



**ENGINEERS**

**HSS ENGINEERS BERHAD**

201501003232 (1128564-U)

# NAVIGATING THE NEXT EPISODE OF THE NATION'S DEVELOPMENT

**MALAYSIA'S ENGINEERING DNA**

— ANNUAL REPORT 2021 —

# SUSTAINABILITY STATEMENT

## INTRODUCTION

Sustainability has always been a core principle to HSS Engineers Berhad (“HEB” or “Company”) design philosophies. Our designs in our projects include a focus on sustainability with our engineering solutions helping to connect our communities and transform nations. We work closely with our clients adopting innovative solutions to create value added design solutions optimised for the planet and for our stakeholders.

## ABOUT THIS STATEMENT

This is HEB’s 6th annual Sustainability Statement (this “Statement”).

## SCOPE OF THIS STATEMENT

<b>Reporting coverage</b>	HEB, its subsidiaries and associates (the “Group” or “HEB Group”)
<b>Reporting Cycle</b>	Annually
<b>Reporting period</b>	From 1 January 2021 to 31 December 2021
<b>Sustainability frameworks reference and guidelines</b>	<ul style="list-style-type: none"> <li>• Main Market Listing Requirements (“MMLR”) and Sustainability Reporting Guide (“SRG”); issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”);</li> <li>• Malaysian Code of Corporate Governance, updated April 2021 (“MCCG 2021”);</li> <li>• Global Reporting Initiative (“GRI”) Standards; and</li> <li>• United Nations Sustainable Development Goals (“UNSDG”).</li> </ul>
<b>Statement content</b>	This Statement has been prepared as guided by the GRI Standards: Core option. The content is based on a multi-stakeholder approach, the materiality assessment, 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 financial year ended 31 December 2021 (“FYE2021”) have been compared against those of previous years and this year’s performance will form the benchmark improvement for future targets.
<b>Feedback</b>	<p>For further enquiries, please contact:</p> <p><b>HSS ENGINEERS BERHAD</b>            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            E-mail: heb@hss.com.my</p>



## SUSTAINABILITY STATEMENT

### SUSTAINABILITY FRAMEWORK

Our Group's core values include a commitment to sustainability. We drive innovation and engineering solutions to make the world a better place – valuing our people, connecting our communities, transforming our nation and conserving our planet and environment.

#### Valuing/ Developing Human Capital



We value our people and recognise that delivering exceptional outcomes start with having exceptional workforce. Our workforce comprises individuals who are highly respected experts with talent, experience and passion in their fields. Challenging boundaries, they look beyond the project scope to help shape a better future.

#### Connecting Community



People and communities benefit from our engineering solutions allowing better connectivity and improve accessibility. Our innovative engineering solutions enhance livelihoods and have a clear objective: making the world a more liveable, sustainable and inclusive world.

#### Transforming the Nation



We are dedicated to providing engineering solutions that go beyond conventional thinking, our projects are enablers to Malaysia's economic advancement and showcase Malaysia's engineering expertise.

#### Sustaining the Environment



Our engineering solutions always prioritise sustainability principles. We are committed to sustainability that is unparalleled in its scope and reach within our industry, regionally and internationally.

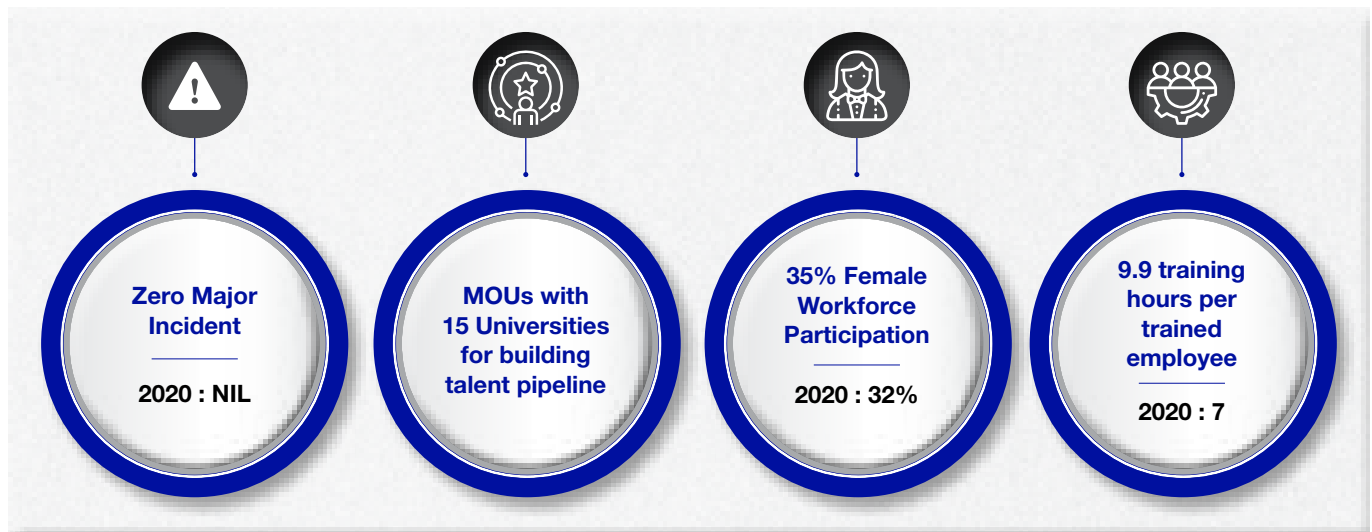
For us, sustainability is more than goals to pursue, it is in our DNA and engineering culture. Our sustainability framework offers a comprehensive structure for integrating sustainability into business operations, focusing on key aspects of sustainability and creating long-term value for the Company and its stakeholders. As part of our sustainability improvement initiative, our sustainability policy is drafted to provide clarity to our sustainability strategies.

## SUSTAINABILITY STATEMENT

### KEY SUSTAINABILITY HIGHLIGHTS – TARGETS AND ACHIEVEMENTS

With our engineers' combined experience of more than 80 years, the Group has been supporting environmental, social and governance progress. We recognise the potential impact we have by advancing sustainable innovations, through our engineering solutions in projects which we have been involved in the country. We have incorporated environmental and social criteria into our innovation processes ensuring every new service and engineering solution we launch contributes to sustainability.

With this laser-like focus on sustainable innovation, we have set ourselves ambitious targets as part of a comprehensive sustainability strategy. This provides a shared understanding of our direction by building sustainability into the day-to-day work of our employees. It drives progress toward improved sustainability and business performance – because we believe these two aspects go hand-in-hand. Together with our partners, we are advancing sustainability along the entire value chain.

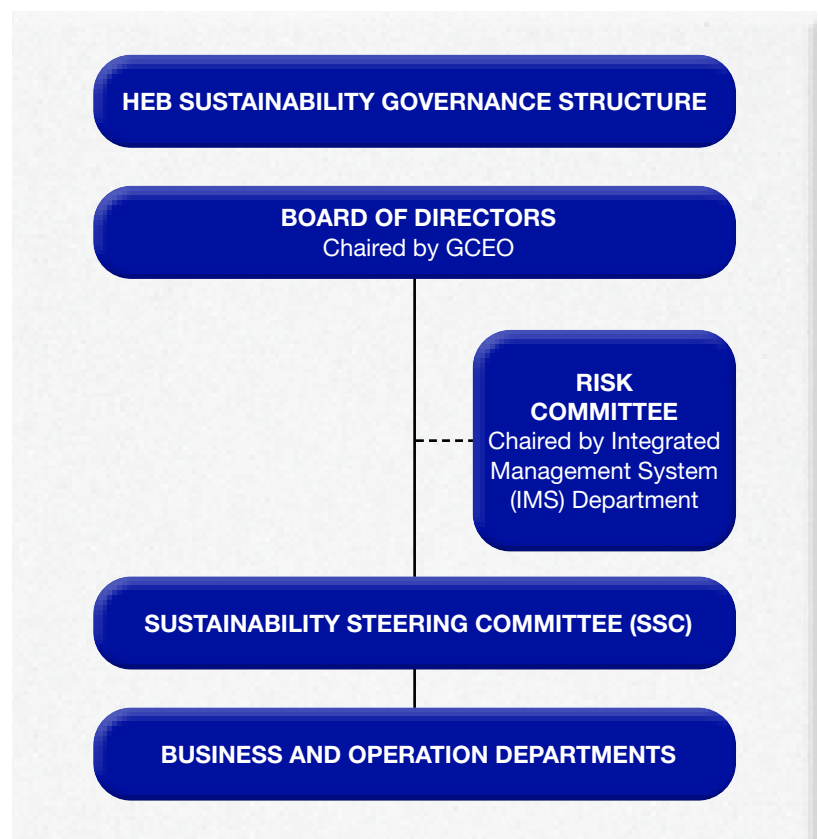


### OUR SUSTAINABILITY GOVERNANCE

HEB's sustainability governance structure is dedicated to ensuring that the appropriate executive leadership, strategies, and internal controls are in place to embed sustainability practices throughout the organisation, manage goal-setting, and ensure overall accountability and reporting.

HEB's Board of Directors is in charge of overseeing the Company's sustainability strategies and performance. They are supported by the Sustainability Steering Committee ("SSC") which was formed at the management level in FYE2021 and reports to the Group Chief Executive Officer ("GCEO") and the Board. SSC is made up of a diverse group of people with a wide range of skills, and it oversees all sustainability efforts, activities, and initiatives, as well as setting and monitoring sustainability objectives, targets, and initiatives.

