please refer to the MD&A section on page 28 of this Annual Report for detailed disclosure on Malakoff Plant Equivalent Availability Factor.

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INFORMATION SECURITY

GRI 201-1, 203-1

Cyber security has become a crucial element of the security of an organisation, as increasingly more company confidential data and business processes are accessible remotely through Cloud and/or online. In FY2020, with WFH measures effected by organisations to maintain business continuity throughout the Covid-19 pandemic, there was an even greater shift to online platforms and technologies as key enablers keeping business operations running.

To address ongoing cyber security concerns and to ensure a robust and resilient network architecture, we have in place an IT Governance and Cyber Security Framework that was developed according to international standards and best practices which utilises a holistic approach in managing cyber risks. Based on the framework, we continue to strengthen our existing cyber defence technologies equipped with Artificial Intelligence (“AI”) based software to detect and respond to unknown threats. Malakoff has also invested in an asset and automated patch management solution to ensure timely update of security patches, implemented Privilege Access Management (“PAM”), Enterprise Mobile Management (“EMM”) and Vulnerability Management (“VM”) solutions as part of our cyber defence improvements. As we move into 2021 and our quest to achieve greater cyber resilience, we will be embarking on the Phase III of the Cybersecurity Enhancement Programme and implement proactive cyber security solutions that will enhance our cyber security capabilities.

As for our digitalisation programme which is in line with the Government’s call to meet the challenges of IR 4.0, Malakoff plans to extend the RPA programme following the successful roll-out of the pilot phase in 2020 and the implementation of mobile applications. This programme will increase productivity by eliminating repetitive tasks, and improve accuracy and speed. We will also seek to enhance the way we engage with our stakeholders, namely our customers, through a new customer portal and mobile applications that will offer more information and convenience, such as online payment, billing information, and real-time announcements.

Moving into the year ahead, beyond accomplishing our 2021 IT Strategic Plans, we also aim to facilitate the effective and equitable use of IT resources, improve overall efficiency to create optimal value and continue maintaining our ISO 27001:2013 Information Security Management System (ISMS) certification in preserving the Confidentiality (C), Integrity (I) and Availability (A) of the company’s information, and there retain our resilience.

STRATEGIC BUSINESS DEVELOPMENT

GRI 201-1, 203-1

Our strategic business development agenda is strictly aligned with our vision to be a premier global power and water company. In line with this, we have set ourselves strategic targets of achieving 10,000 MW of power generation capacity, 1,000,000 m³/day of water production capacity, 1,000 MW of RE capacity and 10,000 tonnes/day of solid waste management volume.

In FY2020, we remained on course with our strategic endeavours through various business development initiatives. These include submitting tenders and bids for RE projects, as well as securing new contracts throughout our various businesses.



Please refer to the MD&A section on page 20 of this Annual Report for detailed disclosure on our business development plans, key highlights for FY2020 and our future business and strategic orientation.

BUSINESS PROCESS IMPROVEMENT

GRI 201-1

Malakoff practices continuous business process improvement which involves identifying, analysing and improving existing business processes to optimise our performance, meet best practice standards, and improve the user experience for customers and end-users. In FY2020, we recorded a number of achievements during the year in terms of BPI, with 20 process improvement projects implemented Group-wide.

This included coordinating the implementation of the Alam Flora Process Integration. As a new subsidiary of the Group, Alam Flora’s core administrative and support service processes such as Procurement, IT, Human Capital, Finance, and Risk Management, are now in line with the Group’s practices and approach. This was captured by reviewing all the relevant processes and documentation.

Among others, we enhanced the procurement process with respect to compliance to ABMS requirements such as the declaration of conflict of interest and vendor due diligence. Alignment of the procurement process between Malakoff and Alam Flora has been successfully completed through a joint effort between both Procurement and BPI Departments through a series of briefings, trainings and gap analysis sessions. In FY2020, Malakoff managed to record savings of RM14.40 million as a result of the implementation of E-Auction through I-Valua.

Additionally, as the Group shifted to WFH in light of the Covid-19 pandemic, we concurrently moved to utilise virtual platforms such as Microsoft Teams to enable this smooth transition for our workforce.

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LEAN SIX SIGMA

GRI 201-1

We have consistently relied on the 6 Sigma approach to collaboratively improve our performance. In FY2020, we continued to implement measures identified under the LSS Project Implementation. These involved two key projects, namely Inventory Optimisation by the LPP Team, and Minor Outage Optimisation by the TBP Team.

As a result of various 6 Sigma initiatives, we achieved RM9.0 million in cost savings during the year. We participated in the Regional Innovation Showcase on Team Excellence 2020 organised by MPC on 3-4 September 2020 which showcased these two projects. The projects also qualified for the Annual Productivity and Innovation Conference and Exposition 2020 organised by MPC on 17-19 November 2020.

GREEN 5S

GRI 201-1

Having introduced the Green 5S (“G5S”) Guideline in FY2019, in FY2020 we continued to gain traction with this initiative. G5S is an initiative launched by SIRIM to promote the concept of “Go Green” in Malaysia. It is also key to implementing initiatives centred on health and safety, towards ensuring high productivity, promoting a green environment and deriving energy efficiencies. Moving into 2021, BPI will continue to implement the current initiatives, policy and strategies.

OPERATIONAL EXCELLENCE

GRI 201-1

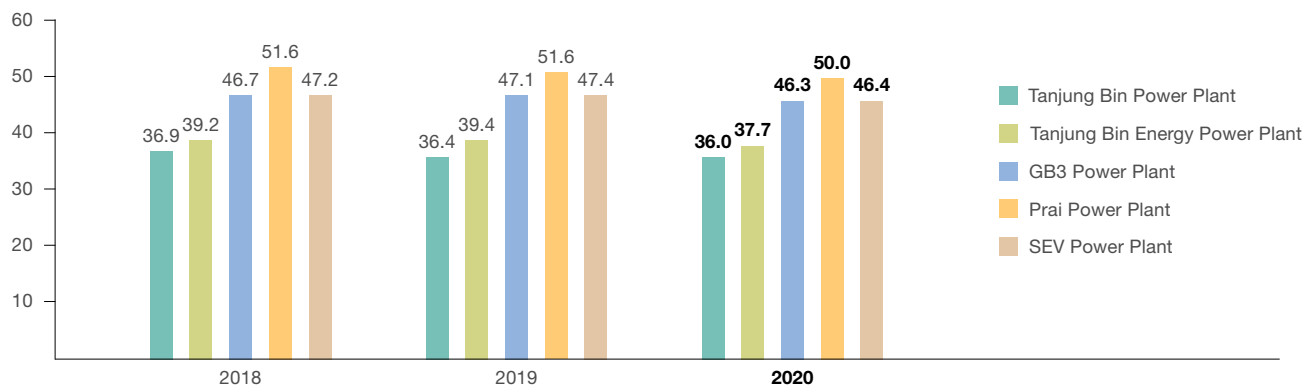
As the first strategic pillar of our business strategy, Achieving Operational Excellence is a key priority for the Group. Ensuring the operational excellence of our plants is key towards providing a continuous and reliable supply of electricity to our customers. Malakoff has developed a culture of continuous improvement to drive our operational excellence capabilities as overseen by the Engineering Department, Local Generation Division (“LGD”).

This involves processes and measures that have been implemented to identify performance gaps, forecast potential risks, and conduct remedial and corrective actions. These are affected through periodic performance reviews carried out throughout the year, as well as quarterly reviews that are done to identify gaps and operational issues. Based on the outcomes of our reviews, we then schedule plant outages and implement rectification plans accordingly.

In FY2020, LGD continued to lend its engineering expertise in various aspects of O&M such as risk management, failure prevention, strategic planning, and cost optimisation to achieve our performance targets. The Division also manages the power plants’ operational and performance (thermal and emissions) activities and process improvements.

For local power plants, we set thermal efficiency goals for execution with a dedicated thermal performance monitoring programme consisting of performance gap identification, remedy plans and potential risk forecasts. Periodic performance is being done internally, by LGD throughout the year. The periodic review identifies gaps and potential operational issues. It also helps our plants to properly plan tasks to rectify any defects and schedule the required outage.

Thermal Performance in FY2020 (%)



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RENEWABLE ENERGY

GRI 201-1, 201-2

The generation of electricity is one of Malakoff's main activities. As part of its commitment to mitigate the impacts of climate change, the Group has committed to transition towards a cleaner energy future by developing RE assets within the areas of solar, small hydro, biogas and WTE. This is in line with our desire to be an energy-efficient manufacturer and in support of the Government's target to achieve 20.0% RE capacity in the national energy mix by 2025.



