

SUSTAINABILITY STATEMENT

INTRODUCTION

Kobay Technology Berhad's ("Kobay" or "the Group") domiciled and operating in Malaysia servicing all of its clients globally. The Group focuses in manufacturing and providing high precision engineering solution, high precision components and parts, high level of assembly for its customers in semiconductor and E&E, aerospace, medical and life science, automation and equipment maker industries. We are committed in escalating our effort to be the pre-eminent supplier offering our sustainable solution product and services to our customers worldwide. We believed that in upholding our responsibility as a corporate citizen in Economic, Environment, Social and Governance (EESG) in our day-to-day operation will enable the Group to move up the value chain.

ABOUT THIS REPORT

The Board of Kobay pleased to present herewith our Annual Sustainability Statement (hereinafter referred to as "the Statement" or "this Statement") for the financial year ended 30 June 2023. This Statement provides you an overview of the Group's sustainability performance during the period from 1 July 2022 to 30 June 2023, unless otherwise stated.

For a comprehensive overview of the Group's performance for FY 2023, this report should be read in conjunction with the other statements in this Annual Report.

REPORTING FRAMEWORK AND STANDARD

This Statement has been drafted in accordance to the Bursa Malaysia Listing Requirements with reference to the Bursa Malaysia Sustainability Reporting Guide (3rd Edition), Global Reporting Initiative ("GRI"), Task Force on Climate-related Financial Disclosures ("TCFD") recommendations, Sustainability Accounting Standard Board ("SASB") standards and the International Sustainability Standard Board ("ISSB") standards.

OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

The sustainability governance has been embedded in all aspects of our Group's operation where the Board of Directors have delegated the Group's sustainability mission to Executive Committee ("EXCO") Committee members that formed by two (2) Executive Directors and two (2) senior management of the Company.

With the MAP training Part II introduced by Bursa Malaysia early August 2023, the Board has committed to equip themselves soonest possible with the necessary knowledge regarding the sustainability management including the climate-related risks and opportunities thus be able to possess the competency to drive the sustainability matters within the Group.

Led by the Chief Executive Officer, the EXCO articulates the sustainability practices across the business units in our two (2) division namely Manufacturing Division and Investment Division. Pursuant to the Board Charter, the Board is ultimately responsible for the Group's sustainable corporate direction, strategic planning and goals where the EXCO is assigned to drive the material sustainability matters across the business units as the sustainability steering committee.

Yearly, the EXCO will integrate the sustainability initiatives in the yearly strategic plans where each head of the business units as members of the workgroup shall carry out the day-to-day operations churning out prevention and remediation to ensure alignment for the entire yearly sustainable strategic plans and goals attainment for the business unit and ultimately achieving the goals as a group basis.

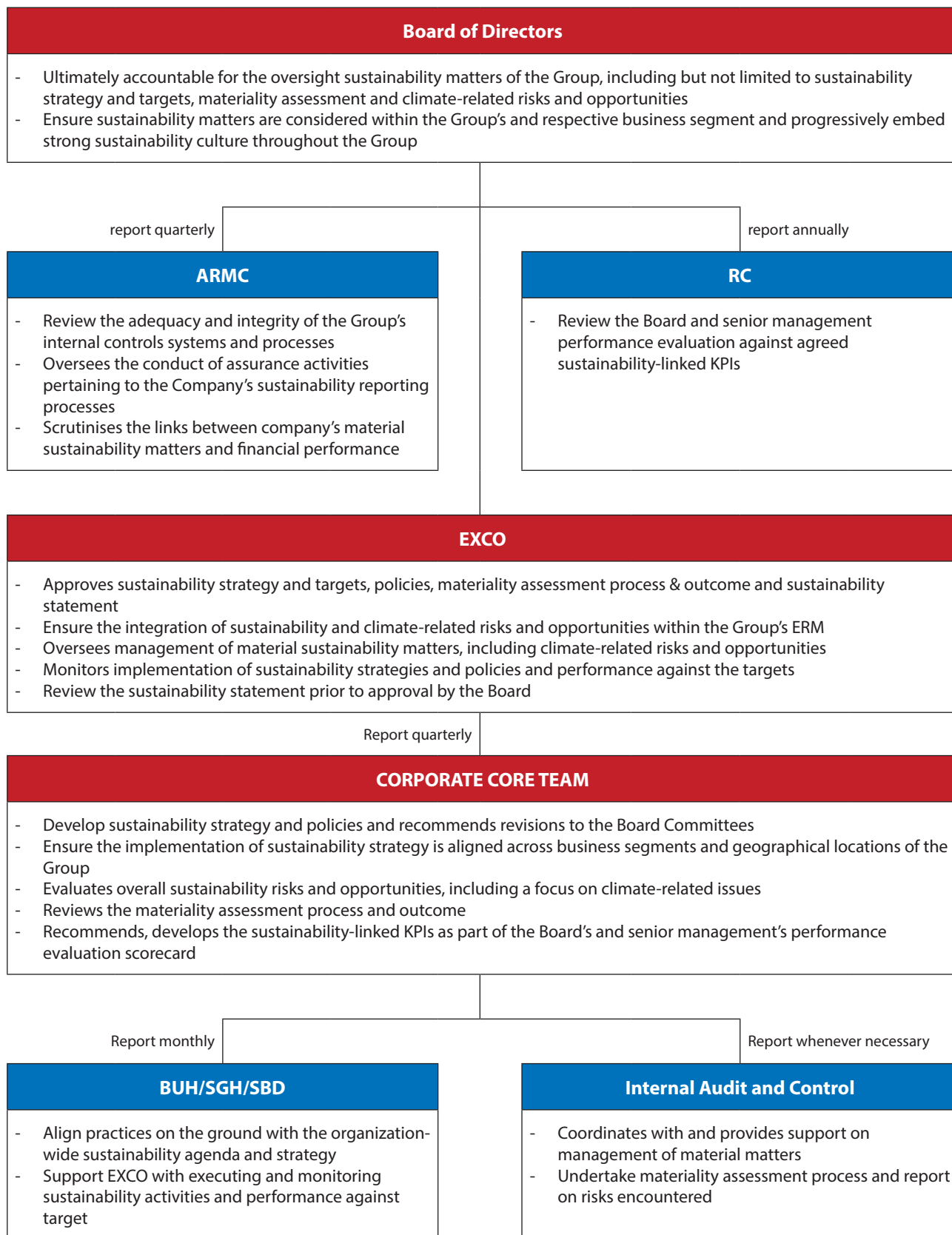
Each and every head of the business units will be assessed with sustainability-linked key performance indicators (KPIs) addressing the material sustainability risks and opportunities established by the Board and/or EXCO embedded in their individual performance evaluation scorecard and drive accountability across the group to steer the Group's sustainable performance.