In addition, SSC terms of reference are being finalised, and it is expected to engage senior business leaders in sustainability issues and mobilise workforce support.










## SUSTAINABILITY STATEMENT

### STAKEHOLDERS' ENGAGEMENT

HEB engaged with internal and external stakeholders such as clients, suppliers and investors to obtain feedback. Their feedbacks were analysed, mapped and prioritised based on expectations of each stakeholder, and actions were defined in response to their feedbacks. Please refer to the Materiality section of this Statement.

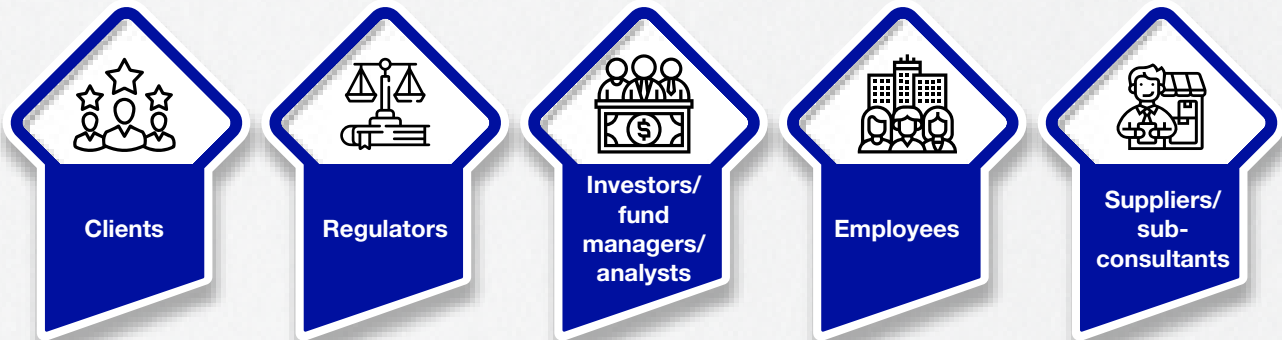
Our key stakeholders' needs, the impact of our business operations on them, and their expectations were identified and discussed with the general managers and heads of department of the Group. Based on the results of the Materiality assessment, our engagement strategy and the values we developed for various stakeholder groups, we outlined below the method of engagement, its frequency and explained why they are important to us.

Stakeholder Group	Method of Engagement	Frequency of Engagement	Why they are key to us
<b>Clients</b> 	<ul style="list-style-type: none"> <li>Customer satisfaction survey</li> <li>Customer complaints platform</li> </ul>	<ul style="list-style-type: none"> <li>Per project basis</li> <li>As required</li> </ul>	Everything we do is built on relationships and trust. HEB listens to customers and provides clear advice on all types of engineering and project management services.
<b>Government/Regulatory Authorities</b> 	<ul style="list-style-type: none"> <li>Regular communication</li> <li>Reports and compliance</li> </ul>	<ul style="list-style-type: none"> <li>Regularly</li> <li>As required</li> </ul>	By serving as Malaysia's Engineering DNA, HEB supports the government's initiative to advance the nation. With its superior technical quality, innovation, and performance, the Company has made an outstanding contribution to the development of the nation's infrastructure.
<b>Shareholders &amp; Investors</b> 	<ul style="list-style-type: none"> <li>Results announcements</li> <li>Annual general meetings</li> <li>Extraordinary general meetings</li> <li>Investor road shows</li> <li>Regular communication</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> <li>Annually</li> <li>Ad hoc</li> <li>Regularly</li> </ul>	HEB's overall goal is to create sustainable shareholder value while fulfilling the expectations of other stakeholders. To achieve this goal, a strong focus on financial performance, risk management, and internal control is essential.
<b>Employees</b> 	<ul style="list-style-type: none"> <li>Employee Grievance System</li> <li>Employee Training</li> <li>E-mail blasts</li> <li>Management meetings</li> <li>Other events including annual dinners, functions and informal gatherings</li> </ul>	<ul style="list-style-type: none"> <li>As required</li> <li>Regularly</li> </ul>	HEB encourages an engaging, inclusive and stimulating work environment that champions high quality performance as well as high employee satisfaction and loyalty.
<b>Analysts and Media</b> 	<ul style="list-style-type: none"> <li>Analysts' briefings</li> <li>Regular communication</li> <li>Media interviews, press releases and website postings</li> </ul>	<ul style="list-style-type: none"> <li>Regularly</li> </ul>	HEB connects with its media partners and analysts regularly at corporate events and launches where it communicates first-hand project information.
<b>Community and the Public</b> 	<ul style="list-style-type: none"> <li>Community engagement</li> <li>Open dialogue</li> </ul>	<ul style="list-style-type: none"> <li>Regularly</li> </ul>	We build communities through our innovative engineering solutions as well as engaging them through many of our project activities.
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>Contract bidding and procurement management</li> </ul>	<ul style="list-style-type: none"> <li>On project basis</li> </ul>	HEB encourages participation of local suppliers and promotes the advancement of our suppliers.

## SUSTAINABILITY STATEMENT

We conducted our Stakeholders Materiality Survey in FYE2020 based on the identified stakeholders to assess and rate the 14 economic, environmental, and governance areas important to them.

### Stakeholders Contacted for the Materiality Survey

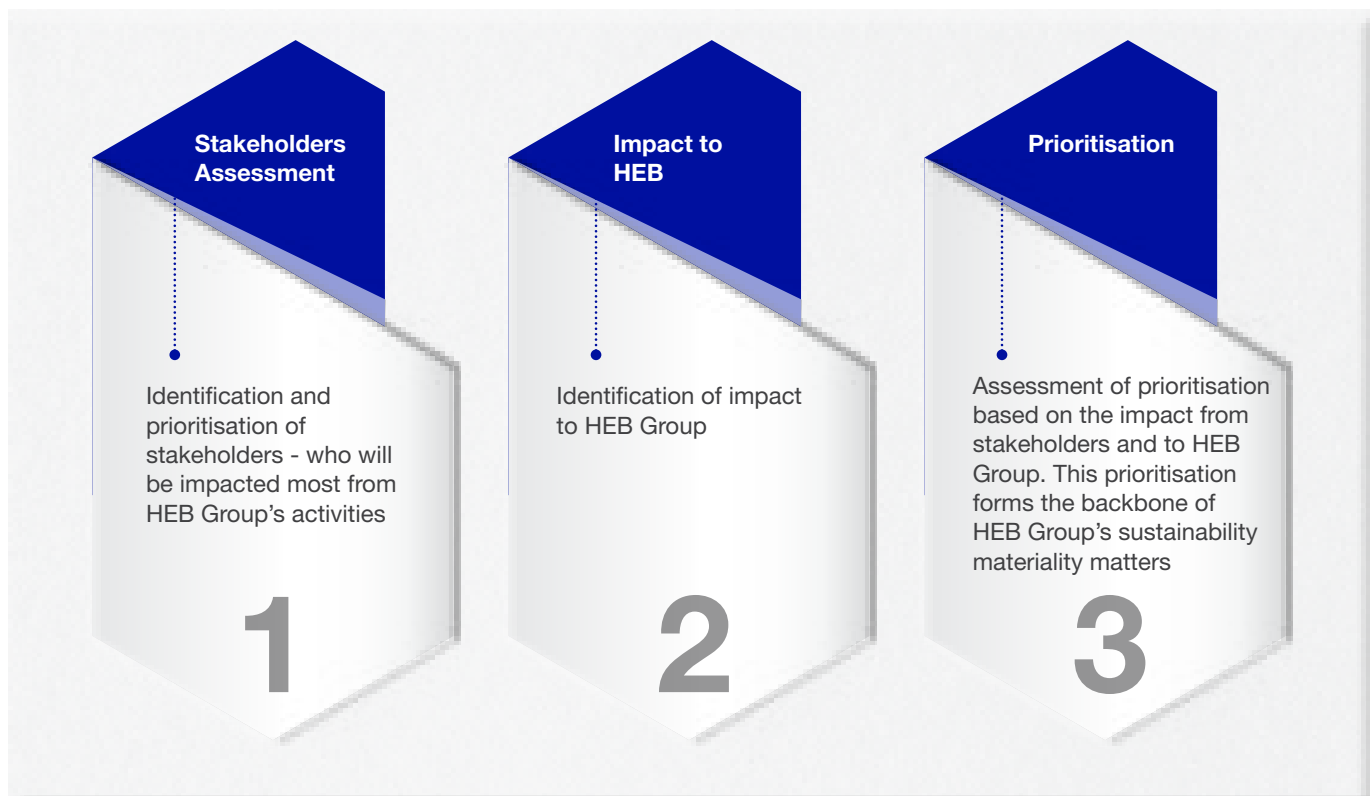


The survey respondents were asked to rate the importance of each criterion on a scale of 'very unimportant' (1) to 'very important' (5). Before calculating an overall average from all stakeholder groups, each of the 14 areas was assigned a separate average score. Members of the Board who represented HEB's viewpoints completed the same survey.

The survey results enabled us to identify economic, environmental, and social material issues that are important to our strategic business objectives and operations. The following section discusses material sustainability issues.