In FY2020, we continued to grow our base of RE assets as follows:

Biogas

- Obtained FiT approval from SEDA on 18 November 2020 to undertake the development of a 2.40 MW Biogas Power Plant in Ulu Sebol, Kota Tinggi, Johor

Small hydro

- Progressed with two small hydro projects with capacities of 25.0 MW and 30.0 MW located along Sg Pahang, which we had obtained FiT in December 2019

Rooftop solar

- Entered into SPPA as follows:
 - Johor Port Berhad on 10 June 2020 of 2.66 MW.
 - Northport (Malaysia) Berhad on 4 September 2020 of 4.93 MW.
 - PMB Properties Sdn Bhd on 30 October 2020 of 2.34 MW.

Moving into FY2021, we are preparing to venture into the WTE segment besides continuing to explore potential acquisition or joint venture in RE projects, both locally and abroad.



Please refer to the MD&A section on page 29 of this Annual Report for RE development activities.

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ENVIRONMENTAL


GRI 300, 201-2, 307-1

As the largest IPP in Malaysia, Malakoff is keenly aware of its corporate responsibility in leading the vanguard to mitigate climate change. We have embedded a holistic environmental management approach throughout all aspects of our business that focuses on preventing environmental degradation and minimising our business’ impacts on the environment.

Leveraging on innovation and technology, we use our industry insights to identify new solutions to environmental issues, that strike at the heart of concerns raised by our various stakeholder groups. Our goal is to meet society’s expectations for sustainable development and a greener future, as we transition our business into a clean energy provider.



The environmental management of our operations employs a three pronged approach as follows:

 GOVERNING ENVIRONMENTAL MATTERS	 NATURAL RESOURCES MANAGEMENT	 WASTE MANAGEMENT
<p>Protecting the environment in which we operate is one of our key priorities to maintain business sustainability. In view of the importance of environmental conservation, our LGD is certified with ISO 14001:2015 Environmental Management System. Our environmental performance is overseen by the Environmental Management Committee (“EMC”), which comprises the Environmental Performance Monitoring Committee (“EPMC”) and the Environmental Regulatory Compliance Monitoring Committee (“ERCMC”).</p>	<p>The nature of our business requires us to utilise natural resources, mainly fuel and water, on a large scale. These resources are essential to generate electricity, and we are aware of the importance of managing our consumption not just for business sustainability, but the impact that it has on the environment. Our natural resource management is in compliance with ISO 14001:2015.</p>	<p>We seek to practice optimal waste management including reducing waste generation within our businesses and its safe disposal, where applicable. All waste and effluents generated from the Group’s power plants are managed, disposed and/or discharged as per the relevant regulatory requirements.</p>

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EMISSIONS MANAGEMENT

GRI 305-2, 305-5

In line with our efforts to combat climate change, Malakoff has in place an emissions management system which strives to reduce greenhouse gas (“GHG”) and non-GHG emissions throughout all our plants. These emissions are the consequence of the consumption of fuel such as coal and gas, as well as the combustion processes. We ensure the strictest compliance with all pertinent regulations.

All our plants enforce an emissions-control equipment maintenance schedule to ensure their optimal operational efficiency. This approach has enabled the Group to comply with all the prescribed emission limits. In addition, we provide regular emissions data reports to the DOE as facilitated by our Continuous Emissions Monitoring System (“CEMS”).

In order to manage our non-GHG emissions, our coal plants are equipped with particulate matter (“PM”) reduction equipment. In particular, TBP is equipped with an electrostatic precipitator while TBE has a fabric filters. Besides that, there is a Flue Gas Desulphurisation (“FGD”) in place to reduce Sulfur Oxide (“SOx”) emissions, and stage combustion to reduce Nitrogen Oxide (“NOx”) emissions.

In order to minimise our coal emissions, we have implemented a stringent coal selection process that is aligned with the Coal Supply and Transportation Agreement (“CSTA”). Our plant process optimisation initiatives as well as green initiatives such as 3R (Reduce, Reuse, Recycle) programmes aim to reduce GHG emissions throughout our operations.

Throughout 2020, we have continuously focused on maintaining the reliability of our emission control equipment to ensure continuous compliance to the regulations.

Considering its abundant reserves and competitive pricing, coal will likely maintain its market dominance as the biggest single source of energy for electricity production globally, despite the growing concern on Carbon Dioxide (“CO₂”) emissions. Our strategy is to move towards balancing our energy mix, which means shifting our focus towards RE for the middle to long-term horizon. In the meantime, we have deployed advanced and clean technologies which will help to significantly reduce emissions.

ENERGY CONSUMPTION AND EFFICIENCY

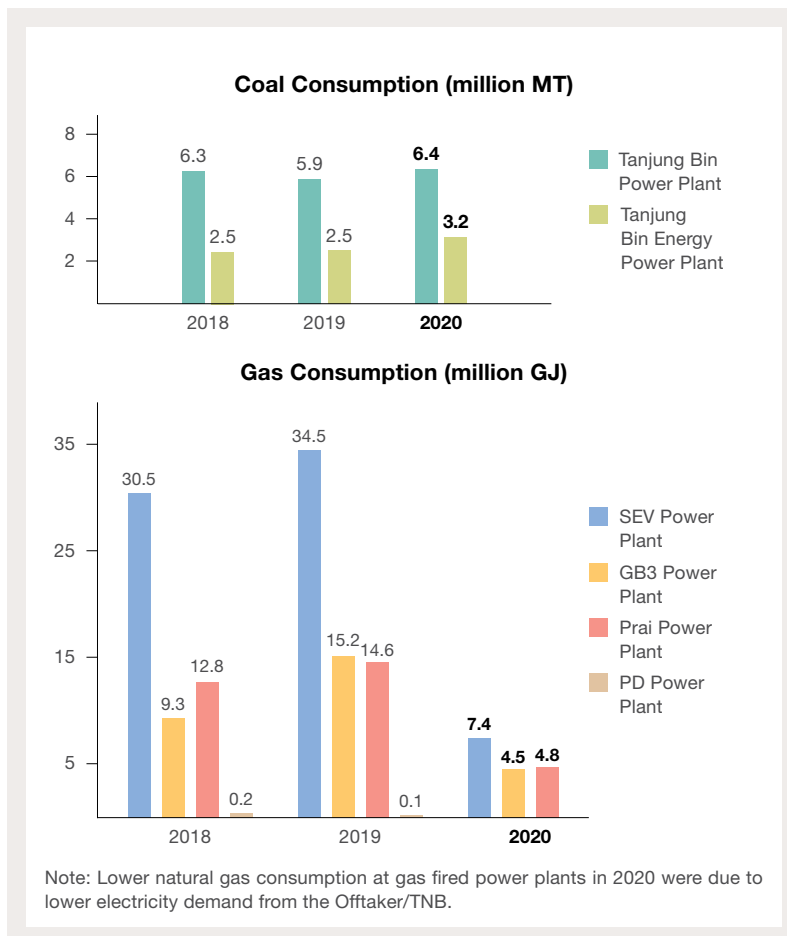
GRI 301-1, 302-1, 302-4

Energy Consumption at Our Plants

In FY2020, the Group sustained its efforts to consume scarce resources in a responsible manner by focusing on initiatives that would enhance its plants’ energy intensity. Thus, we reduced our wastage as much as possible and improved the overall operational efficiency of our plants through optimisation initiatives. The coal selection process we utilise which is in alignment with the CSTA has also resulted in greater efficiencies in terms of plants’ energy consumption.

Beginning August 2020, LGD through the 6 Sigma initiative, optimised the Prai import energy by shutting down the Boiler Feed Pump (“BFP”) and Cooling Water Pump (“CWP”) after the plant had been on standby for 24 hours. In 2020, the successful implementation of the initiative resulted in standby operating cost savings of RM1.70 million, and import energy gain savings of RM0.39 million.

