



ENGINEERS

SUPPLEMENTAL SUSTAINABILITY REPORT



ENGINEERS

**REPORT PERIOD:
JANUARY 1, 2022 - DECEMBER 31, 2022**

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SUPPLEMENTAL SUSTAINABILITY REPORT**HSS Engineers Berhad****Report Period: January 1, 2022 – December 31, 2022****Introduction**

HSS Engineers Berhad (HEB) is committed to advancing sustainability across all aspects of our engineering consultancy and project management services business and operations. This Supplemental Sustainability Report provides an overview of our progress and initiatives in key areas of sustainability during the reporting period of January 1, 2022 to December 31, 2022 in accordance with Bursa requirements. This Supplemental Sustainability Report shall be read in conjunction with the HEB Annual Sustainability Report 2022 for a full understanding of HEB's sustainability initiatives and action plan.



1) Environmental

a) Climate Change

Issue

HEB recognizes the pressing need to address the heightened impact of climate change caused mainly by Greenhouse Gas (GHG) emissions such as carbon dioxide (CO₂). We are committed to taking proactive measures to mitigate these negative impacts and enhance overall operational efficiency. We have a QESH Policy available and aim to include Climate Change to enhance the policy in 2023.

Actions

As part of our IMS Objectives we have in place current practices to determine and reduce the usage of A4 papers, electricity and water as well as to show measurable targets to be achieved from time to time (yearly basis).

We have conducted awareness on the conservation of electricity and water as well as measures to reduce consumption of fuel for travelling to achieve the targets set. We are implementing measures such as carpooling, online meeting to reduce fuel consumption, whilst reminder on save energy stickers to switch off lights when not in use to save energy.

There are ongoing initiatives to replace old fluorescent tubes with LED lights and changing old air conditioning units to more energy efficient units to further conserve electricity. We reuse used paper, use double sided printer and only print when necessary to conserve paper. We will continue to find ways to reduce energy consumption through exploring renewal energy options where possible.



Recognition

HEB recognises Climate Change as risk factor for our business. We plan to include climate change as into our Integrated Risk Register (IRR) as part of our Risk Management Procedure to mitigate risk factors on this in 2024.

We have identified the following risk factors and opportunities:

Risks:-

- Poor knowledge in climate related matters can be detrimental to business opportunity and cost implication.
- Insensitive to the importance of climate change issues.

Opportunities:-

- Awareness on the implementation of energy saving practices within the organization
- To use energy saving electrical components and appliances.
- Reduce carbon emission through good control of resources, time management and utilize information technology.

Further Risks and opportunities will be identified in 2024 for inclusion in the group's IRR.

GHG Emissions

We recognised the need to have short-term and long-term targets in reducing Greenhouse Gas (GHG) emissions which comprises of Scope 1, Scope 2 and Scope 3. We have taken measurements with regards to Scope 1 and Scope 2 emissions. We plan to do assessment for Scope 3 which will also include collection of data throughout the group.

The table below provides Scope 1 and Scope 2 emissions data as disclosed on page 61 of our sustainability statement in the 2022 Annual Report.

Financial Year	2020	2021	2022
Scope 1 (Petrol)(kg CO ₂ e)	31,292	28,834	40,030
Scope 1 (Diesel)(kg CO ₂ e)	34,535	54,985	65,126
Scope 2 (Electricity) (Tonnes CO ₂ e)	635	612	646

Scope 3 Emissions

HEB plans to do assessment in identifying areas of Scope 3 which will be based on the measurement frameworks employed (GHG protocols) and source of emission factors (Malaysian Green Technology and Climate Change as example). HEB plans to set a base year for Scope 3 work calculations.

b) Pollution and Waste

We recognise pollution as an issue of concern and ensured that environmental management system being incorporated in the project requirement to minimise the levels of pollution to safeguard the overall environment. We have not received any fines or penalties for any environment violations throughout the year. The organisation's operations does not emit Nitrogen oxides (NOx), Sulphur oxides (SOx), Methane (CH4) and Volatile Organic Compounds (VOCs) into the atmosphere nor any effluent discharges into the receiving water body.