### MATERIAL SUSTAINABILITY MATTERS

Material sustainability matters are identified with a three-stage approach. The three-stage approach is depicted below:

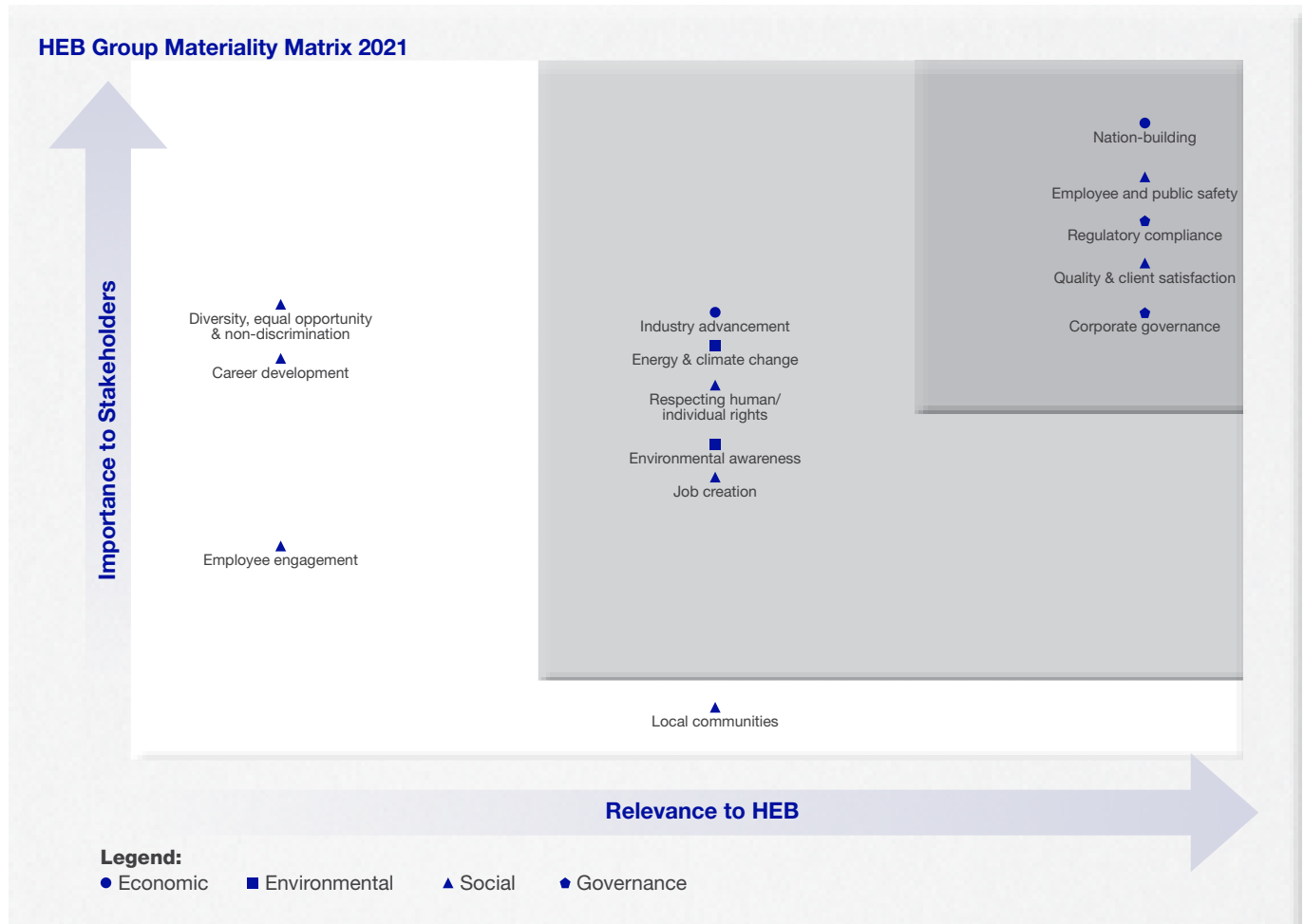


HEB established a material assessment process to identify sustainability risks and opportunities relating to the environment, social, and governance. The assessments were carried out with all Heads of Department to assess the applicability and relevance of previously identified material sustainability matters to the business operation and stakeholders. Once sustainability matters are identified, it will be mapped based on the relevance to stakeholders against the relevance to the business.



## SUSTAINABILITY STATEMENT

The SSC has reviewed the material sustainability matters in FYE2021, and as there were no changes to our business operation, the SSC concluded that the material sustainability matters remain the same as compared to previous year. The graph below summarises our 14 key sustainability matters:















Consistent with the previous year reporting, HEB adopted UNSDG as part of its sustainability framework. UNSDG is a 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, it provides a shared blueprint for peace and prosperity for people and the planet, now and into the future.

UNSDG comprise of 17 Sustainable Development Goals ("SDGs"), which are an urgent call for action by all countries - developed and developing - in a global partnership. These countries recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

## SUSTAINABILITY STATEMENT

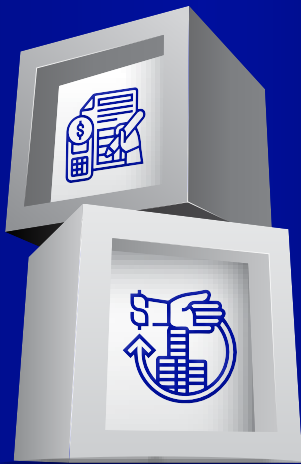
HEB protects its people, communities and the environment; achieves sustainable growth and accelerated productivity; drives compliance with all applicable regulations; and develops engineering solutions that expand the sustainable capacity of our world. HEB Group is committed to the UNSDG agenda and focused to achieve specific goals relevant to our business activities and model.

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 provides access to learning through various platforms including internal and external trainings.
 	The rights and opportunities of every person should be respected, regardless of their gender, ethnicity, religious belief or socio-economic background. HEB ensures that its businesses are diverse, inclusive and reflect local communities where its operations are based.
 	HEB contributes to sustainable environment by providing engineering and project management services through technology advancement and engineering solutions. HEB Group actively manages any risks related to climate change and develop engineering solutions to mitigate these environmental challenges.
	HEB initiated various employment programmes and action plans. PROTÉGÉ is one of our long-standing commitments to growing Malaysia's talent pool. It equips Malaysians graduates with the necessary skills and experience to thrive in the corporate world. PROTÉGÉ is under the purview of the Ministry of Entrepreneur Development (MEDAC). Further explanation is provided in our Social section of this Statement.
 	HEB is relentless in bringing value and results to its clients. Our innovation and advancement projects define its engineering and project management capability. With our combined experience of more than 80 years, the Group boasts long-standing expertise in a wide array of industries including infrastructure, transportation planning, roads and highways, railways and metro systems, water resources and supply, waste management, buildings and structures and power generation.
	Achieving economic growth and sustainable development require an urgent reduction of our ecological footprint. HEB practices efficient management of resources and responsible operation throughout its supply chain. HEB, its subsidiaries and associate companies have achieved various standards and certifications including ISO37001:2016, ISO9001:2015, ISO14001:2015, and ISO 45001:2018.
	HEB's 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.
	HEB Group introduces several initiatives that actively shape sustainable development through collaboration and mutual exchange with stakeholders. We reached out to organisations including strategic partnerships and joint ventures with companies with a local presence in India and ASEAN.



## SUSTAINABILITY STATEMENT

### ECONOMIC



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



Building resilient infrastructure, promoting inclusive and sustainable industrialization 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

#### Materiality matters covered:

- Nation Building
- Industry Advancement
- Corporate Governance

### NATION BUILDING

At HEB, we look to the future with optimism and focus on innovative solutions. Throughout this Sustainability Statement, you will read about how we are “Setting A New Course.” Despite the global pandemic and unprecedented economic, political and market challenges in FYE2021, our execution culture and core values turned what were once in-a-lifetime challenges into an extraordinary opportunity that reset HEB’s operation.

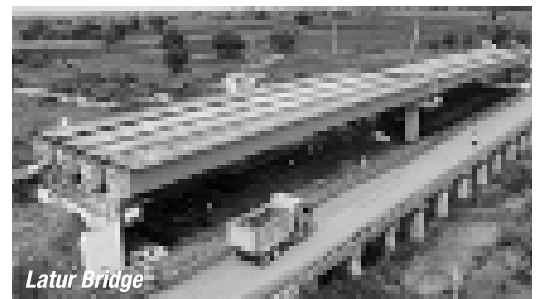
HEB is constantly on the look-out to identify and innovate new methods of delivering top-notch infrastructure projects. We believe it is important to have continuous innovation to keep us a competitive edge by striving to improve our overall project execution and timeline.

#### Engineering Innovation – Ultra High-Performance Concrete

Ultra-High-Performance Concrete (“UHPC”) is a material that is attracting attention in the construction industry due to its high mechanical strength and durability, leading to structures having low maintenance requirements. The longer lifespan, slimmer construction, and lower maintenance requirements result in a highly sustainable net environmental benefit when compared to conventional concrete bridge designs.

To reduce environmental footprint of the construction industry, the potential to lower environmental impacts of bridges using UHPC was explored by the Group. UHPC enables the reduction in the amount of material required in structural bridge designs and improves its durability. In comparison to conventional concrete, UHPC is characterised by significant improvement of mechanical properties and durability performance as a result of enhanced densification of the microstructure.