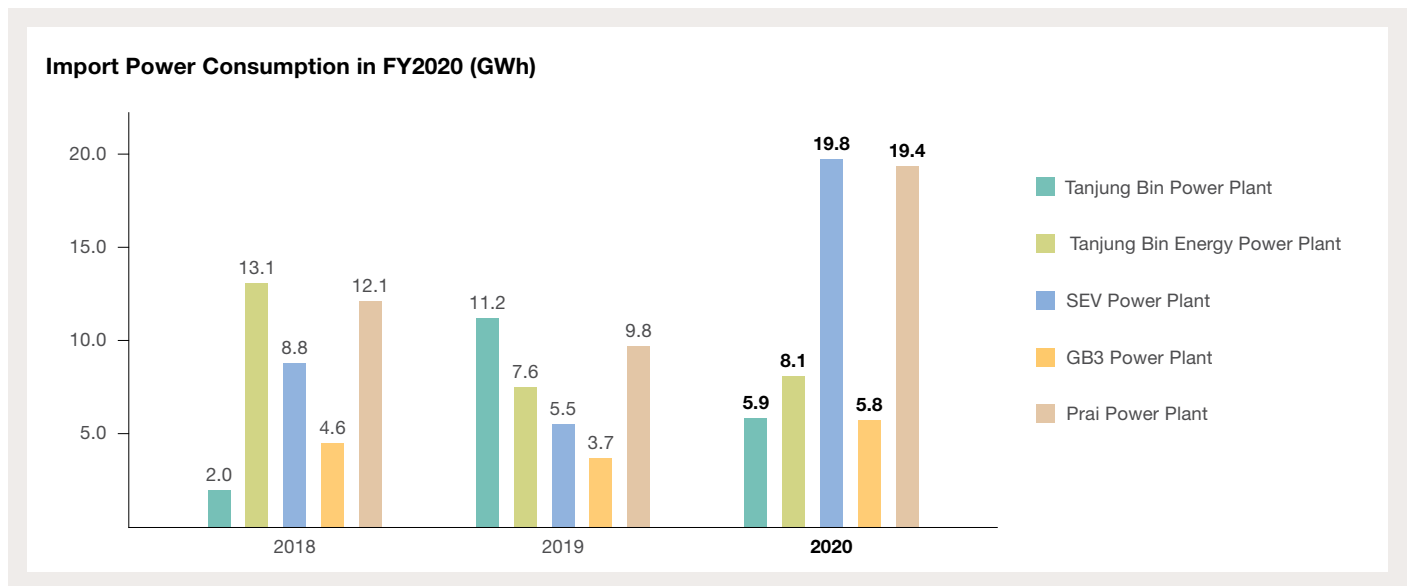
We also developed a more detailed plan on the TBP Energy Efficiency Pilot Project, which we plan to implement in the near term future.



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Energy Consumption at Our Office Premises

At our office premises, we have in place various initiatives in order to manage our energy consumption. We continued to gain traction with our LED light replacement programme, which we kickstarted in FY2019 throughout all offices at KLHQ, the Malakoff Academy of Excellence (“MAX”) training centre as well as other office building owned by MUSB. As a result of the installation of LED lightings during the year at Level 7 to Level 13 at KLHQ, MAX and MUSB buildings, we have gained average monthly electricity savings of approximately 13.0%. Motion sensors have been successfully installed in the toilets at KLHQ to optimise energy usage in these areas in line with our ambition to be have a greener work environment.



The company continued to support energy efficiency initiatives, in line with the Government’s aim to ensure productive energy usage in the country.

As a continuation to the successful implementation of the previous LED lamps replacement, a similar initiative was intended to be implemented at TBP. The proposed area for the energy efficiency implementation covers the new ash pond, main warehouse, and turbine hall.

The company has also embarked on exploring potential opportunities to implement of energy efficiency at Wisma Budiman, Proton Manufacturing Plant and Plaza Sentral with the objective of providing comprehensive solutions on energy optimisation and potential savings on electricity consumption.

To increase Malakoff’s internal expertise and upskilling of internal resources, the company’s key personnel have also attained relevant certifiants such as the Registered Electrical Energy Managers

(“REEMs”) which is required under the Efficient Management of Electrical Energy Regulation 2008 (“EMEER 2008”), Certified Energy Manager (“CEM”) and Green Building Index Facilitator.

We have submitted an Energy Audit proposal to Proton Tanjung Malim (“Proton”) for its chiller plants. We are expecting to conduct the energy audit followed by the implementation of energy conservation measures to help Proton to reduce their energy consumption. Additionally, we are also exploring energy efficiency related service opportunities with Senai Airport and Pos Aviation.

We are also embracing the proposed Energy Efficiency and Conservation Act (“EECA”) which is currently at the stage of drafting and collecting public views. We would expect that the EECA will be tabled to parliament and will be gazetted to encourage sustainable development. By having energy efficiency capabilities, Malakoff would be future proofed to embrace the upcoming changes in the sector.

SUSTAINABILITY STATEMENT

WATER USE IMPACT

GRI 303-1, 303-3

In line with our commitment to responsibly manage our consumption of scarce resources, our water management initiatives aim to reduce the impact of our operations' use of water. The Group's plants generally utilise seawater in its cooling down process, and raw water to replace water and steam that is dispersed to the air during the electricity generation process.

Our raw water supply is obtained from the respective state water supply networks that our plants are located in. These are *Perbadanan Bekalan Air Pulau Pinang* ("PBAPP"), *Syarikat Air Johor* ("SAJ") and *Lembaga Air Perak* ("LAP"). We have also installed rainwater harvesting systems at TBP.

In FY2020, we recorded a reduction of approximately 8.0% in annual water costs, contributed by lower dispatch and water conservation initiatives. These included the management of ash pond water at TBP.

We embarked on a feasibility study on the implementation of a desalination (reverse osmosis) plant at TBP which would supply 50.0% of service water required. The study is currently ongoing, and we expect to complete it in FY2021.

At TBE, we implemented a plant improvement initiative to channel wastewater from the boiler sump, drained from the main process area to the boiler submerged scraper conveyor system. Additionally, we have also initiated a valve repair exercise on our steam and feedwater line to minimise any leakages and wastages. This is a common practice throughout the Malakoff fleet.

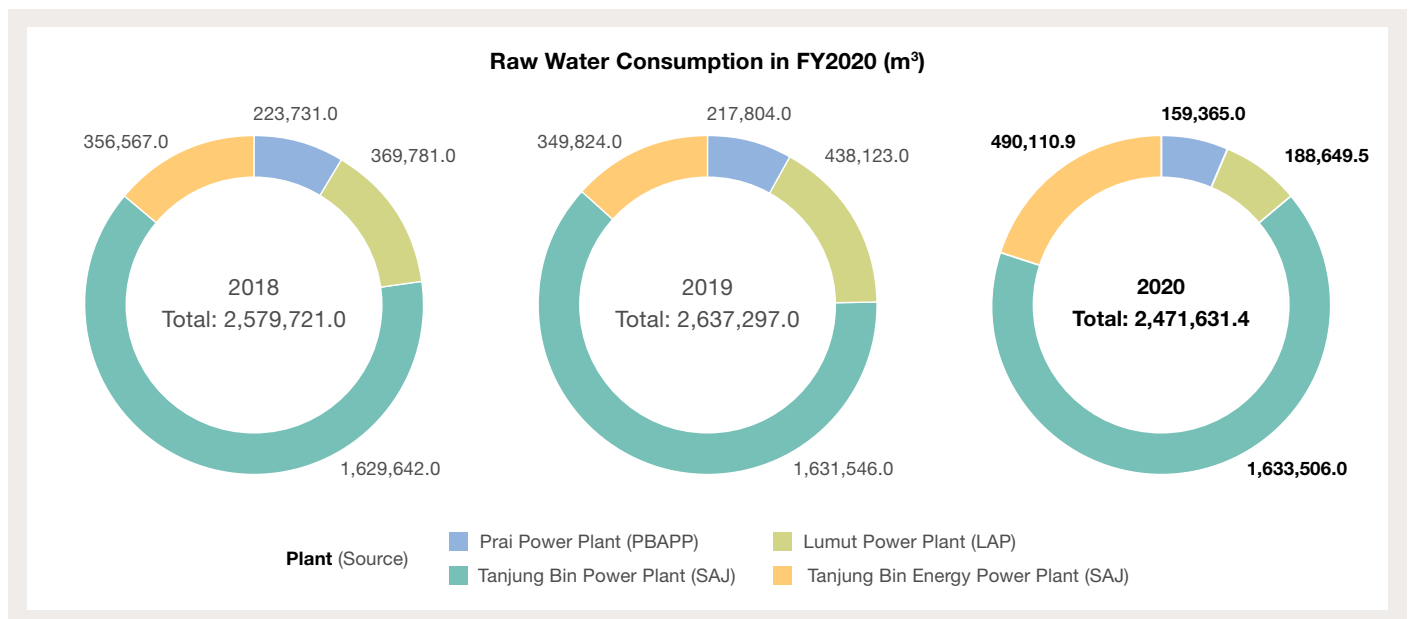


As for LPP, in order to minimise demineralised water wastage, we have been shutting down the blowdown manual valves when the unit is on standby. Other proactive actions we have taken include continuously monitoring the water and steam pipeline integrity, undertaking scheduled replacements, ensuring all drain valves are shut tightly and controlling water usage especially for cleaning and housekeeping purposes in order to achieve optimum levels.

