

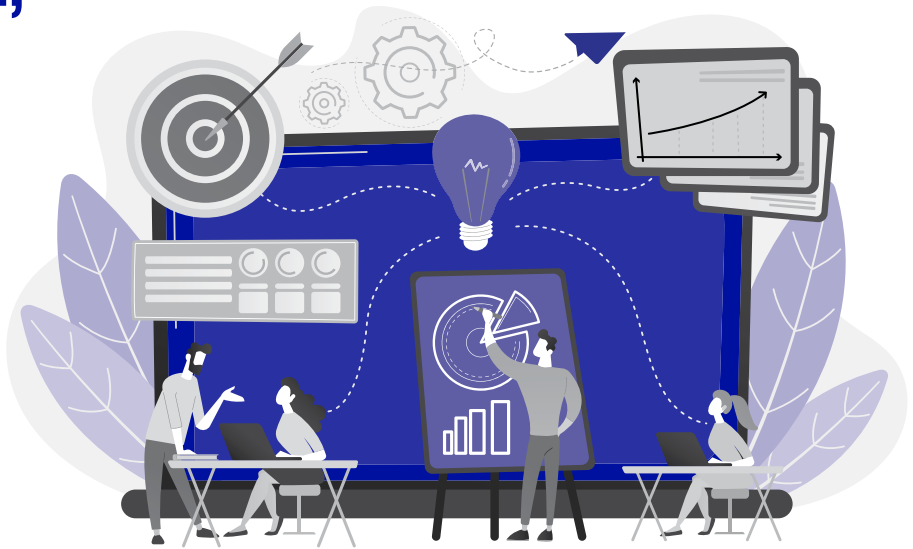
SUSTAINABILITY STATEMENT

IT IS WHO WE ARE, WHAT WE DO

HSS Engineers Berhad ("HEB") designs with the community in mind, creating innovative, sustainable, resilient and liveable communities.

A unique portfolio of innovative solutions and services delivers superior value to all stakeholders. HEB seeks to create economic value while offering solutions to society as a leading and the largest listed engineering consultancy group in Malaysia.

Our sustainability framework reflects our values and the manner in which we perform our daily work.



Valuing/Developing Human Capital

Delivering exceptional outcomes starts with having exceptional people. We align global expertise and experience with local knowledge to meet the needs of our clients. Our diverse workforce of professionals comprises highly respected experts who bring talent, experience and passion to their fields. Challenging boundaries, they look beyond the project scope to help shape a better future.



Connecting Community

Enhancing the livelihood of communities and being the lifeline of communities, we connect communities through sustainable engineering works.



Transforming the Nation

Becoming the nation's asset in infrastructure development and creating a better Malaysia, HEB projects are enablers for the country's economic advancement.



Sustaining the Environment

We are committed to embedding sustainability principles throughout our businesses. We undertake all projects in an environmentally-responsible manner and both identify and manage risks that may negatively affect the environment.

The sustainability framework also provides an overarching structure that is useful for implementing sustainability throughout the business operations. These factors have helped us focus on key areas in our sustainability journey for the maximum benefit. This helps us create long-term value for the business and our stakeholders.

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HOW HEB EXECUTES SUSTAINABILITY IN ITS OPERATIONS



SUSTAINABILITY GOVERNANCE




Our sustainability governance model provides a solid foundation for developing and anchoring the sustainability strategy and targets. It ensures that we focus on embedding sustainability into the relevant business areas.

In 2017, an Environmental Taskforce was established to champion various green initiatives within HEB. The Taskforce focuses on spearheading a group-wide strategy that improves resource efficiency and drives wastage reduction within all Group functions and processes. The Taskforce also launched an energy-saving initiative at HEB's corporate headquarters.





The Board is overseeing the development and adoption of the Group's sustainability initiatives. We are in the midst of formalising a sustainability committee with a good mix of board-level representatives, coordinating executives and non-executives across various departments with various skill sets. This committee will encourage genuine engagement on sustainability issues among senior leaders of the business and mobilise the support of the workforce.

OUR STAKEHOLDERS

HEB defines stakeholders as individuals and organisations that influence or are affected by its business. Our management approach aims to align corporate activities with societal needs. Focusing on feedback obtained from stakeholders and building relationships of trust demonstrates this. Paying close attention to society's views, we identify risks and opportunities in their early stages and provide many avenues for dialogue with stakeholders.

Stakeholder Group	Method of Engagement	Frequency of Engagement	Our Principles
Clients 	<ul style="list-style-type: none"> Customer satisfaction survey Customer complaints platform 	<ul style="list-style-type: none"> Per project basis As required 	Relationships and trust are the foundation of everything we do. HEB listens and gives clear advice to customers on all kinds of engineering and project management services.
Government/Regulatory Authorities 	<ul style="list-style-type: none"> Regular communication Reports and compliance 	<ul style="list-style-type: none"> Regularly As required 	HEB supports the government initiative in advancing the nation by being Malaysia's Engineering DNA. The Company has made an outstanding contribution to the development of the nation's infrastructure with its superior technical quality, innovation and performance.
Shareholders & Investors 	<ul style="list-style-type: none"> Results announcements Annual general meetings Extraordinary general meetings Investor road shows Regular communication 	<ul style="list-style-type: none"> Quarterly Annually Ad hoc Regularly Ad hoc 	HEB's overall goal is to create sustainable shareholder value while fulfilling the expectations of other stakeholders. A strong focus on financial performance, risk management and internal control is key to achieving this goal.

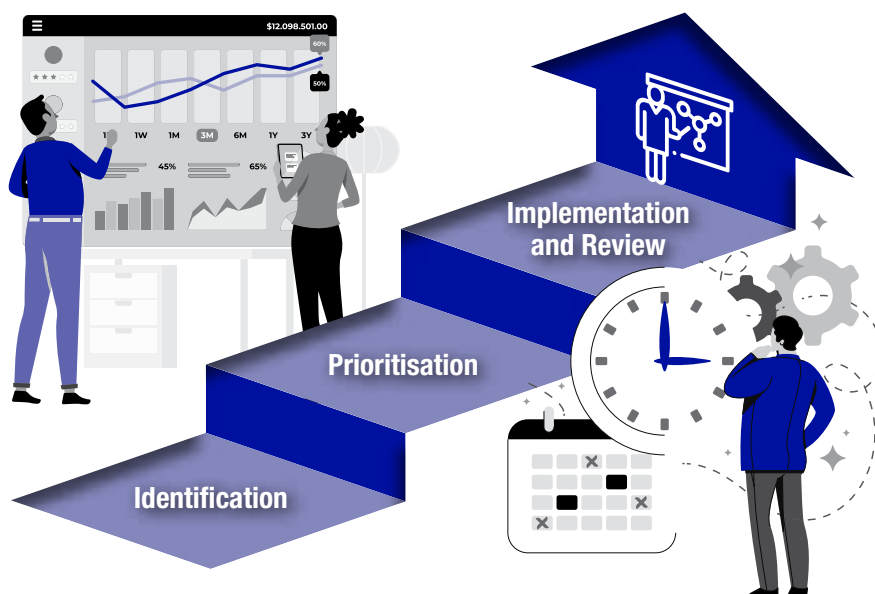
SUSTAINABILITY STATEMENT

Stakeholder Group	Method of Engagement	Frequency of Engagement	Our Principles
Employees 	<ul style="list-style-type: none"> Employee grievance system Employee training Email blasts Management meetings Other events including annual dinners, functions and informal gatherings 	<ul style="list-style-type: none"> As required Regularly Regularly Regularly Regularly 	HEB provides an engaging, inclusive and stimulating work environment that encourages high quality performance as well as high employee satisfaction and loyalty.
Analyst / Media 	<ul style="list-style-type: none"> Analyst briefings Regular communication Media interviews, press releases and website postings 	<ul style="list-style-type: none"> Regularly Regularly Regularly 	HEB engages with its media partners and analysts regularly at corporate events and launches where it disseminates first-hand project information.
Community and the Public 	<ul style="list-style-type: none"> Community engagement Open dialogue 	<ul style="list-style-type: none"> Regularly Regularly 	Realising the community of tomorrow, today by enabling economic advancement for the nation. HEB creates integrated communities as it becomes the nation's asset in infrastructure development.
Suppliers 	<ul style="list-style-type: none"> Contract bidding and procurement management 	<ul style="list-style-type: none"> Per project basis 	HEB examines the entire operational value chain in order to minimise risks, maximise future opportunities and ensure sustainable economic growth.