Parameters	FY2020	FY2021	FY2022	Target for FY2023
Air Emission				
Nitrogen Oxides (NOx) (Tonnes)	0	0	0	0
Sulphur Oxides (SOx) (Tonnes)	0	0	0	0
Methane (CH4) (Tonnes)	0	0	0	0
Volatile Organic Compounds (VOCs) (Kg)	0	0	0	0

We have reported the type and amount of Group's Scheduled Waste as mentioned in Page 60 of our 2022 Annual Report.

HEB recognizes the need to have short-term and long-term targets in reducing waste. We have taken measurements of waste management and have identified targets for short, medium and long term throughout the Group starting 2023 as shown in the table below.

Short Term (1-2 years)	Medium Term (3-5 years)	Long Term(> 5 years)
Waste Identification: To identify the types & quantity of waste generated	Green Procurement: 1. To develop policies that prioritize environmental friendly products and materials 2. To purchase paper from producers/companies that practices conservation or reforestation	Paperless Initiatives: Reduce paper use by transitioning to digital documents and communications
Awareness Campaign: To educate staff about waste reduction, proper sorting and recycling practice	Waste Reduction & Recycling: Establish robust practices including recycling program and provide timely-reminders on reduction of wastage	Set and develop Zero waste goals: Set measurements and monitor development in order to achieve zero wastage
Waste Separation: Implement a clear system for separation of recyclables and un-recyclables waste with (3 R Bins)	N/A	N/A

c) Resources

It is our core belief and values that we ensure resources given are utilized effectively and efficiently. It is noted as per the table shown below there has been increase in terms of consumption due to business returning to full capacity after government restriction were lifted due to the Covid-19 Pandemic.

The table reflected below indicates our consumption of resources over the last three financial years as disclosed on page 58, 59 and 61 of our sustainability statement in the 2022 Annual Report.

Financial Year	2020	2021	2022
Electricity Consumption(MWh)	988	952	1005
Water(m³)	5,215	5,177	6,018
Petrol(Litres)	13,686	12,611	17,508
Diesel(Litres)	12,896	20,532	24,319

In terms of water consumption, the organisation utilises municipal potable water that derives its water supply from non-water stressed areas in reflected World Resources Institute (WRI) a global water risk-mapping tool. The organisation also does not extract water from any external or natural water sources such as rivers, lakes, groundwater and seawater for any of its daily needs and operations. We do foresee that due to climate change that water security would be increasingly important. We are of view that it is an opportunity for our organisation to embark and provide solutions in overcoming this barrier as part of our contribution towards our community and nation.

We recognize and have outlined strategy plan to implement short-term, medium-term and long-term plans to maximize proper utilization of resources without compromising the needs for future generations as shown in the table below.

Short Term (1-2 years)	Medium Term (3-5years)	Long Term (> 5 years)
Awareness on Energy Efficiency and Savings: To further enhance awareness on the importance of energy savings and energy efficiency within the Group.	Energy Savings Initiatives: Invest energy efficient equipment, lighting and air conditioning system to achieve energy saving	Set and develop targets: Set targets for reducing overall resource use in the company
Water Conservation: Educate employees about water efficient practices i.e.: fix leaks, water saving fixtures	Sustainability Reporting: Develop proper monitoring measurements and reporting line in tracking resources usage and environmental impacts	Sustainable Practices: Integrate resource conservation into company's culture and practices
N/A	Create awareness & practices: Provide workshops/ awareness for employees in cultivating conscious habits conserving and utilizing resources including carpooling, online meeting and public transportation	Adapt Renewable Energy: Move towards renewable energy like solar panels

2) Social

a) Human Rights and Community

Human Rights Policy

The Company takes the matter of Human Rights seriously. To reinforce this commitment, the Board of Directors approved the HEB Human Rights Policy on the 16th August 2023 and an Independent Non-Executive Director has been appointed to oversee human rights matters, in consultation with the Management and the Human Resource Department. Day-to-day responsibilities of Human Rights matters come under the preview of the Human Resources Department which is tasked to ensure our commitment to prioritize Human Rights in all aspects of our work.

