

Sustainability Report 2023

Engtex

ENGTEX GROUP BERHAD

Company No. : 200101000937 (536693-X)

Continue to
**Serve, Surpass
and Sustain**



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Inside This Report

Vision from the Chief Sustainability Officer

OUR SUSTAINABILITY APPROACH

I am honoured to address as the Chief Sustainability Officer of Engtex Group Berhad (“Engtex”) or (“the Company”) and I am pleased to share our steadfast commitment to sustainability.

At Engtex, sustainability is not merely a buzzword; it is deeply ingrained in our corporate DNA. We recognise the profound impact our operations can have on the environment, society, and economy, and we are resolute in our dedication to mitigating negative effects while maximising positive contributions.

Our sustainability efforts extend across all facets of our business, from stringent environmental management practices in our manufacturing processes to fostering inclusive workplaces and supporting the communities where we operate. We are proud to uphold the highest standards of integrity, humility, and excellence in all our endeavours, ensuring that sustainability remains at

the forefront of our decision-making processes.

As we navigate an ever-changing global landscape, we remain committed to transparent reporting, continuous improvement, and stakeholder engagement. We understand that our success is intricately linked to the well-being of our stakeholders, and we are committed to collaborating closely with you to achieve shared sustainability goals.

Together, we have the power to create meaningful change and shape a more sustainable future for generations to come. I invite you to join us on this journey as we strive to make a lasting, positive impact on the world around us.

Value Creation

At Engtex, we have adopted a comprehensive approach to value creation that integrates both financial and non-financial performance metrics, taking into account the impacts on our organisation and stakeholders across short, medium, and long-term horizons. This holistic perspective is integral to our strategic decision-making process as it allows us to stay attuned to the broader operating environment, enabling us to develop more precise and sustainable business strategies. By considering multiple capitals, we can effectively manage risks, optimise capital utilisation, and enhance our environmental and social performance. Moreover, this approach serves as a catalyst for identifying new opportunities, reinforcing our business model, and positioning Engtex on a growth trajectory. Ultimately, our commitment to this multi-capital approach ensures that we create lasting positive impacts for our stakeholders and future generations.

Leadership Insight on Sustainability

Environment

Engtex places a strong emphasis on environmental sustainability, integrating it into our business practices. This is evident through our initiatives like implementing energy-efficient technologies, waste reduction programmes, and sustainable sourcing practices to minimise the company's environmental impact.

Employee Health and Safety

The safety and well-being of our employees are paramount at Engtex.

Our employees' health and safety are prioritised with comprehensive protocols in place to mitigate occupational hazards. This includes regular risk assessments, safety training programmes, and fostering a culture of safety where all employees are encouraged to report hazards and participate in safety initiatives to maintain a safe working environment.

Protecting Our Employees

Engtex is committed to ensure that the employees are treated fairly and provide the necessary support where needed.

Vision for Decarbonisation

Engtex is committed to lead the way in decarbonisation efforts within our industry. Our vision includes transitioning to renewable energy sources, optimising energy efficiency in our operations and reducing our overall carbon footprint. To achieve this, we have set ambitious targets for emission reductions, investing in renewable energy projects, and implementing sustainable practices throughout our supply chain. Through strong leadership and collaboration across all levels of the organisation, we are driving meaningful progress towards a more sustainable and low-carbon future.

An Overview of this Report

The Sustainability Report by Engtex for 2023 showcases our commitment to sustainability across Environment, Social, and Governance (“ESG”) aspects. It highlights our initiatives, challenges faced, and opportunities for growth. Our strategies and frameworks are designed to meet sustainability objectives and reflecting our dedication to responsible business practices.

Reporting Boundaries and Scope

The sustainability information contained in this Report covers the performance of the following Engtex’s subsidiaries unless otherwise indicated in the text of this Report.

Business Segment	Product Type	Company Reference in the Report
Manufacturing - Pipes Division	Mild steel concrete-lined ("MSCL"), electric resistance welded ("ERW") and ductile iron ("DI") pipes	<ul style="list-style-type: none"> Allpipes Technology Sdn Bhd ("Allpipes") Canova Manufacturing Sdn Bhd Engtex Ductile Iron Pipe Industry Sdn Bhd ("EDIP") Engtex Pipe Industry Sdn Bhd Engtex Steel Pipe Sdn Bhd
Manufacturing - Wire Mesh, Hard Drawn Wire and Steel Bars Division	Wire mesh, hard drawn wire and steel bars.	<ul style="list-style-type: none"> East Coast Manufacturing Sdn Bhd EngLen Manufacturing Sdn Bhd ("EngLen") Engtex Metals Sdn Bhd ("EMetals") Engtex Metals (Utara) Sdn Bhd Engtex Steel Industries Sdn Bhd
Manufacturing - Others Division	Steel service centre and industrial casting products.	<ul style="list-style-type: none"> Hachita Enterprise Sdn Bhd ("Hachita") LYE Manufacturing Sdn Bhd ("LYE")
Wholesale and Distribution Division	Pipes, valves and fittings ("PVF"), plumbing materials, construction materials, steel related products, general hardware products and engineering tools & kitchen equipment.	<ul style="list-style-type: none"> Benton Corporation Sdn Bhd ("Benton") East Coast Metals Sdn Bhd EngLen Metals Sdn Bhd Eng Lian Hup Marketing Sdn Bhd Eng Lian Hup Trading Sdn Bhd ("ELH") Engtex Ductile Iron Marketing Sdn Bhd Engtex Industries Sdn Bhd Engtex Marketing Sdn Bhd Engtex Metal Products Sdn Bhd Engtex Sdn Berhad ("ESB") LYE Marketing Sdn Bhd Mega Alliance Builder Supplies Sdn Bhd ("Mega") Nagasari Bitumen Products Sdn Bhd Wiki Pratama Sdn Bhd

Reporting Frameworks

Engtex adheres to various reporting frameworks and rating tools to ensure transparency, accountability, and sustainability. These include compliance with Bursa Malaysia Securities Berhad (“Bursa Securities”)’s Main Market Listing Requirements and the Malaysian Code on Corporate Governance (“MCCG”) set by the Securities Commission Malaysia. Additionally, Engtex aligns with Sustainable and Responsible Investment (“SRI”) principles as stipulated by the Securities Commission Malaysia. It also follows globally recognised standards such as the Global Reporting Initiative (“GRI”) Standards, the Sustainability Accounting Standards Board, and the Value Reporting Foundation. Engtex integrates climate-related financial disclosures according to the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) and utilises rating tools like FTSE Russell ESG Ratings to evaluate its ESG performance comprehensively.

Progressive Statement

Our Report contains progressive statements regarding Engtex’s objectives, strategies, plans, and future initiatives that are intertwined with Engtex’s business, financial, and non-financial performance. These statements encompass terms such as ‘expects’, ‘targets’, ‘intends’, ‘anticipates’, ‘believes’, ‘estimates’, ‘may’, ‘plans’, ‘projects’, ‘should’, ‘would’, and ‘will’. It’s crucial to note that these statements should not be construed as a guarantee of future operating or financial performance as they may entail potential risks or unforeseen consequences for Engtex. Factors that could lead to actual results differing materially from those in the progressive statements include global, national, and regional economic and social conditions or matters that have not been reviewed will be given due consideration in the following financial year.

Assurance

The information and performance data presented in this Report have been verified using internal sources to ensure accuracy. We are dedicated to enhancing processes for standardising data collected across our operations and implementing robust data collection mechanisms to address challenges associated with Engtex’s operations in various jurisdictions, countries, and industries with diverse laws, regulations, and standards.

External assurance was not sought for this reporting period but the possibility of seeking third-party assurance is being considered for future reports. This report was prepared by the Engtex Sustainability Team and approved by the Board of Directors on 19 April 2024.

Feedback

We welcome feedback, suggestions and comments to help us improve our sustainability practices, reporting and overall performance. Kindly submit your feedback to:

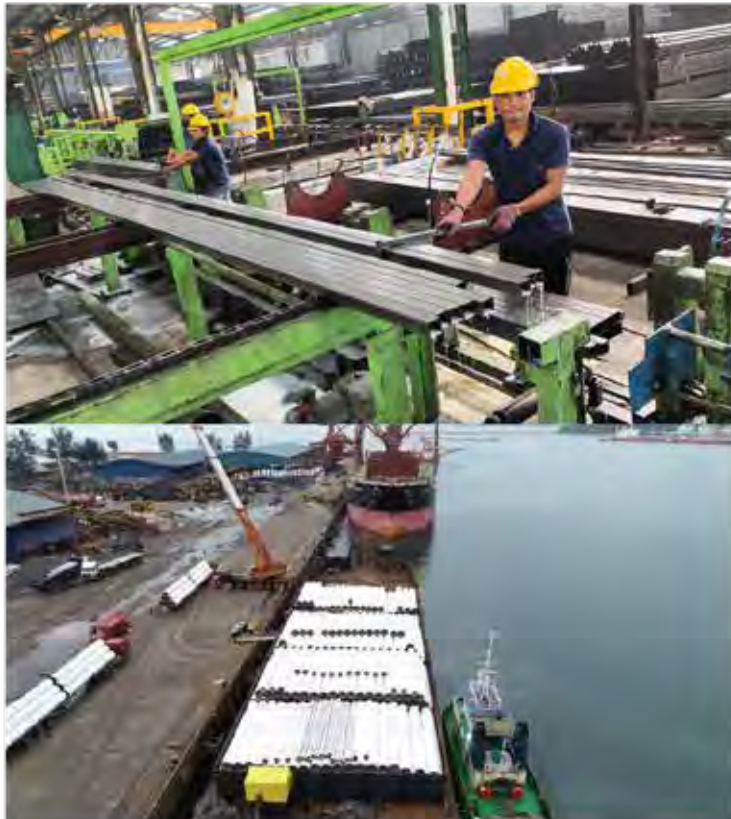
Ms Ng Koi Lin

Chief Sustainability Officer, Engtex

Email : koilin@engtex.com.my

About Engtex

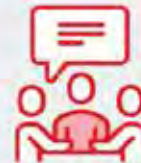
Engtex began its journey in 1983 with Engtex Sdn Bhd (“ESB”), a modest hardware retail outlet in Kuala Lumpur. Since then, it has boasted its extensive wholesale and distribution network that spans the entire nation. Through strong partnerships with local and overseas manufacturers, Engtex delivers high-quality solutions in pipes, valves and fittings (“PVF”) across various regions and sectors. Over the years, Engtex has expanded vertically into manufacturing, with facilities producing a wide array of steel products across Malaysia. With an advanced customer integration system and extensive distribution network, Engtex offers diverse top-notch products and services, striving for industrial excellence and unparalleled customer service. Engtex operates across four segments but this report focuses solely on the Wholesale and Distribution and Manufacturing segments as the other segments namely Property Development and Hospitality contribute nominally to the Group. Engtex is publicly listed on the Main Market of Bursa Securities.



ENGTEX CREATES
1,611 JOB OPPORTUNITIES



ENGTEX LAYS MORE THAN
660 KILOMETERS OF PIPES IN 2023



ENGTEX PURCHASE MORE THAN
RM1.7 BILLION OF GOODS AND SERVICES IN 2023

Our Approach to Sustainability

Accelerating the UN SDGs with Three Goals Transformations

Engtex is dedicated to accelerating progress towards the United Nations Sustainable Development Goals (“UNSDGs”) through three transformation goals. These goals encompass fostering education and gender equality (“Goal 1”); transitioning to low-carbon sustainable manufacturing (“Goal 2”); and developing a safe, healthy, and dignified workforce (“Goal 3”). Through these commitments, Engtex aims to create positive impacts on society, the environment, and its employees, while contributing to a more sustainable future for all.

Goal 1 - Education and Gender Equality



At Engtex, we are committed to advancing Goal 1 of the UN SDGs by prioritising education and gender equality, and creating a safe, healthy and dignified workforce. We recognise our employees as our greatest assets and are dedicated to fostering a workplace culture that values diversity, promotes inclusivity, and cultivates future leaders. Through functional and technical training programmes, we empower our workforce with the skills and knowledge needed to excel in their roles.

Our talent management strategy focuses on crafting a culture of excellence, where every employee has the opportunity to thrive and contribute to our collective success. Additionally, we have implemented a grievance mechanism to ensure that all employees have a voice and feel heard, further reinforcing our commitment to dignity and respect in the workplace. Incorporating insights from the TCFD, we recognise the impact of climate change on education and gender equality and are dedicated to addressing these challenges as part of our inclusive growth strategy.

Goal 2 - Transitioning to Low-Carbon Sustainable Manufacturing



In alignment with Goal 2 of the UN SDGs, Engtex is committed to transitioning our portfolios to low-carbon sustainable manufacturing. We have adopted strategic principles to reduce our carbon footprint and promote innovation in product development. Through sustainable supply chain management practices, we work closely with our partners to ensure responsible sourcing and production. Energy efficiency initiatives and waste reduction programmes are integral to our operations as we strive to measure and reduce our carbon footprint. Engaging with stakeholders and collaborating with industry peers, we are driving a TCFD-aligned low-carbon transition, transitioning to operations, products, and services that support a sustainable future for generations to come.

Goal 3 - Developing a Safe, Healthy and Dignified Workforce



At Engtex, safety, health and a dignified workforce are of paramount importance. As we pursue Goal 3 of the UN SDGs, we prioritise health and safety standards, implementing rigorous protocols and training programmes to ensure the well-being of our employees. Our commitment to dignity and respect in the workplace extends to comprehensive employee well-being programmes, emergency preparedness, and community engagement initiatives. Through continuous monitoring, reporting, and adaptation strategies, fostering a culture of safety and resilience that enables our employees to thrive in a changing world.

Sustainability Governance

Engtex believes that integrity and ethics are foundational to good governance, playing a crucial role in integrating sustainability goals into decision-making processes, fostering transparency, managing risks and driving long-term success. The Board of Directors serves as the highest governing body that oversees the conduct of Engtex's business operations and evaluates both financial and sustainability performances.

Our steadfast commitment is to achieve business objectives while delivering sustainable value to all our stakeholders. To uphold this commitment, we have established robust policies and processes that enhance corporate performance and accountability. These measures are reinforced by our strict adherence to applicable laws, regulations, rules, and international standards in the jurisdictions where Engtex operates.





Engtex's corporate governance framework encompasses various policies and guidelines aimed at ensuring ethical conduct, transparency, and accountability. These include:



- Board Charter
- Code of Ethics and Conduct
- Sustainability Policy
- Directors' Assessment Policy
- Directors' Remuneration Policy
- Succession Planning Policy
- Whistleblowing Policy
- Investor Relations and Communication Policy Manual
- Audit Committee Terms of Reference
- Nomination Committee Terms of Reference
- Remuneration Committee Terms of Reference
- Anti-Bribery and Corruption Policy
- Anti-Fraud Policy
- Child Labour and Forced Labour Policy
- Diversity and Inclusion Policy

These policies and guidelines serve as the foundation of Engtex's commitment to corporate governance excellence and responsible business practices which is available on our Company website.

Ethical and Business Conduct





Engtex is steadfast in its dedication to promoting fair business practices and upholding the highest ethical standards. We have a zero-tolerance policy towards bribery and corruption across all our operations. Any instances of such misconduct are thoroughly investigated internally, and we are ready to collaborate with relevant authorities if necessary. Swift and decisive action will be taken against any substantiated allegations, including disciplinary measures, termination of employment, and legal action as deemed appropriate. We remain committed to maintaining integrity and transparency as fundamental principles guiding our business conduct, aiming to uphold the trust and confidence of our stakeholders and foster a fair and ethical business environment.







Policy	Purpose
<p>Anti-Bribery and Anti-Corruption</p>  <div data-bbox="286 847 497 999" style="background-color: #e67e22; color: white; padding: 5px; border-radius: 10px; text-align: center;"> <p>ZERO Recorded case of ABC cases in FY2023</p> </div>	<p>Engtex maintains a stringent zero-tolerance stance against all forms of bribery and corruption, as detailed in our Anti-Bribery and Anti-Corruption (“ABAC”) Policy. This policy upholds certain principles outlined in Engtex’s Code of Ethics and Conduct, ensuring that both employees and external stakeholders understand their responsibilities in upholding our zero-tolerance approach. The ABAC Policy is readily available on our Company website and disseminated to all relevant stakeholders.</p> <p>All employees are required to read and understand the ABAC Policy and the Code, complete online training modules to reinforce their understanding, and sign the Engtex Integrity Pledge to acknowledge their obligations and responsibilities. Compliance with the ABAC Policy is diligently monitored, both continuously and in conjunction with our annual corruption risk assessment.</p> <p>Training modules and other communication methods are continuously utilised to familiarise employees with their duties and obligations in this area. Training conducted during the financial year focused on various topics including data security, cybersecurity awareness, and an ABAC refresher course covering corruption prevention and reporting.</p> <p>During 2023, all employees have undergone ABAC training and no employees faced disciplinary action or dismissal due to non-compliance, underscoring our commitment to maintaining a high standard of ethical conduct within our organisation.</p> <p>All our employees, customers and suppliers are well informed about Engtex’s ABAC Policy. Engtex is also assessing the different risk areas for bribery and corruption and the process is currently on-going.</p>
<p>Whistleblowing Policy</p> 	<p>Engtex encourages stakeholders to report any suspicious activities through its whistleblowing channels outlined in the Whistleblowing Policy available on the Company website. Concerns can be raised via email to whistleblower@engtex.com.my through postal mail addressed to the Chairman of the Audit Committee (“AC”) at Lot 36, Jalan BRP 9/2B, Putra Industrial Park, Bukit Rahman Putra, 47000 Sungai Buloh, or by arranging a meeting with the Chairman of the AC through the Company Secretary.</p> <p>Whistleblowers may choose to remain anonymous but investigations depend on the merits of evidence provided.</p>

Policy	Purpose
<p>Human Rights</p> 	<p>Engtex is committed to upholding human rights across all facets of our operations, guided by our policy and relevant legal requirements. We ensure the preservation of basic human rights for our employees and stakeholders, aligning with the Malaysia Employment Act and local regulations wherever we operate. Our focus encompasses preventing child and forced labor, combating slavery and human trafficking, promoting non-discrimination, enabling freedom of expression, safeguarding employment rights, and fostering business ethics with a zero-tolerance ABAC policy towards bribery and corruption. Notably, in the reporting year, there were zero substantiated complaints of human rights violations. Upholding these principles, we aim to create a secure, inclusive, and ethical working environment that promotes positive social impact and sustainable development while adhering to child protection policies and safety standards.</p> <div data-bbox="1653 453 1957 571" style="border: 1px solid orange; border-radius: 10px; padding: 5px; text-align: center;"> <p>ZERO Recorded case of human rights complaints for FY2023</p> </div>
<p>Data Privacy</p> 	<p>Engtex upholds integrity and compliance through stringent adherence to personal data protection guidelines as per the Personal Data Protection Act 2010. We prioritise safeguarding personal and sensitive information with robust security measures. Critical documents, including authorised blueprints and pricing information, are securely stored and accessible only to authorised personnel, emphasising our commitment to confidentiality. In 2023, there were no data breaches or non-compliance incidents.</p>

Stakeholders Engagement

To ensure our sustainability efforts align with business objectives, we conduct an annual review of key sustainability issues impacting our operations. This comprehensive materiality assessment involves input from internal and external stakeholders, helping us address stakeholder needs, mitigate risks, and seize opportunities. By engaging in this process, we gain valuable insights into our ESG impacts, allowing us to align priorities with industry benchmarks and global trends. This proactive approach enables us to maintain transparency, responsiveness, and relevance in addressing sustainability challenges and opportunities.

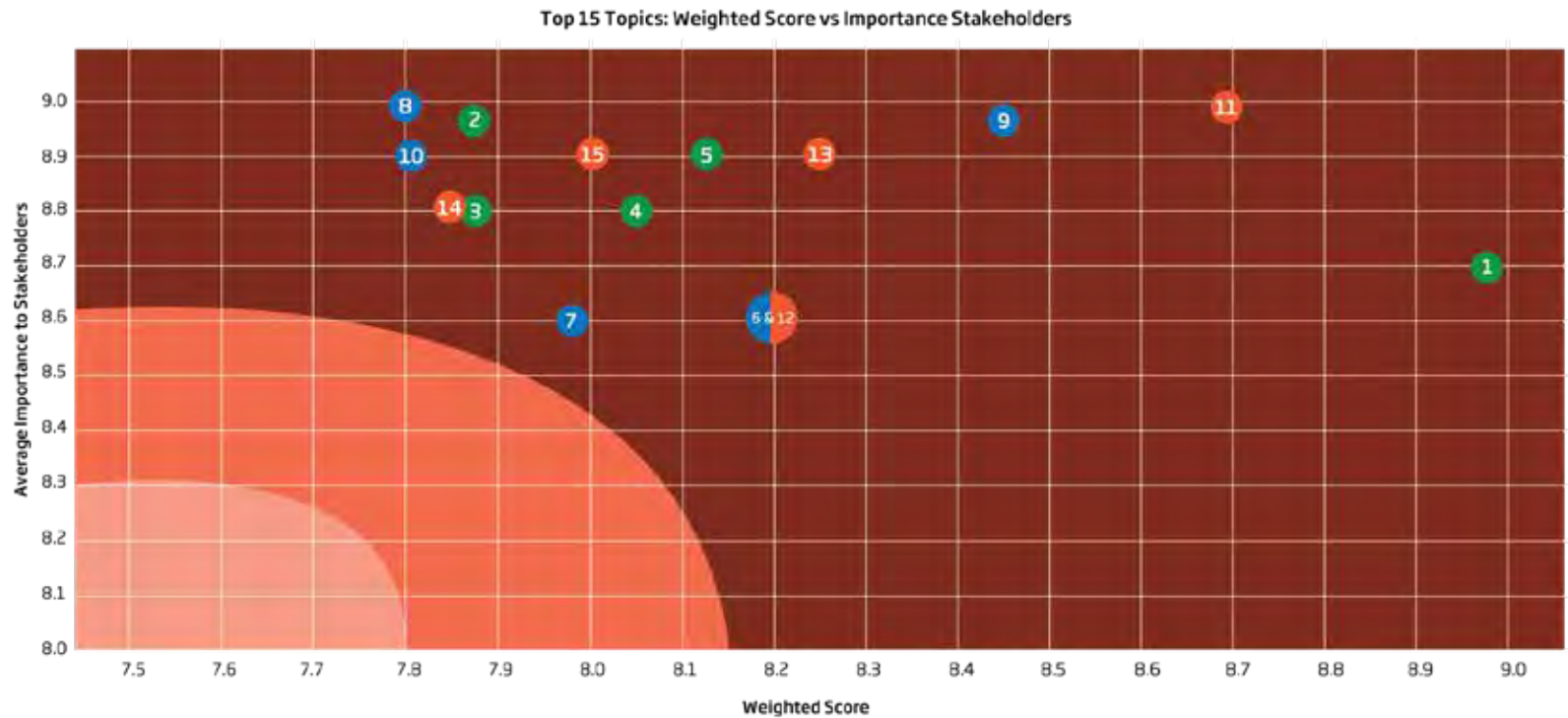
Stakeholder group	Frequency and type of engagement	Topics of concern	How we manage the issue
Customers (existing and potential) 	Frequency: Ongoing Type: Awareness programme, one-to-one engagement, marketing materials, roadshow, company websites	<ul style="list-style-type: none"> -Quality of product -Late delivery -Product defects -Re-engage with customers and avoid repetition of mistakes -Product prices and values -Bribery & Corruption 	<ul style="list-style-type: none"> -Quality management system -Competitively price against our competitors -Quality assurance -ABAC training & briefing
Media 	Frequency: Frequent Type: Newspaper, social media, press conferences	<ul style="list-style-type: none"> - Company performance - Misconceptions about the Company - Complaints on products or services 	<ul style="list-style-type: none"> -Direct engagement -Press statements / briefings -To highlight effort through engagement and communication channel
Employees 	Frequency: Regular, Ongoing Type: Knowledge sharing sessions, employee appraisal form,	<ul style="list-style-type: none"> -Well-being of the employees and job security -Staff welfare and benefits -Healthy and safe environment at workplace -Work competency and productivity 	<ul style="list-style-type: none"> -Staff engagement programmes -Implementation of ESH programmes involving employees -Job-related technical and personal development trainings and workshops -Coaching and mentoring -New employee orientation programme
Suppliers 	Frequency: Regular, Ongoing Type: Performance review meetings, workshops, coaching for compliance	<ul style="list-style-type: none"> -Compliance issues -Tender prices and payments -Cost efficiency and introduction of innovative products -Workers quarters -Health, Safety & Environment (“HSE”) -Bribery & Corruption 	<ul style="list-style-type: none"> -Constant and regular communications -Process improvement -Engage and share concerns with relevant parties -HSE elements in tender and contract documents -ABAC training & briefing

Stakeholder group	Frequency and type of engagement	Topics of concern	How we manage the issue
Investors and financiers 	Frequency: Annual, Quarterly, Ongoing Type: Annual general meeting, quarterly results announcement, press conference, targeted briefing, meetings	<ul style="list-style-type: none"> - Legal compliance - Financial performance at expense of environmental/social well-being - Business risks - Soft market conditions - Negative public perception 	<ul style="list-style-type: none"> - Monthly reporting and regular audit - Engagement with investors & sharing of strategy
Industry associations 	Frequency: Ongoing Type: Represent in association, lobbying, sharing of knowledge at different platforms, participation in surveys	<ul style="list-style-type: none"> - Rising cost of materials - Effect to cost due to new regulations - New legislation & policies that adversely affect the industry 	<ul style="list-style-type: none"> - New procurement methods & new innovative materials - Lobbying and joint engagement with authority and association
Business partners 	Frequency: Ad hoc Type: Meetings, discussions, functions, product launches	<ul style="list-style-type: none"> - Payment - Terms of reference (“TOR”) - Appraisal - Human rights - HSE 	<ul style="list-style-type: none"> - Standard Operation Procedure (“SOP”) - Proper SOP for monitoring and tracking - Audit and using e-tendering - Benchmarking
General public 	Frequency: Ad hoc Type: Dialogue, meetings, engagement	<ul style="list-style-type: none"> - Environmental impact on communities 	<ul style="list-style-type: none"> - Engage with experts and explain via reporting, environmental conservation activities (e.g. tree planting)
Governments and regulators 	Frequency: Ad hoc Type: Meetings, pre-consult submission, periodical monitoring and reporting	<ul style="list-style-type: none"> - Customer rights - Compliance 	<ul style="list-style-type: none"> - Responsible reporting and marketing communications - Monitoring of compliance (e.g. legal checklist)
NGOs 	Frequency: Ad hoc Type: Meetings, discussions, collaborations	<ul style="list-style-type: none"> - Environmental issues - Human rights - Issues affecting the local community 	<ul style="list-style-type: none"> - Environment engagement programmes (e.g. tree planting) - Corporate Social Responsibility (“CSR”) programmes (e.g. safety in school), waste separation awareness

Material Matrix

At Engtex, we perform materiality assessment to identify and address key sustainability issues directly impacting our operations. By regularly reviewing these critical factors with input from internal and external stakeholders, we ensure alignment with our business objectives. This proactive approach allows us to effectively address stakeholder concerns, mitigate risks, and capitalise on opportunities, maintaining transparency, responsiveness, and relevance in our sustainability journey.

The chart below depicts the overall material matters that Engtex will focus on.



The material matrix survey conducted last year and Engtex took the top 15 material matrix that matters most to them as listed below:-

Environment Topics

Topic	Weighted Score
1 Engtex places importance on the usage of Energy practices.	8.98
2 Engtex places importance on having a proper Water and Effluents system in place and in compliance with the local environmental laws.	7.86
3 Engtex places importance on its Emissions and concerned about the pollution it may cause.	7.89
4 Engtex places importance on its Effluents and Waste to avoid being penalised by the regulators.	8.05
5 Engtex places importance on complying with Environmental Compliance	8.13

Social Topics

Topic	Weighted Score
6 Engtex places importance on providing Employment to the local community.	8.19
7 Engtex places importance on Training and Education for its staff and business associates.	7.98
8 Engtex places importance on Occupational Health and Safety	7.80
9 Engtex places importance on not using Child Labour	8.44
10 Engtex places importance on not using Forced or Compulsory Labour	7.81

Governance Topics

Topic	Weighted Score
11 Engtex is concerned about Anti-Corruption and places its importance within its organisation.	8.69
12 Engtex places importance on the source of the raw materials locally or imported.	8.19
13 Engtex places importance on Security Practices within its organisation	8.25
14 Engtex places importance on Human Rights Assessment	7.86
15 Engtex practices local Procurement Practices and supports the local economy.	8.06

Our Approach to Community

The success of Engtex is intrinsically tied to its service to society and the local communities where it operates. A key focus of our mission is to uplift marginalised communities, equipping them with the tools and resources to enhance their quality of life and foster socio-economic development. We recognise that our business operations may have indirect impacts on the surrounding communities, and it is our responsibility to ensure that these impacts do not adversely affect their livelihoods.

Our initiatives are geared towards uplifting economically disadvantaged

communities, narrowing the education gap, empowering marginalised groups, nurturing community cohesion, and forging connections with potential partners in community development.

Our Management Approach to Community Development

In accordance with Engtex's fundamental principle and our commitment to "Fostering a Positive Future," our foremost aim is to foster sustainable progress that advantages both our organisation and the wider community. Through a range of

educational endeavours targeting economically disadvantaged communities and students, as well as active community involvement endeavours to improve their well-being, we have taken significant steps. Our strategy encompasses corporate giving, staff involvement, cooperative ventures, knowledge exchange, community fostering, and development initiatives, all governed by our framework for community advancement.

Social Impact Initiative

Engtex is dedicated to making meaningful contributions to society through philanthropic endeavours. Our donations aim to support various causes and initiatives that positively impact communities, education, healthcare, environmental conservation, and social welfare. By leveraging our resources and expertise, we strive to create lasting positive change and uplift those in need. Through our charitable efforts, we are committed to fostering a better tomorrow for individuals and communities alike.

OUR APPROACH TOWARDS SOCIETY

In Engtex's sustainability endeavours, our commitment to society contribution remains a cornerstone of our Company ethos. We recognise our responsibility to give back to society and actively seek opportunities by having a *Majlis Ramah Mesra Aidilfitri 2023* with the local community in Ijok as an example to make a positive impact on the communities where we operate.



One of the primary ways we contribute to society is through philanthropic initiatives and community outreach programmes. Through strategic partnerships with local charities, non-profit organisations, and community groups, we support a wide range of initiatives aimed at addressing societal challenges and improving the quality of life for those in need. From education and healthcare to environmental conservation and disaster relief, our contributions are designed to create meaningful and lasting change in the communities we serve. In 2023, Engtex Metals held a charity drive in their local community to improve the local library condition and other community works such as *Gotong Royong Membaikpulih dan Keceriaan Padang Belia Batu 7* in Ijok. Additionally, we believe in the power of education as a catalyst for social progress and economic development. Through scholarships, educational grants, and mentorship programmes, we empower individuals to pursue their academic and career aspirations, thereby creating opportunities for personal growth and advancement.

Furthermore, Engtex is committed to environmental stewardship and sustainability, recognising that our actions today have a profound impact on future generations. We invest in sustainable practices and technologies to minimise our environmental footprint and promote a healthier planet for all.





Some of the activities that contribute to the betterment of the environment were held by our Company such as a *gotong royong* by Englen in Kota Kinabalu and an investment in rainwater tank for rain harvesting by Engtex Metals in Ijok.

The donations made by Engtex reflect relentless commitment to support various charitable causes and community initiatives across diverse communities. Through these contributions, Engtex aims to make a meaningful impact on the lives of individuals and communities in need, aligning with its core values of social responsibility and community engagement. From supporting educational institutions and charity events to fundraising efforts for healthcare and environmental causes, the Company's donations cover a wide range of areas.

With a total donation of approximately RM246,157 in 2023, Engtex's philanthropic endeavours were estimated to have directly benefited approximately one thousand individuals across diverse communities. These contributions not only demonstrate Engtex's dedication to making a positive difference but also reflect its role as a responsible corporate citizen committed to sustainable development and society's well-being.

Our Approach and Lives We Impacted

In 2023, Engtex embarked on a transformative journey, and not merely as a corporate entity but as a beacon of hope and opportunity for stakeholders across the spectrum. As we delve into the numbers, we witness the profound impact of Engtex's economic activities, touching lives, and reshaping communities in meaningful ways.

Direct Revenue Generation:

In 2023, Engtex's revenues increased to RM1.45 billion from the sales of goods, a testament to its unwavering commitment to excellence and customer satisfaction. This remarkable figure represents more than just financial success; it signifies the creation of jobs, the empowerment of individuals, and the fueling of economic growth. Behind each sale lies a story of dedication, innovation, and resilience, as Engtex relentlessly pursued opportunities to deliver value to its customers and stakeholders.

Moreover, the Company's revenue diversification strategy yielded fruitful results, with RM12.15 million generated from financial investments and RM4.68 million from other operating income. This multifaceted approach not only strengthens Engtex's financial resilience but also underscores its agility in navigating dynamic market landscapes and seizing emerging opportunities.

Economic Value Distributed:

Engtex's economic impact extends far beyond its balance sheets, reverberating across communities and industries through its commitment to value distribution. With RM1.35 billion allocated to suppliers and contractors, Engtex not only fosters mutually beneficial partnerships but also sustains livelihoods and supports the growth of local businesses. Each payment represents more than just a transaction; it symbolizes a bond forged through trust, integrity, and shared prosperity.

Similarly, Engtex's dedication to its employees is reflected in the RM84.48 million disbursed in salaries and benefits. Beyond financial remuneration, this investment embodies Engtex's recognition of its employees as its most valuable asset, empowering them to realise their full potential and contribute meaningfully to the Company's success.

Furthermore, Engtex's commitment to its shareholders and investors is evident in the RM6.99 million distributed to them. This figure represents more than just dividends; it signifies a partnership built on transparency, accountability, and mutual trust, as Engtex strives to deliver sustainable returns and create long-term value for its stakeholders.

Community Impact:

Beyond financial transactions, Engtex's economic narrative is enriched by its profound impact on local communities. By supporting over 2,000 small and medium-sized enterprises (“SMEs”), Engtex catalyses economic growth, fosters entrepreneurship, and nurtures a vibrant ecosystem of innovation and collaboration. Each partnership represents more than just a business opportunity; it embodies Engtex's commitment to shared prosperity, social inclusion, and community development.

In summary, Engtex’s economic narrative for 2023 transcends mere numbers, weaving a compelling tale of empowerment, resilience, and shared prosperity. Through its direct revenue generation, value distribution, and community impact, Engtex exemplifies the transformative power of business as a force for good, driving positive change and shaping a brighter future for all.

Economic value generated and distributed					
Stakeholder	2023	2022	2021	2020	
	RM'000	RM'000	RM'000	RM'000	
Direct revenue generated					
Revenues from:					
- sales of goods	1,450,614	1,428,940	1,163,265	976,877	
- financial investments	12,151	7,431	7,419	7,896	
- other operating income	4,677	2,732	2,975	4,665	
<i>(Net sales plus revenues from financial investments and sale of goods)</i>	1,467,442	1,439,103	1,173,659	989,438	
Economic value distributed					
Operating costs	Suppliers and contractors	(1,349,465)	(1,298,877)	(982,679)	(879,833)
Salaries and benefits	Employees	(84,483)	(78,545)	(65,696)	(63,879)
Payments to providers of capital	Shareholders and investors	(6,989)	(10,225)	(7,651)	(3,231)
Taxes	Government authorities	(7,071)	(12,231)	(24,247)	(11,351)
Community investment	Local communities	-			-
Economic value distributed		(1,448,008)	(1,399,878)	(1,080,273)	(958,294)
Economy value retained		19,434	39,225	93,386	31,144

Boosting the Local Economy

Engtex demonstrates a commendable commitment to support local procurement as evidenced by its consistent investment in operating costs related to suppliers and contractors over the past three years. In 2023, the Company invested approximately RM1.33 billion towards supporting local businesses, representing a substantial contribution to the local economy.

The table illustrates Engtex's gross procurement figures over the last three years with a breakdown between local and foreign purchases as tabulated below.

In terms of proportion between local and foreign purchases, the average local purchases was 77% in 2023.



Year	Local Purchases (RM'000)	Foreign Purchases (RM'000)	Total Procurement (RM'000)	YoY
2021	1,121,568	306,573	1,428,141	24.64%
2022	1,332,879	382,372	1,715,251	20.12%
2023	1,330,808	401,971	1,732,779	1.02%

GOAL 1 - Education, Gender & Equality

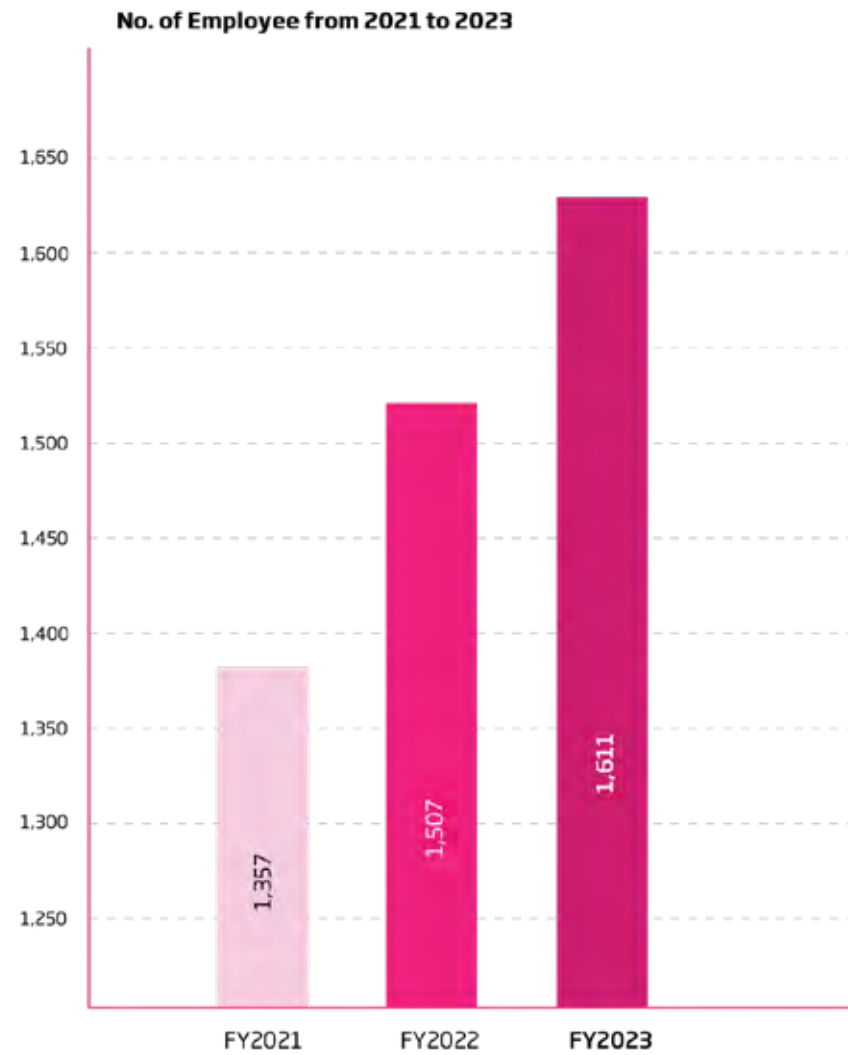
Diversity and Inclusion

At Engtex, we recognise the immense value of diversity and inclusion, encompassing differences in race, gender, ethnicity, age, religion, cultural beliefs, disabilities, and sexual orientation. We view diversity not just as a choice but as a strategic imperative, enriching our workforce culture and enhancing our operations. Our commitment to provide a level playing field for all employees resonates deeply within our organisation, which comprises individuals of diverse nationalities and backgrounds. We strive to cultivate a workplace free from discrimination, marginalisation, and harassment where every individual is valued and respected.

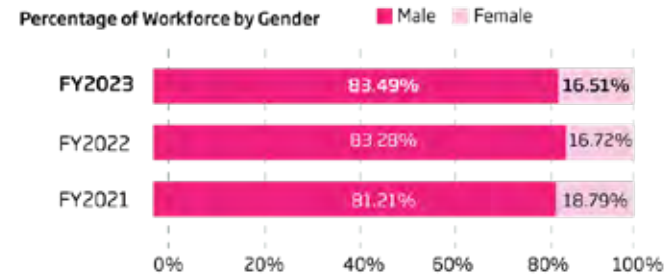
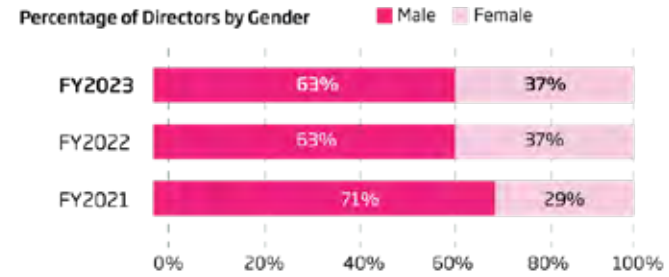
Management Approach

Our management approach emphasises embracing diversity, offering equal opportunities, and upholding human rights to support the growth and development of our employees. This commitment is underpinned by Engtex's Corporate Statement on Human Rights and Ethics as well as our Code of Ethics and Conduct. These frameworks outline the acceptable practices and ethical principles guiding our employees' conduct in all business interactions. We ensure that these guiding documents are effectively communicated to all employees and are readily accessible on our corporate website, demonstrating our commitment to transparency and adherence to these core values.

In line with our commitment to diversity and inclusion, we provide equal opportunities to individuals regardless of ethnicity, religion, gender, age, sexual orientation, disability, nationality, or geographical background. Additionally, we prioritise gender balance by actively working to increase female representation in our workforce. Through these efforts, we aim to create a workplace where everyone feels empowered to contribute their unique perspectives and talents, driving innovation and success across our organisation.

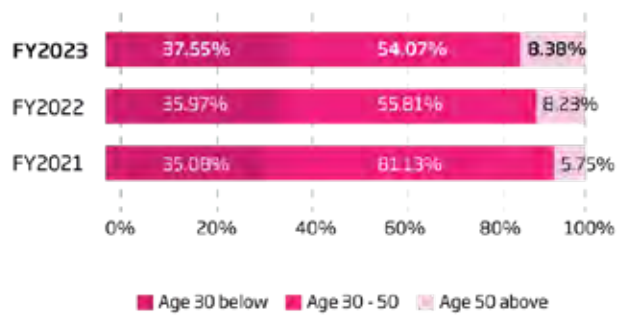


Workforce By Gender



Level (FY 2023)	Percentage of Male	Percentage of Female
Management	76.72%	23.28%
Executive	46.47%	53.53%
Non-Executive	56.80%	43.20%
General Worker	99.80%	0.20%

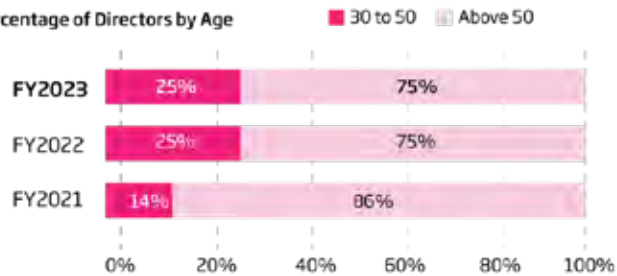
Workforce By Age



Percentage of employees by age group for each employee category

Level (FY 2023)	<30yo	30yo-50yo	>50yo
Management	2%	56%	42%
Executive	22%	54%	14%
Non-Executive	35%	54%	10%
General Worker	45%	52%	3%

Percentage of Directors by Age



New Hire And Turnover

Category (FY2023)	Turnover Rate	New Hires
Management	0.82%	0.68%
Executive	1.89%	1.85%
Non-Executive	5.92%	4.38%
General Worker	13.11%	21.48%

Contractors Workforce

Type of Employment	FY2021	FY2022	FY2023
Contractors	10	11	12

GOAL 2- Transforming our Portfolios to Low-Carbon Sustainable Manufacturing

Management Approach

Goal 2 of Engtex's strategic vision focuses on transforming its portfolios to low-carbon sustainable manufacturing and, reflects the Company's proactive stance towards environmental sustainability and corporate responsibility. In today's rapidly changing global landscape, characterised by heightened environmental awareness and the urgent need for climate action, Engtex recognises the imperative to transition towards low-carbon operations, products, and services. By embracing this goal, the Company is not only aligning itself with emerging regulatory frameworks and international standards but also positioning itself as a leader in sustainable manufacturing practices. To achieve this goal, Engtex is implementing a strategy that encompasses various aspects of its business operations. One key aspect is the strategic alignment with low-carbon principles, where the Company integrates environmental considerations into its overarching business strategy and decision-making processes. By embedding sustainability into its corporate DNA, Engtex aims to foster a culture of environmental stewardship and responsibility throughout the organisation, ensuring that sustainability becomes a fundamental pillar of its business model.

In addition to strategic alignment, Engtex is driving innovation in product development to support its low-carbon transition. The Company is investing in research and development initiatives aimed at creating innovative, and eco-friendly products that minimise environmental impact while meeting the needs and preferences of customers. Through the adoption of cutting-edge technologies and sustainable materials, Engtex seeks to design and produce products that not only reduce resource consumption and emissions but also enhance customer value and satisfaction. By innovating responsibly, Engtex is not only addressing environmental challenges but also capitalising on opportunities for growth and differentiation in an increasingly sustainability-conscious marketplace.




Climate Change – Our journey towards reduction in Carbon Emissions

With greenhouse gas (“GHG”) emissions soaring to record levels, the urgency to combat climate change has never been greater. Scientists warn that the world is rapidly depleting its "carbon budget" to limit global temperature rise to 1.5°C. As a corporate entity, Engtex recognises its role in mitigating climate change impacts by making informed decisions and implementing sustainable practices. Aligned with Engtex’s commitment to achieve carbon neutrality in its operations by 2050, we proactively assess and address climate-related risks. Our continuous efforts to reduce emissions, adapt to climate challenges, and anticipate evolving regulations are integral to our sustainability agenda. To ensure effective climate governance, we have established the Group Management Sustainability Committee (“GMSC”), comprising representatives from our Sustainability Department and senior management. The GMSC convenes regularly to strategise sustainability initiatives, address ESG concerns, sets performance targets, and ensure transparent reporting. Furthermore, climate-related risks and opportunities are prioritised in Engtex’s annual Board meetings. The Board oversees our sustainability strategy, guides responsible business practices, manages risks, and addresses issues throughout our value chain. Our vision of achieving carbon neutrality by 2050 is bolstered by innovative growth and investment strategies. This approach drives the development of sustainable solutions across our business units, delivering environmental, economic, and social benefits while reducing carbon emissions across our operations.



Engtex Carbon Reporting Initiatives and Climate Change

The table below outlines the current and future carbon reduction initiatives across different divisions and departments within Engtex:

Division	Department	Present Initiatives	Mid-Term and Long-Term Initiatives
 Pipes	Production	<ul style="list-style-type: none"> Implementing energy-efficient technologies in manufacturing processes. Conducting regular energy audits to identify areas for improvement. Increasing the use of recycled materials in production. Exploring renewable energy sources to power manufacturing facilities and investing in research and development for low-carbon production methods. 	<ul style="list-style-type: none"> Investing in carbon capture and storage technologies to mitigate emissions from production processes. Implementing circular economy principles to minimise waste and maximise resource efficiency. To promote a reduction in carbon emission for Scope 2.
 Wire Mesh, Hard Drawn Wire and Steel Bars	Production	<ul style="list-style-type: none"> Exploring renewable energy sources to power manufacturing facilities. Optimising transportation routes to reduce emissions from logistics. Investing in research and development for low-carbon production methods. 	<ul style="list-style-type: none"> Setting targets for reducing carbon intensity per unit of production over the next decade. Exploring opportunities for carbon offset projects to compensate for unavoidable emissions.
 Wholesale and Distribution	Supply Chain	<ul style="list-style-type: none"> Implementing a carbon accounting system to track emissions throughout the supply chain. Engaging with logistics partners to optimise transport efficiency and reduce carbon footprint. 	<ul style="list-style-type: none"> Investing in community-based carbon reduction projects to contribute to broader emission reduction efforts.

Overall, Engtex is actively pursuing carbon reduction strategies across its divisions, recognising the importance of sustainability and environmental stewardship. By implementing these initiatives, the Company aims to mitigate its carbon footprint, contribute to broader emission reduction efforts, and ultimately work towards achieving carbon neutrality by 2050.



Minimum of eight hours each year on ESG training for Managers and above.



Increase used of greener fuels at all pipes and wire mesh, hard drawn & steel bar division by installing Solar Panels



To work with Suppliers to promote Sustainable GHG Emission

Climate Change Scenario Analysis

The scenario analysis for Engtex's divisions under different climate scenarios highlights the organisation's proactive approach to addressing climate change impacts. In the face of varying climate projections, Engtex demonstrates a commitment to sustainability and resilience through targeted initiatives tailored to each division's operations.

Through scenario analysis and targeted initiatives, Engtex demonstrates its commitment to sustainability, resilience, and long-term value creation. By aligning its operations with climate goals and adopting proactive measures, Engtex aims to mitigate environmental impact, enhance resilience, and contribute to a sustainable future. The table below shows the different scenarios for each division.

Climate Change Scenario	Pipes Division	Wire Mesh, Hard Drawn Wire and Steel Bars Division	Wholesale and Distribution Division
>1.5°C	<ul style="list-style-type: none"> Increased demand for pipes due to infrastructure projects aimed at climate change mitigation and adaptation. Potential disruptions in the supply chain due to extreme weather events, leading to delays in production and delivery. 	<ul style="list-style-type: none"> Growing demand for wire mesh and steel bar products for use in climate-resilient infrastructure such as flood barriers and coastal protection systems. Risks of supply chain disruptions due to extreme weather events affecting raw material sourcing and transportation. 	<ul style="list-style-type: none"> Increased volatility in commodity prices due to disruptions in global supply chains caused by extreme weather events. Opportunities for trading in renewable energy sources such as solar panels and wind turbines.
4.5°C	<ul style="list-style-type: none"> Increased risk of material degradation in pipes due to higher temperatures, leading to higher maintenance costs and shorter lifespan. Reduced demand for pipes in regions experiencing water scarcity and droughts. 	<ul style="list-style-type: none"> Decreased demand for wire mesh and steel bar products in areas facing desertification and loss of arable land. Rising costs of raw materials due to supply shortages and increased demand for climate-resilient materials. 	<ul style="list-style-type: none"> Decline in demand for traditional commodities such as agricultural products and fossil fuels due to adverse climate impacts on agriculture and energy production. Increased demand for climate adaptation and mitigation technologies and services.
>8°C	<ul style="list-style-type: none"> Severe disruptions in the production and distribution of pipes due to extreme weather events such as hurricanes, flooding, and storms. Significant decline in demand for pipes as infrastructure becomes obsolete or damaged beyond repair. 	<ul style="list-style-type: none"> Collapse of market demand for wire mesh and steel bar products in regions heavily impacted by climate change, leading to market contraction and business closures. Challenges in sourcing raw materials and skilled labour due to widespread ecosystem degradation and social unrest. 	<ul style="list-style-type: none"> Collapse of traditional trading markets as global trade routes and supply chains are severely disrupted by climate-related disasters. Transition towards localised economies and barter systems as traditional currency loses value in the face of economic instability caused by climate change.

Manufacturing Pipes Division

Key Initiatives

1. Energy Efficiency Improvements: Implementing energy-efficient technologies and processes throughout manufacturing operations to reduce electricity consumption and lower carbon emissions.
2. Renewable Energy Adoption: Transitioning to renewable energy sources such as solar or wind power to replace fossil fuel-based electricity and decrease reliance on grid energy with high carbon intensity.
3. Supply Chain Optimisation: Collaborating with suppliers to identify opportunities for emissions reduction in the supply chain, such as sourcing materials from low-carbon suppliers or optimising transportation logistics to minimise emissions.
4. Product Innovation: Developing and promoting the use of low-carbon products and materials, such as eco-friendly pipe materials or energy-efficient pipe designs, to meet customer demand for sustainable

Scenario Analysis

- Scenario 1: Business as Usual** - Under this scenario, the division continues its current operations with no significant changes in energy usage or emissions reduction initiatives.
- Scenario 2: Energy Efficiency Improvements** - Implementing energy-efficient technologies and practices leads to a 20% reduction in energy consumption and a corresponding decrease in carbon emissions.
- Scenario 3: Renewable Energy Adoption** - Transitioning to 100% renewable energy sources results in fully eliminating of Scope 2 emissions associated with electricity consumption.

Manufacturing Wire Mesh, Hard Drawn Wire and Steel Bars Division

Key Initiatives

1. Energy Management Systems: Implementing advanced energy management systems to monitor, analyse, and optimise energy usage in manufacturing processes and facilities.
2. Carbon Intensity Reduction: Setting targets to reduce carbon intensity per unit of production by improving process efficiency, optimising equipment utilisation, and minimising waste.
3. Sustainable Material Sourcing: Evaluating and selecting suppliers based on their sustainability practices and carbon footprint to reduce emissions associated with raw material extraction and transportation.
4. Circular Economy Practices: Adopting circular economy principles such as product reuse, recycle, and remanufacture to minimise resource consumption and emissions throughout the product lifecycle.

Scenario Analysis

- Scenario 1: Business as Usual** - The division maintains its current operations without implementing any specific emissions reduction initiatives.
- Scenario 2: Energy Efficiency and Process Optimisation** - Implementation of energy-efficient technologies and process optimisation measures results in a 15% reduction in energy consumption and a corresponding decrease in carbon emissions.
- Scenario 3: Circular Economy Adoption** - Adoption of circular economy practices leads to a 30% reduction in emissions through material reuse, recycling, and resource optimisation.

Wholesale and Distribution Division

Key Initiatives

1. Remote Work Policies: Implementing remote work policies and virtual meeting technologies to reduce the need for travel and associated carbon emissions from commuting and business travel.
2. Sustainable Investment Strategies: Integrating ESG factors into investment decision-making to prioritise investments in low-carbon and sustainable companies and projects.
3. Carbon Offsetting: Investing in carbon offset projects to mitigate the division's carbon footprint, such as reforestation initiatives or renewable energy development in underserved communities.
4. Supply Chain Engagement: Collaborating with suppliers and service providers to reduce emissions across the supply chain through measures such as sustainable procurement practices and emissions reporting requirements.

Scenario Analysis

- Scenario 1: Business as Usual** - The division maintains its current operations and investment strategies without any specific emissions reduction initiatives.
- Scenario 2: Remote Work and Sustainable Investment** - Adoption of remote work policies and sustainable investment strategies leads to a 10% reduction in emissions from commuting and travel activities and a decrease in the carbon intensity of investment portfolios.
- Scenario 3: Carbon Offset and Supply Chain Engagement** - Implementation of carbon offset projects and supply chain emissions reduction initiatives results in a 20% reduction in the division's overall carbon footprint.

Manufacturing - Others Division

Key Initiatives

1. Energy Audits and Retrofits: Conducting energy audits to identify opportunities for energy efficiency improvements and implementing retrofit projects to reduce energy consumption in buildings and manufacturing facilities.
2. Renewable Energy Procurement: Procuring renewable energy from off-site sources or investing in on-site renewable energy generation, such as solar panels or wind turbines, to replace fossil fuel-based electricity.
3. Waste Reduction and Recycling: Implementing waste reduction and recycling programs to minimize landfill waste and emissions associated with waste disposal and transportation.
4. Employee Engagement and Training: Engaging employees in sustainability initiatives and providing training on energy conservation, waste reduction, and other environmentally friendly practices to foster a culture of sustainability within the division.

Scenario Analysis

- Scenario 1: Business as Usual** - The division continues its current operations with no specific emissions reduction initiatives in place.
- Scenario 2: Energy Efficiency and Renewable Energy Adoption** - Implementation of energy efficiency measures and renewable energy procurement leads to a 15% reduction in energy consumption and a corresponding decrease in carbon emissions.
- Scenario 3: Waste Reduction and Employee Engagement** - Adoption of waste reduction and recycling programs, along with employee engagement initiatives, results in a 20% reduction in emissions through reduced waste generation and improved operational practices.

Greenhouse Gases

Engtex is dedicated to addressing GHG emissions across its operations. Within its own operations (“Scope 1”), Engtex focuses on minimising direct emissions from sources such as fuel combustion and manufacturing processes through energy efficiency improvements and renewable energy adoption. Additionally, the Company addresses indirect emissions associated with purchased electricity and heat (“Scope 2”) by transitioning to low-carbon energy sources and optimising energy usage. Beyond its immediate operations, Engtex also considers (“Scope 3”) emissions, which encompass indirect emissions from sources such as transportation, upstream and downstream activities and operations. By collaborating with suppliers, optimising logistics, and promoting sustainable practices throughout its value chain, Engtex strives to reduce its overall carbon footprint and contribute to global efforts to mitigate climate change.

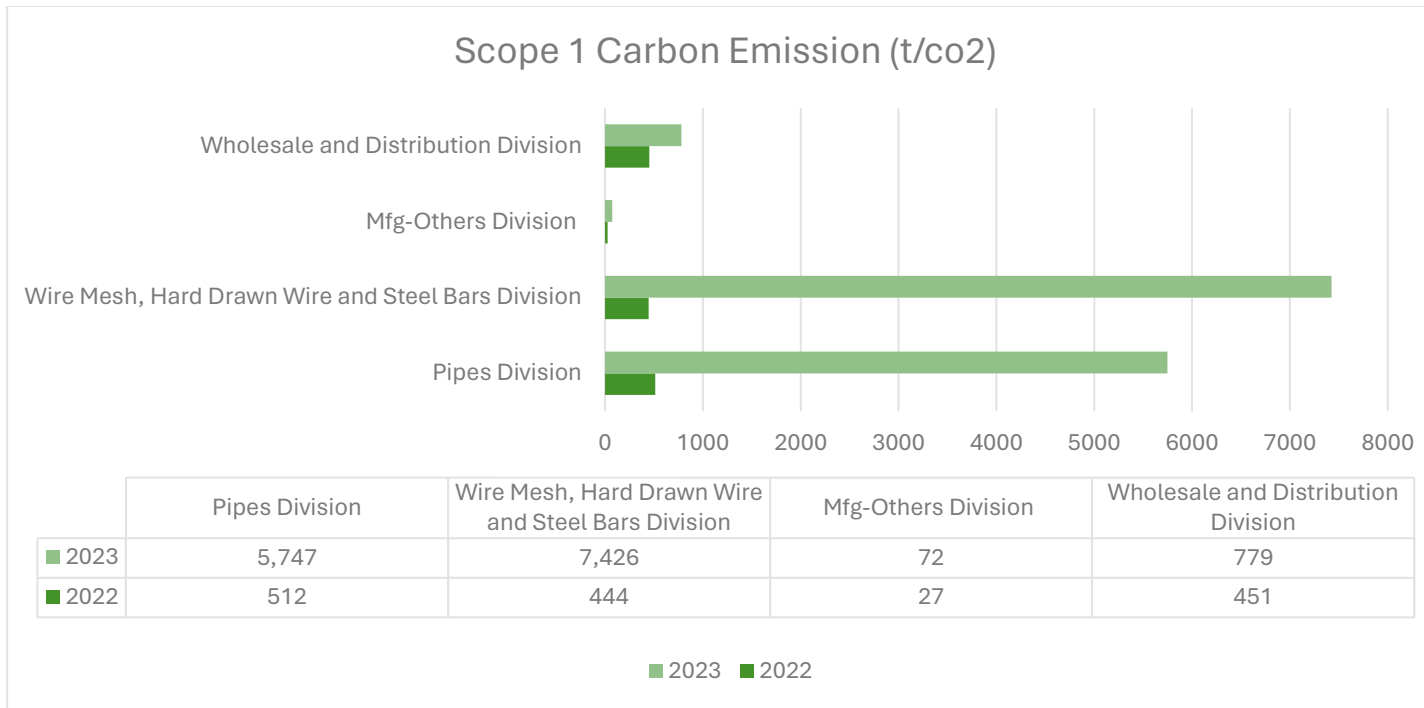
Scope 1

Within its sustainability framework, the Company diligently evaluates and addresses Scope 1 emissions – those stemming directly from its own operations.

To mitigate these emissions, Engtex has implemented several strategies. First and foremost, the Company invests in energy-efficient technologies and processes to minimise fuel consumption and optimise energy usage across its manufacturing operations. Additionally, Engtex continually explores alternative energy sources, such as renewable energy and cleaner fuels, to reduce its carbon footprint further. Moreover, Engtex places a strong emphasis on regular maintenance and upgrades of its equipment and machinery to ensure optimal performance and minimise emissions. Through stringent monitoring and compliance with environmental regulations, the company strives to uphold the highest standards of environmental responsibility.

Beyond operational improvements, Engtex fosters a culture of sustainability among its employees, encouraging them to contribute ideas and initiatives to reduce emissions and enhance resource efficiency. This collaborative approach underscores Engtex's commitment to not only mitigating Scope 1 emissions but also fostering a sustainable future for generations to come.

In summary, Engtex's proactive measures to address Scope 1 emissions underscore its commitment to environmental stewardship and sustainability, aligning with its overarching mission to deliver value while minimising its environmental footprint.



At the heart of Engtex's operations lie its manufacturing facilities, where the production of various products, including PVF and other construction materials takes place. These facilities rely on energy-intensive processes, such as heating, melting, and shaping raw materials into finished goods. Consequently, the combustion of fossil fuels, primarily natural gas and diesel, contributes significantly to Engtex's Scope 1 emissions¹.

Scope 2

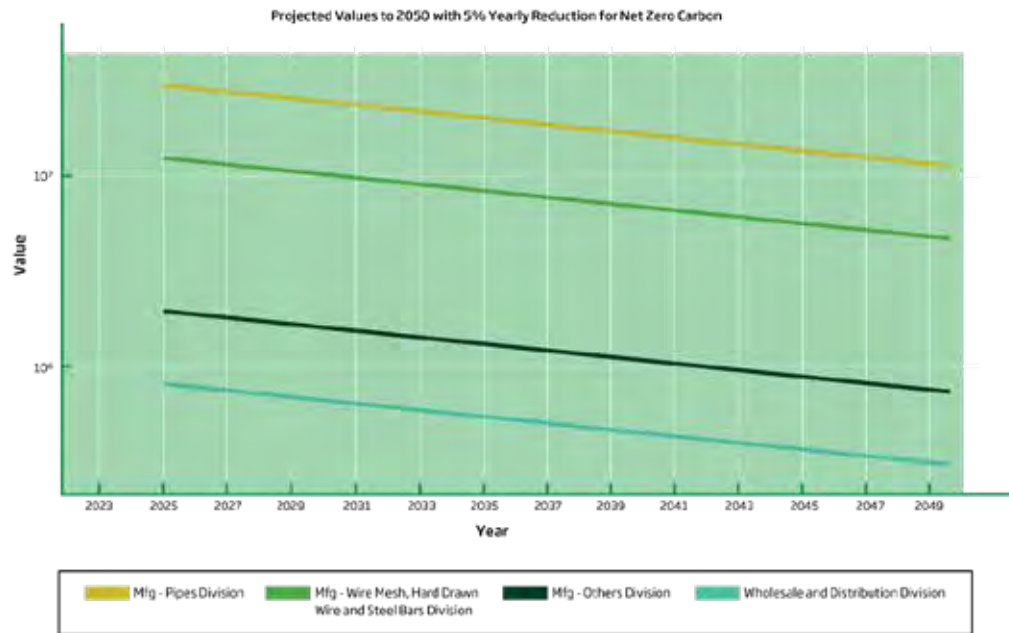
In 2022 and 2023, Engtex commitment to sustainability and environmental responsibility is evident through its efforts to monitor and reduce carbon emissions across its manufacturing and trading divisions. The data reveals a detailed breakdown of carbon emissions from key divisions, including pipe manufacturing, wire mesh production, and other manufacturing operations, as well as trading activities.

¹ This year's increased levels of t/co2 can be attributed to the inclusion of natural gas and stationary fuel in the emissions mix.

The data below reflects the carbon emissions (in metric tons of CO₂e) for the different divisions in the years 2022 and 2023, alongside their corresponding electricity consumption (in kWh):

	2022 ² (kWh)	2023 (kWh)	2022 (t/co ₂)	2023 (t/co ₂)
Pipes Division	25,987,866	26,974,513	19,699	20,447
Wire Mesh, Hard Drawn Wire and Steel Bars Division	17,575,501	18,844,178	13,322	14,284
Manufacturing – Others Division	1,999,646	2,181,981	1,516	1,654
Wholesale and Distribution Division	812,417	831,152	616	630

To align Engtex with TCFD requirements, based on the assumption that we will reduce 5% of our CO₂ every year using 2023 as a baseline. The graph below depicts the journey of Engtex towards carbon neutrality for Scope 2. Using a logarithm graph, we are able to compute Engtex’s journey to carbon neutrality by 2050.



² Scope 2 Emission factor is 0.758. Source: <https://meih.st.gov.my/>

Scope 3

Apart from measuring emissions from direct operations, the emissions from employee commuting and business travel are also tracked diligently in Engtex. Through implementing innovative transportation solutions, promoting telecommuting options, and encouraging the use of low-emission vehicles, Engtex demonstrates its dedication to environmental stewardship while fostering a culture of sustainability within its workforce and operations.

Business Travelling

Engtex recognises the significant environmental impact of business travel by plane and is committed to mitigating its carbon footprint in this area. By meticulously tracking and managing Scope 3 GHG emissions associated with air travel, Engtex strives to minimise its environmental footprint while ensuring essential business operations. Through strategies such as promoting virtual meetings, optimising travel routes, and exploring carbon offset programmes, Engtex demonstrates its dedication to responsible corporate practices and environmental stewardship, contributing to a more sustainable future. The table below depicts the overall business travel by Engtex.

Year	Total Mileage Travelled by Flight (km)	CO2 Emission (t/co2)
FY2023	719,669	64

Employee Commuting

Engtex understands the importance of addressing employee commuting as part of its Scope 3 GHG emissions. By acknowledging the impact of staff commuting on the environment, Engtex is committed to implementing sustainable transportation solutions. This includes promoting carpooling, providing incentives for public transportation use, and facilitating telecommuting options where feasible. Through these initiatives, Engtex aims to reduce emissions associated with employee commuting while fostering a culture of sustainability and responsibility among its workforce. By prioritising environmentally friendly commuting practices, Engtex demonstrates its commitment to reducing its carbon footprint and contributing to a cleaner and greener future.

Year	Employee Commuting (km) ³	Emission CO2 (t/co2)
FY2023	5,226,193	760

³ Source: <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023>

Water

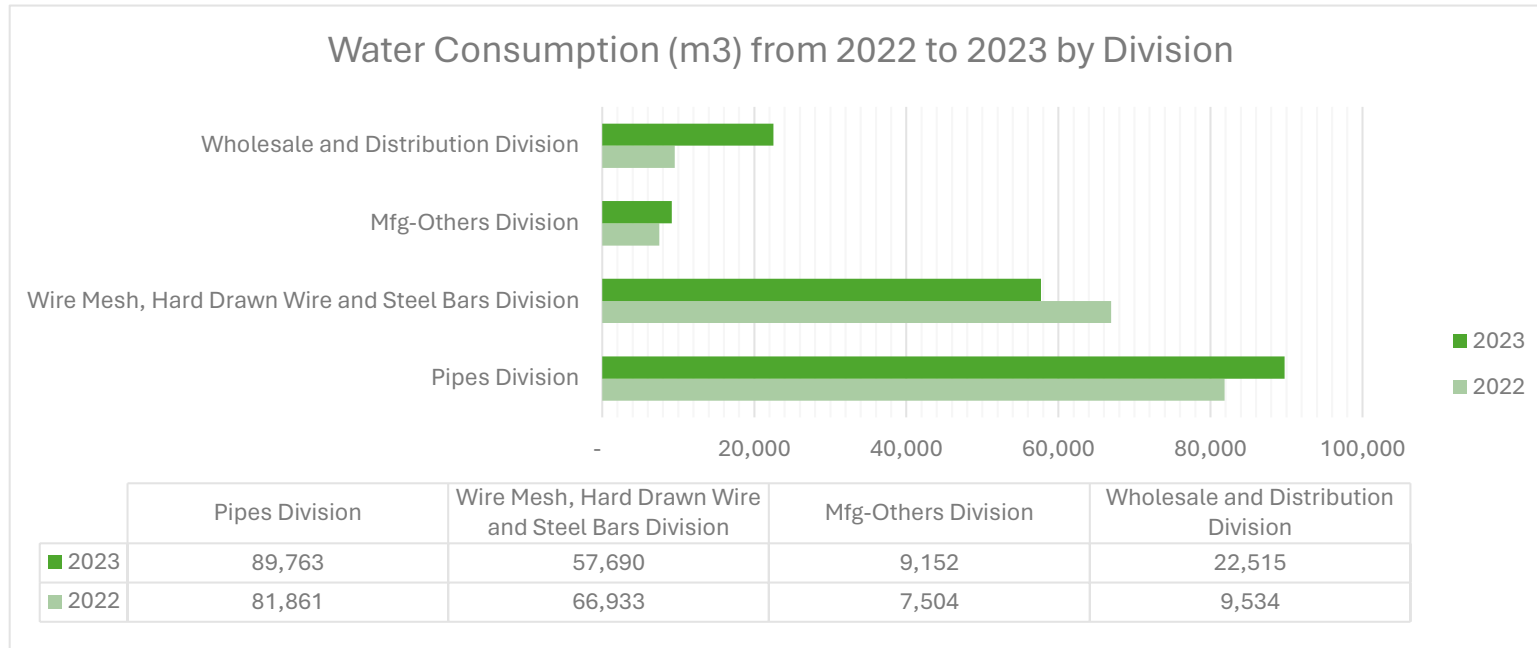
Water is used for cooling purposes in our manufacturing processes in Engtex. Here are some of Engtex’s key water initiatives and conservation efforts:

1. **Efficient Water Management Systems:** Engtex implements water management systems that include the installation of water-saving devices, such as low-flow faucets and efficient irrigation systems, to reduce consumption, minimise water wastage and optimise usage.
2. **Water Recycling and Reuse:** Engtex emphasises the importance of water recycling and reuse in its operations by investing in advanced technologies for treating wastewater to make it suitable for reuse in various processes, thereby reducing the demand for freshwater sources.
3. **Community Education and Outreach:** Engtex actively engages with local communities to raise awareness about the importance of water conservation. Through educational programmes, workshops, and outreach activities, they aim to empower individuals and communities to adopt water-saving practices in their daily lives.
4. **Compliance with Regulations and Standards:** Engtex adheres to strict environmental regulations and industry standards related to water conservation and management. They regularly monitor water usage, conduct audits, and implement best practices to ensure compliance with legal requirements and reduce their environmental footprint.
5. **Investment in Water Infrastructure:** Engtex invests in upgrading and maintaining water infrastructure to prevent leaks, reduce losses, and improve overall efficiency in water distribution systems. By modernising infrastructure, they aim to minimize water wastage and ensure reliable access to clean water for communities.



Rainwater Harvesting Used in Ijok Plant for Production.

6. **Continuous Improvement and Innovation:** Engtex is committed to continuous improvement and innovation in water conservation strategies. They regularly assess their performance, identify areas for improvement, and implement innovative solutions to enhance water efficiency and sustainability across their operations.



By prioritising sustainability in our operations, Engtex aims to contribute to the preservation of water resources and the promotion of a more environmentally responsible future.

Waste

Apart from the atmospheric emission, waste water and liquid effluent discharges and solid waste generation and disposal are also an environmental concern in Engtex. We are committed to minimising waste across all aspects of its operations and recognising the importance of responsible waste management in preserving the environment. This includes initiatives such as recycling programmes, waste audits, and the adoption of sustainable packaging practices. By prioritising waste reduction and recycling efforts, Engtex not only reduces its impact on the planet but also sets an example for sustainable business practices within its industry.

Waste Description	Type of Waste	Unit	Pipes Division	Wire Mesh, Hard Drawn Wire and Steel Bars Division	Others
Hydraulic Oil	Scheduled Waste	KG	2.40	1,532.40	-
Lubricating Oil	Scheduled Waste	KG	2,629.80	1,245.70	-
Oil-Water Mixture	Scheduled Waste	KG	-	15,665.00	-
Contaminated Rags	Non-Scheduled Waste	KG	-	-	187.00
Metal/Steel	Non-Scheduled Waste	KG	463,706.00	90,000.00	-
Wood	Non-Scheduled Waste	KG	9,150.00	-	-
Dust	Non-Scheduled Waste	KG	440,100.00	-	-
Slags	Non-Scheduled Waste	KG	1,365,460.00	-	-
Cement	Non-Scheduled Waste	KG	1,309,930.00	-	-
Industrial Waste	Non-Scheduled Waste	KG	72,753.00	-	-
Domestic	Non-Scheduled Waste	KG	1,433.00	119,830.00	-
Plastic	Recycled	KG	1,082.00	244.00	-
Paper	Recycled	KG	3,491.00	405.00	-
Tin	Recycled	KG	-	37.50	-
Metal-Paint	Recycled	KG	-	327.50	-
Total		KG	3,669,747.20	229,287.10	187.00

Goal 3 – Developing a Safe, Healthy, and Dignified Workforce

Engtex's dedication to developing a safe, healthy, and dignified workforce is deeply ingrained in its commitment to sustainable development and aligning with the UNSDGs. By prioritising employee well-being, the Company not only fulfills its corporate responsibilities but also advances broader societal objectives outlined in the UNSDGs, particularly Goal 3, which focuses on ensuring good health and well-being for all. Recognising the pivotal role of a safe and healthy work environment in driving productivity, innovation, and sustainable growth, Engtex has implemented proactive measures and initiatives. These include robust health and safety protocols, comprehensive employee wellness programmes, and continuous training and education to enhance awareness and foster a culture of safety. Through these efforts, Engtex creates a workplace where every individual can thrive, realising its vision for a safer, healthier, and more dignified workforce while actively contributing to global UNSDG goals.

Management Approach

Engtex's management approach prioritises the health, safety, and dignity of its workforce, firmly grounded in its commitment to sustainable development and alignment with the UNSDGs. Understanding the essential role of employee well-being in achieving broader societal objectives, particularly Goal 3 of the UNSDGs, Engtex implements proactive measures across its operations. These encompass robust health and safety protocols, comprehensive employee wellness programmes, and continuous training to foster a culture of safety. By creating a supportive workplace environment, Engtex enables every individual to thrive, advancing its vision for a safer, healthier, and more dignified workforce while contributing to global UNSDG efforts.

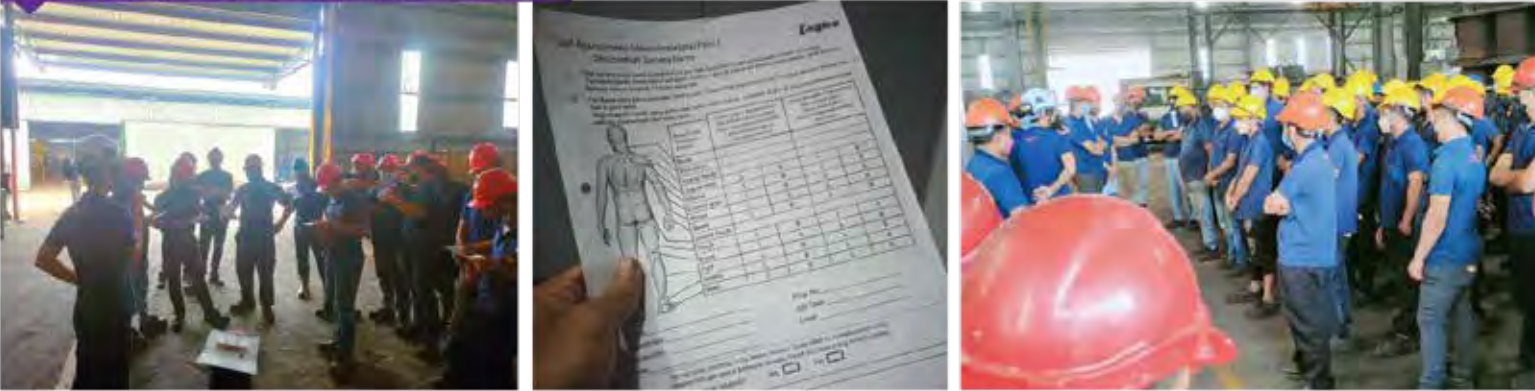
Employee Well-being and Development

At Engtex, we prioritise the well-being and professional development of our employees as integral components of our organisational culture. Recognising that employee well-being is crucial for productivity and morale, we offer a range of initiatives aimed at promoting physical, mental, and emotional health. From training and skill enhancement programmes to flexible work arrangements and mandated healthcare benefits, we strive to create a supportive and inclusive work environment where our employees can thrive and learn. These initiatives cover a wide array of topics, including technical skills, leadership development and personal growth such as EDIP in Kuantan conducting safety training with the local fire department that is tailored to meet the evolving needs of our employees and the demands of our industry. By prioritising employee well-being and training, Engtex aims to empower our team members to achieve their full potential and contribute to the long-term success of our company.

EDIP Kuantan



Training On The Body Posture Related With Work



Training On Personal Protective Equipment For Hot Work

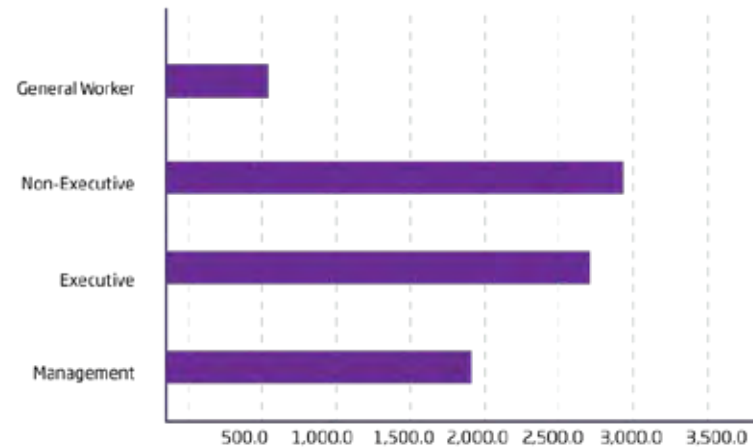


TRAINING

To ensure the continuity of our performance-based culture, we encourage training and development programme for all levels of employees. We equip our employees with the knowledge and skills necessary to integrate sustainability principles into their daily work practices and contribute to our sustainability objectives. Our training initiatives cover various topics, including environmental stewardship, energy efficiency, waste reduction, and ethical business practices. These training sessions are conducted regularly throughout the year, to ensure that all employees, from management to frontline staff, are well-informed and empowered to make sustainable decisions in their respective roles. The provided data disclose the Group training hours by employee category for FY2023.

Through ongoing education and empowerment, we are better equipped to integrate sustainability into our business operations, mitigate environmental impacts, and create long-term value for our stakeholders.

Group Training Hours by Employee Category



	Management	Executive	Non-Executive	General Worker
FY2023	2,058.5	2,858.5	3,089	696

SAFETY AND HEALTH

Engtex’s safety and health initiatives are central to our commitment to employee well-being and operational excellence. We ensure that relevant steps are taken in maintaining its environment within the safe zone for Engtex’s employees, contractors and visitors. Through regular safety and health training programmes, we promote enhanced safety awareness and best practices in health and safety management. These training sessions covered a range of topics, including hazard identification, emergency response procedures, and the proper use of personal protective equipment (“PPE”). By empowering our workforce with the knowledge and skills to identify and mitigate workplace risks, we foster a culture of safety that permeates every aspect of our operations.

At Engtex, we prioritise the safety and well-being of our workers by equipping them with PPE and other essential safety gear. Through rigorous adherence to safety protocols and regulations, we ensure that our employees have access to the necessary equipment and training to perform their tasks safely. From high-quality helmets and gloves to protective eyewear and safety footwear, we provide comprehensive PPE to mitigate workplace hazards and minimise the risk of accidents or injuries. Additionally, we conduct regular inspections and maintenance of PPE to guarantee its effectiveness and reliability. By empowering our workers with the tools and resources they need to stay safe on the job, we uphold our commitment to fostering a culture of safety and ensuring the well-being of our workforce.

In line with our dedication to transparency we strive for zero incidents, we recognise the importance of transparently reporting on any unfortunate occurrences to learn from them and further strengthen our safety protocols.



HEALTH AND SAFETY	FY 2021	FY 2022	FY 2023	TARGET(S)
No. of work-related fatality at work sites	0 case	0 case	0 case	0 case
Lost Time Injury Frequency Rate (LTIFR)	3.46	3.07	5.36	3.0

Featured on Engtex Health and Safety Programmes

During the year, Engtex sent its engineers and technicians to participate in the "F" Jig Shape Training, a specialised programme tailored for the steelmaking industry. This training delved into the intricacies of shaping jigs used in steel fabrication, and focusing on optimising the "F" shape to enhance efficiency and precision in production processes.



The significance of this training for the steelmaking industry lies in its potential to revolutionise manufacturing practices. By mastering the art of jig shaping, Engtex gains a competitive edge, as it can produce steel components with greater accuracy and consistency. This not only improves product quality but also streamlines production timelines and reduces waste.

Featured on Engtex Health and Safety Programmes



Engtex promotes staff involvement in the 3R programme through training, awareness campaigns, and green initiatives. Employees are encouraged to reduce waste, reuse materials, and recycle responsibly. The Company fosters a culture of sustainability and aims to minimise its environmental impact and contribute to a cleaner future.

Featured on Engtex Health and Safety Programmes

Engtex prioritises the safety and well-being of its employees through comprehensive health and safety training programs. These initiatives encompass PPE, such as Personal Protective Respirators (“PPR”), earmuffs, chemical safety training and posture work training.

The PPR training equips employees with the knowledge and skills to correctly wear and utilise respirators in hazardous work environments, ensuring protection against airborne contaminants. Similarly, earmuff training educates staff on the proper usage of hearing protection equipment to prevent noise-induced hearing loss in noisy work areas.

Chemical safety training is paramount in industries where exposure to hazardous substances is prevalent. Engtex's training programmes educate employees on the safe handling, storage, and disposal of chemicals, reducing the risk of accidents and occupational illnesses.

Additionally, posture work training emphasises ergonomic principles to mitigate the risk of musculoskeletal disorders caused by poor posture or repetitive tasks. Employees learn proper lifting techniques, workstation ergonomics, and stretching exercises to maintain optimal health and comfort while performing job duties.

Engtex's commitment to health and safety extends beyond compliance, fostering a culture of vigilance and accountability among employees. By investing in these training programmes, the company not only safeguards its workforce but also enhances productivity and morale. Ultimately, Engtex strives to create a work environment where employees feel supported, empowered, and secure in their roles.



Other Information

Appendices

Bursa Key Performance Indicator 2023

Indicator	Measurement Unit	2023
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100.00
Executive	Percentage	100.00
Non-executive/Technical Staff	Percentage	100.00
General Workers	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	246,157.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	1,000
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	2.00
Management Between 30-50	Percentage	56.00
Management Above 50	Percentage	42.00
Executive Under 30	Percentage	22.00
Executive Between 30-50	Percentage	64.00
Executive Above 50	Percentage	14.00
Non-executive/Technical Staff Under 30	Percentage	36.00
Non-executive/Technical Staff Between 30-50	Percentage	54.00
Non-executive/Technical Staff Above 50	Percentage	10.00
General Workers Under 30	Percentage	45.00
General Workers Between 30-50	Percentage	52.00

General Workers Above 50	Percentage	3.00
Gender Group by Employee Category		
Management Male	Percentage	76.72
Management Female	Percentage	23.28
Executive Male	Percentage	46.47
Executive Female	Percentage	53.53
Non-executive/Technical Staff Male	Percentage	56.80
Non-executive/Technical Staff Female	Percentage	43.20
General Workers Male	Percentage	99.80
General Workers Female	Percentage	0.20
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	63.00
Female	Percentage	37.00
Under 30	Percentage	0.00
Between 30-50	Percentage	25.00
Above 50	Percentage	75.00
Bursa C4(a) Total energy consumption	Megawatt	48,831.82
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	5.36
Bursa C5(c) Number of employees trained on health and safety standards	Number	418
Bursa C6(a) Total hours of training by employee category		
Management	Hours	2,059
Executive	Hours	2,859
Non-executive/Technical Staff	Hours	3,089
General Workers	Hours	696
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.74
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	13
Executive	Number	30

Non-executive/Technical Staff	Number	95
General Workers	Number	211
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa C7(a) Proportion of spending on local suppliers	Percentage	76.77
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa C9(a) Total volume of water used	Megalitres	179.12
(*) Restated		

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