Apart from minimising carbon footprint, the UHPC material is known for its higher durability, increasing longevity of bridge structures. The performance of this innovative material was validated in a pilot project known as ‘Latur Bridge Pilot Project’ where a full-scale load testing of the bridge was conducted successfully and the bridge was finally inaugurated on 25 November 2021 by the Honourable Minister of Roads & Transport, India.



Latur Bridge



Latur Bridge

## SUSTAINABILITY STATEMENT

The Group has also adopted the UHPC material for access bridge in Westports' Container Terminal wharf expansion project. Access Bridge No 25 was designed to haulage an abnormal heavy cargo payload up to 3,072 metric tonnes at a time. The design option to use normal conventional concrete girders in this project was not possible given site constraints. UHPC was adopted instead in order to achieve the same high load carrying capacity required with a shallower bridge beam depth.



*Access Bridge 25 using UHPC Precast Beams*

Bridge 25 provided a live platform to compare and review the performance of UHPC against conventional concrete in terms of strength, durability, material consumption, maintenance requirement, and its CO<sub>2</sub> content.

### **Building Information Modeling**

Building Information Modelling (BIM) is a set of digital tools used to manage construction project effectiveness. The principles of both BS EN ISO 19650 parts 1 and 2 are founded on the United Kingdom (UK)'s standards for information management using BIM and is fundamentally an internationalisation of the UK's BIM L2 model. The UK's decision to trigger the move from BIM Level 2 as UK Standards to international standards is rooted back in 2011, as a result from the issue of 'Report for the Government Construction Client Group – BIM Strategy Paper.' The report encouraged greater adoption of BIM within the UK domestic construction sector and at the same time, recognised that BIM would become a disruptive and 'game changing' way of working which would have a profound effect on global construction. Further BIM technologies and processes transcended national or geographic borders.

The front face of BIM in Malaysia, Construction Industry Development Board ("CIDB"), has initiated the latest BIM Guide 5-BIM Project Guide in January 2020 that was developed substantially with BS EN ISO 19650 with the aim of outlining the process of BIM Implementation in a construction project.

Malaysian government encourages construction players to apply BIM to construction projects because it can overcome construction project problems such as delay, clash of design by different professionals and construction cost overrun. Various software tools such as Autodesk tools have been suggested by the government as a BIM tool platform. Other tools include Revit Architecture, Revit Structural, Revit MEP and Navisworks.



## SUSTAINABILITY STATEMENT

HEB Group, through its subsidiary BIM Global Ventures Sdn Bhd ("BGV"), plans to obtain the QESH accreditation in line with HEB Group standards.



Companies within the Group were appointed as Independent Checking Engineers as well as design engineers for the project. The following are some of its key sustainability and safety features:

### High Impact Projects Contributing to the National Economy

We continue with several projects that directly contribute to well-being of our nation. These key projects are relevant to infrastructure, providing transportation for the public and supply of water – these infrastructures are the backbone and serve as basic needs to our people. The following section describes in detail the scope of work of the projects and how those projects benefitted the public in general.

#### MRT 2 – Sungai Buloh - Putrajaya Line

The Putrajaya Line (previously known as Sungai Buloh-Serdang-Putrajaya Line) is the second line of the KVMRT Project to be developed. It will serve a corridor with a population of around 2 million people stretching from Kwasa Damansara, a new township development in northwest Kuala Lumpur and its southern suburbs, to Putrajaya, Malaysia's federal administrative centre.

The alignment will have a length of 57.7km, consisting of 44.2km of elevated tracks and 13.5km running through underground tunnels. It will have 36 operational stations of which 27 are elevated and 9 underground. A further 4 stations have been provided for the future.

### 1

**Design of Automatic Platform Gate that interlocks with train control system**

Prevent passengers from accidental fall on to the tracks and hit by the driverless train. Should the door loosen its locking mechanism either from system failures or forced open by someone, the train will automatically be halted by the control system ahead of the platform.

### 2

**Design of highest Safety Integrity Level 4 of the driverless signalling system**

SIL 4 signalling system has full redundancy and fail-safe system to ensure that any failure of one particular subsystem will not immediately result in system disruption and in the event of total failure system will enter a fail-safe mode to prevent accident.

### 3

**Rainwater Harvesting System at UPMS**

Collect and storage of rainwater for non-potable usage.

### 4

**Traction Energy Recovery System (TERS)**

Detect excess power from the train re-generative braking and automatically return any excess power to 33kV system to be used for station LV system.

### 5

**Energy Efficient driving mode by train control system**

Automatic driving optimisation of speed profiles and breaking of trains.

## SUSTAINABILITY STATEMENT

### Selangor Raw Water Security Scheme

River pollution incidences in recent years have caused water supply disruption and impacted the socioeconomic activities in the State of Selangor as well as the Federal Territories of Kuala Lumpur and Putrajaya. It has forced the shutdown of Sungai Selangor Phase (“SSP”) 1, 2 & 3 Water Treatment Plants (“WTP”) and the nearby Rantau Panjang WTP. The disruptions involved a very large number of consumers and caused much grievance and dissatisfaction from the consumers in Selangor and Federal Territory of Putrajaya and Kuala Lumpur.

The Selangor State Government envisaged the necessity to protect the water supply by having a more reliable and controlled environment on the water resources. They have decided to implement a scheme to ensure uninterrupted operations of SSP 1, 2 & 3, Rantau Panjang and Semenyih WTPs in the event of disruptive pollution. The scheme involves a river diversion at the intakes of SSP 1, 2 & 3 WTPs, installation of pumping system for supply and abstraction at HORAS 600 Pond and abstraction of water from existing Hang Tuah Pond leading to the intake of Rantau Panjang WTP and abstraction of water from existing Pond B and Pond C leading to the intake of Semenyih WTP. The proposed scheme is expected to be completed by the year 2023 to serve and provide an uninterrupted and sustainable supply of potable water for the State of Selangor.

We have been appointed to provide the Engineering Consultant Services (Design and Supervision) for the Selangor Raw Water Security Scheme.



*HORAS 600 Pond, Bestari Jaya*

### Review of Influent Flow Rate and Peak Flow for Sewage Treatment Plant in Malaysia

Sewage Treatment Plant including its sewerage networks in Malaysia are designed based on Malaysian Sewerage Industry Guidelines (“MSIG”) where the principle of calculating wastewater flow is based on the average per capita flow and peak flow. Peak flow can be obtained from the average flow per capita by taking into account the peak factor calculated from the total PE (MSIG, 2009), based on MS1228: 1991, derived from BS 8005: 1987. Feedback from local studies and industries indicated that peak flow design factors for sewerage services are found to be too conservative and likely to cost wastage in term of capital investment and operation & maintenance (“O&M”) as well as to reduce sewage treatment plant efficiency. The flow design parameters of this sewerage system need to be reviewed to meet the current situation.

The Federal Government of Malaysia through Jabatan Perkhidmatan Pembetungan (“JPP”) has appointed us to provide the Engineering Consultant Services to formulate the most suitable value to be adopted for daily average per capita flow and peak factor to be used in the sewage industry. The proposed study is expected to be completed by end of year 2022.



*Langat Centralised Sewerage Treatment Plant*

## SUSTAINABILITY STATEMENT

### Ampang Light Rail Transit

We acted as the project advisor incorporating sustainability and green elements for the Ampang Light Rail Transit.

Engineering features included in this project were natural ventilation maximisation, weather protection, rain water harvesting, and energy efficient lighting within the station and depot buildings. The terminal station at Putra Heights achieved a Silver Rating for the Green Building Index ("GBI"). Stations were designed with a modern architectural outlook reflective of a progressive Malaysian society.

Strong safety aspects were implemented covering Health, Quality, Environment & Safety ("HQUES") plans, systems assurance plans, interface management plans, risk management plans and cost management plans.

A reliability, availability, maintainability, and safety ("RAMs") level of 99.99% was required for all railway subsystems such as signalling, communication, and power supply to ensure that the entire railway system operated at the highest reliability levels. This level of system assurance ensured unrivalled quality and performance in Malaysia.

### Iskandar Malaysia Bus Rapid Transit

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, particularly within the city centre.

Shifting from private vehicles to public transport promotes sustainable development by reducing carbon footprints. With the BRT, the high number of existing carbon emission buses will be replaced by high-capacity green rapid transit buses which in turn leads to a greener environment.

In this regard, the BRT utilises the best available technologies to be reliable, economically and environmentally efficient -- innovation that changes the way consumers travel. Specifically, the BRT project will see the adaptation of cutting-edge technologies for mobile ticketing, automated fare collection, passenger information as well as advanced green technology (in both the vehicle and fuel aspects) that support Iskandar Malaysia's low carbon / Smart City agenda.

Globally, the BRT is a preferred transport model thanks to its cost-effectiveness in terms of construction (as compared to rail) and is also more flexible to build within existing and specific city conditions.

The BRT contributes to an efficient and integrated public transport infrastructure that is important to attract foreign and domestic investments, thus increasing the attractiveness of the development corridor. The project is expected to create up to 35,000 jobs and increase Gross Domestic Product ("GDP") for Johor.