Our plants' raw water consumption correlates with the Capacity Factor. During the year, our CCGT plants comprising Prai, SEV and GB3 Sdn Bhd ("GB3") power plants registered lower Capacity Factor due to Covid-19 pandemic related impacts. This led to a reduction in raw water consumption for FY2020. Both TBE and TBP recorded higher Capacity Factor in 2020 as compared to 2019.



Please refer to the MD&A section on page 27 for Domestic IPP Operations.



SUSTAINABILITY STATEMENT

WASTE MANAGEMENT

GRI 301-2, 306-2

The nature of our business as an IPP results in waste by-products due to our plant operations. This comprises mostly of fly ash and bottom ash which form during the coal combustion process.

In order to responsibly manage our plants' waste, we conduct regular assessments of our waste management processes, and identify and implement new waste management methods in order to reduce and recycle scheduled waste generated from our plant operations. This is particularly important to ensure that we are able to reduce and, as much as possible, eliminate ground, water and air contamination that may arise from our coal ash disposal process. As such, we have in place properly managed disposal channels, that conform to regulatory requirements.

One of the sustainability initiatives we have in place is the third party offtake agreement relating to the recycling of ash generated from TBP into construction material such as sand replacement, as practiced in developed nations such as Japan and countries in Europe. TBP and TBE are coal-fired power plants that have a combined generation capacity of 3,100 MW that produce about 45,000 MT of fly ash and 8,000 MT of bottom ash every month. We have a coal ash disposal procedure that helps us manage our ground, water and air contamination as we recognise the risks associated with coal ash disposal from our coal-fired power plants.

In addition, the internal waste (domestic waste) and internally generated scheduled waste such as used lube oil, distillate and contaminated solid waste are collected by appointed approved domestic contractors and sent for either landfill or incineration disposal.

Besides propagating sound environmental practices that contribute towards the mitigation of climate change, our efforts to recycle coal ash has reduced the need for us to build a new ash pond.

In FY2020, the Life Cycle Assessment tool was used for environmental assessment of Scheduled Waste Management at TBE. The aim was to analyse and evaluate any potential alternatives to 3R (Reduce, Reuse, Recycle) current scheduled wastes rather than disposal which leads to adverse environmental impacts and incurs cost to the company. The life cycle assessment of the current scheduled wastes in TBE was conducted and compared with four typical type of treatment namely, Reduce, Reuse, Recycle and Disposal. The potential method of treatment was obtained based on sources of generated waste. During the assessment, current and potential actions and challenges were identified to reduce and minimise environmental and cost impacts for further evaluation.



At TBP, we had engaged a third-party assessor to assist in the development of Life Cycle Assessment of Waste. However, this was put on hold due to the Covid-19 pandemic.

In FY2020, we sent all our waste oil to approved DOE premises for recovery purposes as follows:

Plant	Recovery Purposes
Prai Power Plant	From a total of 77.88 MT waste generated, 63.55 MT of waste oil was sent to approved DOE premises for recovery (filtration and reused for another oil product).
Lumut Power Plant	LPP generated 9.71 MT of waste oil, of which 8.69 MT was sent to the prescribed premises. The balance will be carried forward to the 2021 inventory.
Tanjung Bin Power Plant	TBP generated and disposed 51.55 MT of spent lubricating oil/waste oil and 15.13 MT of spent hydraulic oil to prescribed premises.
Tanjung Bin Energy Power Plant	TBE generated and disposed 4.72 MT of waste oil and 0.40 MT of oily water to prescribed premises.

We ensure full compliance with all the relevant environmental regulations and standards when we dispose of our effluents and other waste materials. All the scheduled waste maintenance sites that Prai, LPP, TBP and TBE power plants utilised, were in full compliance with the Environmental Quality Act ("EQA") (Scheduled Waste) Regulations 2005. Scheduled waste was disposed via licensed contractors with Prescribed Premises in accordance to DOE regulations.

SUSTAINABILITY STATEMENT



SOCIAL

GRI 400, 103-1, 103-2, 103-3



At Malakoff, people are very important to organisation. We view our human capital as one of our greatest strengths, in driving our business journey towards achieving our vision of becoming a premier global power and water company. As for our communities, they are key to our social licence to operate.

DIVERSITY AND EQUAL OPPORTUNITIES

GRI 401-1, 405-1, 406-1

We believe in employing a diverse workforce, who have a significant range of skills, experience and expertise, that are complemented by their unique perspectives and insights, in carrying out their job functions and role every single day. Our employees are the life force of our organisation, and we believe in providing them with the supporting tools and mechanisms they require to develop their talent, upskill themselves and manage their work-life balance effectively.

Malakoff is an equal opportunities employer, with hiring policies and career advancement opportunities that are merit-based. We foster fair recruitment practices by embracing diversity and inclusion in the workforce and offer employees fair compensation and benefits.

We have a zero tolerance policy towards discrimination in any form, be it of ethnicity, gender, age, disability or status. Health and safety is our utmost priority, and we are continuously upgrading our health and safety protocols to protect our employees' well-being.

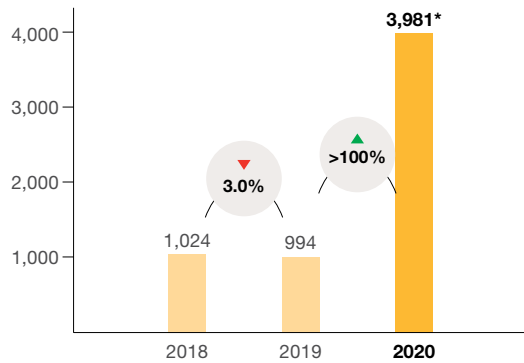
Our skilled workforce is a pivotal part of Malakoff's business. We believe that our engaged, diverse, and innovation driven employees contribute to the success of the Group. Over the past three years, we have implemented a manpower optimisation programme that enables us to effectively manage overhead costs moving forward.

In FY2020, the numbers of employees increased from 942 to 3,981 as a result of the inclusion of our newly acquired subsidiary, Alam Flora. The ratio of male to female employees remained at 84:16.

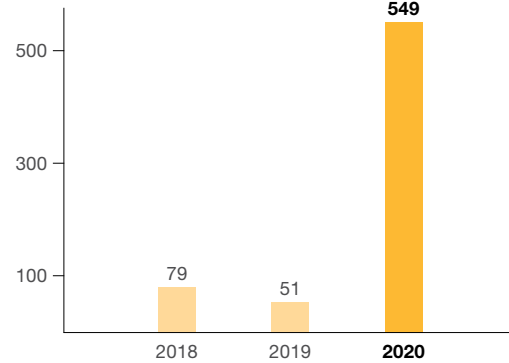
SUSTAINABILITY STATEMENT

Our Employees

Total Number of Employees

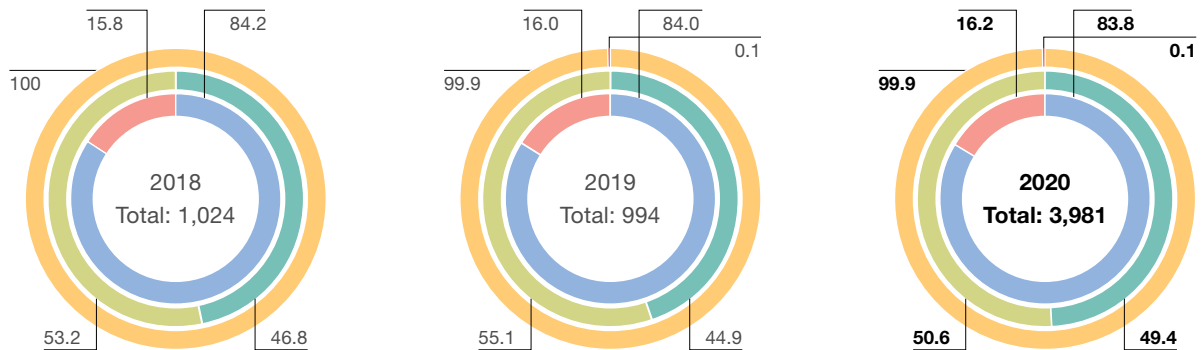


Number of New Hires



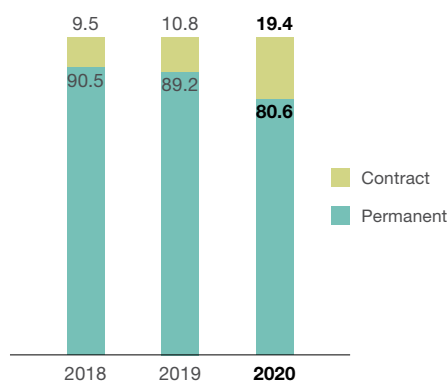
*Note: Increase in headcount number in 2020 due to the acquisition of Alam Flora in December 2019

