



KPI PERFORMANCE INDICATORS FOR MOST MATERIAL MATTERS 2023



ECONOMIC COMMITMENT

ECONOMIC KPI

SUSTAINABLE LOCAL PROCUREMENT



CBB continues to ensure all suppliers adhere to its Code of Business Conducts and Ethics ("COBE"). The COBE has clear clauses that suppliers must comply with such as conflicts of interest, anti-corruption and bribery, and no gift policy.

In 2023, 565 suppliers submitted written agreement to abide by CBB's Supplier Integrity Pledge. As a part of its ESG KPI, the company achieved its target of ensuring that at least 90% of its suppliers are used forest-based products kraft paper certified and that at least 12.5% of the chemicals used in the production process was biodegradable.

Production of offset cartons at
CBB's carton division.



PROCUREMENT

ECONOMIC KPI

SUSTAINABLE LOCAL PROCUREMENT (continued)

Local procurement is preferred as much as possible unless unavoidable or if foreign suppliers' overall value proposition is more compelling. This includes considerations with regard to environmental and social performance.

The Group defines local procurement as sourcing products manufactured or produced locally, services provided by businesses operating within the area, and necessary items obtained from nearby suppliers or vendors. These helps reduce the environmental footprint, typically resulting in faster provision of goods and services and local job creation. Local is defined as where the Group operates and is not restricted based on national boundaries.

	2021	2022	2023
Total Procurement Spending (RM)	NA	NA	99,811,688
Total Local Procurement Spending (RM)	NA	NA	50,332,351
Proportion of Spending on Local Suppliers (%)	NA	NA	50
Total Number of Suppliers	NA	NA	565
Total Number of Local Suppliers	NA	NA	507
Percentage of Local Suppliers (%)	NA	NA	90
Number of Suppliers Endorsed Anti-Bribery/ Anti-Corruption Policies (third party declaration)	NA	NA	565

NA: Not Available



ECONOMIC KPI

STRINGENT QUALITY CONTROL PROCEDURES

In ensuring product quality, CBB has established product rejection rates per annum of not exceeding 0.5% for cartons and 0.25% for paper products. CBB maintained a low product rejection rate of just 0.32% and 0.013% for cartons and paper, respectively.



Production of corrugated cartons at CBB carton division.

CBB's approach to quality and customer satisfaction is driven by its adherence to ISO 9001. The subsidiary companies' Quality Assurance unit is assigned to champion the matter company-wide. This includes conducting internal audits and reporting to management on firm action plans towards driving further enhancements with regard to quality. The unit also liaises with customers to ensure alignment between finished goods and production processes with customer preferences and requirements.