### PROMOTING ETHICAL BUSINESS



### Ethics, Conduct & Integrity

All HEB directors and employees are expected to adhere to our corporate policies, code of ethics, and code of conduct, which require everyone at HEB to adhere to the highest ethical business standards of honesty and integrity, and to apply these values to all aspects of our business and professional practices and these policies are available on the company's website. We expect the same behaviour from our contractors, suppliers, agents, consultants and others acting on our behalf.

It is important for businesses to create an ethical culture that extends beyond the employee handbook and the company's mission statement. Our focus on ethical culture includes building explicit values, thoughts judgment, incentives, and cultural norms and we have comprehensive policies, procedures and training that empower our employees to conduct business consistent with our core ethical values of respect and integrity, and in compliance with the law, including Malaysia Anti-Corruption Commission Act 2009 (Amendment 2018).

## SUSTAINABILITY STATEMENT

### Anti-Corruption

HEB's Anti-Bribery Policy is available on the company's website and outlines our commitment to business integrity and legal compliance. Corruption is a significant challenge that poses significant risks to our business objectives and operations.

We are committed to implementing controls for continuous improvements through our system and procedures to align with our Anti-Bribery Policy. The Group is committed to conducting business transparently, honestly, and with integrity. Hence, it is important that the Group conducts its business in accordance with applicable anti-bribery laws and anti-corruption laws.

With this, HEB declares a zero-tolerance policy toward corruption and believes that combating corruption will necessitate a concerted effort on the part of all parties. HEB signed an integrity pledge reiterating its commitment to combating corruption. In FYE2021, we held four (4) workshop briefings with a total of 19 participants and an ISO37001 ABMS Awareness Workshop with a total of 176 participants to communicate and raise awareness among our employees. These workshops were intended to increase the awareness on anti-bribery and anti-corruption regulation and its impact to employees whilst the ISO37001 ABMS was intended to educate participants on ISO37001: Anti-Bribery Management System.

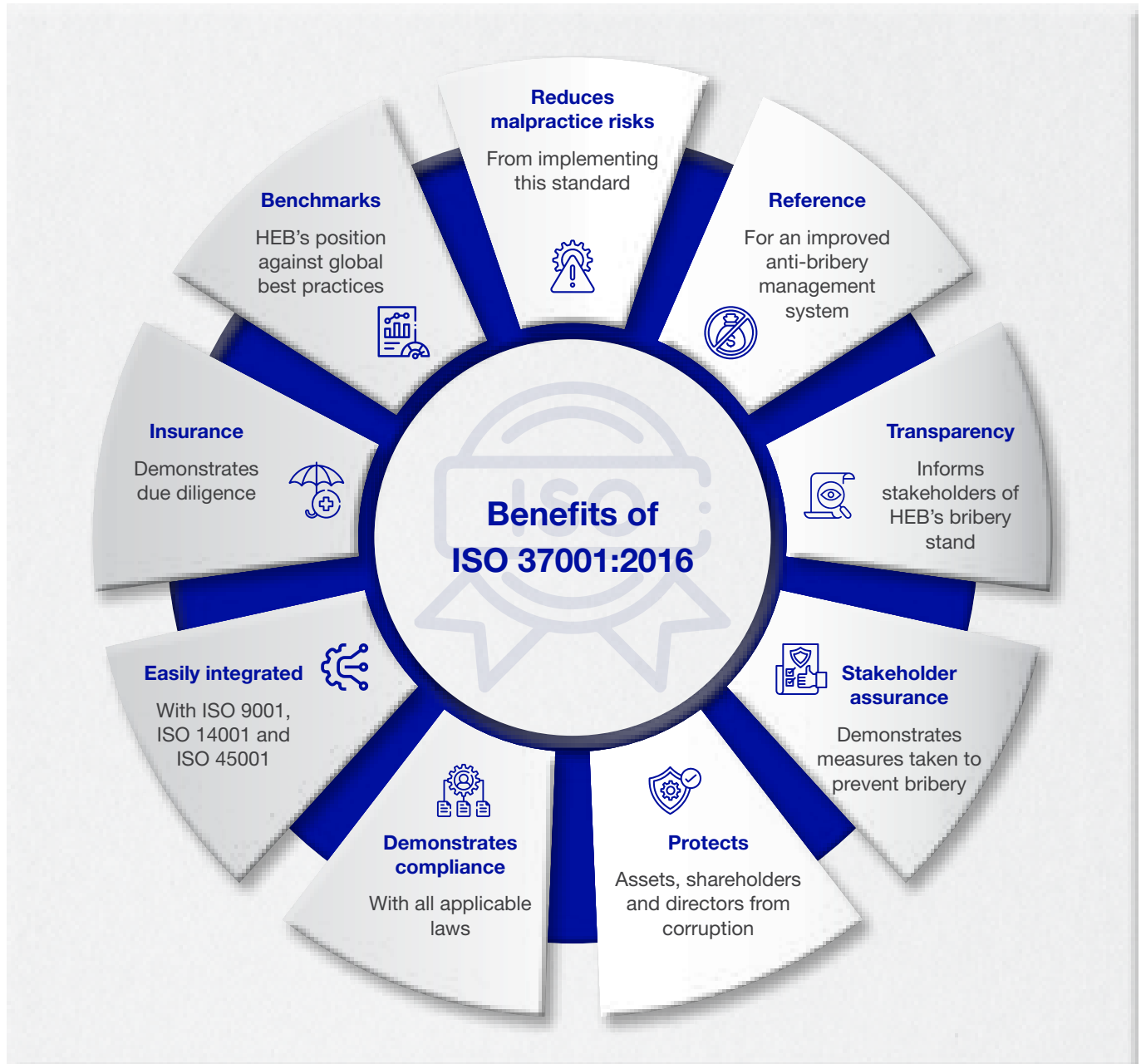
SIRIM QAS International certified HEB, BGV, HSS Engineering Sdn Bhd, HSS Integrated Sdn Bhd and HSS Mekanikal & Elektrikal Sdn Bhd for implementing Anti-Bribery Management Systems in accordance with MS ISO 37001:2016 in 2020. In March 2022, SMHB Engineering Sdn Bhd, SMHB Environmental Sdn Bhd and SMHB Sdn Bhd received the Anti-Bribery Management System ("ABMS") certification.





## SUSTAINABILITY STATEMENT

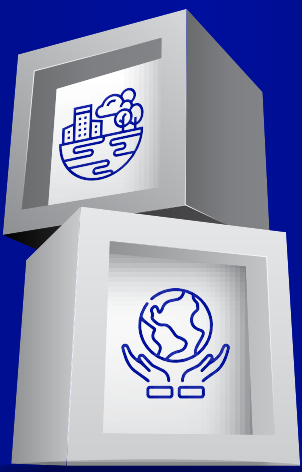
Being certified by an independent body give us the confidence and create awareness to our employees. ISO 37001 is designed to help us have a proper structure, system and processes in place to implement effective anti-bribery management system.




We are pleased to report that there have been no cases of non-compliance concerning ethical conduct during this FYE2021 reporting period. (2020: Nil).


## SUSTAINABILITY STATEMENT

**ENVIRONMENT**





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



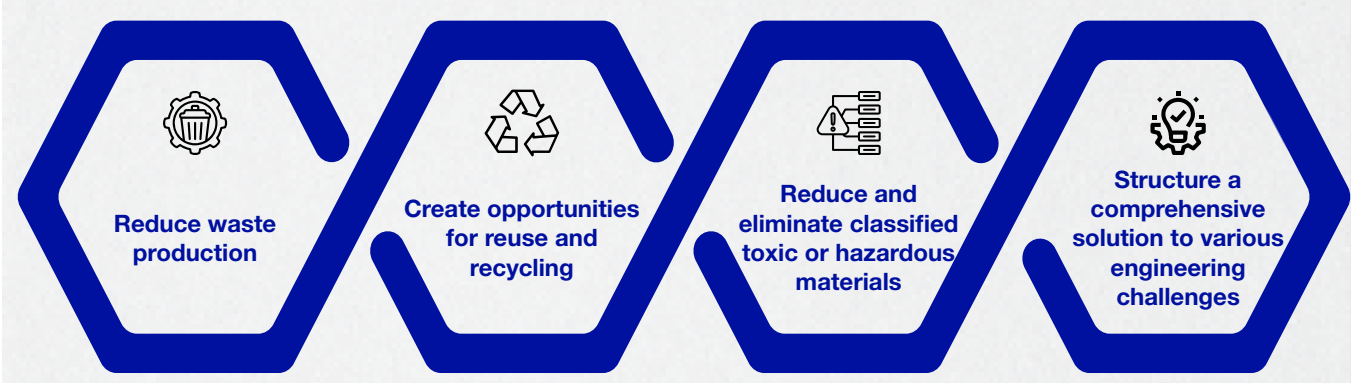
Addressing the drastic effects of climate change by exploring new renewable energy projects and opportunities.


**Materiality matters covered:**

- Energy & Climate Change**
- Environmental Awareness**


HEB is committed to actively managing risks associated with climate change and to mitigating environmental impacts from our 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 climate related risks.

Our priority is environmental protection, both in how we do our work and in our results. As we invent new tools and solutions, we take deliberate, strategic steps to improve each innovation's eco-efficiency. We evaluate our new engineering solutions according to their ability to:







**Reduce waste production**



**Create opportunities for reuse and recycling**



**Reduce and eliminate classified toxic or hazardous materials**



**Structure a comprehensive solution to various engineering challenges**

As a growing company, we are aware that our environmental footprint is increasing and can have an impact to the environment. 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. We formed a Green Taskforce in 2017 to champion various green initiatives within HEB.