Nationality, Gender Distribution and Age Group (%)

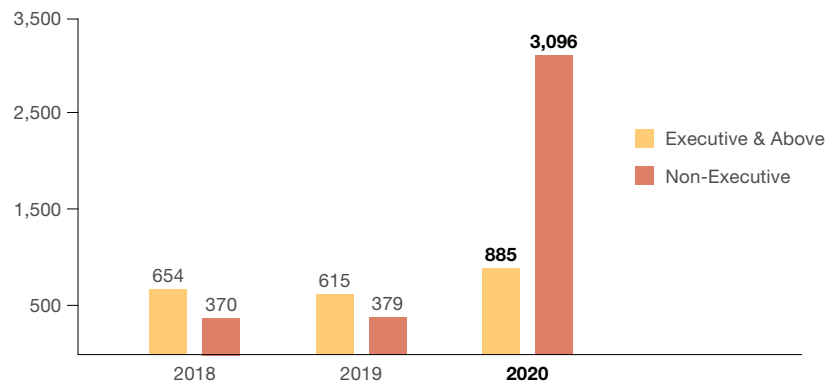


Nationality: Local Foreign Gender: Male Female Age: 35 and below Above 35

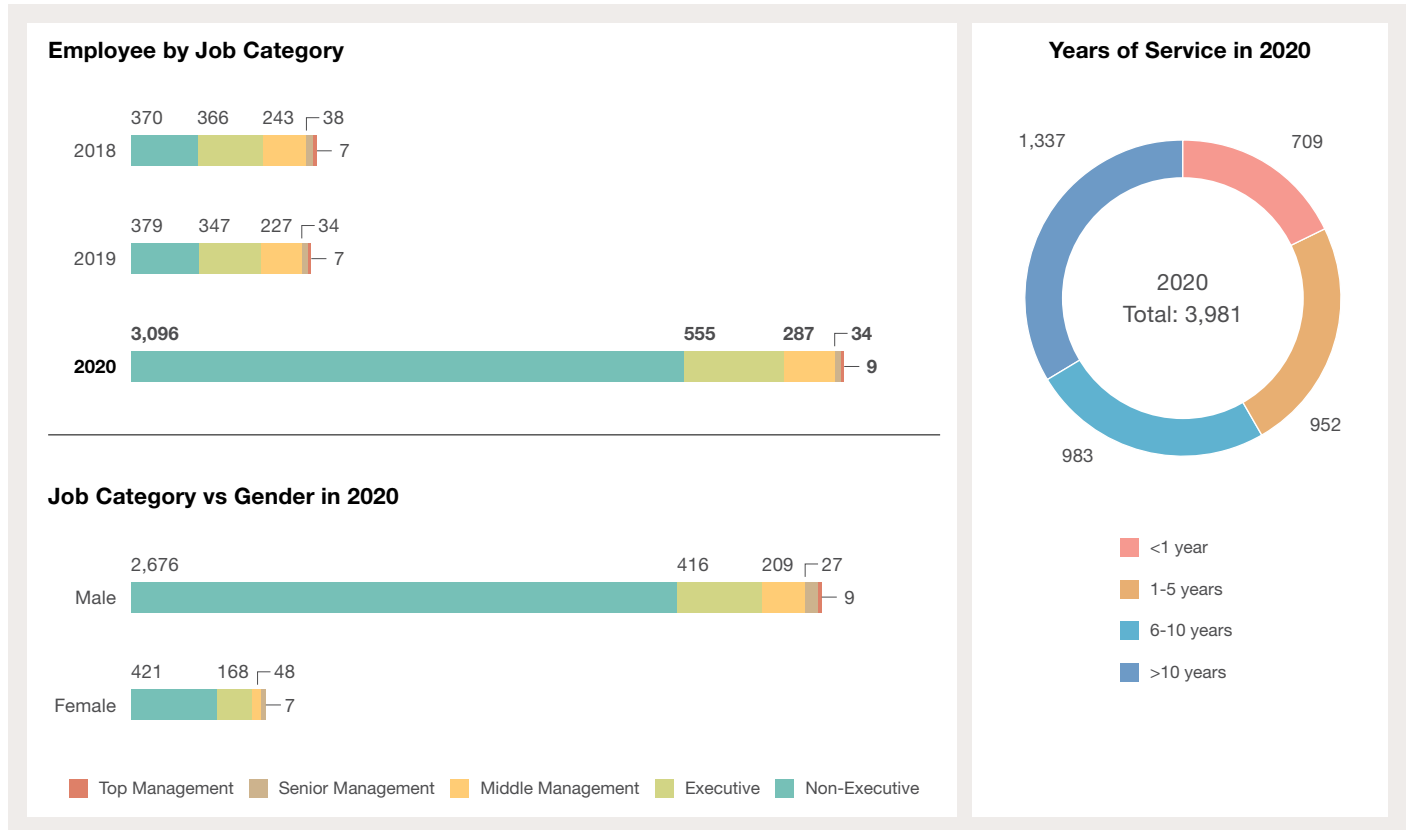
Employment Type (%)



Employee Group



SUSTAINABILITY STATEMENT



HUMAN CAPITAL FRAMEWORK

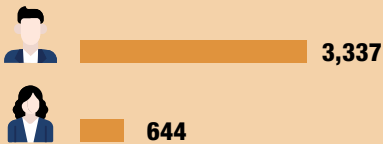
Our Human Capital Framework has been developed in alignment with our business strategy, to ensure that our people are best positioned to deliver on our expectations of their performance. Our Human Capital Framework comprises the following four key aspects:

- Optimise Manpower and Cost**
 - Manpower analysis and benchmarking for Malakoff and Alam Flora
 - Manpower optimisation in Malakoff and Alam Flora to remain efficient and lean, based on business needs
 - Continuously monitoring manpower costs
- Strengthen Capabilities**
 - Implement Leadership/Management Development Programmes
 - Identification of successors for CEO-2 and CEO-3 critical positions
 - Leadership readiness assessments for successors and potential talents
 - Facilitate and monitor the performance of successors and potential talents
- Improve Operational Efficiency**
 - Continuously improve SOPs
 - Enhance Human Capital system to improve its service delivery
 - Improve employee interaction through engagement programmes
- Performance Culture**
 - Inculcate Performance Management Process and Key Performance Indicators (“KPIs”)
 - Knowledge sharing by subject matter experts/project leaders
 - Encourage employees’ participation in business improvement initiatives/innovation

SUSTAINABILITY STATEMENT



Total Number of Employees



EMPLOYEE WELFARE

GRI 401-2, 404-2, 404-3

We provide a wide range of welfare and benefits to our workers based on our organisational belief that engenders employee satisfaction, and thus promotes an efficient, healthy, loyal and satisfied labour force. Among the various benefits we provide our people are paid leave, medical benefits and various other employment related benefits.

All our employees are given annual job appraisals, and they have the right to raise any issues or concerns through a clearly defined grievance mechanism process that has been developed and managed by the Group’s Human Capital Division.

23 Participants

completed 6 Sigma Programme

In addition to health and insurance benefits, we provide our employees with allowances and overtime payments. We also provide for employee’s bereavement and wreath, and an employee education assistance programme. In FY2020, we expanded our employee benefits by organising an Influenza Vaccination Programme in January 2020 for all our employees. The vaccinations were conducted onsite at all our plants and office premises nationwide. We conducted the vaccination programme in order to safeguard our people’s health by minimising the risk of infection during the influenza outbreak as part of Malakoff Employees Wellness programme.

97.0%

Employee Engagement (Response Rate)

SUSTAINABILITY STATEMENT



SUPPORTING OUR PEOPLE THROUGH COVID-19

GRI 402-1

FY2020 was an intensely challenging year for our people, as they put themselves at risk in order to provide continuous power for the nation. To support our people through these trying times, we implemented the following initiatives.