MATERIALITY

Materiality assessments are the backbone of reporting and help us identify and prioritise issues that are most relevant to our stakeholders and business. The materiality assessment examines stakeholders' expectations and the social, environmental and economic impacts along the value chain.















We employ a three-stage approach to identify material sustainability issues for inclusion in the Sustainability Statement. Sustainability areas that are of most interest to our stakeholders and have the most significant impact on the business are prioritised throughout the statement.



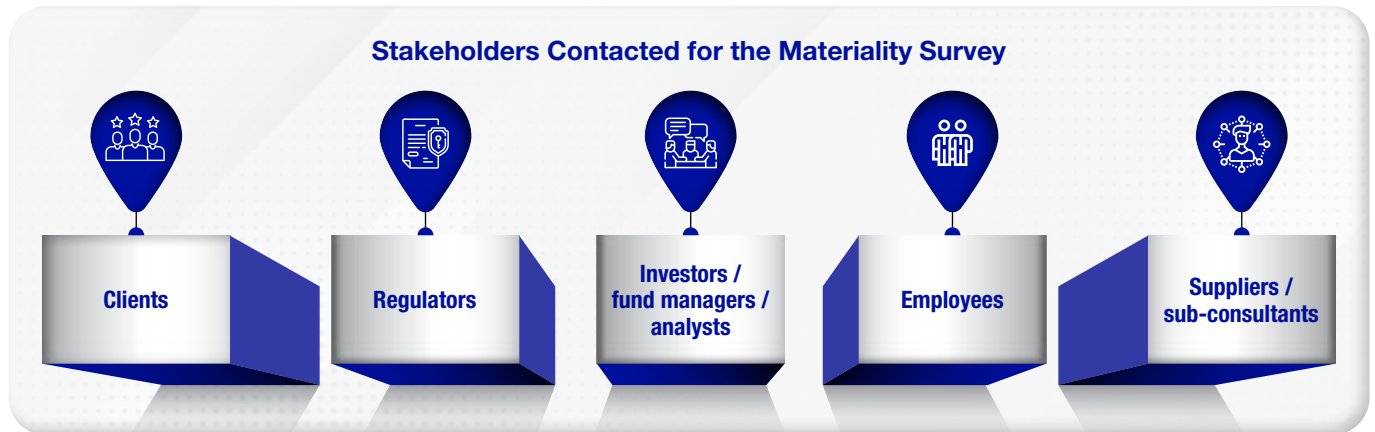
THE METHODOLOGY

We conducted the HEB Group Stakeholders' Materiality Survey 2020 in the first quarter of 2020. Our stakeholders were asked to rate the importance they placed on 14 economic, environmental, social and governance issues.

SUSTAINABILITY
STATEMENT**COMMITTED TO THE CREATION OF VALUE AND THE PROGRESS OF SOCIETY****Sustainability Areas Assessed in the Materiality Study**

Materiality Issue		Description
ECONOMIC		
	Nation-building	Developing national infrastructure that boosts economic development in Malaysia
	Industry advancement	Advocating new technologies in engineering/construction-related industries
ENVIRONMENT		
	Energy & climate change	Managing energy and greenhouse gases, ozone-depleting substances and other harmful emissions with a view to reducing them whenever possible
	Environmental awareness	Advocating environmental conservation and protection throughout operations and projects
SOCIAL		
	Local communities	Supporting local communities through voluntary work, education and awareness programmes
	Job creation	Creating jobs within the industry through Protégé and other development programmes
	Respecting human/individual rights	Protecting the interest and welfare of every individual such as through meeting the national requirements on maximum work hours, minimum rest hours, pay and the legal working age
	Diversity, equal opportunity & non-discrimination	Promoting diversity and equal opportunities and combating workplace discrimination
	Employee engagement	Keeping employees informed through townhall briefings and other engagement programmes
	Career development	Effective hiring, recruitment, training and retention
	Employee and public safety	Keeping all workers and the public safe at operation sites
	Quality & client satisfaction	Promoting quality throughout all engineering work to attain high levels of client satisfaction
GOVERNANCE		
	Regulatory compliance	Preventing anti-competitive behaviour and corruption while adhering to all other economic, environmental and social legislation
	Corporate governance	Implementing corporate governance best practices/principles such as ethical business conduct, well-diverse board representation and maintaining an effective governance structure to ensure the appropriate management of risks and level of internal controls

SUSTAINABILITY STATEMENT

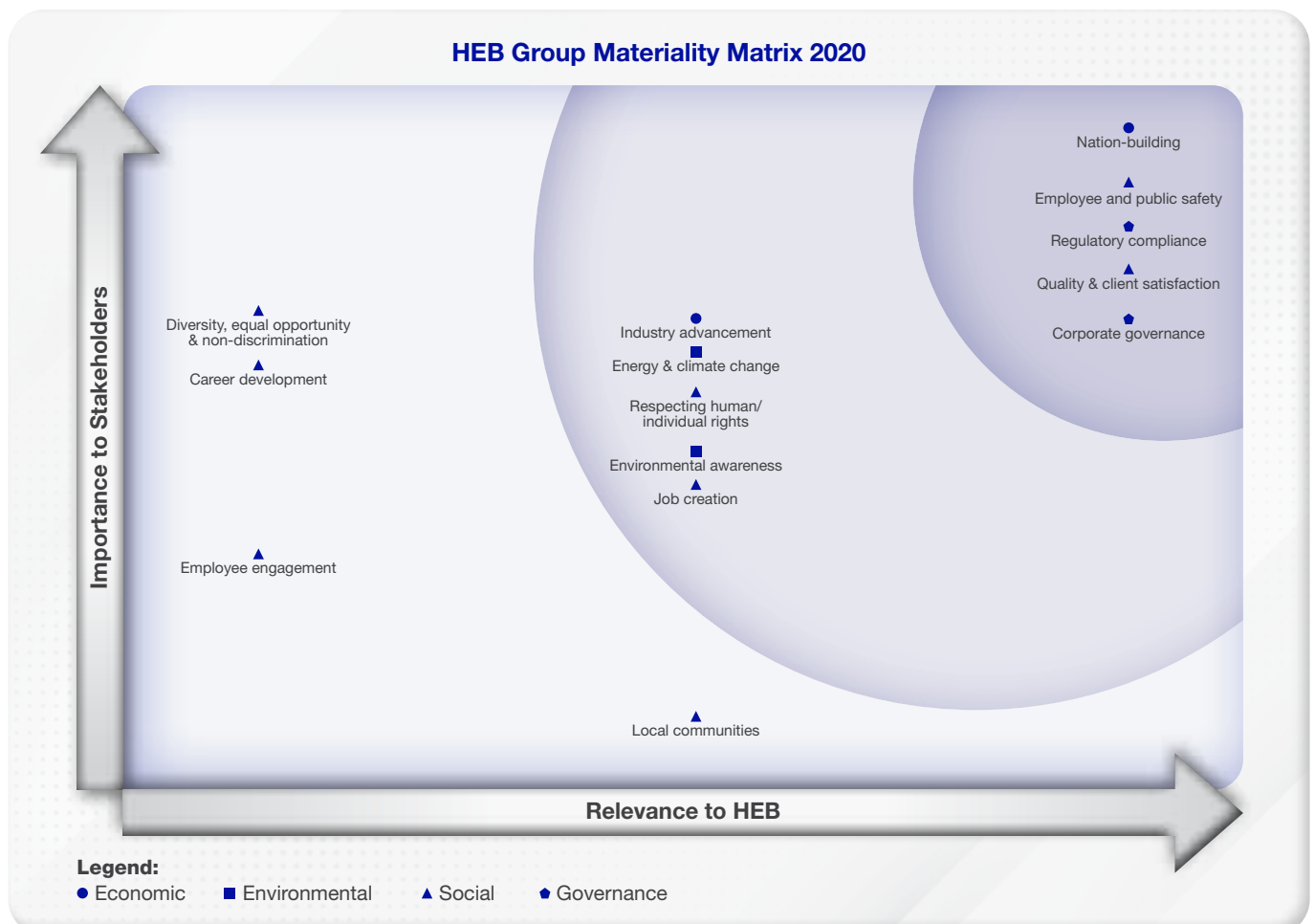


The survey respondents were asked to indicate the importance of each criterion from 'very unimportant' (1) to 'very important' (5). A separate average score was calculated for each of the 14 areas within each stakeholder group before an average from all stakeholder groups was obtained.