HEB's Human Rights Policy is based on the general reference to the International Bill of Human Rights and UN Guiding Principles on Business and Human Rights. We work to promote respect for human rights within our spheres of influence through stakeholder engagement, collaboration, and participation in various forums.

The Human Rights Policy can be accessed in our corporate website making it easily accessible for all stakeholders to refer.

Our Human Resources Department delivers human-rights related training and awareness raising activities among employees. The target date for all staff and departments to be trained on Human Rights Policy is on or before 31st March 2024.

Community Engagement and Volunteering

The Company is committed to giving back, engaging with communities, and building enduring partnerships. As part of this commitment, we have established a dedicated volunteer platform that is open to all employees who wish to contribute their time, regardless of during or outside of working hours.

The Company will collaborate with various non-profit organizations, demonstrating our commitment to community engagement and social responsibility.

We plan to organize the following

- To participate in a recycling program
- To participate in the Tree Planting program
- To improve Staff well-being and development through recreational programmes

The target for the planned activities and confirm that the activities listed is on or before 31st December 2024.

Outcome of Community Engagement and Volunteering

Starting 2023, HEB will list down and monitor the output and outcome of each activity for community engagement and volunteering. The total amount of corporate donations and community investments made to registered not-for-profit organisations will be recorded and tabulated starting in 2023.

Human Rights Violations

Any employee or external stakeholder who perceives discrimination, harassment, or violation of the Human Rights Policy can report the issue to their superior, the HR Department or directly to Management. Employees and external stakeholders are also encouraged to whistle blow or report their concerns through the Whistle-Blower Policy of the Group. HEB ensures confidentiality and strictly prohibit retaliation.

The Company commits to investigate, address, and respond to such concerns, undertaking appropriate corrective action in case of any policy violation.

There has been zero human rights violation incidents that has occurred over the last three years as shown in the table below. Moving forward, we aim to maintain a zero human rights violation incidents.

Year	2020	2021	2022
Human Rights Violations Incidents	0	0	0

b) Health and Safety

HEB records a lost time incident (LTI) as a workplace incident or accident that results in an employee or worker being injured or harmed to the extent that they are unable to perform their regular job duties and are required to take time off work for medical treatment and recovery. HEB uses LTIs as a metric to assess and monitor workplace safety performance which has been measured over the last three years as reflected below.

Year	2020	2021	2022
Lost Time Incident	0	0	0

Our target is to maintain the zero lost-time incident rate moving forward.

We also have achieved zero incidents rate for the following as reflected in the table below.

Year / Incidents (Employees & Contractors*)	2020	2021	2022
Accident	0	0	0
Fatal Injuries	0	0	0
Near Miss	0	0	0
First Aid Case	0	0	0
Lost Time Injury	0	0	0

It is our target to maintain a zero rate for all incidents as mentioned in the table above.

With gradual return to normalcy upon lifting of restrictions caused by the pandemic we have constantly monitored our employees' well-being. The table below reflects the number of covid-19 cases as shown below:

2021	2022	2023 (to date)
52	157	25

The Group had conducted several trainings with regards to Health & Safety as mentioned in Page 64 of our 2022 Annual Report which reflects our ever on-going commitment towards safety of our employees and the public.

**Contractors: Any person that has been appointed by HEB and its Group of Companies*

3) Governance

a) Risk Management

Board responsibility for Code of Conduct, Code of Ethics and ESG

Our Company staunchly adheres to a policy of integrity and ethics, encapsulated in our corporate governance policies which includes our Code of Ethics and Code of Conduct. These documents, which were reviewed and approved by our Board, outline ethical standards and conduct expectations for all members of our organization. They address key principles such as social responsibilities, human rights, health and safety, environment integrity and professionalism. Their adoption ensures a consistent commitment to professional ethics across our entire organization.