Daily Workplace Temperature Screening

In compliance with the SOPs imposed by the Government as a preventive measure during the Covid-19 pandemic, we made it compulsory for all employees to scan and register their body temperature before entering the workplace. The Workplace Temperature Screening booth was located at receptionist and front desk at all locations.

Webinar/Health Talk Series

The Human Capital Division organised a series of online webinars to educate and create awareness amongst our employees of issues surrounding the Covid-19 pandemic. The webinars that were rolled out were as follows:

- Managing Transition After Covid-19
- How to Stay Competitive at the Workplace to Avoid Being Laid-off
- Looking Great After Covid-19
- Preparing Mentally For Post-MCO (Return To Workplace)
- Adapting with Covid-19: Our New Normal
- Acupressure for Self-Healing and General Wellness
- Dengue Amid Covid-19 (Truths and Myths)
- Simple Routines to Combat other Work-Related Aches and Pains

Covid-19 Screening Program

To keep our people safe and assure them that we had their interests at heart, the Human Capital Division organised Covid-19 tests for our workforce under the SOCSO Prihatin Screening Programme (“PSP”). Conducted in June 2020 at all our locations, the screening was conducted by “BP Healthcare - Doctor2U” which was the SOCSO appointed service provider. None of our employees tested positive for Covid-19.

Effectuated Work From Home Measures

We effectuated WFH measures for employees with job functions that could be performed remotely from their home. All engagements, meetings, trainings and awareness session were conducted through online Microsoft Teams.

For KLHQ employees in supporting roles, or for those who were not directly involved in operations and projects, the Management implemented the STW arrangement. STW involved employees being split into different working groups which would rotate between working in the office and WFH. The scheduling of the groups and rotations would be managed by the respective Heads of Divisions/Departments based on business requirements. Employees on the STW and WFH arrangements would be subject to normal working hours in accordance with our Employee Handbook.

Conducted COVID-19 Drills at Our Plants

At our plants, we conducted Covid-19 drills to ensure our preparedness should an employee is tested positive with Covid-19. We also provided daily updates of new cases reported nationwide.



Please refer to our MD&A on page 18 of this Annual Report for more information on support we provided for our employees, as well as our WFH arrangements.

SUSTAINABILITY STATEMENT

Leave Benefits

GRI 401-3

All our employees are entitled to a range of different types of paid leave benefits, including marriage, Hajj leave and study/exam leave. We offer paid maternity leave of up to 60 days for our female employees, and paternity leave of three days for new fathers.

Employee Engagement

We believe that a highly engaged workforce is more likely to include discretionary effort in conducting their jobs, and form the basis of a harmonious and productive workplace. In FY2020, the Covid-19 pandemic placed some restrictions on our employee engagement activities. Nevertheless, we conducted two main employee engagement activities during the year as follows:

Management Get Together – Malakoff and Alam Flora

Malakoff organised a Management Get Together with Alam Flora on 18 September 2020 at Holiday Inn Kuala Lumpur, Glenmarie. A total of 35 management committee members from both companies attended the event. The objective of the programme was to foster a good relationship, with it forming an ice breaking session between the management committee of Malakoff and Alam Flora. The highlight of the event was the corporate presentation by Dato' Ahmad Fuaad Kenali, the previous CEO of Malakoff, followed by Dato' Haji Mohd Zain Hj Hassan, CEO of Alam Flora, respectively. The event subsequently continued with the introduction of each management member from both companies.

Human Capital Roadshow

In October 2020, Malakoff's Human Capital Division organised a roadshow at TBP as part of the annual engagement conducted with our plant-based employees. Among the topics that were discussed at the roadshow were employees claims, Competency Allowance Procedure, leave entitlement, benefit claims, Personal Information Update via SAP Adobe, SOCSO claims, employee exit form and process, retirement benefit scheme/gratuity, contract renewal and loan applications. The event was well received by our staff.

Employee Engagement Survey

The Human Capital Division had organised a series of internal surveys throughout FY2020 in order to obtain our employees' feedback. We organised these surveys as we believe that in order to create a great company culture and making Malakoff a great place to work, we should enhance our employee engagement activities and outcomes. Among the surveys that we conducted were :

- Employee Provident Fund ("EPF") Survey 2020
- PMCare Awareness and Satisfaction Survey Feedback 2020
- MMC Group Employee Engagement Survey 2020

The main objectives of the Group's Employee Engagement Survey were as follows:

- To provide insights to the level of employee engagement and disengagement within the organisation and its subsidiaries
- To identify strengths and weaknesses for opportunities of improvement
- To provide data to support organisational development through enhanced employee engagement
- To build clear links of survey findings to Malakoff's KPIs and outcomes

Conducted from 16-27 November 2020, the online survey consisted of 56 multiple choice questions and one open-ended question which recorded an impressive rate of 97.0%, with 913 out of 943 employees providing their feedback.

Malakoff Employee Engagement (Response Rate)

	2007	2009	2011	2016	2018	2019	2020
Target Number of Respondents	520	564	672	1,005	1,035	1,001	943
Survey Completed	356	323	569	812	915	759	913
Response Rate	67.0%	57.0%	85.0%	81.0%	88.0%	76.0%	97.0%

Note: The Management had decided for Alam Flora to not participate in the FY2020 MMC Group Employee Engagement Survey

SUSTAINABILITY STATEMENT



20 Participants

Third cohort of the MDP with participants from TBP and TBE



22 Speakers

MATECON2020 presented by speakers from KLHQ and site offices engineers

TALENT DEVELOPMENT

GRI 404-2, 404-3

Although the Covid-19 pandemic required us to shift the majority of our training and development programmes to the online space, we continued to provide our people with the support they required to pursue their talent development journey.

There was a significant reduction on the amount spent on talent development programmes in FY2020 as these were affected by the pandemic. A sizeable number of training programmes had to be postponed or cancelled during the MCO period due to restrictions in movement and social distancing requirements.

Nevertheless, we pushed through to provide the following talent development programmes in FY2020.



6 Sigma Programme

The 6 Sigma programme has been identified as one of the Group’s strategies to streamline its system and processes towards optimising the way it conduct its business. In January 2020, Malakoff successfully completed the 6 Sigma Green Belt Batch 2 training at TBP. A total 23 participants completed the training programme.

Malakoff Management Development Programme

We successfully launched our third cohort of the MDP in September 2020, with a total of 20 participants from TBP and TBE. The objective of the programme is to develop potential talents in the middle management level to continuously support Malakoff’s growth into the future. The MDP is a nine-month intensive training course that exposes participants to the themes of managing self, managing others and managing business.

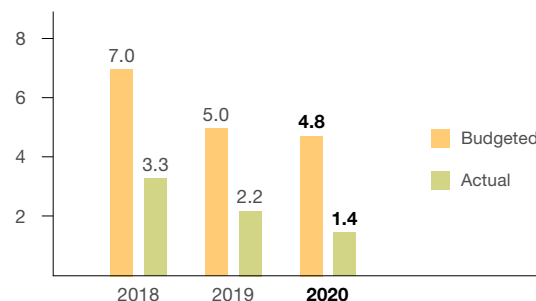
Technical Training

We continued to develop our people’s technical skills through a series of competency and certification training programmes throughout 2020 at all locations. For the second time in a row, the technical training department successfully organised the Malakoff Technical Conference 2020 (“MATECON2020”) in September and October 2020 through an online webinar. The six-day conference consisted of 20 topics presented by a total of 22 speakers from KLHQ and site offices engineers.

Executive Development Programme - Alam Flora

The purpose of the programme was to enhance the capability of Alam Flora executives in managing and delivering their tasks effectively and efficiently. The programme also helped participants to improve their leadership, people management and technical skills. A total of 18 executives participated in the programme that started in July 2020 and is expected to end with the graduation in July 2021.

Amount Spent on Talent Development (RM million)



SUSTAINABILITY STATEMENT

OCCUPATIONAL SAFETY AND HEALTH

GRI 403-2

We prioritise our employees’ occupational, safety, health and well-being as it not only facilitates higher workplace productivity but also builds their sense of confidence and security in our organisation. The unprecedented Covid-19 pandemic required employers to swiftly pivot from traditional OSH approaches, to incorporate new health and safety measures that undertook to minimise the risk of infection.

We conducted a Covid-19 Specific Risk Assessment at all our locations where we evaluated the activities our employees were undertaking in the course of performing their job. We assessed the risks posed by Covid-19 both in terms of the generic risks which will be relevant to all operations, as well as specific risks posed by a particular activity. In line with this, we then developed a series of Covid-19 advisories, which among others included the Covid-19 Social Distancing Advisory, Covid-19 Disinfection SOPs, Covid-19 Procedure for Contact Tracing and the development of a Pandemic Response Procedure.