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

## SUSTAINABILITY STATEMENT

### 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



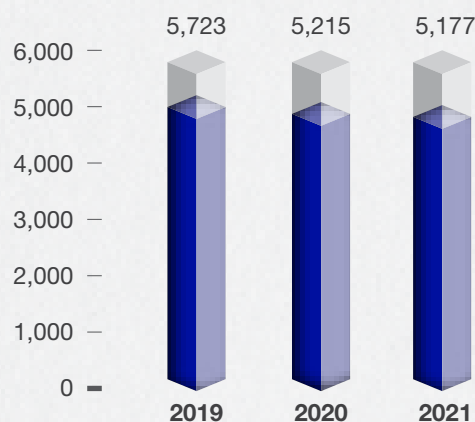
water resources

#### Maximising



water use through integrated water planning and solutions

### Total Water Consumption

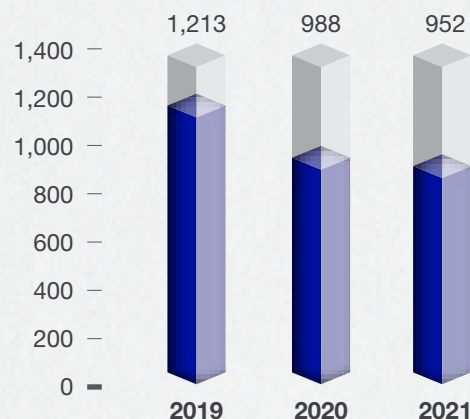


Water Comparison & Consumption  
(Water Consumption includes HSS & SMHB)

### Electricity Consumption

The Group successfully lowered the electricity consumption by 3.6% from 988 mWh to 952 mWh.

### Total Electricity Consumed (MWh)



Total Electricity Consumed (MWh)  
(Electricity Consumption includes HSS & SMHB)

## ENVIRONMENTAL MANAGEMENT

### Water and Energy Management

Monitoring the environmental impact of our operation is important as impact management is instrumental to 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 smaller compared to other industries. Nevertheless, we launched an extensive monitoring and water-reduction strategy to minimise water usage.

### Water Consumption

HEB's commitment in implementing water conservation achieved a marginal decrease of 0.7% compared to FYE2020 water usage.

HEB will continue to monitor and move toward finding the most effective way to reduce water consumption by increasing awareness among employees and mindful of their daily water use. HEB Group will consistently develop and execute new water saving strategies to further reduce water consumption.

During pandemic COVID-19, physical distancing and working from home requirements resulted in reduction of electricity consumption mainly from offices.

### 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 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.

## SUSTAINABILITY STATEMENT

SMHB has obtained both ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System certifications by SIRIM in 2020. The certifications cover the following companies:

- SMHB Sdn. Bhd.
- SMHB Engineering Sdn. Bhd.
- SMHB Environmental Sdn. Bhd.

Scope of certification covers 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.



### Environment, Safety & Health Committee

We formed our Environment, Safety and Health (“ESH”) Committee to review, monitor and enhance our ESH aspects. Detailed information of this committee is explained in the Employee and Public Safety section of this statement.

### WASTE MANAGEMENT

The Group substantially invests to comply with environmental legislation, to optimise cost and to manage its waste management practices across all business operations. Abiding with waste management regulations is important as it conserves energy and reduces pollution for the betterment of the environment. The Group follows a strict waste management procedure as published in our Integrated Management System (“IMS”). IMS captures all information relevant to waste, allowing strict monitoring to compliance with the environmental regulation.

GENERAL WASTES	SCHEDULED WASTE
Non-hazardous wastes including garbage, food waste, boxes and pallets.	Any wastes falling within the category of waste listed in the First Schedule of the Environmental Quality (Scheduled Wastes) Regulations 2005.
<ul style="list-style-type: none"> <li>• Recyclable and non-recyclable wastes are segregated.</li> <li>• Non-recyclable wastes are disposed of at an area identified by the Building Management Office.</li> </ul>	<ul style="list-style-type: none"> <li>• Contractors registered with the Department of Environment (“DOE”) carry out the handling and disposing of scheduled wastes. We have labelled all containers with a description and hazard symbols in accordance with the Third Schedule of the Environmental Quality (Scheduled Wastes) Regulations 2005.</li> <li>• The stock quantities are updated regularly as required by the Fifth Schedule of the Environmental Quality (Scheduled Wastes) Regulations 2005. As such, scheduled wastes can only be stored in a designated area.</li> </ul>

## SUSTAINABILITY STATEMENT

### SOCIAL





Ensuring healthy working environment and promote the well being of our employees and stakeholders



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



Ending all discrimination against women and providing equal rights to employees without discrimination during hiring, on the job training and upon leaving



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



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

**Materiality matters covered:**

- Employee and public safety
- Quality and client satisfaction
- Job creation
- Diversity, equal opportunity and non-discrimination
- Career Development

### EMPLOYEE ENGAGEMENT

#### Employee and public safety

At HEB, we put high emphasis on ensuring the safety and wellbeing of our employees and the public. Our commitment is demonstrated through the establishment of:

- Emergency Response Team (“ERT”);
- ESH Committee; and
- Quality, Environmental, Occupational, Health & Safety (“QESH”) policy.

With these established committees and policies in place, we aim to enhance our Occupational Safety and Health (“OSH”) practices to reduce workplace accident rate and maintain a safe working and conducive environment for our employees.

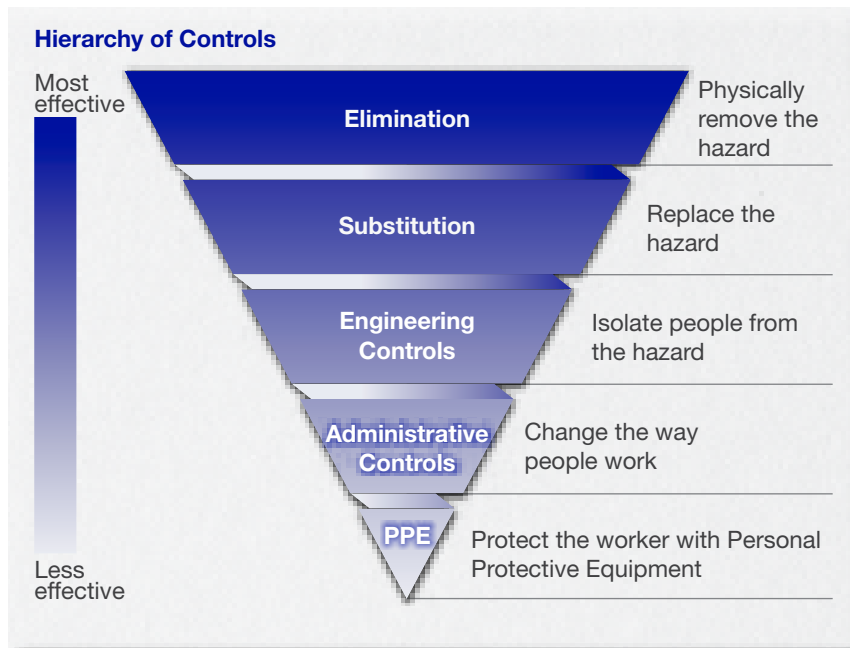
Initiatives/ measures in place to minimise OSH risk and hazards includes:

- OSH Policy and procedures;
- Provision of personal protective equipment (“PPE”);
- Safety supervision by Safety and Health Officer;
- Weekly Safety Toolbox Briefing; and
- Safety inspection activities.

Since 2019, our subsidiaries and associated companies have migrated from OSHAS18001:2007 to ISO45001:2018 Occupational Health & Safety Management Systems (“OSHMS”). The purpose of obtaining the ISO certification is to have regard to the international standard for organisation framework to improve employees’ safety, reduce workplace risks as well as create a better and safer working environment.

In FYE2021, we had six (6) Environment, Safety and Health (“ESH”) Committee meetings to discuss all matters on safety and health including to identify methods to enhance a safe working environment. With the prolonged COVID-19 pandemic, we had enforced strict COVID-19 Standard Operating Procedure (“SOP”) by establishing a visitor declaration form and a COVID-19 Flowchart to ease understanding on actions to be taken during certain scenarios that include Head Office. No accident and zero-fatality incidences except for twenty three (23) COVID-19 cases recorded in FYE2021.

## SUSTAINABILITY STATEMENT



In curbing COVID-19 pandemic, strict SOPs and precaution measures following the guidelines established by the Ministry of International Trade and Industry's ("MITI") and Ministry of Health ("MOH") was implemented, including social distancing within the office premise, carry out sanitisation activities, provide face masks and hand sanitisers to all employees, perform temperature screening to safeguard the safety of our employees, proper signages and reminders on use of face masks and marking on social distancing as a reminder to the employees.

A workplace safety awareness briefing was conducted on 16 June 2021, as a refresher to all employees on 'how to create a safe working environment' as well as methods to mitigate accidents at workplace.

Moving forward, the Company will be resuming the OSH trainings for FYE 2022.

## QUALITY AND CLIENT SATISFACTION

### COMMITMENT TO QUALITY AND EXCELLENCE

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

Our projects are 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. The Group 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.