ESG risks are currently being identified and developed by the Company's Sustainability Steering Committee (SSC) in collaboration with Business and Operations Departments in line with the Company's business value and aspirations. The Company's risk management working committee monitors ESG risks together with the SSC who oversees the materiality assessments procedure before all strategies, policies and initiatives are presented to the Board for approval.

Senior responsibility for risk reporting

The Audit and Risk Management Committee (ARMC) currently consists of 3 Independent Non-Executive Directors of the Board. The ARMC has been delegated by the Board to oversee the implementation of the risk management and internal control system within the Group and to assist the Board in reviewing the adequacy and effectiveness of the system throughout the year. The Board is satisfied that the risk management and internal control system adopted by the Group is operating adequately and efficiently.

The internal audit responsibilities have been delegated to an external professional service firm namely Deloitte Business Advisory Sdn. Bhd. The activities undertaken by Internal Audit have been highlighted in our 2022 Annual Report which includes planning and reviewing on operating units in accordance with approved internal audit plan. The Internal Auditors reports directly to the ARMC and assisted by the Head of Finance to oversee the internal audit procedures and deliverables.

Compliance reviews

Our unwavering commitment to ethics and corporate responsibility is evident in our accessible Code of Conduct and Code of Ethics on our website, guiding our operations and philosophy. All officers are familiar with its principles, ensuring adherence and reporting any non-compliance. We emphasize transparency through our reporting system and Board updates. Breaches are seriously addressed by the Board or designated individuals. Our Board and Senior Management conducts regular reviews on the Code ensuring it stays relevant and upholds our high standards. The Board with the assistance of the SSC monitors compliance with the code and to address any emerging issues promptly.

Whistle Blower Policy

The Company has adopted a Whistle Blower Policy to encourage and provide a channel for reporting possible improprieties on an anonymous basis without fear of reprisals and sets out the process to be undertaken upon receipt of such reports. It also provides a safeguard to the confidentiality of the Whistle Blower to ensure no retaliation against the Whistle Blower if he or she has acted in good faith. Where possible, the Company includes contractual provisions in executed agreements for contracting parties to adhere to the reporting guidelines in the Whistle-Blower Policy and report any improprieties through the channel set out therein.

It provides an avenue for any person namely employees, directors, or external parties to report any improper conduct as defined in the policy against any employees or directors, in a safe and confidential manner. An employee who makes a report of improper conduct in good faith shall not be subject to unfair dismissal, victimization, demotion, suspension, intimidation or harassment, discrimination, any action causing injury, loss or damage, or any other retaliatory action by the company.

Risk management standards and reporting

We have complied with the following standards:

- Main Market Listing Requirements
- Malaysian Code of Corporate Governance
- Companies Act 2016
- Malaysian Financial Reporting Standards
- International Financial Reporting Standards
- ISO standards such as ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 37001:2016

Our Sustainability Framework Reference and Guideline:

- Main Market Listing Requirements (“MMLR”) issued by Bursa Malaysia Securities Berhad
- Sustainability Reporting Guide (“SRG”) 2nd edition issued by Bursa Malaysia;
- Malaysian Code on Corporate Governance updated April 2021
- Global Reporting Initiative (“GRI”) Standards; and
- United Nations Sustainable Development Goals (“UNSDG”)



Conclusion

HEB remains dedicated to fostering a sustainable future for our planet and our stakeholders. Through our ongoing efforts in energy efficiency, carbon reduction, waste management, supplier engagement, employee development, community outreach, and innovation, we are confident in our ability to drive positive change. This Supplemental Sustainability Report demonstrates our progress and serves as a testament to our unwavering commitment to sustainability.

For more detailed information on our sustainability initiatives, progresses, and future goals, please refer to our Sustainability page available on our website.