Our HSSE management systems and programmes continued to provide an effective safety framework for our operations. Through our safety awareness programmes and activities, we developed a strong safety culture amongst our employees at all our locations. As a result of our focused approach, we recorded

95.0% completion of the HSSE Programme and Zero Loss Time Injury Frequency Rate (“LTIFR”) for operations. Our total number of incidents reduced from 20 in FY2019 to 8 in FY2020 as a result of the good underlying HSSE systems we had in place, and a strong workplace safety culture that supports our workers.

During the year, Malakoff participated in the Systematic Occupational Health Enhancement Level Programme (“SOHELP”), which is a strategic partnership with the Department of Safety and Health (“DOSH”) to increase the occupational health competency amongst HSE practitioners. This year, five of our power plants were involved in the programme.

We regret to report that in FY2020, there were four fatalities for the year, involving waste management contractors. We extend our heartfelt condolences to their families for their loss. We stepped up on our efforts to mitigate these unfortunate incidents and increase employee safety awareness by conducting retraining exercises. We also took steps to improve workplace safety and reviewed our safety procedures to ensure that such incidents do not recur.

We were also able to renew our annual Fire Certificate, DOSH Pressure Vessel Permits, DOSH Lifting Equipment Permits and the “Permit Penyimpanan Diesel” from the Ministry of Domestic Trade and Consumer Affairs in a timely manner. We successfully migrated from OHSAS 18001:2008 to ISO 45001:2018 – Occupational Safety Health Management System.



As a result of our focused approach to upholding good levels of OSH, we were honoured with the following awards in FY2020 at the Malaysian Society of Occupational Safety and Health Awards:



Prai – Gold Merit



LPP – Gold Class I



TBP – Gold Class II



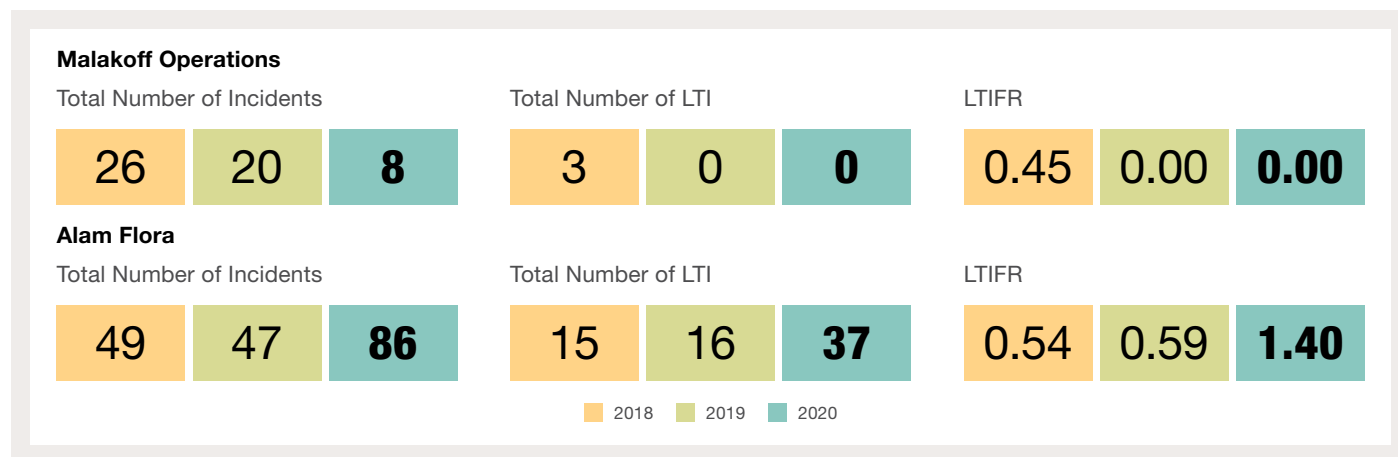
TBE – Gold Class II

SUSTAINABILITY STATEMENT

HEALTH, SAFETY, SECURITY AND ENVIRONMENT

Category	Description	Includes (Malakoff)			Includes (Alam Flora)		
		2018	2019	2020	2018	2019	2020
Fatality	Immediate death or death within one year from the date of the accident, occupational disease.	0	0	0	0	0	1
LTI (Operations)	An injury is assessed to be on LTI when the injured person cannot return for duty during next shift or next day.	3	0	0	15	16	37
Medical Treatment Injury	Includes treatment of injuries at administered by registered medical personnel.	5	1	2	3	0	4
First Aid Injury	Any one-time treatment and subsequent observation of minor injury which do not ordinarily require medical care.	1	1	0	1	1	1
Fire Incident	A fire that occurred within the plant premises	6	9	2	0	1	4
Property Damage	An instance where either company property or equipment are damaged.	5	0	2	30	29	39
Near Misses	An incident where no injury, ill health or property damage occurred, having been barely avoided.	5	8	2	0	0	0
Security incident	Any incident related to security breach	0	1	0	0	0	0

LTIFR Performance in FY2020



COMMUNITY INVESTMENT AND DEVELOPMENT

GRI 203-1, 203-2

We strongly believe that the success of the Group is inextricably linked to the welfare of its communities. As power producers, the electricity we generate enables communities to conduct their daily lives and businesses. In order to engender long-term relationships of trust with the local communities, Malakoff has steadfastly maintained our support of the community through numerous contributions that focus primarily on education and the environment. In FY2020, we extended our support to programmes that assisted vulnerable communities deal with the socio-economic and health impacts of the Covid-19 pandemic.

Measures to Improve Likelihood of Community and Job Opportunities

Our commitment to lend support to the underprivileged continued with our annual contribution through *Wakalah Zakat* for the development of community welfare and well-being. In FY2020, Malakoff contributed to the positive welfare of a total of 473 poor and needy people, or *Asnaf Fakir and Miskin*, by providing them with financial support to improve their quality of life and help with their daily needs.

SUSTAINABILITY STATEMENT

Supporting Communities to Get Through the COVID-19 Pandemic

When the MCO was announced in March 2020, only businesses considered as “essential services” were allowed to continue with their physical operations. While larger companies were able to transition their business to a digital model, the majority of SMEs and microenterprises were not able to. Consequently, a significant portion of the population lost their jobs, or their income streams. Those with families, in particular, struggled to get food on the table to sustain their loved ones. Cognisant of the severe hardships these vulnerable communities were facing, Malakoff contributed essential items to local communities to make a positive difference in their lives as follows:

Apr 2020	<ul style="list-style-type: none"> Handover of essential items to the local community: <ul style="list-style-type: none"> <i>Kawasan 1</i>, Mukim Serkat Prai and surrounding areas Segari, Lumut Contributions to <i>Tabung Musaadah Khaira PPZ</i>
Jun 2020	<ul style="list-style-type: none"> Handover of CSR Contributions to the underprivileged at Pekan
Sep 2020	<ul style="list-style-type: none"> Providing face masks and hand sanitisers to the local community at Mukim Serkat
Oct 2020	<ul style="list-style-type: none"> Providing hand sanitisers to the Segari and Prai Local Authorities

Contributing to Front Liners

During the year, we also contributed to medical front liners, to support them in the fight against Covid-19 as follows:

Mar 2020	<ul style="list-style-type: none"> Handover of 250pcs of <i>Beras Wangi Jasmine</i> 10kg to <i>Hospital Sungai Buloh</i> front liners
Apr 2020	<ul style="list-style-type: none"> Contributions to <i>Institut Latihan Kementerian Kesihatan Malaysia (Kejururawatan)</i>, Muar
Jun 2020	<ul style="list-style-type: none"> Handover of three washing machines for the Covid-19 Quarantine Centre in Pontian

CSR Activities that Reinforce our Social License to Operate

While the majority of our philanthropic contributions in FY2020 were targeted at helping communities in need through the Covid-19 pandemic, we also reached out to touch the lives of other segments of the community during the year as follows:

Jan 2020	<ul style="list-style-type: none"> Contributions to the local community at <i>Kawasan 1</i>, Mukim Serkat Contributions to <i>Lembaga Tabung Haji</i> for the <i>Program Sahabat Korporat TH 1441H</i> Supporting the Anti-Drug Programme in Mukim Serkat
Feb 2020	<ul style="list-style-type: none"> Save Our Sea Programme in collaboration with <i>Jabatan Perikanan Negeri Perak</i>
Jul 2020	<ul style="list-style-type: none"> Handover of <i>Lembu Korban</i> at <i>Masjid Khairul Jariah Segari, Masjid Padang Lallang</i>, Prai and Mukim Serkat

ALAM FLORA SDN BHD

GRI 302-1, 306-2

Alam Flora continued to maintain strong engagements with the community through a host of outreach programmes that were focused on providing a clean and healthy environment. These outreach activities not only served as an important channel for its CSR commitments, but also served as a platform through which Alam Flora employees could personally give back to society and contribute to environmental preservation, in line with its corporate tagline of ‘Appreciating LIFE’, where ‘LIFE’ is an acronym for ‘Living In a Fulfilling Environment’.