The Audit and Risk Management Committee (ARMC) has been delegated as an oversight and governance body responsible in ensuring the Company's material sustainability matters carried out within the scope of the Group's sustainability direction.



SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE (CONT'D)



* sustainability matters are economic, environmental, social and governance

Stakeholder Engagement

Kobay have various stakeholder groups and the key stakeholder group includes of shareholders, investors, financiers, government agencies and regulators, customers, vendors, employees, non-governmental organizations, media and community as a whole. They are individually have different level of influences over the business of Kobay.

Kobay Group has strived to maintain various channel to communicate with respective stakeholder either formally or informally. We acknowledge that frequent interactions with stakeholder will enable us to identify material issues in connected thereto hence providing the Group an insight of opportunities and alert us on the risk embedded in our business operation.

Kobay has also maintained a website where user will be able to drop the email to respective personnel using the platform created as well as easily extracted the contact thereof to connect with the respective personnel in charge especially the senior management who are responsible for the respective function have been disclosed in page 7-9 of our Annual Report 2023.

Stakeholders	Stakeholders' Concerns	Sustainability Matters	Forms of Engagement
Customers	<ul style="list-style-type: none"> Pricing Product quality & safety On time delivery Design and features Resources efficiency After sales services 	<ul style="list-style-type: none"> Customers satisfaction Innovation 	<ul style="list-style-type: none"> Market survey Launches/Events Customers visits and engagement by sales personnel Promotions
Employees	<ul style="list-style-type: none"> Corporate direction Job security and career advancement Welfare and benefits Work-life balance Workplace health and safety Employment equality 	<ul style="list-style-type: none"> Employee welfare Training and development Occupation health and safety Talent retention 	<ul style="list-style-type: none"> Periodic meeting at all levels Townhalls with employees Performance management system Flexible work arrangement Flexible benefits plan Whistleblowing policy Training programme and briefings Internal policies and procedures Employees' portal
Investors	<ul style="list-style-type: none"> Growth plans Market diversification Risk management Corporate governance Sustainable performance 	<ul style="list-style-type: none"> Ethic and integrity Transparency Innovation Artificial intelligence Green design and energy 	<ul style="list-style-type: none"> Shareholders' meeting Announcement via Bursa Malaysia Investors and analysts briefing Website enquiry
Regulatory Agencies and Statutory Bodies	<ul style="list-style-type: none"> Compliance Securities issues Waste management Migrant workers 	<ul style="list-style-type: none"> Compliance 	<ul style="list-style-type: none"> Local authorities' inspection Formal forum or meeting with respective authorities Press release Workshops or briefing
Vendors	<ul style="list-style-type: none"> Legal compliance Payment schedule Pricing Product quality and supply commitment On time delivery 	<ul style="list-style-type: none"> Vendor development 	<ul style="list-style-type: none"> Vendors/Suppliers dialogue Negotiation on pricing and contract Supplier audit and evaluation
Non-Governmental Organization	<ul style="list-style-type: none"> Environmental and social issues in relates to development 	<ul style="list-style-type: none"> Community development 	<ul style="list-style-type: none"> Donation and financial aid Contribution to environment and social enhancement Sustainability related programs



SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS

Kobay aims to create long-term value to its stakeholders and has assessed the sustainable materiality matters which will impact our business directly or indirectly in order to address the concerns of both internal and external stakeholders.

We aware and prior to the introduction of sustainability framework by Bursa, Kobay has embarked in year 2004 to revisit its Group wise Vision, Mission and Value inclusive the Group's holistic strategic planning and goal setting to set the Corporate Direction, the sustainable factors that will impact the business operation and name it as Kobay 7S.