ENVIRONMENTAL COMMITMENT



ENVIRONMENTAL KPI

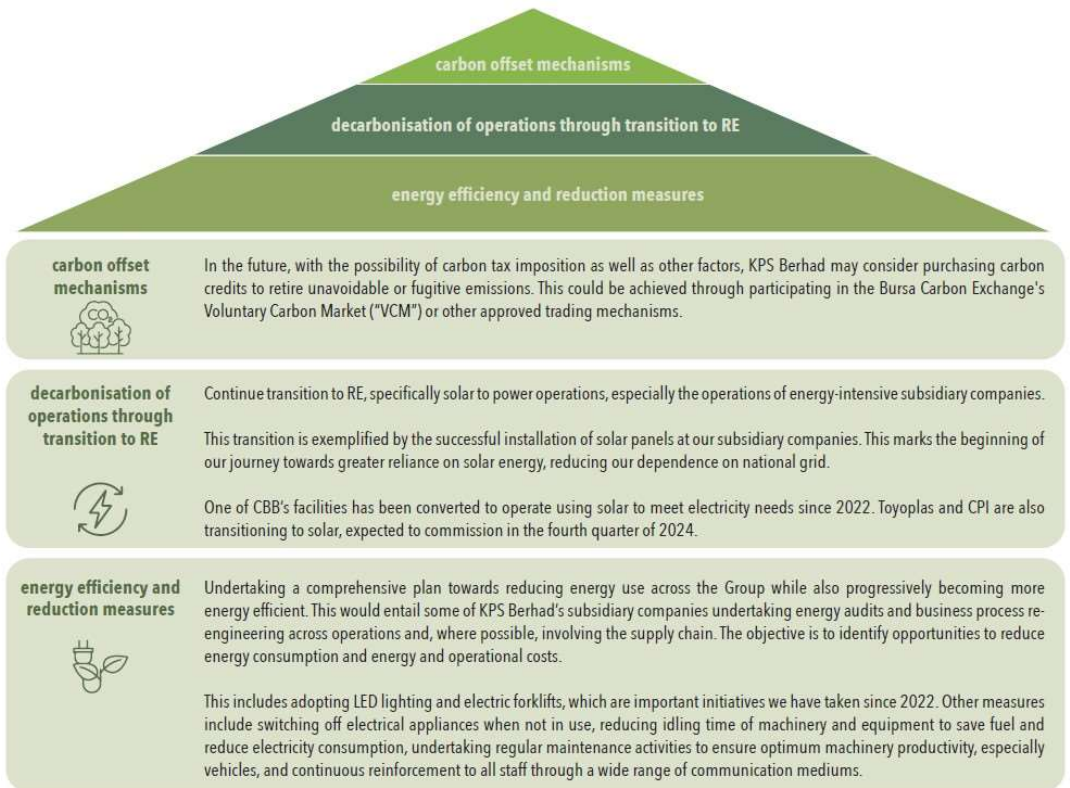
ENVIRONMENTAL COMMITMENT

reducing carbon emissions intensity by 45% by 2030 & ultimately pursuing carbon neutrality by 2050

[GRI 3-3, 201-2, 305-5]

Post the Conference of Parties 28 (COP28), the momentum towards maintaining global warming to 1.5°C continues to gain traction as nations and economies pay closer attention to managing their dependence on fossil fuels, and reducing their contributory carbon emissions to global warming and climate change.

The overall management approach to energy consumption is to constantly pursue cost and operational efficiency, notably given rising energy and electricity costs. The strategy is as follows:

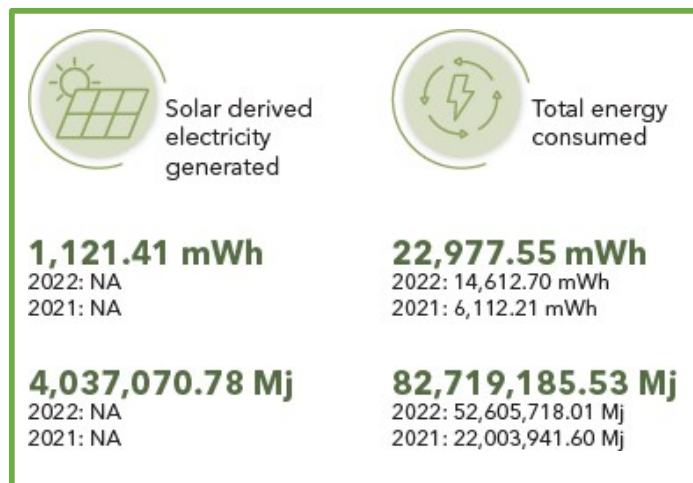


ENVIRONMENTAL KPI

ENERGY MANAGEMENT

CBB's use of solar energy via installations at its factories has enabled the company to meet its energy needs while reducing Scope 2 carbon emissions and providing insulation from rising costs of grid-derived electricity. CBB consumes diesel for company vehicles, power generators, and heavy machinery such as forklifts used at operational sites. Electricity is used to power corrugators, printing machines, and all other machinery in its business division.

CBB's overall energy consumption saw an increase in 2023. Having said that, solar energy usage constituted approximately 4.9% of the company's total energy consumption.



Solar panels have been installed at one of CBB's manufacturing facility in Senai, Johor

ENVIRONMENTAL KPI

EMISSIONS

The Group's concern and commitment to addressing climate change is to strive towards reducing carbon emissions intensity by 45% by 2030 and pursuing carbon neutrality by 2050. KPS Berhad's aspirations are consistent with the Malaysian government's target of achieving carbon neutrality as early as 2050.

While high-level ambitions have been set, the Group is presently working towards establishing operational targets that will enable more specific reduction targets over shorter, tactical timeframes.



ENVIRONMENTAL KPI

EMISSIONS (continued)

The 3 Scopes of Emissions are:



Scope 1 emissions, KPS Berhad, accounted for emissions produced from the consumption of direct fuel sources. In general, fuel consumption comprises the following:

- Stationary sources: boiler, heater, gen-sets (petrol, diesel and liquefied natural gas or LNG)
- Mobile sources: company-owned vehicles (petrol and diesel)

Measurement of Scope 1 emissions produced is based on the GHG Protocol and IPCC Guidelines for National Greenhouse Gas Inventories.



Scope 2 emissions are from indirect fuel sources, primarily electricity consumption.

The Grid Emission Factor ("GEF") in Malaysia was based on Malaysia Energy Information Hub.



Scope 3 emissions are produced from activities outside the Group's business but for which KPS Berhad is directly or indirectly responsible. In line with the reporting requirements of SRG3, KPS Berhad has aimed to provide Scope 3 emissions arising from **employee commuting and business travel**.

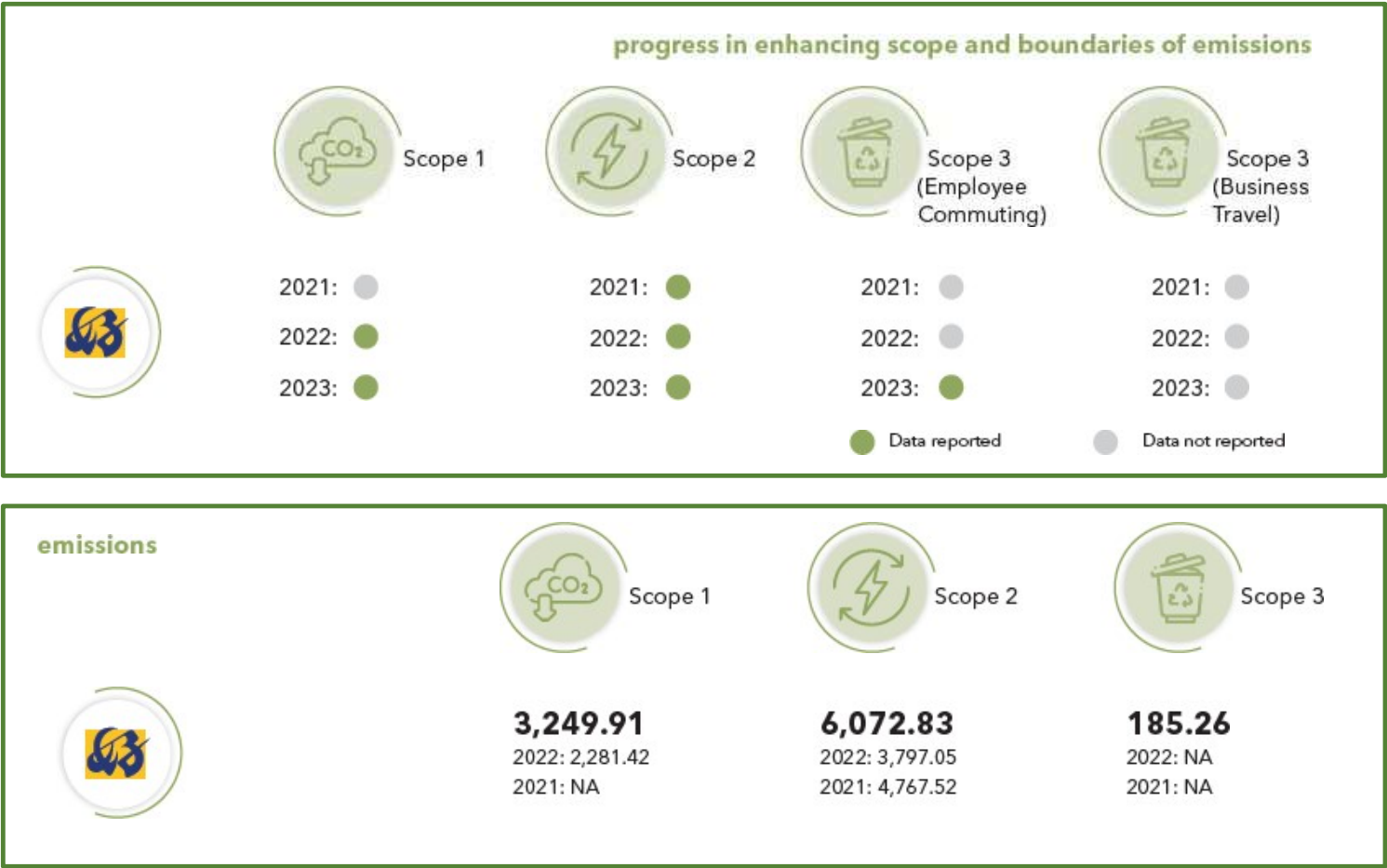
KPS Berhad has effectively addressed employee commuting arrangements at all operational sites in Malaysia, as well as at one site in Indonesia. In addition, as of 2023, KPS Berhad, Toyolas (Malaysia and Indonesia operating sites) and MDS Advance have begun declaring business travel emissions.

Measurement of emissions produced is based on the KPS Berhad, Toyolas (Malaysia and Indonesia operating sites) and MDS Advance have begun including business travel emissions.

GHG Protocol and IPCC Guidelines for National Greenhouse Gas Inventories.

ENVIRONMENTAL KPI

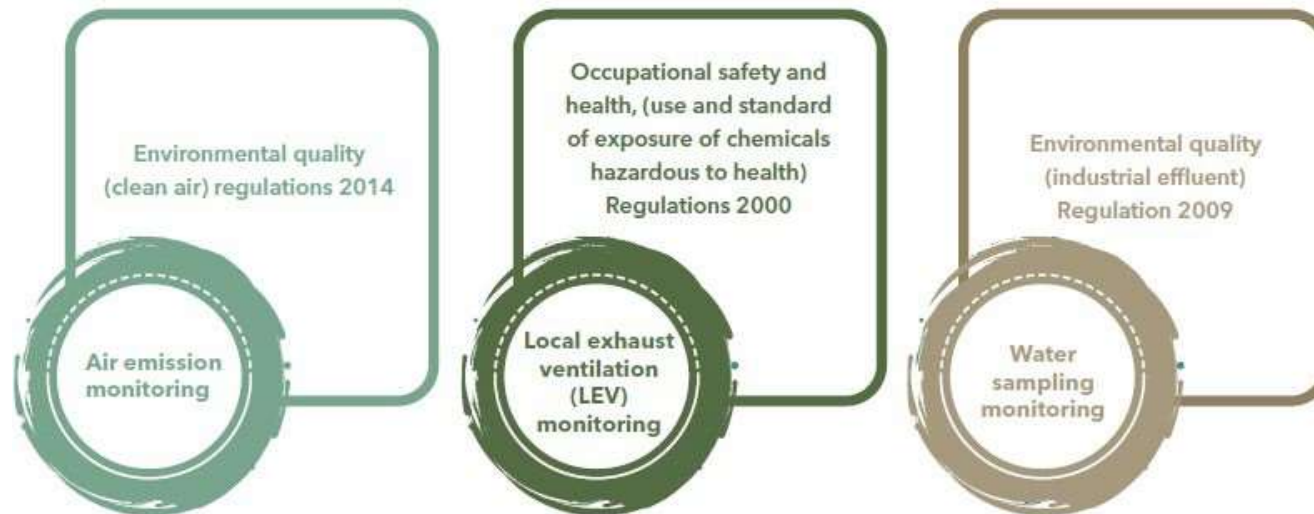
EMISSIONS



ENVIRONMENTAL KPI

RESPONSIBLE MANUFACTURING PRACTICES

CBB's commitment to reducing and avoiding environmental impacts has been cascaded to all subsidiary companies. The Group's alignment to UNSDGs 12 and 13 further guides the approach.



ENVIRONMENTAL KPI

WASTE REDUCTION

CBB has achieved a 100% conversion rate for repurposing all carton trim waste into moulded pulp casings. CBB intends to formulate its dedicated Waste Policy, which shall stipulate the company's commitment to reduce and eliminate waste generated from its production operations and processes.



CBB has successfully achieved



100%

conversion rate in converting carton trim waste to moulded pulp casings

Non-hazardous waste reused
(Carton to Pulp) (tonnes)

370

2022: 355
2021: 777

Non hazardous Waste
sold to recyclers

1,637.24

2022: 1,225
2021: Not reported

Revenue (from conversion of carton trim
waste to pulp moulding) (RM)

2,259,453

2022: 3,246,608
2021: 8,835,531

CBB monitors its performance against the following KPIs:

Recycle

100%

carton trim waste to
produce moulded pulp
casing



Achieved:

Reduce production waste for paper
production by:

1% for cement;
2% for non-cement



Not Achieved:

**1.82% for cement bags;
3.48% for non-cement bags:**

CBB was unable to achieve this KPI due to
maintenance constraints stemming from ongoing
machine upgrades.

To achieve target below 13%
of rejection rate for setting waste



**Not Achieved:
17.75%**

CBB fell short of meeting its targeted
KPI due to the ongoing upgrades of
the corrugator machine.

ENVIRONMENTAL KPI

POLLUTION AND EFFLUENTS MANAGEMENT

The production of paper and packing products does create waste products. Many of these are reused within the business through adopting circular economy methods or sent for recycling by external parties. The aforementioned is mainly applies to pulp and paper waste.

Wastewater generated from production is treated to permissible standards as provided in the Environmental Quality (Industrial Effluent) Regulation 2009 before being discharged. Regular internal assessment is conducted to ensure wastewater meets regulatory standards prior to discharge. External assessments are also performed on a periodic basis by the DOE.

Similarly, regular monitoring is also undertaken for air emissions and noise levels, both internally as well as by the DOE.

Results for 2023 show that CBB has complied with regulatory requirements.

ENVIRONMENTAL KPI

MATERIAL CONSUMPTION

Up to 90% of paper sourced by CBB is forest-based products kraft paper. The company continues to prefer biodegradable and environmentally friendly chemicals.

In terms of recycled material use, 100% of cartons trim waste is reused to produce moulded pulp casings.

In 2023, total material consumption had increased due to increased production activities. However, compared to the material intensity (tonne/revenue), CBB has become more efficient year-on-year.

Total weight or volume of materials used (tonnes)

125,041

2022: 113,657

2021: NA

NA: Not Available

WATER SECURITY

Water is a primary input in the manufacture of paper and paper based products. Hence, CBB consumes significant quantities of potable water. In reducing its dependence on potable water, CBB leverages rainwater harvesting.



Harvest
Rainwater

Total water consumption (litres)

46,984,050

2022: 10,503,000

2021: 21,433,000





SOCIAL COMMITMENT

SOCIAL KPI

HIRING FROM LOCAL COMMUNITIES

As much as possible, CBB's approach to employee recruitment is a preference for local hires, with local being defined as in local to where the Group operates. While there is no formal policy stipulated to that effect, across the Group's operations, both at Headquarters and at the subsidiary level, the practice is as much possible, to provide locals with first opportunities to jobs.

In certain unavoidable situations i.e. employment of manual labour in Malaysian operations, foreign workers are hired due to locals not wanting to work in these professions. The use of foreign workers is typically only on the manufacturing floor of operating companies.



SOCIAL KPI

TRAINING AND CAREER DEVELOPMENT

In 2023, CBB embarked on an initiative to enhance the skills of 5 employees through structured training with the aim of promoting them to the next level within the company. This has become an annual practice for the company's HRD, highlighting their commitment to employee development and career advancement.

Identifying and selecting participants for relevant training programme will be conducted through HRD in collaboration with the respective HODs. This ensures alignment between individual training needs and organisational objectives, fostering a culture of continuous learning and professional growth within CBB.



END OF REPORT



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