The same survey was completed by members of the Board who represented the views of HEB.

RESULTS

The results of the materiality exercise help us identify potential economic, environmental, social and governance areas that are sufficiently important to influence our corporate strategy and sustainability reporting. As topics in the top right quadrant are more important to stakeholders and more relevant to HEB, they should receive greater coverage in this report. The results of the materiality assessment are presented in the materiality matrix below.












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ENERGISING THE SUSTAINABLE DEVELOPMENT GOALS

Adopted by all United Nations Member States in 2015, the 2030 Agenda for Sustainable Development shared 17 Sustainable Development Goals (SDGs), which are a blueprint for peace and prosperity for people and the planet. Ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, spur economic growth while tackling climate change and working to preserve our oceans and forests.

We support the United Nation's 2030 agenda and seek solutions and best practices to achieve the 17 goals that address economic growth, social inclusion and environmental protection. We contribute to all SDGs to some degree; however, as an engineering company, and considering feedback from stakeholders, we prioritise the SDGs that can maximise our impact.

SDGs	HEB's Contributions
	HEB is committed to improving the safety and health of employees by providing supportive programmes that address various health and wellness areas. The Group works hard to deliver a zero-accident rate across its entire operations.
	HEB promotes lifelong learning and professional development by continuously investing in its workforce. The Group continued to provide access to learning through various platforms including internal and external training.
 	The rights and opportunities of every person should be respected, regardless of their gender, ethnicity, religious beliefs or socio-economic background. HEB ensures that the business is diverse, inclusive and reflects the local communities where operations are based.
 	The direct environmental impact of operations is low as HEB does not manufacture products. The core businesses focus on providing engineering and project management services through technology advancement and engineering solutions. Currently, HEB is exploring new renewable energy projects and opportunities covering solar and wind energy, waste to energy, small hydro and biomass/biogas plants. These projects support the government's initiative to increase renewable energy power generation from the current 2% to 20% by 2025.
	Professional Training and Education for Growing Entrepreneurs (Protégé) is our long-standing commitment to growing the Malaysian talent pool. It equips Malaysian graduates with the necessary skills and experience to thrive in the corporate world. This 12-month programme blends intensive soft skills classroom training with on-the-job learning. It offers practical skills and real-life experiences to build a strong foundation for a successful future. Protégé is under the purview of the Ministry of Entrepreneur Development and Corporation (MEDAC). Malaysian degree graduates aged below 27 years who have been unemployed since their graduation for up to two years are eligible to apply. HEB is committed to being a great place to work. With a total workforce of close to 850 employees, more than half are engineers of various disciplines. Many employees have served the Company long-term with some being employed for over 20 years.
 	HEB is a business that brings value and results to clients. Various innovations and advancement projects define HEB's responsive supply chain in the engineering and project management sector. With a combined experience of more than 80 years, the Group boasts longstanding expertise in a wide array of industries including urban infrastructure, transportation planning, roads and highways, railways and metro systems, water resources and supply, waste management, building and structures and power generation.

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SDGs	HEB's Contributions
	<p>Achieving economic growth and sustainable development requires an urgent reduction of our ecological footprint. HEB practises the efficient management of resources and responsible operations throughout its supply chain. HEB and its associate companies have achieved various standards and certifications including ISO 37001:2016, ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.</p>
	<p>Employees pride themselves on adhering to the highest code of ethics that governs all business operations and living out the mission in the community. HEB has zero-tolerance for corruption and fraud and promotes the dissemination of the principles of business and professional ethics.</p>
	<p>HEB participates in several initiatives that actively shape sustainable development through collaboration and mutual exchange with stakeholders. Comprehensive expansion strategies consist of geographical expansion via local and foreign acquisitions including strategic partnerships and joint ventures with companies with a local presence in India and ASEAN.</p>

This sustainability statement is structured following the Bursa Malaysia Sustainability Guide which reports three main sustainability pillars: Economic, Environmental and Social. The following chapters detail HEB's journey in each sustainability pillar.



SUSTAINABILITY
STATEMENT

ECONOMIC



Producing sustained, inclusive and sustainable economic growth by providing productive employment opportunities for all.



Building resilient infrastructure, promoting inclusive and sustainable industrialisation and fostering innovation.



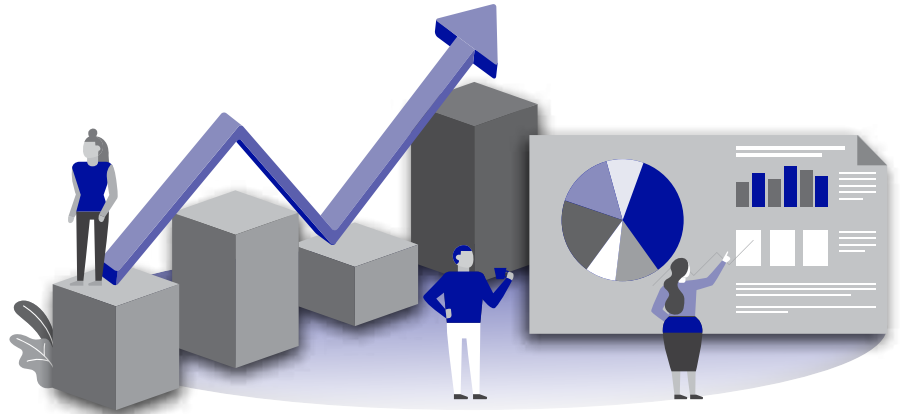
Making cities and communities inclusive, resilient and sustainable.



Promoting just, peaceful and inclusive societies through effective corporate governance.



Working closely with organisations and institutions for sustainable development.



Innovative ideas are reshaping the construction industry as they reduce environmental impact, increase productivity and improve safety. Digitalisation in the engineering and construction industry has been an increasing trend for many years; however, its speed is now accelerating. Digital transformation is more than simply adopting tech solutions.

Digital transformation changed how construction and infrastructure projects are delivered at HEB. It drives down costs and improves overall project execution and timeliness. We have seen an explosion in innovation throughout our history. As a key industry player, we will continue to leverage our expertise and proven track record to participate in mega infrastructure projects that build the nation. We remain resilient as we continue to support the nation's infrastructure development initiatives.

The government needs to jump-start the economy. We foresee that the construction industry, particularly infrastructure development, will play an increasing role. This will provide the necessary larger downstream multipliers to the economy. As a key player already involved in existing nation-building projects, we will leverage our expertise and track record to be involved in future-anticipated projects.

Projects That Create a Significant Economic Impact



PROJECTS:

Pahang-Selangor Raw Water Transfer Project

The Pahang-Selangor Interstate Raw Water Transfer Scheme (PSRWT) was completed in two phases. Each phase is capable of treating and distributing 1,130 million litres of water per day to target customers. Supporting the Ninth Malaysia Plan, the PSRWT project involved:

- Constructing the largest water pumphouse in South-East Asia; and
- Building a 44.6-km tunnel, which is the seventh-longest in the world.

PSRWT channels untreated water from Pahang to Selangor where it is then treated and distributed for use in the Klang Valley. It provides water for Selangor, Kuala Lumpur and Putrajaya residents who have been facing water shortages. Providing a reliable water supply delivers substantial benefits for public health, the economy and the environment.

SUSTAINABILITY STATEMENT



PROJECTS:

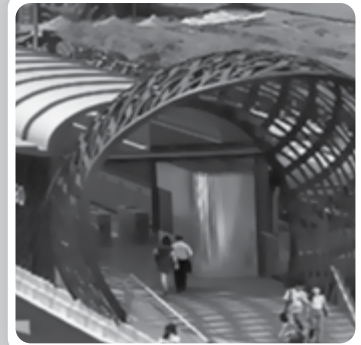
Langat 2 Water Treatment Plant

The Langat 2 Water Treatment Plant (LRAL2) involves constructing water treatment and distribution facilities. It helps deliver an ultimate nominal treated water output capacity of 2,260 million litres of water per day.

LRAL2 treats raw water obtained from PSRWT and distributes it within Selangor and Kuala Lumpur to meet with the requirements of the water demand areas, particularly Hulu Langat, Ampang, AU3, Kuala Lumpur, Cheras, Sg. Besi, Bukit Jalil, Petaling and Puchong.

LRAL2 serves to increase water-use efficiency in all sectors and ensure the sustainable supply of potable water. It will address and substantially reduce the number of people facing water shortage issues.

The water treatment plant for the first phase of LRAL2 has been completed whereas the distribution network is still in progress. Upon full completion, the water supply scheme will address the water needs of Selangor and the Federal Territory, benefiting 350,000 accounts and 1.8 million users.



PROJECTS:

Iskandar BRT

The Iskandar Region Development Authority (IRDA) identified Bus Rapid Transit (BRT) as the main mass transit mode for the Iskandar region in its Public Transportation Masterplan. This masterplan identified a total BRT network of approximately 386 km. Consisting of 10 BRT Busways, this network covers 90% of the Iskandar Malaysia region.

The BRT transport system consists of three high-capacity lanes and a dedicated busway. The project is the first in Johor and Malaysia's first large-scale BRT project. The project is essential as it supports the efficient transportation of larger populations, especially within the city centre. Shifting from private vehicles to public transport promotes sustainable development by reducing carbon footprints.

Dedicated bus lanes separate BRT buses from mixed traffic, allowing them to travel more quickly through Johor Bahru. BRT reduces the overall distance travelled by shifting commuters to high-capacity buses, which reduces traffic congestion. The BRT also helps reduce traffic crashes and fatalities and provides a safer transport environment for road users.



PROJECTS:

Ampang Line Extension Project

We were appointed as the Detailed Design and Supervision Consultant for the Facilities (Infrastructure) Works and System Works for the entire 18-km Ampang Line Extension. The project involved planning, design and construction works of the depot, stations, yards, pocket tracks, guideway, crossovers and other facilities. New technology has been adopted with strategies that minimise energy and water consumption at all stations.

This project benefits society and the nation significantly. The Ampang and Sri Petaling Lines connect to various transit systems and provide all stations with bus and taxi lay-bys for easy ride-hailing services.

Commercial and residential areas thrived economically through this project, which is a selling point for nearby developers.

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PROMOTING ETHICAL BUSINESS

HEB is resolute in its commitment to upholding the highest standards of ethical business conduct wherever operations are based. The Group's Code of Conduct was introduced to promote the corporate culture which engenders ethical conduct that permeates throughout the Company. This Code applies to all directors, managers and officers of the Group.

HEB also has a formalised Code of Ethics for Directors that addresses ethical risk and acts as a guidance for Directors in recognising and dealing with ethical issues. This Code was updated recently and includes a commitment to social and environmental responsibilities.

ANTI-CORRUPTION

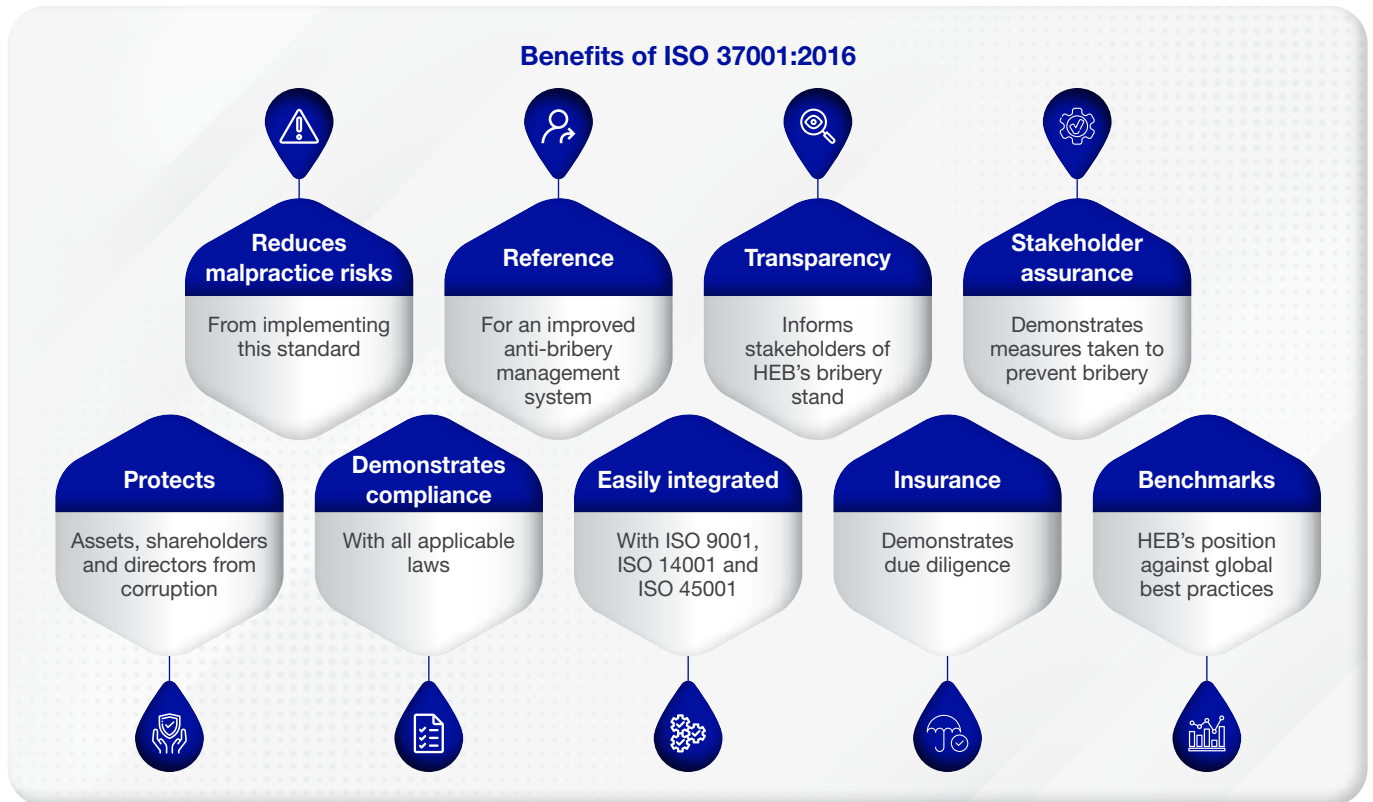
HEB is committed to conducting business transparently, honestly and with integrity. All business must be conducted in accordance with applicable anti-bribery laws and anti-corruption legislation. HEB has formalised this commitment in its Anti-Bribery Policy which were adopted by the Board of Directors with the latest update on 25 February 2021.

All forms of bribery and corruption are prohibited and HEB has zero-tolerance of bribery and corruption. Any gifts, hospitality or donations with a value in excess of the authorised limits require approval in accordance with applicable internal processes and procedures. Previously, HEB signed an integrity pledge which reaffirms its commitment to fighting against corruption.

As part of our commitment to transparency and integrity, we invited speakers from the Malaysian Anti-Corruption Commission (MACC) and SIRIM QAS International Sdn. Bhd. to introduce the ISO 37001:2016 Anti-Bribery Management System during the corporate liability and anti-bribery seminar. In 2020, HEB was certified by SIRIM QAS International for implementing the Anti-Bribery Management Systems in compliance with MS ISO 37001:2016. Meantime, SMHB Engineering Sdn Bhd, SMHB Environmental Sdn Bhd and SMHB Sdn Bhd target to receive the Anti-Bribery Management System (ABMS) certification by the third quarter of 2021.



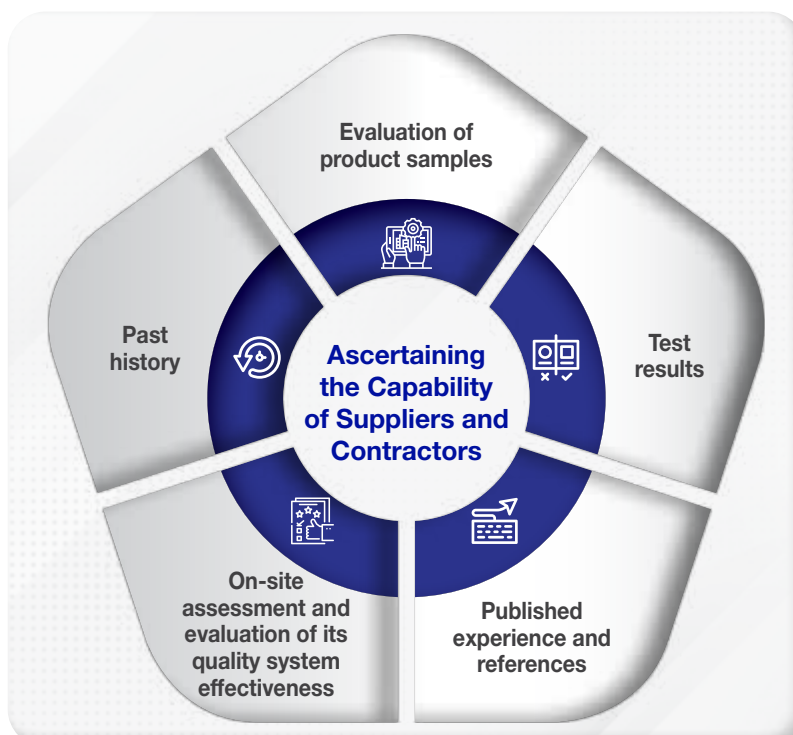
SUSTAINABILITY STATEMENT



We are pleased to report that there have been no cases of non-compliance concerning ethical conduct during this reporting period. There have been no major disciplinary cases reported for unethical practices that resulted in the dismissal of employees.

SUSTAINABLE PROCUREMENT

HEB implements a rigorous selection process according to the quality sensitivity of the purchased products and includes a due diligence assessment when necessary. External service providers' capabilities are established through several methods.



HEB implements a rigorous selection process according to the quality sensitivity of the purchased products and includes a due diligence assessment when necessary. External service providers' capabilities are established through several methods.

HEB includes elements of sustainability in the technical and commercial evaluation of supply chain decisions such as the:

- Status of suppliers and contractors' environmental and social credibility by certification body;
- Effectiveness of OHS Management System implementation; and
- Identification of sustainability and due diligence.

We commit to purchasing all equipment and materials locally whenever possible to support the regional economy and mitigate transportation emissions.

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ENVIRONMENTAL



Providing engineering and project management services through technology advancement and engineering solutions.



Addressing the drastic effects of climate change by exploring new renewable energy projects and opportunities.



HEB actively minimises the environmental impact of operations whenever possible and has developed a comprehensive environmental management system comprising procedures, programmes, tools and plans. The precautionary principle is applied to all aspects of environmental management in order to reduce general risk.

As a growing company, we are acutely aware that our environmental footprint is increasing. Strategies and best practices help achieve operational efficiencies, which reduce energy consumption, emissions and waste. Resources are minimised when performing projects for clients, in corporate programmes and daily work.

Environmentally-friendly practices have been introduced that engage and motivate employees. In 2017, we formed a Green Taskforce to champion various green initiatives within HEB.

Our environmental commitment surpasses meeting clients' requirements and adhering to environmental rules and regulations; we deliver innovative solutions which support sustainable development and sustainable life cycles in our projects.

Supporting Clients' Efforts to be Environmentally Responsible



Designing and engineering

net positive energy buildings



Designing

renewable energy generation and storage systems



Developing

energy action plans



Promoting sustainable

water resources



Maximising

water use through integrated water planning and solutions

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ENVIRONMENTAL MANAGEMENT

We manage, monitor and improve our environmental performance through a formal Environmental Management System (EMS). Environmental objectives are formalised in this enterprise-wide EMS, which sets, measures and monitors environmental targets, regulatory compliance, orders and citations, and improvement plans. Each subsidiary has a documented emergency response plan.

ENVIRONMENTAL CERTIFICATION

HSS Integrated Sdn Bhd, HSS Engineering Sdn Bhd and HSS Mekanikal & Elektrikal Sdn Bhd were certified with MS ISO 14001 Environmental Management System in 2014. The ISO certifications cover the scope of services including the provision of consultancy services for the design of civil, mechanical and electrical, building engineering works including site supervision, independent consultant/ checking engineer, and also project management consultancy services. SMHB Sdn. Bhd. also achieved this certification in July 2020 for the provision of engineering consultancy and project management services including engineering and environmental studies, design and construction supervision.

ISO 14001 is an internationally-recognised standard that sets out the requirements for an environmental management system. It helps organisations improve their environmental performance through more efficient use of resources and reduction of waste, gaining a competitive advantage and the trust of stakeholders.



ENVIRONMENTAL MANAGEMENT COMMITTEE

The main functions of our internal safety and environmental committee include:

- Promoting an environmentally-conscious work culture;
- Formulating and reviewing ESH-related policies for continuous improvement of the Company's Environmental Management System (EMS);
- Regulating, enforcing and reviewing the EMS; and
- Assisting in maintaining the EMS and the Company's MS ISO 14001 certification.

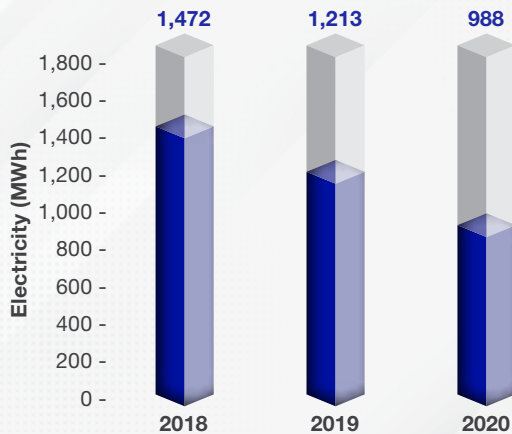
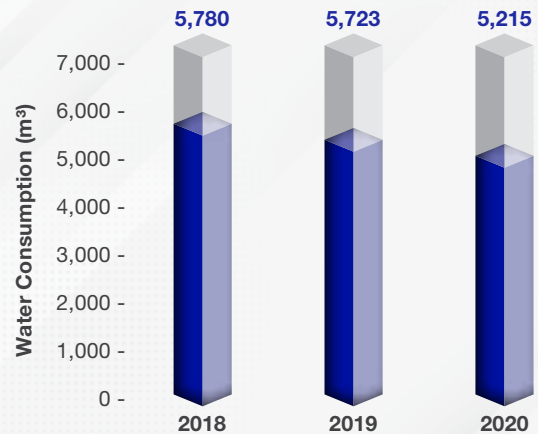
ENERGY AND WATER MANAGEMENT

Monitoring the environmental impact of operations is important as impact management is instrumental in achieving our goal of being a truly sustainable company.

Increasingly, water stress is becoming an environmental issue worldwide. As a consultant, our water footprint is comparatively small compared to other industries. However, we launched an extensive monitoring and water-reduction strategy to minimise usage.

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A water usage benchmark was established as a reference for consumption and to identify leakage. Pressure control taps are being installed at our offices to reduce water consumption.

HEB Energy Consumption**HEB Water Consumption****WASTE MANAGEMENT**

Sound waste management is important as it conserves energy, reduces pollution and is generally better for the environment. HEB follows a strict waste management procedure as published in its Integrated Management System.

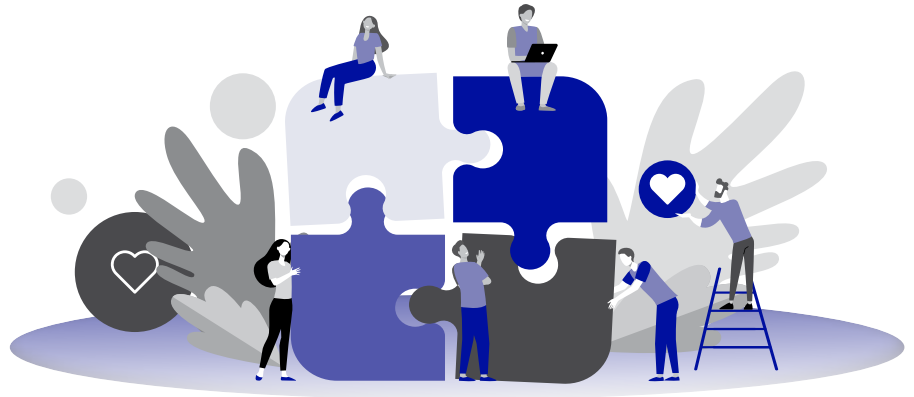


SUSTAINABILITY STATEMENT



SOCIAL

We consider the social impact of decisions made when managing projects throughout their life cycles. Helping clients understand the norms of local communities allows them to address local priorities and build lasting positive relationships.



SOCIETY

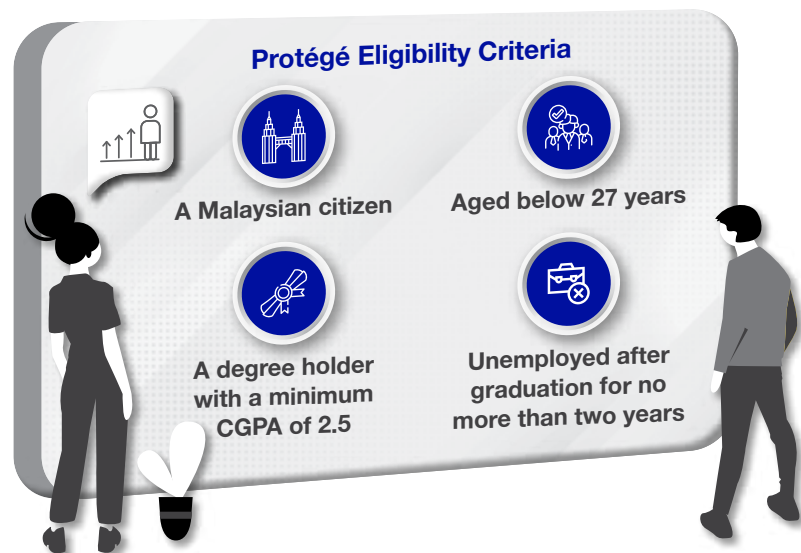


Delivering lifelong learning and professional development by continuously investing in the workforce through a plethora of internal and external training



Respecting the rights and opportunities of all people to operate a diverse and inclusive business that reflects the local community

HEB contributes to society by providing opportunities and employment through Professional Training and Education for Growing Entrepreneurs (Protégé). Protégé equips Malaysian graduates with the necessary skills and experience to thrive in the corporate world. The 12-month programme blends intensive soft skills classroom training with on-the-job training opportunities, offering practical skills and real-life experiences to build a strong foundation for a successful future. First launched in 2019, Protégé is under the purview of the Ministry of Entrepreneur Development and Corporation (MEDAC).



Candidates experience on-the-job training in transportation planning, structure graduate engineering, elevated alignment engineering, geotechnical engineering, mechanical and electrical engineering, architecture, quantity surveying as well as branding and marketing. Various soft-skills training develops communication skills, creative and analytical thinking, organisational adaptability, value-driven professional skills, grooming and etiquette, entrepreneurship 101, environmental sustainability and social impact. Hopefully, this programme will produce highly-qualified individuals who display effective traits to succeed in the job market.

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HUMAN RIGHTS



Ending all discrimination against women, empowering women and providing equal rights at work to all employees regardless of gender



Providing fair treatment and equal rights to employees without discrimination during hiring, on the job and upon leaving

HEB's Commitment to Human Rights



HEB also strives to ensure that all employees are aware of these priorities. As part of its efforts to promote compliance, HEB established consultation officers and grievance mechanisms to address violations and grievances.

WHISTLEBLOWING

We introduced a Whistle-Blower Policy in order to maintain the highest level of corporate ethics. All employees have a professional responsibility to disclose any known malpractices or wrongdoings.

Whistle-blowers are protected against being dismissed or penalised. Every effort is made to protect the Whistle-blower's identity with appropriate regard for confidentiality. We never reveal Whistle-blowers' identities unless there is an overriding legal obligation.

LABOUR PRACTICES AND DECENT WORK



Improving the safety and health of employees and promoting the well-being of all



Promoting inclusive and decent work by encouraging entrepreneurship and job creation



Delivering inclusive and equitable quality education and promoting lifelong learning opportunities for all employees



Reducing inequality within the organisation



Combating all discrimination and stereotypes in engineering to achieve greater gender equality

People are at the heart of everything we do; they give our work purpose. Employees are provided with fulfilling careers, helping set and surpass their individual goals. We are committed to competitive compensation for employees and a diverse, inclusive, safe and healthy workplace.

Talented, smart people as well as highly technical engineers join this engaged, innovative and diverse workforce. Employees from all walks of life join HEB to build their skills, share their knowledge, perform exciting work and serve clients.

SUSTAINABILITY STATEMENT

HEB works hard to motivate, develop and retain its people. We strive to create a work environment that is social, supportive and collaborative in which employees feel valued and inspired. Employees are motivated to support their communities through their project work.

RECRUITMENT, RETENTION AND SUCCESSION PLANNING

A recruitment and retention strategy helps build a culture that reflects HEB's values, meets the goals and ambitions of team members and serves diverse communities. The talent acquisition team understands the required skills for the industry, each business line and the Group's business.

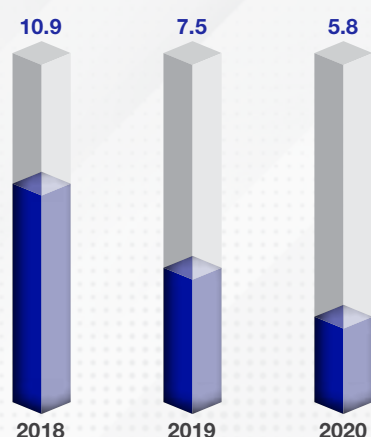
As the talent acquisition process focuses on the overall experience of candidates and clients, recruitment is performed through:

- Internal opportunities so existing employees can grow their careers;
- Participation in industry-related events that benefit employees' work and careers and obtaining referrals through networking;
- Internships, apprenticeships and graduate programmes to leverage the talent that exists within universities and colleges; and
- Outsourced support to supplement recruitment efforts when bottlenecks or emergency needs arise.

HEB's leaders participate in succession planning by identifying potential candidates for leadership positions and developing plans to prepare those candidates for advanced roles and duties.

Our attractive recruitment and retention strategy resulted in a decreasing workforce turnover rate. A mere 5.8% turnover rate was recorded in 2020.

Workforce Turnover Rate (%)



Turnover Rate by Gender

	2018	2019	2020
Female	31	17	8
Male	68	49	41

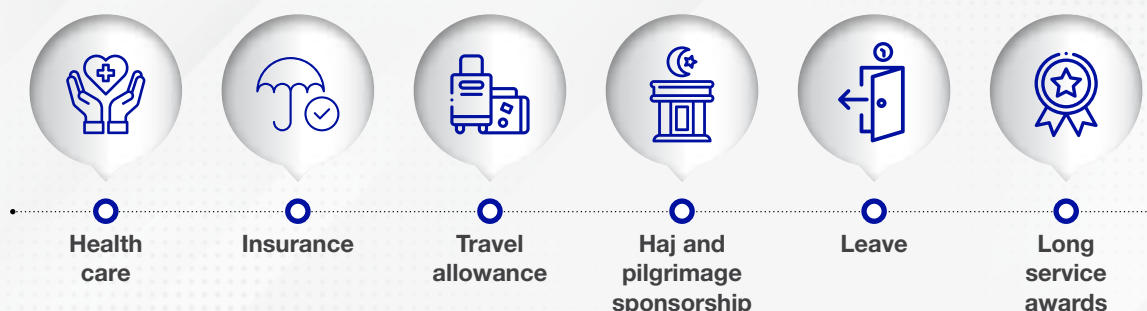
Turnover Rate by Age Group

	2018	2019	2020
<30	25	23	10
30-39	28	19	7
40-49	24	12	11
50 and above	22	12	21

COMPENSATION AND BENEFITS

Employees receive compensation and benefits that meet, if not exceed industry standards. HEB's cost-sustainable benefits are designed to attract and retain the right talent.

Examples of Benefits Offered by HEB



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Compensation packages reflect industry-specific and fair-market conditions. Employees' salaries are reviewed annually. HEB also reviews local market standards and competitive third-party salary survey data annually while considering unconscious bias and the gender pay gap.

HEB celebrates the successes of employees and projects by acknowledging their length of service and career milestones.

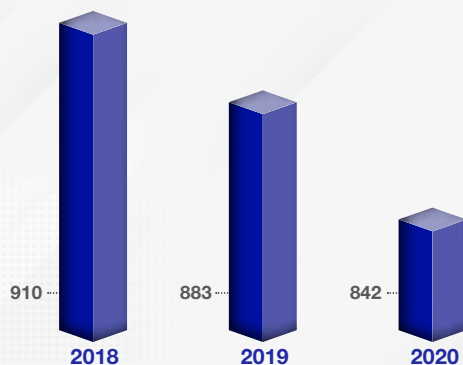
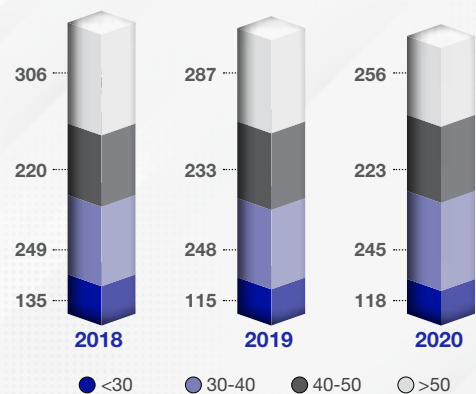
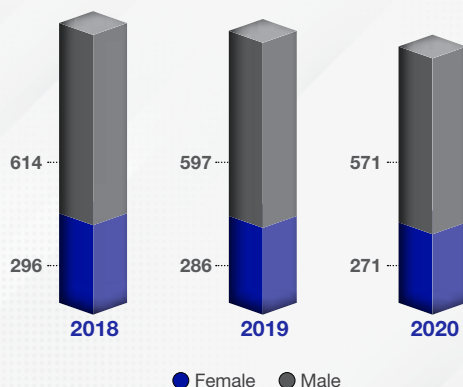
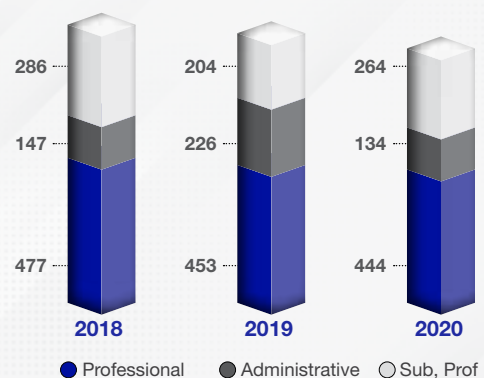
DIVERSITY AND INCLUSION

The Board of Directors formalised its commitment to diversity and inclusion in its Diversity Policy. This policy applies to the Company and all subsidiaries.

The policy promotes diversity including age, gender, ethnicity, nationality, sexual orientation, cultural background, religious belief and social-economic status. Diversity also encompasses the way people differ in terms of education, life experience, job function, work experience, personality, location, marital status and career responsibilities.

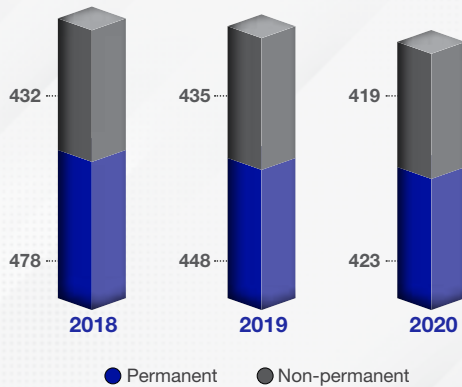
Diversity and inclusion facilitate innovation, increase employee engagement and connect us with clients. HEB creates opportunities by inviting, embracing and celebrating differences. HEB actively pursues and develops leaders from a broad range of backgrounds and with a wide array of skills, expertise and perspectives.

A diverse team can navigate issues that impact HEB's diverse stakeholders and make more effective decisions for the organisation. As at 31 December 2020, HEB recorded a total number of employees of 842, of which 137 were new hires.

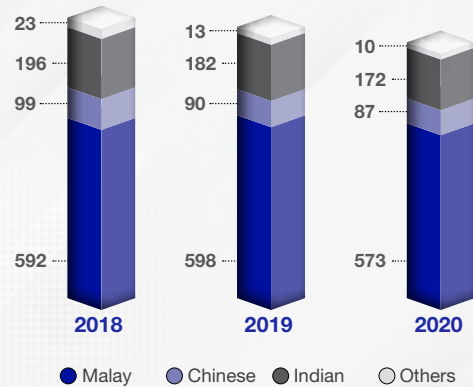
Workforce Strength**Workforce Breakdown by Age Group****Workforce Breakdown by Gender****Workforce Breakdown by Employment Category**

SUSTAINABILITY STATEMENT

Workforce Breakdown by Employment Type



Workforce Breakdown by Ethnicity



HEALTH, SAFETY AND SECURITY

HEB's safety culture encourages each of us to make safe choices for ourselves, colleagues, partners and clients so we all return home safely each day. Proactive health, safety, security and environmental programmes and systems focus on identifying, assessing and managing hazards.

HEB conducts regular audits and inspections. Health and safety principles are also applied when planning and executing projects, sharing best practices and lessons learned, and managing our continuous improvement cycle.

HEB's subsidiary and associate companies were certified with OHSAS 18001:2007 in 2014 and the certification migrated to ISO 45001:2018 in 2019. The scope of certified services consists of:

- The provision of consultancy services for the design of mechanical & electrical and building engineering works including site supervision.
- The provision of consultancy services for the design of civil and building engineering works including site supervision.
- The provision of consultancy services for an independent consultant/checking engineer.

The following companies also achieved the MS ISO 45001:2018 Occupational Health and Safety Management Systems certification by SIRIM in July 2020. The certification covers the provision of engineering consultancy and project management services including engineering and environmental studies, design and construction supervision.

- SMHB Sdn. Bhd.
 - SMHB Engineering Sdn. Bhd.
 - SMHB Environmental Sdn. Bhd.
- (Collectively "SMHB" companies)

HEB's Safety and Health Committee is chaired by Ir. Sharifah Azlina Raja Kamal, CEO of HSS Engineering Sdn. Bhd. It comprises seven employer representatives, seven employee representatives and a secretary. The Committee meets quarterly to communicate and discuss relevant safety matters.

HEB conducts quarterly workplace health and safety inspections to identify potential hazards. These inspections reassure workers that the workplace is safe and meet compliance requirements. There were no major incidences of non-compliance with regards to safety and health during the year.

At SMHB companies, the Environment, Safety and Health Committee is assisted by an Emergency Response Team (ERT) for the management of emergency situations such as fire, accidents or injuries.

SUSTAINABILITY
STATEMENT

Other Health and Safety Activities



Risk assessment workshop



Workshop on impact assessments and Hazard Identification, Risk Assessment and Risk Control (HIRARC)



Seminar on the ISO 45001:2018 requirements

Due to the restrictions and strict Standard Operating Procedures (SOPs) imposed by the Government to curb the pandemic, all safety training was postponed in 2020.

PROFESSIONAL DEVELOPMENT

People drive our business. Fortifying our talent pool helps us gain an advantage over the competition while helping employees grow, develop and reach their full potential. Importantly, it also reduces voluntary turnover and increases employee engagement. Investing in our teams improves motivation, teamwork and effectiveness.

LEARNING

HEB provides both internal and external training as well as opportunities to be coached or mentored. Knowledge communities and experiential learning such as new initiatives, challenging work and stretch assignments are also offered.

Types of Training Offered by HEB



Virtual learning opportunities were explored more heavily in 2020 as they:

- Provided employees with flexibility when scheduling learning opportunities
- Minimised our carbon footprint by reducing business travel
- Complied with all COVID-19 laws and regulations

SUSTAINABILITY STATEMENT

The topics covered included:

- Overview of contract administration
- Project risk register
- Slope stability
- Pipeline design system
- Construction of a single twin-track railway tunnel at Serdang
- Use of Finance Net for project cost management
- Legal issues of safety and authority on site

Employees keep abreast with current trends and expectations in the evolving industry by attending talks and seminars held by authorities and industry experts. In 2020, HEB engineers attended various technical briefings held by Syarikat Air Darul Aman Sdn Bhd (SADA), Jabatan Kerja Raya (JKR) and the Malayan Railways Limited (KTMB). Other non-technical training programmes held or attended by employees included training on risk mitigation, advanced company law and seminars on the financial impact of COVID-19.



MOTIVATIONAL IMPACT OF SPORTS AND SOCIAL CLUBS

Workplace sports and social clubs are known for encouraging employee engagement and improving motivation. The Sports Club is managed by employees.

The Sports Club offers employees an opportunity to take part in activities they may otherwise have not considered or found the time to begin. The Sports Club organised a bowling tournament, pool and darts match, and also hosted weekly wellness activities such as yoga, zumba, badminton, bollywood dance, futsal, volleyball and hiking.

As no face-to-face activity was permitted during the COVID-19 pandemic, HEB organised virtual events and games for employees.



SUSTAINABILITY
STATEMENT

PRODUCT RESPONSIBILITY



Advancing cities, communities and industries through our innovation and engineering solutions



Partnering with other organisations and institutions for combined sustainable development



Achieving economic growth and sustainable development by efficiently managing resources and processes

Our inventive and collaborative approach to problem-solving brings big ideas to life. HEB's belief is simple – use intelligent ideas to create sustainable benefits. The Group provides a truly integrated capability, providing all professional disciplines and a range of specialist services from within.

COMMITMENT TO QUALITY AND EXCELLENCE

HEB has built a reputation for quality service over the years and a commitment to its clients, employees and community. Today, this dedication flourishes as we continue to deliver efficient and effective solutions to clients.

HEB is led by a principal or senior manager with supporting engineers who are certified in their various disciplines. We take pride in our people and our proven ability to provide innovative and cost-effective designs and solutions. HEB offers a full range of civil, structural, mechanical, electrical, process and environmental services to commercial, industrial and government entities as well as architects and developers.

HSS Engineering Sdn. Bhd. (“**HSSE**”), HSS Integrated Sdn. Bhd. (“**HSSI**”) and HSS Mekanikal & Elektrikal Sdn. Bhd. (“**HSSM&E**”) have been certified with MS ISO 9001:2015, Quality Management System by SIRIM QAS International Sdn. Bhd. The certification covers the scope of services including the provision of consultancy services for the design of civil, mechanical and electrical, building engineering works including site supervision, independent consultant/ checking engineer, and also project management consultancy services.

Meanwhile, SMHB companies have achieved the MS ISO 9001 Quality Management Certification since 1997 which was then upgraded to MS ISO 9001:2015 in August 2018. The certification covers the provision of engineering consultancy and project management services including engineering and environmental studies, design and construction supervision.

ENSURING SATISFACTION

Services provided in the field of engineering must consistently satisfy the needs and expectations of clients. The quality of services can only be judged by our success in meeting clients' needs.

Milestone surveys are distributed throughout the project to understand the client's experience more clearly. Typically, these surveys are time-based or experience-based.

Time-based
surveys

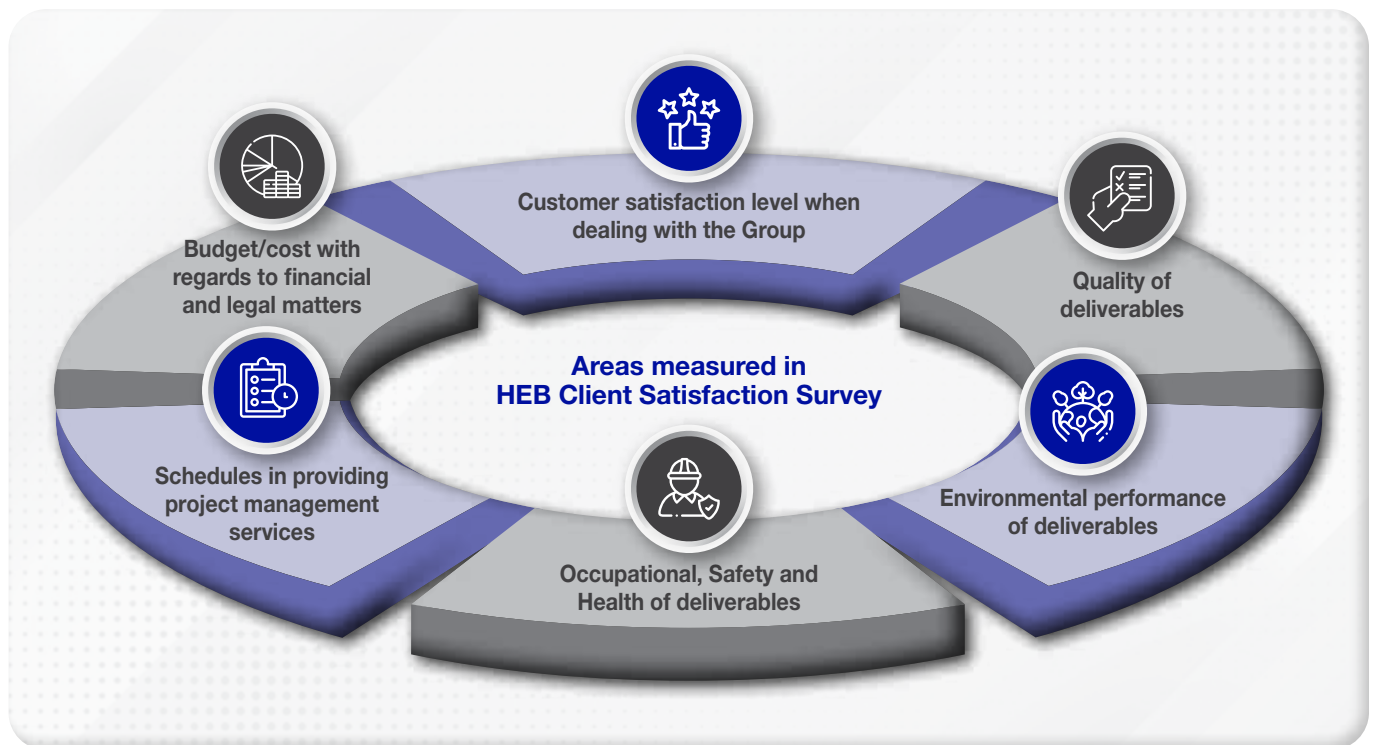
e.g. 60 days after project commencement

Experience-based
surveys

e.g. once the planning stage is complete

The satisfaction survey findings and results are then presented to the management with recommendations for improvements for the Integrated Management Systems. The management analyses feedback, complaints and comments received and presents recommendations to clients.

SUSTAINABILITY STATEMENT



Results of Customer Survey Report 2020

Customer satisfaction



Quality: In relation to deliverables



Environmental: In relation to deliverable



Occupational Safety & Health: In relation to deliverables



Schedules: In providing project management services



Budget/Cost: With regard to financial and legal matters



Legend:

- Excellent & Good
- Average

SUSTAINABILITY
STATEMENT

ABOUT THIS SUSTAINABILITY STATEMENT

Being the engineering and project management company of choice depends on maintaining a record of responsible business practices and meeting the expectations of our clients and other stakeholders. This sustainability statement covers areas that reflect the diversity and complexity of HSS operations. It also demonstrates how we incorporate sustainability focus areas into the business.

Reporting coverage	HSS Engineers Berhad (HEB) and its subsidiaries and associates
Reporting period	1 January to 31 December 2020
Reporting cycle	Annually
References and Guidelines	
Principal Guideline	<ul style="list-style-type: none"> • Global Reporting Initiative (GRI) Standards
Additional Guidelines	<ul style="list-style-type: none"> • Bursa Malaysia's Sustainability Reporting Guide
Reporting content	The content of this report is based on a multi-stakeholder approach, the materiality assessment, the GRI Standards requirements and other sustainability ratings. The transparent structure and information disclosed in this statement share HEB's initiatives with stakeholders. The achievements in 2020 have been compared against those of previous years and this year's performance will form the benchmark for future targets.
Feedback	<p>For further enquiries, please contact:</p> <p>HSS ENGINEERS BERHAD B1 (1-4), Block B, Plaza Dwtasik, No. 21, Jalan 5/106, Bandar Sri Permaisuri, 56000 Kuala Lumpur Tel: +603 9173 0355 Fax: +603 9173 0939 Email: heb@hss.com.my</p>