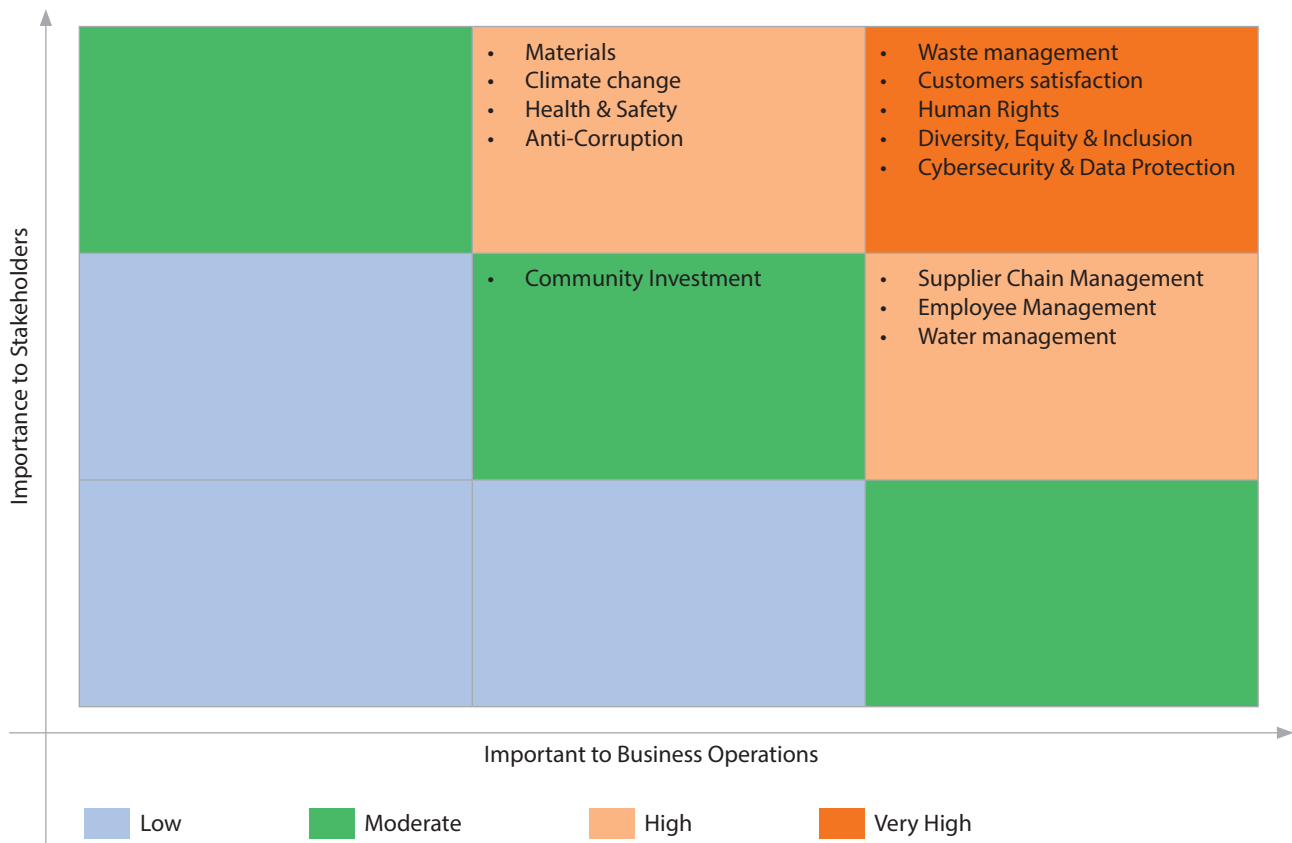
Thereafter, Kobay has vide our internal stakeholders (Executive Directors and employees) assessed with all key external stakeholder group (i.e. shareholders, investors, government agencies and regulator, customers, suppliers, NGO and community) to tabulate our key materiality area and we undertake to introduce an annual review of the Group prioritized economic, environmental, social and governance in our 5 years long term plan and our yearly plan.

The Group views the following sustainability matters crucial in defending today and creating tomorrow: -

ECONOMIC	ENVIRONMENTAL	SOCIAL
<ul style="list-style-type: none"> Customers satisfaction Government compliances Employee management Innovation Supply chain management Shareholders Wealth 	<ul style="list-style-type: none"> Government compliances Climate change Water management Waste Management – 4Rs (Reduce, Reuse, Recycle and Recover) Material Green Investment/design and energy 	<ul style="list-style-type: none"> Ethic and integrity Government compliances Occupation Safety and Health Anti-corruption Diversity, equity and inclusion Community investment Employee Management

Kobay has identified 12 material matters being the priority and the outcome of the process was reviewed by our sustainability steering committee ie Executive Committee and endorsed by the Board.

MATERIALITY MATRIX



SUSTAINABILITY STATEMENT (CONT'D)

Risk Management

In supporting and sustaining our customers' supply chain, we are committed to continuously improve our product's quality through our accredited quality management system and to ensure on time delivery to our customers. To-date, all of our core manufacturing subsidiaries are accredited with the following management system international standards in respective operational portfolio: -

- ISO 9001 : 2015,
- ISO 13485 : 2016,
- AS 9100 : D,
- Nadcap – Chemical Processing, and
- Nadcap – Aerospace Quality System (AC7004)

The said accreditation will be audited by the respective issuance authorities during renewal.

To ensure all the identified risks are being monitored, we have integrated sustainability into all our corporate, operational and financial KPIs which will be reviewed by the Board Committee periodically.

Simultaneously our internal auditors will consistently audit each and individual business unit to ensure compliance and any deviation will be reported to Executive Committee during monthly meeting and ARMC quarterly before the same will be reported to the Board during the quarterly meeting with the remedy and follow up audit.

Material Matters	Risks	Opportunities
Economic Performance	Poor financial performance threatens business health and investment opportunity	Sustainable financial performance attracts potential business partners and investment opportunity for business growth which increase in stakeholders' return
Anti-corruption	Poor governance on anti-corruption will tarnish the business reputation and create unhealthy business culture	Gain trust from stakeholders thus improving the relationship and business reputation
Health & Safety	Workplace health and safety avoid production loss and reduce unnecessarily penalties from authorities	Active promotion of safety working environment will reduce tendency of accident occurs while embed of conducive working culture promotes mental health of employee and maintain productivities ultimately
Cybersecurity & Data Protection	Cyber threats include breach of stakeholders' data which may cause the Company's reputation being tarnished	With digitalisation changing the global business platform, cybersecurity and data protection of all stakeholders will gain trust of stakeholders in doing business with us
Climate Change	Inadequate climate change preparation may cause unexpected loss of production e.g. flood and lead to loss of customers trust e.g. late delivery of goods to them	With climate change factor being considered during any set up of manufacturing plant or property development project will be able to minimizing the probability of the occurrence impact our production or property development
Customers Satisfaction	Dissatisfied customers will not be a repeated customers which will lead to loss of revenue to competitors	Frequent customers engagement facilitates our improvement in product and services rendered to customers, build reputation and gain trust from customers
Employee Management	Disengaged employee will jeopardize the employee morale and contribution to the Company's performance. Unfair and bias rewards system will demotivate employees hence affect the Company culture as a whole	Attractive benefits package will be able to recruit talent, however after recruitment engagement is crucial to able to correct the misaligned employee to follow Kobay culture and simultaneously able to retain the high-performance talent
Diversity, Equity & Inclusion	Discrimination on employees will tarnish the Group's reputation and face tough challenge in recruit and retain talent	Providing a fair and equal platform to all employees will be able to retain talent who can contribute to the business growth
Human Rights	Breach of human rights e.g. ill-treat workers, child labour, illegal labour	Compliance with law and cultivate a good corporate culture



SUSTAINABILITY STATEMENT (CONT'D)

Risk Management (Cont'd)

Material Matters	Risks	Opportunities
Supply Chain Management	Suppliers and vendors are business partners of the Group and any unethical practices undertaken by them will expose Kobay to operations disruption and rejection by customers	Sound procurement governance not only attain to be credible supplier to our customers but also able to build a reliable supply chain, supporting and upholding our products and services standard. Assessment of supplier during recruitment and periodic assessment after recruitment will be able to sustain the reliability of our supply chain to global customers
Waste Management	Non-compliance to environmental regulations will results in consequences with authorities	Effective waste management through effective resource management in operation like recycle, will enable cost reduction and simultaneously contribute to environment safety
Community Investment	Business activities which have negative impact onto the community will affect the Group's social image amongst community	As corporate responsible citizen to walk the talk to ensure the culture being implant into the Group's culture thus build good reputation and brand for the Group
Water Management	Ineffective water management will increase the cost of the Company	Effective water management will reduce cost for the Company and contribute towards the water conservation as a corporate citizen
Materials	Usage of sustainable materials will support the stakeholders' demand else it will result the Company loss in market shares	Commitment in using sustainable materials will open up more opportunities to global customers who share the same direction

SUSTAINABILITY FRAMEWORK

We recognized the impact that our business decision onto the surrounding environment and communities where our business is operated. We integrated Economic, Environmental and Social (EES) issues into our business operations and tabulate our strategic KPIs to track our progress in each and every area.

Our Commitment, Our Mission

We aim to be the market leader and pre-eminent supplier to our customers worldwide so we will pursue excellence in all aspects of our business in order to serve our global customers.

To achieve **sustainable, profitable growth (Goal 8)**, we combine **market leading technology (Goal 9)** with a **highly competent and committed workforce (Goal 16)** to achieve business excellence which is reflected in the products and services we offer.

Success is measured by our ability to create economic value, bond with our **customers and suppliers (Goal 17)**, promote a sense of pride and ownership amongst our **employees (Goal 12)** and produce a higher return of equity to our shareholders.

Creation of Economic Value	Protect our Environment and Creation of Conducive Community	Creation of the "Spirit of Success"
To achieve superior and sustainable profitability	To consciously preserve the environment and contribute to the well-being of the community	To attract, satisfy and retain our valuable customers, business partners and superior employees
Economic Performance Anti-corruption Cybersecurity & Data Protection Customers Satisfaction	Supply Chain Management Climate Change Community Investment Waste Management Water Management Materials	Human Rights Health & Safety Employee Management Diversity, Equity and Inclusion

Alignment to SDGs :



SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH FOR SUSTAINABILITY MATTERS

ECONOMIC PERFORMANCE

The Group is strived to produce a higher return of equity to our shareholders while creating economic value to other stakeholders and to the local economy. The Board and its Committee are cautious when implementing any expansion plan while defending the performance of all existing operations.

The Group continuously staying abreast with market trend, pursuing expansion and technology advancement, maintaining healthy balance sheet and mitigating risks exposed by our business operations in attaining the business excellence to create economic value to our stakeholders.

Economic Performance	Unit	FY2021	FY2022	FY2023
Economic Value Generated (Revenue)	MYR000s	157.0	354.2	313.7
Economic Value Distributed (OPE)	MYR000s	125.9	287.2	276.8
Economic Value Retained (PAT)	MYR000s	26.8	51.4	26.5

Note : The financial results presented in the table are extracted from the audited financial statement

ANTI-CORRUPTION

The Group acknowledged the importance of ethical corporate governance and uphold high standard of business ethics. "Doing the right thing when nobody's looking", that is, integrity and ethics.

Code of Business Conduct Policy, Anti-Corruption Policy, Whistle Blowing Policy, Group Human and Resource Policy, Group Finance Policy and Group Standard Operating Policy are being formalized to serve as a guidance to all employees (inclusive of Company Directors and Senior Management) on how the organization (includes the Director and employees) within Kobay Group are expected to behave and conduct when performing their duties.

Those policies cover topics related to conflict of interest, gifts and gratuities, integrity of company assets and information, insider trading, act of misconduct, cultivate conducive working environment and compliance to laws and regulations. The new joiners shall undergo an induction/orientation programme where they are required to familiarize themselves with the Group's policies and procedures.

Suppliers or vendors who intends to do business with the Group shall also adhere to the Group's Code of Business Conduct Policy and Anti-Corruption Policy. All suppliers are required to fill and submit the declaration which is part of the registration form for the suppliers/vendors during opening of their business account.

Our performance for the financial year under review is as follow:-

Corruption Risk	Unit	FY2021	FY2022	FY2023
Number of corruption incident/(s)	Number	0	0	0

The Code of Business Conduct Policy, Anti-Corruption Policy and Whistle Blowing Policy are available at Kobay website whereas the Group Human Resource Policy, Group Finance Policy and Group Standard Operating Policy are available on the Group's shared system.

HEALTH & SAFETY

In Kobay, we committed to provide the employees a safe and conducive working environment. The Group has enforced the following rules and regulations related to the environmental, occupational safety and health regulations for the protection of all employees: -

- Malaysian Environmental Quality (Clean Air) Regulations 2014,
- Factories and Machineries (Noise Exposure) Regulation 1989, and
- Occupational Safety and Health (OSHA) (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.

The Group has also incorporated the guide into its Human Resource Policy the safety measure where all employees are required to comply or disciplinary action will be taken against the employee who infringe or breach the said policy.

SUSTAINABILITY STATEMENT (CONT'D)

HEALTH & SAFETY (CONT'D)

The Human Resources Department shall be responsible to conduct an induction upon employee report to work and one of the areas where the Human Resource personnel shall cover is the Human Resource policy and procedures.

Safety Committee has been established which consisted of the Head of Company, Human Resources Personnel/Safety Officer and the Production personnel to monitor the effectiveness of the rules and regulations enforced above. Safety Committee has also set out internal safety and health guidelines to provide direction to the employees at large.

Any accidents which occurred within the premise of the workplace, the Human Resource personnel/Safety Officer shall communicate with the Safety Committee and take initiative to inform the employee's family members on the accident. Thereafter, the Safety Committee shall conduct an investigation of the accident. A report on the investigation shall be sent to the Human Resources Department and a copy provided to the Safety Committee within five (5) days after the accident.

The Human Resources Department shall proceed to inform the Insurance Company, SOCSO or any other related government authority that requires to be reported at the country where the company is operating in. The Safety Committee shall proceed to prepare the necessary documents as soon as the incident has been reported.

During the financial year, excessive noise test and noise risk assessment, stack emission monitoring & analysis and testing and examination of local exhaust ventilation systems have been carried out in our factories.

Our performance is illustrated as below:-

Health & Safety	Unit	FY2022	FY2023
Number of employees trained in health & safety standards	Number	N/A	724
Number of work-related fatalities	Number	0	0
Lost time incident rate (LTIR)	Rate	0	2.32
Total Hours worked	Hours	650336	708970
Number of lost time injuries	Number	0	0

CYBERSECURITY AND DATA PROTECTION

With the Group continuous effort digitalize its operations and the change of the global trend around remote working, e-commerce and automation after Covid 19, the Group's data is more susceptible to cybersecurity risks. As such, we have responsibility to manage the growing threat of cyber-attacks on the Group's data collected including but not limited to protecting our customers' sensitive information to prevent any leaks, threats or loss of customer information.

In Kobay, managing data and security is an integral part where we will conduct periodic review onto our Enterprise Resource Management System (ERM), Electronic Documents Management System (EDMS), Human Resource Management System (HRMS) and Email System to ensure our data privacy and security controls and processes are operating effectively. To ensure that our data is collected vide lawful means, we will obtain consent from respective party before the said data being stored into our operation systems. We have also imposed a strict control in granting access to the user inclusive the list of activities for each and every user authorized personnel.

The group has maintained cybersecurity framework and in the midst of developing our Group's Data Privacy Policy.

Our performance

Under the financial year, we do not received any complaints concerning breaches of our Group's data loss.

Cybersecurity & Data Protection	Unit	FY2021	FY2022	FY2023
Number of complaints concerning breaches in customer privacy or losses of customers	Number	0	0	0

SUSTAINABILITY STATEMENT (CONT'D)

CLIMATE CHANGE

Kobay acknowledges main source of indirect emissions is from electricity usage in our business operations. We recognize as a corporate citizen and our responsibility to reduce our carbon footprint in contributing our effort to create a low-carbon economy.

In the transition journey, Kobay aim to focus the following area:-

- 1) Managing our emissions; and
- 2) Investing in low emissions and green technologies

Initiative	Description
Office and Production	Change to LED bulb for energy-saving and only install air-conditioners with inverter feature
Investing in green technology – solar system	The Group has embarked on the effort to install solar system to factories which qualified for the said green technology

As of the date of this Statement, the Group has yet to implement the tracking system for the KPIs.

CUSTOMERS SATISFACTION

In delivery our sustainable performance, Kobay Group acknowledges that customer satisfaction is a material factor in achieving long term success.

Customers' engagement is crucial to build trust and long-term relationship, through various communication channel, we obtain customer feedback which enable us to gain insight of customers' expectation so we can provide the products or services that meet their needs.

Rejection rate and On Time Delivery Rate are two of our series of Key Performance Indicators set and tracked the performance of each business units in our Manufacturing Division while for the Property Development Division we adopted and benchmarked our developments against the Quality Assessment System in Construction ("QLASSIC"). Those Key Performance Indicators will be closely monitored monthly, quarterly and yearly through meetings set by the Group.

Our customers regardless whether under Manufacturing Division or Property Development Division are able to get in touch with our representative easily via their mobile contact or personal email or through our website.

Our Performance

Customer Satisfaction	Unit	FY2021	FY2022	FY2023
QLASSIC score for Lavanya Langkawi Project	%	75% Phase 1	N/A	85% Phase 2

EMPLOYEE MANAGEMENT

Kobay views employees who equips with the right working attitude and capability aligned with Kobay culture is our most valuable assets and the driving force in contributing the Group's growth and success. Hence, the VP of People and Organization development who reporting direct to the Chief Executive Officer, has been vested with the task to recruit, develop and retain high-performance employee while working under the ambit of our Group Human Resource Policies to continuously engage with the employee to ensure the following core areas throughout the Group supported by all the Human Resource Personnel:-

- Talent Management and On-boarding
- Performance Management and Benefits/Compensation
- Continuous Development Programme
- Succession Planning

In contributing to the Group's performance excellence and growth, the Group has on 2004 embarked to revisit its Vision, Mission and Culture whereby systems have been introduced especially on first 3 core areas of the above and with the VP-People and Organizational Development joined the Group in 2012, she has introduced the on-boarding programme vide the Company website in year 2013. The VP-People and Organizational Development thereof being entrusted, as the business partner of the Group, to continuously improve the system implemented therefrom.



EMPLOYEE MANAGEMENT (CONT'D)

Talent Management and On-boarding

Talent attraction and retainment is vital in building a strong and sustainable talent pool for Kobay future growth. Kobay has developed its Human Resource Policy and Procedures since 1989 with a 5 years interval revision process as a guide and VP-People and Organizational Development leads to build a strong employer brand to attract top talent and participate in various career fairs and forums to attract fresh talent and onboard them.

Performance Management and Benefits/Compensation

Kobay believed that in order to increase the shareholders and stakeholders value, we shall firmly uphold our Kobay culture ie ACTIONS and work towards our Vision and Mission. In cultivating and promoting high performance culture, we have embedded the performance evaluation procedures in our Human Resource Policy and Procedure to measure the performance of employees vide the Key Performance Indicators (KPIs).

Yearly, each and every business unit will derive its yearly strategic plan and goals with KPIs set for evaluation purposes of the performance not only for the business units but also for all key personnel of that particular business units.

The Company will reward performers in accordance to the benefits/compensation under the Group's Human Resource Policy. For Directors and Senior Management, the performance and benefits granted will require to be reviewed by the Remuneration Committee under the Malaysian Code of Corporate Governance.

The Group Human Resource Policy includes the benefit/compensation package, will be reviewed periodically so to ensure benefits and compensation package are at par with peers in order to attract and retain high performance talent.

Continuous Development Programme

It is Kobay's objective to continuously upskill and re-train its workforce so that the employees able to accommodate with the ever-changing technology advances and market trends.

Vide the performance evaluation which will be conducted every half yearly guided under the Group's Human Resource Policy and Procedures, the superior of every employee will access the training needs of each and every employee thus able to recommend the suitable training for the particular employee's career advancement.

Succession Planning

We assess the employee potential and performance to identify leaders for key positions as part of the succession planning.

We identify high-performing employees from all levels as potential leaders and were selected to participate in our Kobay Leadership Acceleration Programme which was conducted since April 2022.

Our performance

Employee Management	Unit	FY2021	FY2022	FY2023
Total hours of training by employee category				
- Management	Hours	248	1069	2607
- Executive	Hours	1049	1328	2127
- Non-executive/Technical Staff	Hours	641	1062	2008
- General Workers	Hours	194	237	396
Total number of employee turnover by employee category				
- Management	Number	12	44	30
- Executive	Number	41	88	79
- Non-executive/Technical Staff	Number	102	227	166
- General Workers	Number	31	102	71
Average training per hours per employee	Hours	17	40	78
Total new hires	Number	197	659	323
New hire rate	%	14	49	27
Turnover rate	%	15	35	21

SUSTAINABILITY STATEMENT (CONT'D)

DIVERSITY, EQUITY AND INCLUSION

We have since 1989 underpinned both fairness and equality in our Group Human Resource Policy from recruitment up to rewards and recognitions. No discrimination nor unfair treatment is allowed and we actively encourage diversity of gender, race, age, religion so that each and every employee is able to reach their full potential and give the Company a competitive edge through their ability, wide range of knowledge, ideas and experience.

Beside advocate for equitable gender representation in our Board, as of the date of this report, we have 30% women representation at our senior management level, then further cascaded down to management level and below.

The gender diversifications of our employees in total workforce categorized by gender, nationality and job level are shown in the table below: -

Diversity, Equity and Inclusion	Unit	FY2021	FY2022	FY2023
Percentage of employees by gender and age group by employee category				
<i>Gender group by employee</i>				
- Management – male	%	8%	7%	8%
- Management – female	%	4%	4%	4%
- Executive – male	%	12%	12%	14%
- Executive – female	%	9%	9%	9%
- Non-executive/technical staff – male	%	39%	45%	38%
- Non-executive/technical staff – female	%	7%	5%	6%
- General workers – male	%	17%	15%	17%
- General workers – female	%	4%	3%	4%
<i>Age group by employee category</i>				
- Management – under 30	%	0%	0%	1%
- Management between 30-50	%	8%	6%	7%
- Management – above 50	%	3%	4%	4%
- Executive – under 30	%	5%	4%	5%
- Executive between 30-50	%	15%	15%	16%
- Executive – above 50	%	2%	2%	3%
- Non-executive/technical staff – under 30	%	20%	25%	24%
- Non-executive/technical staff between 30-50	%	24%	23%	18%
- Non-executive/technical staff – above 50	%	2%	2%	3%
- General workers – under 30	%	10%	9%	8%
- General workers between 30-50	%	10%	9%	11%
- General workers – above 50	%	1%	1%	1%
<i>Percentage of Directors by gender and age</i>				
- Male	%	80%	80%	67%
- Female	%	20%	20%	33%
- Under 30	%	0%	0%	0%
- Between 30 – 50	%	20%	20%	50%
- Above 50	%	80%	80%	50%
<i>Percentage of employees that are contractors or temporary staff</i>				
- Gender diversity – male	%	N/A	N/A	N/A
- Gender diversity - female	%	N/A	N/A	N/A
- Age diversity – under 30	%	N/A	N/A	N/A
- Age diversity – between 30 – 50	%	N/A	N/A	N/A
- Age diversity – above 50	%	N/A	N/A	N/A
- Ethnic diversity - Bumiputra	%	N/A	N/A	N/A
- Ethnic diversity – Chinese	%	N/A	N/A	N/A
- Ethnic diversity – Indian	%	N/A	N/A	N/A
- Ethnic diversity - Others	%	N/A	N/A	N/A



SUSTAINABILITY STATEMENT (CONT'D)

HUMAN RIGHTS

Caring for employee is not just about welfare and benefits. Our effort to build an equitable working environment includes respecting human rights, as outlined in the United Nation's Guiding Principles on Business and Human Rights and the United Nation's Global Compact Principles.

One of the Kobay leadership traits is producing conducive working environment as Kobay believe in human rights and embedded such practices across its business operations to promote healthy working culture.

Incorporated into our Group Human Resource Policy and Procedures, we have abide to the Malaysia's Employment Act 2012 and relevant acts where our business is operated and under the said policies, we covers discrimination and harassment, grievances mechanisms, health and safety, employee engagement and many more since the policy drafted in 1989. Periodic revisions by Kobay Corporate Core Team lead by our Chief Executive Officer and members that consists of our Chief Operating Officer/(s), VP in Corporate Finance, VP in Corporate Investment Group and Investor Relation and VP-People and Organizational Development, to ensure that the policy be updated accordingly.

Simultaneously, with the labour-intensive environment under our Property Development Division, we are cautious in managing our contractor to ensure that labour rights have been attended to. For our workers including the foreign workers, we continuously ensure these workers being provided with fair wages and compensation, decent living quarters and adequate training to perform their jobs safely and effectively.

For the financial year under review, we glad to report our performance as illustrated below.

Human Rights	Unit	FY2021	FY2022	FY2023
No. of substantiated complaints concerning human rights violation	Number	0	0	0

SUPPLY CHAIN MANAGEMENT

In ensuring the entire supply chain of Kobay be able to supply the products or services to our customers worldwide per the customer's requirement and expectation, Kobay dedicated to incorporates sustainability throughout the entire supply chain in order to support the customers worldwide from where our business operations are operated. Kobay intends to conduct yearly supplier/vendor survey and review on their performance. We will also inform the supplier/vendor on the customers' latest requirement from time to time to keep them abreast in order to support our supply chain to our customers worldwide.

All suppliers/vendors will be informed with our policies in anti-corruption, data protection, health and safety as well as our ESG expectation in all the goods and services they supplied to Kobay Group of Companies.

We are committed that our procurement practices are fair and transparent and this has been incorporated into our Finance Policy and Procedures where jobs will only be awarded to the most credible supplier/vendor in our Manufacturing Division whereas in our Property Development Division, open tender will be conducted whereby not only prices will be taken into consideration but also the reliability and reputation of the supplier/vendor will be considered as a crucial factor in our awarding process.

Before every supplier/vendor able to do business with us, they are required to fill up a form and make declaration to adhere to all the policies that Kobay is practiced. Thereafter, the management will perform a due diligence check onto the said supplier/vendor before approval being granted to register them into our ERM system as approved supplier/vendor.

We prioritize to procure our needs in relate to our products or services from local supplier/vendor aiming to support and contribute positively to the local economy.

WASTE MANAGEMENT

Kobay recognized the importance of waste management impacted our environment and as a good corporate citizen, we generate different type of waste for both the Manufacturing and Property Development Division. We understand improper waste management can have impact if not treated properly and causing detrimental effect on air, water and soil contamination thus heightened risk of hazardous exposed to the surrounding communities where our business is operated. Our waste management strategy is driven by 4Rs concept of Reduce, Reuse, Recycle and Recover to minimize environmental pollution.

As for our Property Development Division, we will first ensure compliance to environmental policy of the state where our project situated during the development order application process. For any approved development project where we are contracted out our project construction work, our team will ensure that the respective contractor to treat all their waste properly throughout the construction.

WASTE MANAGEMENT (CONT'D)

Our Group has outlined how to minimize waste per each category of waste generated as below.

1) Liquid Waste

a) Waste Water

For factories where we have generated waste water, waste water treatment plant has been installed and Industrial Effluent Discharge Monitoring Reports were submitted monthly to Department of Environment, Ministry of Environment And Water with certified laboratory's certificate of chemical test analysis on treated water discharged, covering pH, cadmium, chrome, cyanide and suspended solids.

b) Waste Chemical

Our production floor will consume chemical in its metal components production for which the said chemical will be evaporated throughout the process due to its function is to cool the production process. Hence, the said chemical will require to be topped up during the production whenever the quantity is not to expectation. No disposal of this chemical is required.

2) Solid Waste

The Group supports green environment and continuously manage the impact of its operations to minimize environmental pollution.

All Manufacturing Division's factories waste management systems are approved by relevant authority and continuously review and upgrade to ensure compliance.

The Group's Manufacturing Division assigned licensed operator to dispose recyclable and non-recyclable wastes from operations to ensure no hazardous cause to the environment.

3) Other Waste

For waste created other than the production floor or construction site like operation office, we have digitalized some process and go paperless like our ERM, storage of documents/record vide EDMS and moving forward, in compliance with our "Lembaga Hasil Dalam Negeri" (LHDN), we will implement e-Invoicing where further reduce the use of paper in our business operation.

We have in our policies, all confidential company records can only be disposed off with the approval of Executive Committee and we have taken into consideration of data protection for those documents disposal to ensure that it will be destroyed properly during the disposal process.

In the future, we foresee there will be a big challenge on e-Waste created due to digitalization took place tremendously in the next century, hence, e-Waste like spoilt key-board, mouse, PC etc will be the next focus by the Group to lay policy on how to manage and treat those e-Wastes where we shall report our effort in our forthcoming report.

Compliance with waste disposal regulations is of utmost important and we continuously improve production processes to reduce waste.

COMMUNITY INVESTMENT

In Kobay, we strive to give back to the communities as a responsible corporate citizen through our community engagement and impact programmes with a focus on education and social welfare.

The Group believes that by investing in education, we will be able to nurture the next generation who is the foundation for building a highly educated community and moving towards a high-income country.

We support the nation human resource development as with our aim to nurture the local talent and through our participation in internship programs with local universities, colleges, polytechnics and Penang Skill Development Corporation, we trust with the opportunities provided, they will be able to reach their full potential and transform as future leaders where they can give back to the society.

Additionally, we have consistently participated ourselves towards the betterment of the local communities and we also encourage our employees to participate whenever we have group base activities.



WATER MANAGEMENT

Water scarcity is at the alarming stage due to global warming, poor water management and contamination. As water supply and usage is crucial to the Group in both the manufacturing of products, and for the sanitary needs of our employees, we are aware and committed to mitigate the risk of water shortage which will impact our business operation.

Our Group consistently promotes water conservation and regularly, we have a person assigned to perform regular checks on the usage of water and rectification will be recommended to the business unit head to take necessary action.

We have also imposed a penalty on workers should mis-use of water be found whether at the factory premise or at the hostel provided as a continuous effort in preserving the water.

MATERIALS

Kobay is fully aware of the importance of conservation of resources and attempts to minimize the impact caused on the environment, especially the core material used in the manufacturing is aluminium. Currently, most of our aluminium is purchased from local suppliers/vendors.

We have during the financial year set up our aluminium extrusion plant where we will be able to supply extruded material for majority of our manufacturing production consumption and we are planning to install the furnace for melting the re-cycle aluminium material from our manufacturing operation thus supporting in re-cycling through our product life cycle thus minimizing the environmental footprint.

Simultaneously, our aluminium extrusion plant is set up for supplying solar frames and some formed material supply to construction structures as our effort to participate ourselves in green industry.

MOVING FORWARD

Kobay is committed to achieve sustainability required under the Listing Requirements of Bursa Malaysia Securities Berhad [paragraph 9.45(2), paragraph (29) and Part A of Appendix 9C of the Main Market Listing Requirements (supplemented by Practice Note 9)].

We take note of the United Nations' 17 Sustainable Development Goals as the foundation for Sustainable Development targeted to be achieved in year 2030.

We recognize the impact of our business decision on the surrounding environment and communities where our businesses are operated. We are committed to integrate Economic, Environmental and Social sustainability issues into our business operations while attaining continuous growth and profits in a safe and healthy environment.

We will continue to listen to our people and give them a voice by engaging closely with them to identify and meet their needs in our aspiration to be the most preferred employer. Holding true to our core value of integrity, we will continue to lead our organization, our people and the community with good business governance. We will continue to uphold standards of transparency, accountability and integrity in managing the organization and provide clear leadership and vision to our people in the pursuit of service excellence.

We believe sustainable development is not the responsibility of governments alone. It requires the commitment of all sectors – private, academic, civil society and individuals.