### CERTIFICATION

HSS Engineering Sdn. Bhd., HSS Integrated Sdn. Bhd. and HSS Mekanikal & Elektrikal Sdn. Bhd., have been certified with MS ISO 9001:2015, Quality Management System by SIRIM QAS International Sdn. Bhd.

The certification covers the scope of services from the provision of consultancy services for the design of civil, mechanical and electrical, building engineering works including site supervision, independent consultant/checking engineer, to project management consultancy services.

SMHB companies have achieved the MS ISO 9001 Quality Management Certification since 1997 which was 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.



### CUSTOMER FEEDBACK AND SURVEY

We value feedback from customers as we believe serving our customers with the highest quality of services. The quality of services can only be judged by our success in meeting clients' needs.

### Client Satisfaction

Services provided in the field of engineering must consistently satisfy the needs and expectations of clients.



## SUSTAINABILITY STATEMENT

**Time-based surveys**

e.g. 60 days after project commencement

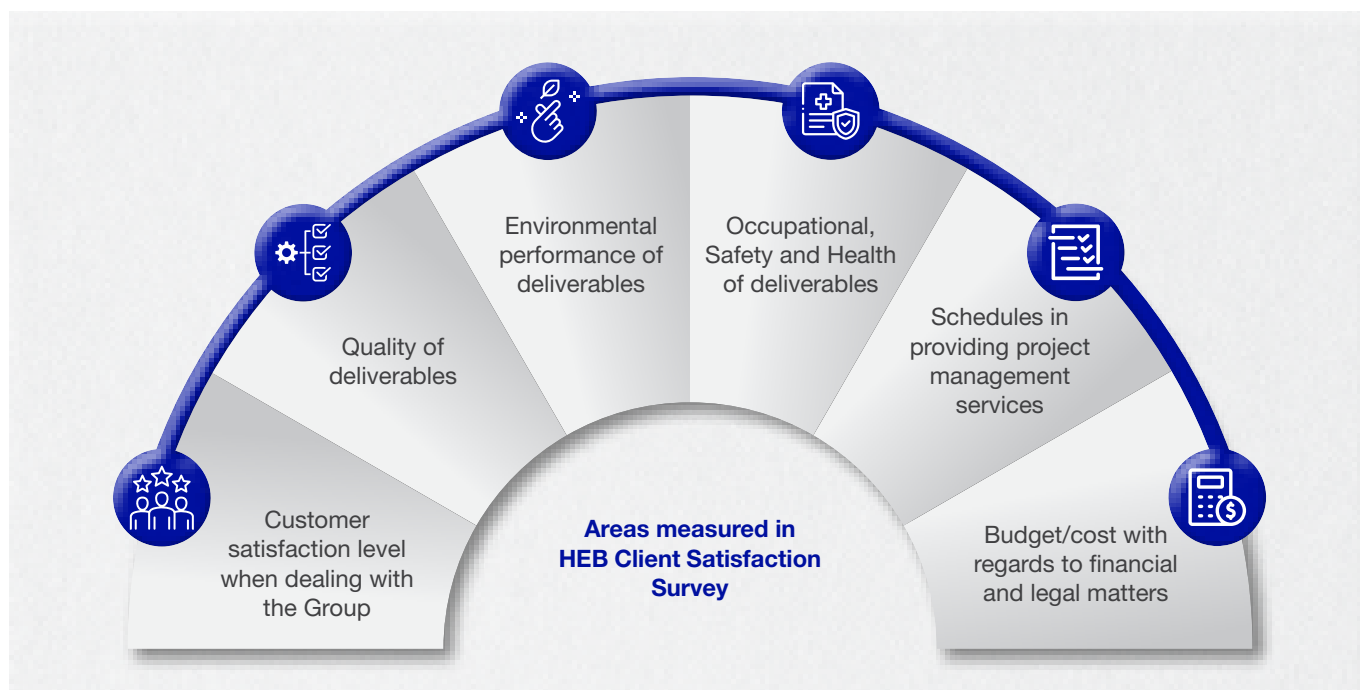
**Experience-based surveys**

e.g. once the planning stage is complete



We conducted our customer satisfaction survey annually. All highlighted concerns raised by customers will be analysed internally for the identification of root causes and derivation of improvements.

These surveys assess matters in areas as highlighted below:



Our overall Group's client satisfaction survey is compiled to assess HEB Group as a whole.

Our customers are very pleased with our services, as our overall mean percentage table scoring above 80.

**Client Satisfactory Survey for Year 2021**

## SUSTAINABILITY STATEMENT

### Employee Engagement

#### HEB's Commitment to Human Rights

We respect individuality, human rights and the privacy of all.



We seek to eliminate discrimination of all kinds, whether based on race, nationality, gender, religion, belief, background or physical disability.



We do not condone child labour and forced labour.



We endeavour to create a safe and healthy workplace environment.



We believe and understand the importance of having a community. Therefore, at HEB, we encourage our employees to actively participate in the sports and social clubs formed by our own employees. The enforcement of Movement Control Order ("MCO") in May 2021 restricted face-to-face activities during the COVID-19 pandemic. Hence, for everyone's safety and to minimise exposure, we did not hold any event or sport activities.

### Job Creation

We believe in growing our Malaysian talent pool by providing local graduates with the necessary skill sets to further advance their corporate careers. HEB implemented the Protégé Training and Education for Growing Entrepreneurs ("PROTÉGÉ") program under the purview of the Ministry of Entrepreneur Development and Corporation ("MEDAC") to help develop and increase Malaysia in engineering talent. This 12-month programme blends intensive soft skills classroom trainings and on-the-job training opportunities, offering practical skills and real-life experiences to build a strong foundation for engineers.

PROTÉGÉ eligibility criteria are as follow:

#### PROTÉGÉ eligibility criteria



A Malaysian citizen



Aged below 27 years old



A degree holder with a minimum CGPA of 2.5



Unemployed after graduation for no more than two years

PROTÉGÉ programme participants would experience on-the-job training in various engineering fields ranging from transportation planning, structured graduate engineering, elevated alignment engineering, geotechnical engineering, mechanical and electrical engineering, architecture, quantity surveying as well as non-engineering programmes such as branding and marketing.

We have fifteen (15) PROTÉGÉS who joined us in various divisions across technical and non-technical departments. These PROTÉGÉS are expected to join HEB Group permanently once they completed the programme. In FYE2021, 60% Protégés have joined HEB Group permanently. We will continue to strengthen our talent pool to help us gain an advantage in the industry while helping our employees to grow, develop and reach their full potential.

## SUSTAINABILITY STATEMENT

### Universities Collaboration Programmes

We recognise our responsibilities in ensuring future supply of engineers. As part of this objective, we envisage to attract and train future Malaysian talent in the field of engineering through our strategic partnership with numerous universities to provide internships at HEB.

#### UNIVERSITIES

- |  |  |
|--|--|
| • Universiti Tenaga Nasional (UNITEN)  | • Universiti Malaysia Pahang (UMP)       |
| • Universiti Teknologi Mara (UiTM)     | • Universiti Tunku Abdul Rahman (UNITAR) |
| • University of Nottingham Malaysia    | • Infrastructure University Kuala Lumpur |
| • Universiti Teknologi Petronas (UTP)  | • Universiti Putra Malaysia              |
| • Universiti Malaya                    | • SEGI College Malaysia                  |
| • Monash University of Malaysia        | • INTI                                   |
| • Universiti Kebangsaan Malaysia (UKM) | • XIAMEN University Malaysia             |



We have signed Memorandum of Understanding with universities, running programmes to identify suitable students who will participate as interns in our companies. This attachments enable them to gain industry experience in real life working settings complementing their studies.

### Diversity, Equal Opportunity & Non-discrimination

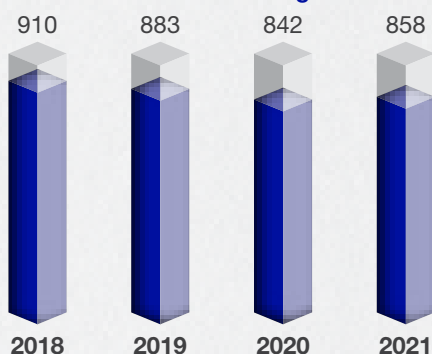
Our Diversity Policy, introduced in 2018 is aligned with the Company's objectives, values, and principles. Diversity refers to all the attributes or characteristics that make individuals different from each other which includes, but is not limited to age, gender, experience, education, background, expertise, origin, disability, race, nationality, culture, language, and social-economic status. To ensure the Policy remains relevant, the Policy is reviewed annually.

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 enables 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.

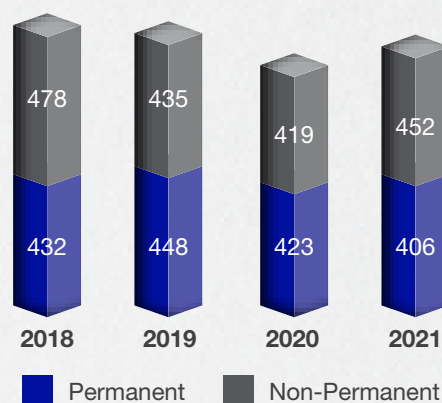
The Board has two (2) female board members representing 25% of the total Board members, whereas, 10% of the Senior Management positions of the Company are held by women. The Board aspires to achieve the right balance of diversity in the Company and this will be carried out over time.