Alam Flora has also introduced the RewardS@S programme as to help support the Government’s ‘Separation at Source’ programme (“S@S”). This involved the use of a bar coding system for the collection of PETRONAS’s Mesra retail points and placement of collection bins at non-landed residential areas and offices.

In line with SDG 17, Alam Flora has entered into various collaborative partnerships with PETRONAS, Prolintas, Northport and MAHB, to name a few. These partnerships involved various on-the-ground activities consisting of awareness, education and entertainment (edutainment) programmes led by its very own ‘3R on Wheels’ (“3RoW”), the first of the country’s such mobile recycling awareness and collecting centre. The 3RoW is a locally fabricated six-wheeler, seven-tonne truck which had been fitted with a giant LED screen on its side and a retractable stage for organising talks and demonstrations on S@S. For the first time ever and in adhering to the new norm, Alam Flora held its annual 3R fashion competition, “Waste is Amaze”, virtually and managed to successfully attract even more participants and viewers beyond the Klang Valley. Through the programme, the participants used their creativity to transform recycable materials to become unique and beautiful fashion designs, based on the given theme.

During the year, Alam Flora also set up composting centres in Putrajaya for food waste from restaurants, hotels and residences in the vicinity. This green initiative in turn supports the Local Agenda 21 project, which includes community urban farming and a garden. In addition, Alam Flora helped set up a composting centre in PPR Seri Alam, Kuala Lumpur which is run by the community. During the Covid-19 pandemic, Alam Flora played an integral role as front liners involved in national sanitisation operations, where more than 100 of its workers cleaned and sanitised Covid-19 affected areas in the Klang Valley.

SUSTAINABILITY STATEMENT

Youth Education and Development

GRI 413-1, 413-2

The Malakoff Edufund Programme is our signature CSR programme focusing on education. Established in 2002, the programme provides financial support to 11 adopted schools in the states of Perak, Pulau Pinang and Johor. In FY2020, we continued our comprehensive CSR Education Programme in Mukim Serkat, Johor through activities such as “Jom Sarapan with Malakoff”, tuition classes and book donation. The initiative is aimed at not only providing the school children with nutritious breakfasts to improve their focus in class, but also to encourage them to come early to school. The programme benefited 953 school children from the seven primary schools located in Mukim Serkat, Johor.

Due to the pandemic, many schools were shut down for physical learning for most part of the year in order to keep students safe from the Covid-19 virus. In line with this, we had contributed 15 boxes of hand sanitisers and 20 boxes of face masks to 15 schools in Mukim Serkat, Johor to ease the burden of the students and their parents in keeping with the Government’s compliance at schools during these unprecedented times. Approximately 3,150 students had benefitted from this contribution.

In fulfilling the Government call for corporate organisations to support local higher education institutions, Malakoff continued to support Universiti Tenaga Nasional (“UNITEN”), University Malaysia Pahang (“UMP”) and Universiti Teknologi Mara (“UiTM”) to carry out students related activities in the respective universities.

Environmental Awareness

GRI 413-1, 413-2

We spent a significant amount of our effort and time on programmes that were aimed at creating greater public awareness on environmental issues that concern the global community. These events and activities were targeted towards local communities, youth and school children. The programme consisted of activities such as talks and seminars, and *gotong-royong* initiatives to clean up the surrounding areas held in conjunction with local municipalities, local communities and schools. In FY2020 however, the national lockdown that was imposed to contain the spread of the pandemic affected our efforts to carry out more such programmes.



The Save Our Sea programme was held in 22 February 2020 with the collaboration between Malakoff and *Jabatan Perikanan Negeri Perak*. We were able to conduct a key event before the MCO imposed at Dataran Teluk Senangin, Lumut, Perak. The event was aimed at supporting the marine biodiversity conservation efforts by creating environmental awareness amongst local communities and the general public, in line with promoting a culture of maintaining the cleanliness of our beaches, oceans and rivers.

More than 300 participants comprising non-governmental organisations (“NGOs”) and local communities participated in the event where some 200 one-month old turtles were released into the sea. The event was well received by the public, and we look forward to resuming similar activities once normalcy resumes in the future.

In FY2020, Alam Flora conducted more than 40 activities under its CSR ambit, which included ongoing public awareness and public education initiatives, especially through the FIKS in Putrajaya, the country’s first such facility focussing on creating awareness and educating the public on recycling and recovery processes.

SUSTAINABILITY STATEMENT

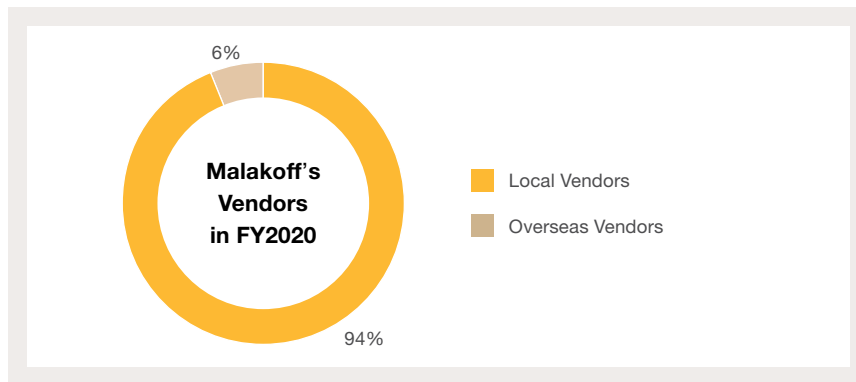
Responsible Subcontracting and Procurement

GRI 204-1

We have continuously maintained a fair and ethical approach in our vendor and supplier selection process. As an important part of our supply value chain, we believe in a merit-based selection process that hinges on the strength of their value proposition along with their proven track record, industry expertise and experience, as well as their commitment to sustainability and good corporate governance.

In FY2020, we continued to engage with our vendors for their updates in our vendor registry database which is a crucial aspect in our vendor management process. Due to the unprecedented Covid-19 pandemic and in compliance with the various preventive measures outlined by Government agencies, such constraints had inevitably limited our vendors’ ability to provide their services in the same manner as before and had also limited the vendors’ participation in the vendor selection process, which has resulted in an increase in procurement cost.

The Covid-19 pandemic which impacted the global supply chain also affected some of our sourcing activities in particular from countries which have imposed various lockdown activities throughout FY2020. As a result, alternative sourcing activities were embarked upon which have also contributed to higher cost of procurement.



Human Rights

GRI 102-41, 406-1

In line with our commitment to the International Labour Organisation (“ILO”) and the Universal Declaration of Human Rights, we are firmly committed to upholding human rights across all aspects of our operations. All our policies have been formulated to ensure that we do not infringe on the basic rights of employees and the various communities in which we operate in. In FY2020, there were no incidents of human rights violations recorded throughout the Group.

OUTLOOK FOR SUSTAINABILITY

As we progress into the year ahead, we remain firmly dedicated to see through our sustainability commitments which are embedded within our strategy and business operations, as well as our CSR outreach efforts. Our long-term goal is to be a sustainable clean energy provider that has invested our organisational heart and soul in furthering the interests of our surrounding communities.

With Alam Flora now a core component of our business, we are well placed to further the 5R (Refuse, Reduce, Reuse, Repurpose and Recycle) agenda in Malaysia, and promote the adoption of a circular economy in the nation. Our future focus with regards to our business expansion is to expand our RE asset base, as we build our capabilities to pivot to new clean energy sources. Within our existing plant operations, we are committed to drive operational and energy consumption efficiencies through continuous innovations and improvements.

We believe our approach of embedding the triple bottom line into our business operations, objectives and goals, ensures that the Group will remain relevant in the longer term. It ensures our future profitability within a rapidly changing world, especially bearing in mind the mega trends that are shaping the global power industry.



Please refer to the GRI Content Index for full disclosure on page 285 to 291 of this Annual Report.