As at 31 December 2021, HEB recorded a total number of 858 employees (2020: 842), of which 180 (2020: 137) were new hires.

**Workforce Strength**

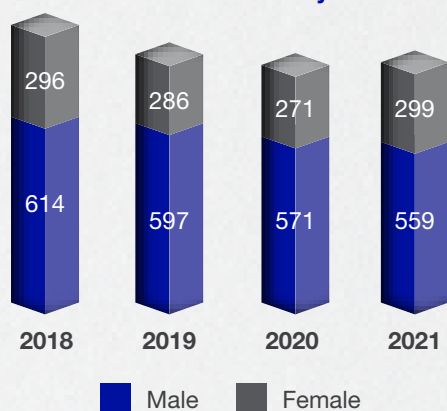


**Workforce breakdown by Employment Type**

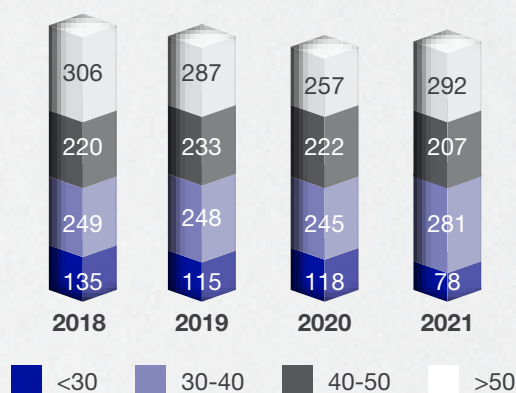


## SUSTAINABILITY STATEMENT

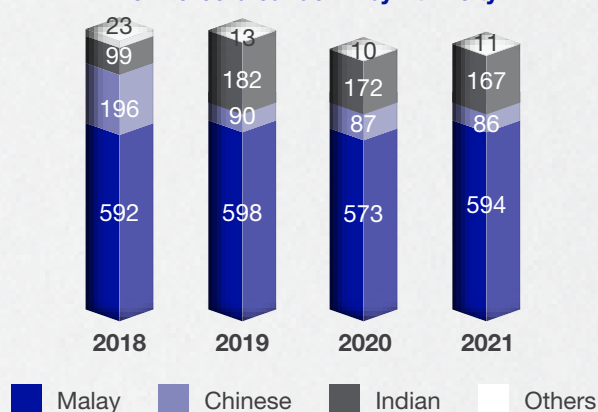
Workforce Breakdown by Gender



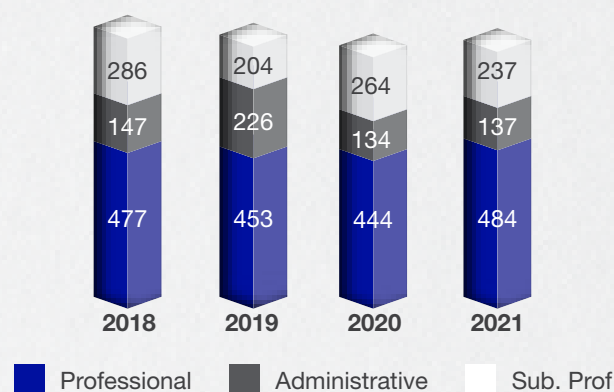
Workforce Breakdown by Age Group



Workforce breakdown by Ethnicity



Workforce Breakdown by Employment Category



## Respecting human/individual rights

We have established our Whistle-Blower Policy which is reviewed annually to ensure it remains relevant and maintains highest level of corporate ethics and effectiveness. Every employee has a professional obligation to report any known malpractice or wrongdoing.

Internal and external interested parties have access to official channels for reporting and raising concerns. If a stakeholder wishes to file a complaint, it may do so by submitting a report/complaint as follows:

## Chairman of Audit and Risk Management Committee ("ARMC")

**E-mail** kctai@fiscalcorp.com.my

**Purpose of reporting** Improper activities disclosures, including those relating to financial reporting, unethical or illegal conduct.

## Executive Vice Chairman ("EVC")

**E-mail** kuna@hss.com.my

**Purpose of reporting** Employment-related concerns

*Note: Disclosures can be verbal or in writing and forwarded in a sealed envelope to the abovementioned contact person(s) labelling with a legend such as "To be opened by the Chairman of ARMC or EVC only"*

As part of our initiatives to ensure that all employees are aware of our human rights strategies, HEB established consultation officers and grievance mechanisms to address violations and grievances. In addition, we use townhall sessions as communication platform with our employees. There were no reported whistle-blowing cases as at FYE 2021 (2020: Nil).

## SUSTAINABILITY STATEMENT

### Recruitment, Retention and Succession Planning

#### Career development

Candidates are encouraged to apply for jobs through our Corporate website at <https://www.hssgroup.com.my/career/>.

All candidates will be screened and vetted through our talent acquisition team to ensure a fair and transparent hiring process.

As the talent acquisition process focuses on the overall experience of candidates and clients, the requirement 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;
- Internship, 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.



At HEB, we understand that employees are the core of our success. We are constantly identifying ways to improve our retention plans. HEB's cost-sustainable benefits are designed to attract and retain the right talent.

On an annual basis, we would review our employees' salaries by carrying out reviews on local market standards and competitive third-party salary survey data while taking into account discriminatory practices and gender pay inequality.

Benefits offered by HEB include the following:

Benefits	Details
 <b>Insurance</b>	<ul style="list-style-type: none"> <li>• Group hospitalisation and surgical plan</li> <li>• Personal accident insurance</li> </ul>
 <b>Leave</b>	<ul style="list-style-type: none"> <li>• Study and examination leave</li> <li>• Maternity and paternity leave</li> <li>• Compassionate leave</li> <li>• Prolonged illness leave</li> <li>• Marriage leave</li> <li>• Vaccination leave</li> </ul>
 <b>Allowance</b>	<ul style="list-style-type: none"> <li>• Travelling allowance (mileage and subsistence allowance)</li> <li>• Handphone allowance</li> <li>• Overseas training/work allowance</li> </ul>
 <b>Haj and pilgrimage sponsorship</b>	Sponsorship for Muslim staff to do Hajj and pilgrimage for entitled employees
 <b>Long serving award</b>	Long-serving employee will be rewarded based on the number of years working with the Group

Source: Extracted from Employee Handbook.

## SUSTAINABILITY STATEMENT

### Professional Development

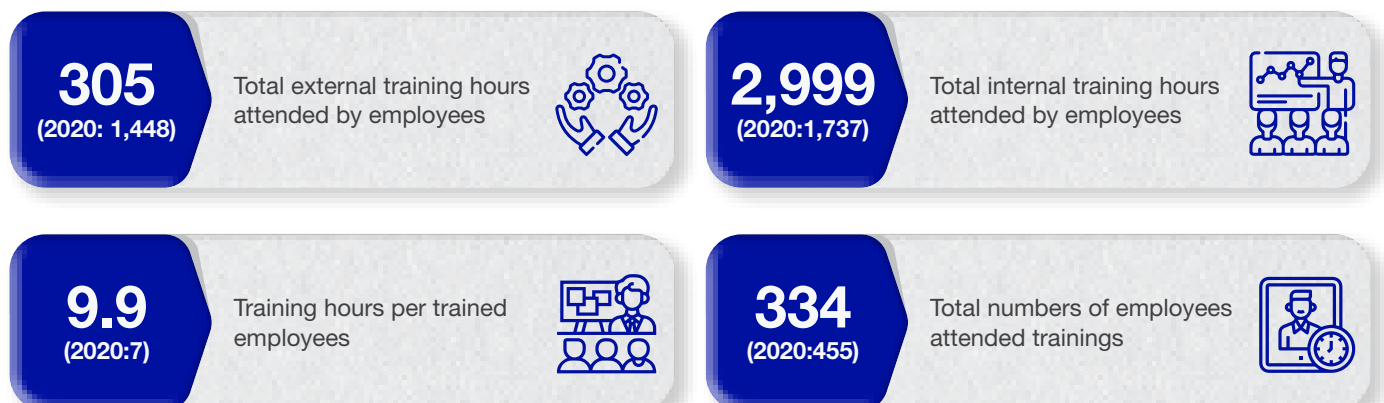
The Group is committed to train and groom employees' professional industrial skills and knowledge. We believe in continuous learning and development for all our employees, which will not only benefit their personal development and growth but will also benefit our business growth. We appreciate the benefits of maintaining an engaged workforce. Thus, we continuously develop our employees' skills, capabilities, and knowledge.

Our trainings are comprehensive and focused based on the needs of our business activities. The type of trainings are segregated into 2 areas – internal and external trainings.

#### Types of Training Offered by HEB



In FYE2021, 334 of our employees participated in a total of 3304 training hours for their career progression and to improve their skills. Training hours in FYE2021 particularly external trainings were significantly lower as compared to FYE 2020 due to COVID-19 standard operating procedures restriction on social distancing and working from home requirements.





## SUSTAINABILITY STATEMENT

We ensure that all our employees learn and develop their skill through diverse soft and technical skills. In addition, our engineers are required to maintain their Continuing Professional Education ("CPE") requirements, for which selected trainings are provided. Training topics for our employees cover areas such as:



During the COVID-19 pandemic, we customise our training methodology to using technology. Learning through technology, we use several platforms ranging from Microsoft Teams to Zoom webinars that enables us:

