

SUSTAINABILITY STATEMENT

SUSTAINABILITY AT BHIC

As a Government-Linked Company (GLC) with diverse interests in marine, aerospace, defence and security-related industries, we understand how BHIC operations impact the various stakeholders that we serve. Towards this end, we aim to grow in a sustainable manner with best practices across economic, environmental and social (EES) aspects of our business, as outlined in our Sustainability Policy. In this regard, we are guided by the BHIC Group's core values of Belonging, Honour, Integrity and Commitment and we remain steadfast in our dedication to inculcate sustainability principles as we pursue growth throughout the value chain.

Since 2018, the Group has reported on its sustainability performance to demonstrate our commitment to sustainability in delivering value to our stakeholders.

SCOPE OF SUSTAINABILITY REPORTING

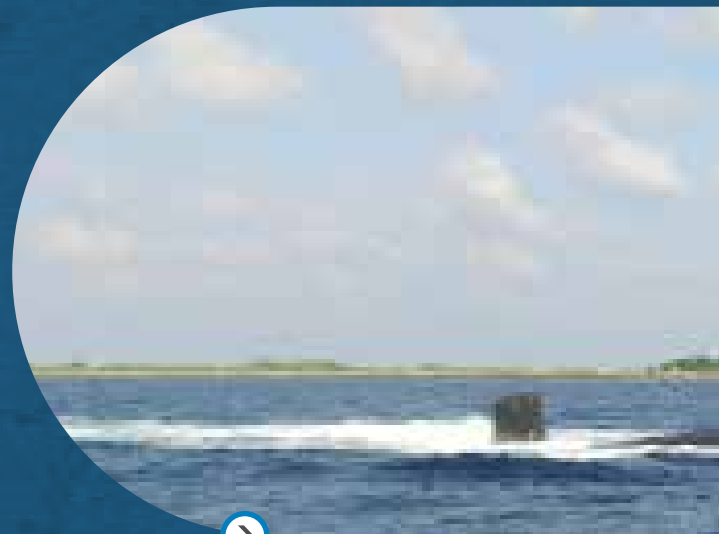
The Sustainability Statement details our approach to sustainability, how we determine matters that are important to our stakeholders as well as our performance with regards to these material matters through the economic, environmental, social and governance initiatives undertaken by the Group from 1 January until 31 December 2022.

ASSURANCE

The contents of this report have been reviewed and endorsed by our Management Sustainability Committee and Board Sustainability Committee, while our internal Group Risk Management reviewed and ensured the accuracy of our materiality matrix.

OUR SUSTAINABILITY JOURNEY

Solidifying our efforts to create value for our stakeholders, we formally kicked off our sustainability journey in 2017. Since then, we have made steady progress as reflected in our key sustainability milestones below:



2019

Identification of Sustainability Focal Persons for each Business Unit within BHIC Group and each Department within BHIC headquarters to facilitate more structured and coordinated sustainability-related activities and Group-wide reporting

2018

Publication of our first standalone Sustainability Report

2017

Incorporation of sustainability activities undertaken by the Group at the BHIC headquarters in Kuala Lumpur and in our associate company BNS in our report

KEY MILESTONES

2020

Collection of data on sustainability matters, namely on EES areas

2021

Identification of target performance indicators areas and initiatives to enhance awareness on BHIC's sustainability principles and objectives among stakeholders via newsletters and sustainability-related activities

2022

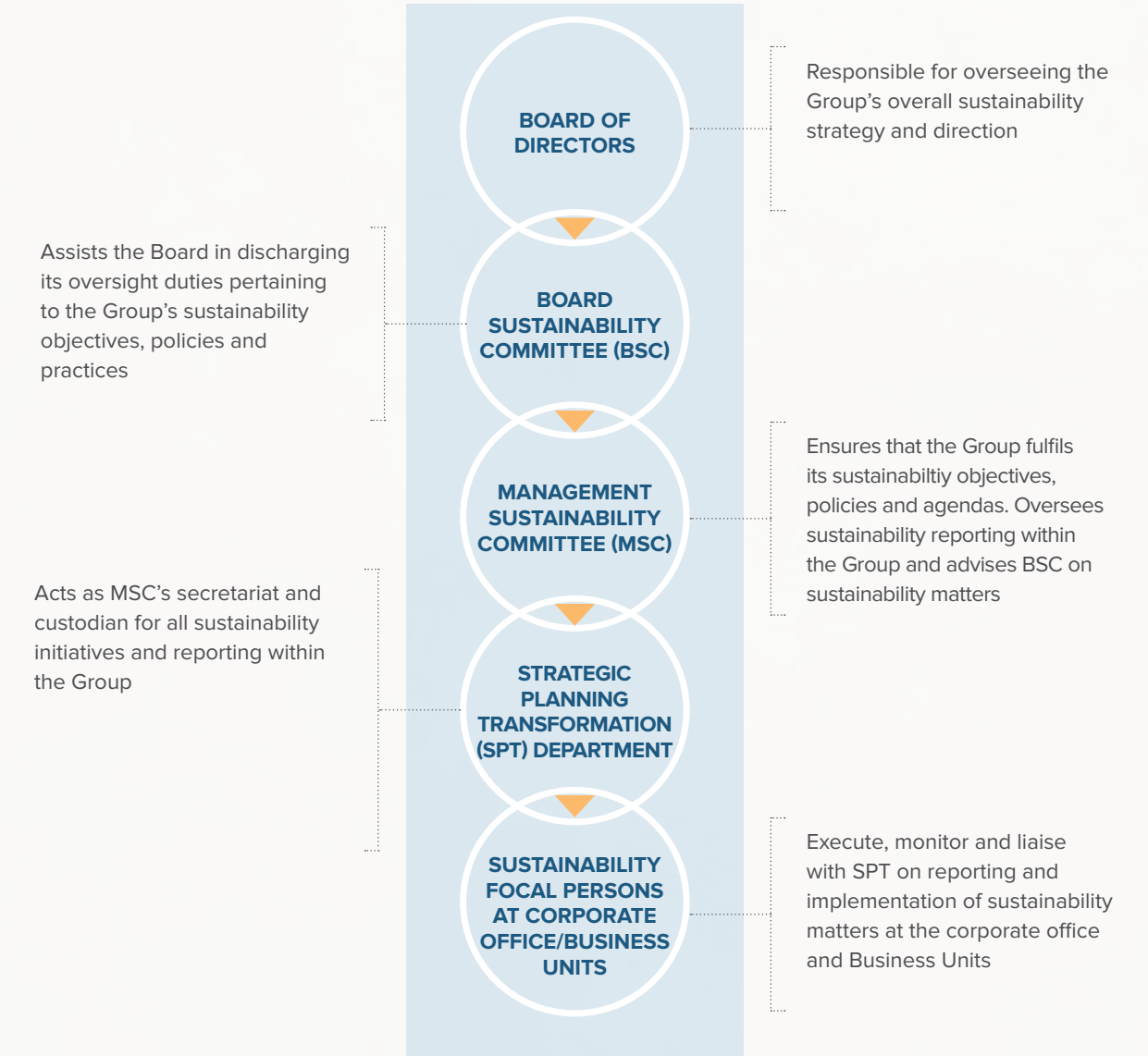
Developed and improved on our target performance indicators to monitor progress across identified material matters and further enhanced sustainability awareness amongst employees

SUSTAINABILITY REPORT

SUSTAINABILITY GOVERNANCE

The Group’s commitment to sustainability is spearheaded by the Board of Directors, who assumes overall responsibility for BHIC’s sustainability direction and performance. To aid the Board in this effort, the Board Sustainability Committee (BSC), comprising three members, convenes at least twice annually to guide and steer the company’s sustainability initiatives. The Management Sustainability Committee (MSC), which is headed by BHIC CEO and consists of eleven members, ensures that BHIC achieves its sustainability goals, policies and agenda at the management level.

SUSTAINABILITY GOVERNANCE AT BHIC



OUR MATERIAL MATTERS

Our ability to create value for our stakeholders and sustain optimal performance is influenced by a range of economic, social and environmental factors, collectively known as our material matters. Through our comprehensive materiality assessments, we remain steadfast in our pursuit to identify and deepen our understanding of these matters, as they enable us to formulate strategies that are impactful and allocate resources appropriately towards mitigating any issues that may arise, while simultaneously addressing the concerns of our valued stakeholders. By adopting this approach, we maintain our position as a responsible and reputable corporate entity that is committed to achieving sustainable growth and long-term success while upholding the expectations of our stakeholders.

BHIC MATERIALITY MATRIX

Following our initial materiality assessment which started in 2019, we continue to revisit our material matters through stakeholders survey conducted on an annual basis. This is to ensure the Group is kept abreast of the matters that are most important and relevant to our stakeholders as well as the business and guide us in the execution of our sustainability initiatives. Our 12 material matters which are grouped according to 3 categories comprising of economic, environmental and social are indicated in our materiality matrix below.



SUSTAINABILITY REPORT

SUPPORTING THE UNITED NATIONS SDG

We are committed to meaningfully contributing to solutions that address critical social and environmental issues through our sustainability initiatives. To ensure we are on the right track, we have aligned our material matters with the appropriate United Nation Sustainable Development Goals (UN SDG) as follows:

	Material Matters	UN SDG	SDG Icons
1	Occupational Health and Safety	Good Health and Well-Being	
		Decent Work and Economic Growth	
2	Good Corporate Governance and Integrity	Peace, Justice and Integrity	
3	Economic and Financial Sustainability	Decent Work and Economic Growth	
4	Labour Practices and Human Rights	Zero Hunger	
		Gender Equality	
		Peace, Justice and Integrity	
		Decent Work and Economic Growth	
5	Products/Services Quality and Customer Satisfaction	Responsible Consumption and Production	
6	Employee Training, Education and Development	Quality Education	
		Decent Work and Economic Growth	
7	Providing Business Opportunities	Decent Work and Economic Growth	
8	Impact of Pandemic	Good Health and Well-Being	
		Sustainable Cities and Communities	
9	Greenhouse Gas Emissions (GHG) and Energy Management	Affordable and Clean Energy	
		Climate Action	
		Life Below Water	
		Life on Land	
10	Waste and Water Management	Clean Water and Sanitation	
		Life Below Water	
		Life on Land	
11	Research & Development and Innovation	Industry, Innovation and Infrastructure	
12	Community Contributions and Development	Good Health and Well-Being	
		Reduced Inequalities	
		Sustainable Cities and Communities	



ECONOMIC PERFORMANCE



KD KERIS.

The economic performance of Malaysia in 2022 was consistent with that of the global economy, which rebounded following the relaxation of lockdowns and movement control orders in the post-pandemic period. As the nation transitioned into the endemic phase of COVID-19, Malaysia's economy demonstrated encouraging recovery with a gross domestic product (GDP) of 8.7% in 2022, compared with 3.1% GDP as well as global GDP of 3.4% recorded in the preceding year.

However, various forecasts indicate that Malaysia is likely to experience a more moderate GDP in 2023, with an average projection of 4.0% due to weaker external demands, inflationary pressures, slower spending due to rising prices of goods, commodities and cost of living, as well as geopolitical uncertainties. This is in line with the slower global economic growth of 2.9% projected by the International Monetary Fund and the World Bank.



Despite these challenges, we remain optimistic that the Government's fiscal expansionary policies will effectively counter the economic downturn. Furthermore, we welcome the Government's commitment to completing the LCS project and safeguarding the nation's defence and security, which bode well for our business prospects in the sector. In addition, the economic recovery provides us with the impetus to increase our efforts to cast a wider net in the commercial segment.

PRODUCT/SERVICES QUALITY AND CUSTOMER SATISFACTION



Project Risk Assessment

BHIC Group is an established player in the shipbuilding and MRO industries. These two areas generate the majority of the Group's revenue, and as such, project risk management is of utmost importance to us.

To ensure that project risks are identified, assessed, and managed effectively, BHIC Group established a Project Risk Management Plan in 2014, which was further revised in 2019 to ensure its continued relevance. Forming the basis of BHIC Group's risk management approach, this plan outlines the procedures and guidelines for assessing, recording and managing risks associated with projects that the Group undertakes.

The company's Project Risk Assessment process is comprehensive and rigorous with risk assessments performed at the commencement of each project and monitored until project completion. Complementing this risk assessment process, the BHIC Group Risk Management Department is also involved in discussions with senior management, business units and external parties on various projects, including the LCS project as well as new projects and business ventures, apart from our MRO activities. This ensures that we remain vigilant in identifying and managing potential risks, to support the success of the Group.

SUSTAINABILITY REPORT



Customer Engagement

At BHIC, we take great pride in delivering exceptional service to our customers. To this end, we adhere to the best practices of the ISO 9001:2015 Quality Management System including conducting customer satisfaction surveys through our business units. Through these surveys, we are able to leverage the feedback from our customers to support and complement our decision-making processes and improve the services we offer.

We also consistently engage with our customers to understand their needs and expectations through regular internal quality checks. These checks help us to ensure that our services are of the highest quality and that they are consistent with our customers' expectations.

The following describes the various customer engagement initiatives undertaken by our Business Units:

BMTA

- Satisfaction surveys conducted at the completion of every training session.

BHICAS

- Daily engagements conducted on execution level, as well as weekly and monthly engagements on working level.
- Formed a sales team and customer support management to enhance customer engagement.

BLS

- Satisfaction surveys conducted for all projects undertaken.
- Survey results indicate an average rating of 4 to 5 out of 5 in customer satisfaction for all projects

Group Supply Chain Management Department (GSCM)

- Vendor Development Programme vendors survey was conducted to gain feedback on BHIC's initiatives.
- Satisfaction surveys conducted for all engagements undertaken achieved an average rating of 4 out of 5.

BDNC

- Customer satisfaction surveys conducted on a quarterly basis. Average rating of 3.1 out of 5.
- In 2022, the customer satisfaction survey was reviewed and revised to improve the quality of data collected through the survey.
- Various industrial client engagement programmes conducted, including:
 - March 2022: Golf Invitational with the Royal Malaysian Navy (RMN)
 - July 2022: Trusmadi Mountain Climbing Programme 2022
 - July 2022: BDNC Occupational, Safety and Health (OSH) Week - Safety Engagement Programme
 - August 2022: Team Building (Outward Bound School)
 - August 2022: Navy Yacht Club for HQ Eastern Fleet Merdeka Mega Dive 2022

BNS

- Customer Satisfaction Feedback was conducted three times in 2022.
- Average score of 3.59 out of 5 recorded.

BBA

- Distributed Customer and Project Feedback Form after product presentation and training for operators was conducted
- Average score of 4.9 out of 5 recorded.



Certifications

BHIC's commitment to quality is reflected in the various quality management certifications we have obtained, which help us maintain consistently high standards for our products and services.

ISO certifications attained by BHIC companies are as follows:

ISO 9001:2015 Quality Management Systems

BHIC AeroServices Sdn Bhd

BHIC Bofors Asia Sdn Bhd

BHIC Defence Techservices Sdn Bhd

BHIC Submarine Engineering Services Sdn Bhd

Boustead DCNS Naval Corporation Sdn Bhd

Boustead Langkawi Shipyard Sdn Bhd

Boustead Naval Shipyard Sdn Bhd

ISO 45001:2018 Occupational Health & Safety Management

Boustead Naval Shipyard Sdn Bhd

Boustead DCNS Naval Corporation Sdn Bhd

ISO 37001:2016 Anti-Bribery Management System

Boustead DCNS Naval Corporation Sdn Bhd



Certifications



BHICAS ISO 9001:2015 Provision of Helicopter Maintenance, Repair and Overhaul Services Certifications



Awards and Recognition

Reflecting our commitment to excellence and continuous improvement in the areas of maritime and defence solutions, the Group received several awards and recognitions in 2022, including:

BDTS

- Awarded a four-star rating for competitiveness as a Member of Malaysia Industrial Council for Defence, Enforcement & Security (MIDES)

BMTA

- Recognised as a Malaysia Board of Technologist (MBOT) Continuing Professional Development (CPD) Training Centre Provider

SUSTAINABILITY REPORT



Awards and Recognition (CONT'D)

BHICAS

- Recognition from the Royal Malaysian Air Force (RMAF) for putting into service 12 EC725s following the completion of a 1200 Hours/3 Years inspection check.
- BHICAS is a certified approved Airbus Helicopter Maintenance centre which is able to carry out comprehensive range of MRO activities on Airbus Helicopter



Recognition from RMAF for BHICAS



BHICAS is an approved Airbus Helicopter Maintenance Centre

BDNC

- Awarded the Excellent Employer Award 2022 by the Employees Provident Fund of Malaysia (EPF), which recognises employers who have shown exemplary compliance towards their employees' EPF contributions.



Presentation of the Excellent Employer Award 2022 to BDNC



ECONOMIC AND FINANCIAL SUSTAINABILITY



At BHIC, our commitment to economic and financial stability is unwavering. We believe that by ensuring our financial sustainability, we can drive growth and long-term value for our shareholders and investors while remaining responsible, transparent and accountable. We understand that this requires us to be adaptive and responsive to the risks and opportunities present in our operating environment.

In 2022, BHIC recorded a revenue of RM141.8 million on the back of a high level of activities throughout the year. The Group also incurred a loss after tax of RM19.9 million and we are taking steps to address the underlying issues that led to this outcome, in line with our commitment to prioritise the best interests of our employees, vendors, subcontractors and surrounding communities.

The table below outlines the various projects undertaken during the year:

Sector	Company	Achievement
Marine	BNS	<ul style="list-style-type: none"> Completion of MRO works for eight RMN ships: <ul style="list-style-type: none"> Upslipping of KD HANG TUAH Towing and upslipping of KD MAHAWANGSA 4 MRO works for Naval Overseer Outside Repair (NOOR Section) of KD GAGAH SAMUDERA 1 MRO work for KD LEKIR (NOOR Section) Commissioning of fourth Keris Class LMS, KD RENCONG on 28 January 2022 Signing of Fifth Supplementary Contract (SA 5) to Remobilise LCS Project on 31 May 2022
	BLS	<ul style="list-style-type: none"> Completion of MRO works on: <ul style="list-style-type: none"> 53 white boats 17 ferries 8 government vessels 3 Fast Interceptor Crafts
	BDNC	<ul style="list-style-type: none"> Nine-months contract extension until September 2022 to provide In-Service Support (ISS) to RMN submarines, with four projects completed for: <ul style="list-style-type: none"> KD TAR DED KD TAR AMP7 KD TRZ AMP6 KD TRZ AMP7
Weapons & Combat Systems	BBA	<ul style="list-style-type: none"> Awarded a three-year MRO contract on RMN's 57MM/L70 Bofors Gun Received RM 7.0 million contract ceiling increase for RMN's 40MM Bofors Gun contract, which was originally valued at RM14.1 million



SUSTAINABILITY REPORT



PARTNERSHIPS

Since our establishment, we have built a robust network of partnerships, enabling us to leverage the knowledge and experience of our partners to strengthen our capabilities in the defence sector. In 2022, we continued to explore new collaborations, with our business units forging partnerships with various higher learning institutions and corporations as follows:

BNS

With the aim of enhancing its design and engineering capabilities, BNS established partnerships with several universities including Universiti Malaysia Terengganu (UMT), which saw BNS hosting a visit from 12 senior officers and lecturers from UMT's Industrial Center of Excellence (ICoE) Maritime Cluster in August 2022 to strengthen strategic cooperation between both parties.



Visit by UMT's ICoE in August 2022 to BNS

BDNC

Supporting the Ministry of Higher Education's (MOHE) aspirations on Technical and Vocational Education and Training (TVET), BDNC alongside eight other partners signed a Certificate of Collaboration (COC) with Politeknik Kota Kinabalu (PKK) to establish a new academic and training programme.

Through the initiative, BDNC will contribute to providing training for PKK to develop high-skilled TVET graduates that are able to fulfil the needs of various industries in order to reduce Malaysia's dependency on foreign workers, as well as encouraging TVET as a field of choice amongst local students and youths.



Signing of CoC between PKK, BDNC and eight other partners to establish a new TVET academic and training programme

9 Rakan Kolaborasi Strategik PKK

KOTA KINABALU: Politeknik Kota Kinabalu (PKK) pada Jumaat menandatangani Sijil Jalinan Kolaborasi (CoC) bersama sembilan Rakan Kolaborasi Strategik.

Hadir di Dewan PKK bagi menyaksikan majlis tersebut ialah Timbalan Menteri Pengajian Tinggi Malaysia, Senator Datuk Dr Ahmad Masrizal Muhammad.

"Melalui kerjasama ini, kita dapat mengurangkan kebergantungan kepada tenaga kerja asing, merapatkan jurang antara kualiti graduan dan keperluan industri serta menjadikan Pendidikan dan Latihan Teknikal dan Vokasional (TVET) sebagai pilihan utama pelajar."

"Oleh yang demikian, saya menyeru kepada semua pihak industri agar sentiasa terbuka untuk jalinan kolaborasi bersama mana-mana Politeknik atau Kolej Komuniti yang ada," katanya.

Pada majlis itu, PKK yang diwakili Pengarahnya, Dullah Muluk menandatangani CoC bersama Ria Academy and Consultancy Sdn Bhd, Bank Muamalat Malaysia Bhd, Majlis Ugama Islam Sabah (Muis), Boustead DCNS Naval Corporation Sdn Bhd, KKIP Aerospace Training Centre, Koperasi Wawasan Rakyat Sabah Bhd, AMC College, KKIP Sdn Bhd dan Kebangsaan Petroleum Operating Company Sdn Bhd.

Media coverage on BDNC's partnership with PKK

BDTS

BDTS regularly undertook close engagements with original equipment manufacturers (OEM) including its collaboration with CSOC in 2022 as a local partner to support the Combat Systems of KERIS Class LMS built by CSOC for the RMN.

BBA

BBA collaborated and appointed two new local vendors in 2022 for the production of Bofors guns parts and components for future endeavours.



RESEARCH & DEVELOPMENT (R&D) AND INNOVATION



R&D AND INNOVATION

Acknowledging the importance of R&D and innovation in maintaining competitiveness, meeting customer demands and enhancing productivity, we place great emphasis on developing state-of-the-art products, services and solutions that meet the requirements of our valued customers. This includes investing in R&D activities within the areas of ship design, ship integration, equipment life extension and process improvement, which enable us to retain our technological edge.

BDTS

- BDTS' Engineering Department developed a Gun Control Module (GCM) with the assistance of RMN. The GCM is an electronic device that can be used to operate guns when its primary control system fails.



*The GCM
co-developed by
BDTS and RMN*

Our commitment to R&D and innovation is also demonstrated through our intensified efforts in digitalisation and continuous improvement (CI) projects:

DIGITALISATION

BHIC

- BHIC's Supply Chain Management established an online platform for Vendor Registration, alongside transitioning to digital tender submissions for procurements in order to uphold a more transparent process.
- Localisation of COSYS Combat Management System (CMS) for Kedah-class Next Generation Patrol Vessel (NGPV) by in-house engineers to enhance the capabilities of the CMS COSYS.

BNS

- With a focus on becoming a data-driven business, where decision-making is guided by data-based insights, BNS continued to make steady progress in the implementation of its online platform to facilitate business operations in 2022.

Harnessing the power of digitalisation, BNS has introduced various innovative business applications to automate and improve processes in its Human Resources (HR) operations through the MyBNS Digital Employee Experience (MyDEX) system. Among the applications introduced include the E-Leave, E-Security, E-Gate Pass, E-HCM (Human Capital Management) Self Service, E-Overtime Request and E-Approval systems.

In 2022, BNS undertook the following initiatives under its MyDEX:

- **Launch of E-Leave System of Engineering Faculty of KD PELANDOK**

The Engineering Faculty of KD PELANDOK's (MyFKJ) E-leave System was developed by BNS to help the training and learning centre of RMN, KD PELANDOK, digitalise its leave system. To ensure a smooth transition, BNS also provided technical assistance and advice to faculty members.



BNS and RMN have collaborated on several E-initiatives to enhance back office efficiency

- **Online U-See U-Act (UACT) Initiative**

Launched in April 2022, the Health, Safety and Environment (HSE) UACT online dashboard encourages staff engagement by providing an e-platform for employees to provide feedback on areas for improvement as well as to share information.

SUSTAINABILITY REPORT



RESEARCH & DEVELOPMENT AND INNOVATION (CONT'D.)

• Digital Knowledge Exchange

Furthering its efforts towards digital transformation, BNS undertook an engagement with one of the pioneers in the digital industry in Malaysia and a key player in the Industrial Revolution 4.0 specialising in Engineering Design and Virtual Reality content development. As part of the engagement, BNS shared its digitalisation initiatives and the pioneering vendor conducted a demonstration of its Augmented Reality, which holds the potential to be utilised for teaching and learning at BNS.



Augmented Reality demonstration at BNS

BDNC

- BDNC has also established an online platform to facilitate the digitalisation of its business operations, which features various applications such as E-Appraisal, i-PaySlip, E-Claim, E-Docs, E-Overtime and E-Training.
- Launch of BDNC's Research and Re-Engineering (RaRE) technology department to expand its local capabilities in submarine MRO, with a focus on obsolescence treatment.
- Implemented the Internet of Things (IoT) on board submarines, in line with the Industrial Revolution (IR) 4.0.

BDTS

- BDTS has optimised BHIC Group's intranet portal, MyCompass, to reduce the usage of papers and encourage more virtual meetings. The documents stored in the share point are accessible by designated employee only and it enables live editing to avoid duplicating documents.

BSES

- BSES utilises digital form applications for its safety reports such as Unsafe Conditions (UC) and Unsafe Acts (UA) reports, RMN's Yard Fire Extinguisher Inspection Report, Staff information for Entry Passes at the RMN base, as well as Clinic Visit Forms.

GHCM

- To smoothen HR operations and ease monitoring, GHCM established a Leave Management folder in Microsoft Teams that is accessible by appointed Persons-In-Charge across all departments.

BHICAS

- Introduced a new Ramco Aviation Maintenance & Engineering Software system to improve MRO activities, as well as business and enterprise resource planning (ERP) processes. The new system enables BHICAS to manage complex maintenance requirements, optimise inventory levels and ensure regulatory compliance.
- Utilisation of RAMCO Human Resource Management System (HRMS) for payroll and leave management.



CONTINUOUS IMPROVEMENT (CI) PROJECTS



A total of **119 CI projects** were completed with an achievement of **RM1,964, 645** in cost savings

BHIC's CI projects are initiatives that are geared towards cost-saving exercises in the Group as well as improvement of operational processes, such as improving our existing standard operating procedures (SOP) and requisition processes through our yearly SOP Improvement Programme (SIP).

Among the CI projects and initiatives conducted by our business units in 2022 included:

BLS

- Internal and external audits adhering to ISO 9001:2015 Quality Management Systems
 - Supplier performance evaluations by Supply Chain Management
 - Product and service quality controls by Quality Assurance and Quality Control
 - Requisition and response to client feedback and complaints conducted by the Commercial Department
- All projects undertaken scored an average of 4.25 on each aspect of services rendered. Discussions and briefings were also continuously conducted between the Commercial, Project Management and Production personnel to not only maintain our standard and quality of work, but to enhance them to a higher level.
- Management review meetings and review of processes conducted in line with the requirements of ISO 9001:2015 Quality Management Systems

BDNC

- Improving existing SOPs such as Obsolescence Management Process, Workshop Inspection Process and Purchasing Policy
- Monitoring minimum stock levels
- Cataloguing of spares, consumables, providers and related prices
- Maintaining quality control of two submarines
- Utilisation of Qlik Sense for project performance monitoring

BNS

- Development of a safety briefing video for visitors by the HSE Department, covering health, safety and emergency procedures. The implementation of the video has enabled BNS to minimise face-to-face interactions and reduce time spend on briefings.

PROVIDING BUSINESS OPPORTUNITIES



VDP

We believe it is our responsibility as a key player in the defence and security industry of Malaysia to foster a thriving ecosystem of service providers, vendors and suppliers that is able to support the needs of the nation's defence and security. Towards this end, we are committed to providing business opportunities to local businesses through our VDP. As part of the VDP, we help to promote local content by engaging local vendors in various projects as well as MRO activities through our business units.

In 2022, we further facilitated the growth of the local business community, while contributing to the national economy. In total, we supported 36 vendors under VDP, contributing to a total of 2,604 registered vendors, of which 1,983 are local.

The following are some of the achievements of the VDP in 2022:

- Our Vendor Development Management (VDM) facilitated and arranged a total of eight VDP vendors presentation to end-users and business units on their offerings.

SUSTAINABILITY REPORT



VDP (CONT.)

- Our Group Supply Chain Management (GSCM) ensured continuous engagement with the Ministry of Entrepreneur and Cooperatives Development (KUSKOP) and technical agencies such as Standards and Industrial Research Institute of Malaysia (SIRIM) and Teknologi Park Malaysia (TPM).
- Program Pembangunan Kapasiti Vendor (PPKV) Grant secured by Innopeak (M) Sdn. Bhd. from SME Bank amounted to RM200,000.
- Organised a briefing for VDP vendors presented KUSKOP on government grants including Geran Inovasi dan Pengkomersialan Vendor (GIPV) under MIDF and Program Pembangunan Kapasiti Vendor (PPKV) under SME Bank.
- Attended a pitching session with KUSKOP and MIDF for GIPV.

Our business units also contributed to the success of the VDP as outlined below:

BDNC

- Increased the number of vendors under VDP by transferring industry know-how to cater for localisation initiatives for the following scopes:
 - Machining and Straightening Test for Hoist Ram
 - High-precision machining and manufacturing of machine parts for heavy & light industries
 - Fabrication of RM Accumulator Bottles

GOOD CORPORATE GOVERNANCE AND INTEGRITY



In 2022, we continued to uphold and bolster our commitment to governance and integrity. With the guidance of our Board of Directors, we took meaningful steps to enhance the strength and effectiveness of our internal controls related to enterprise risk management and corporate governance, with the aim of safeguarding the interests of our shareholders and stakeholders. Our concerted efforts have also ensured the protection of the Group’s assets and the achievement of our business objectives, as well as mission and vision.



POLICIES AND PROCESSES

To promote ethical business conduct and foster a culture of integrity at BHIC, we have put in place several policies and processes that provide guidance to our employees, business partners and vendors including:

- BHIC Limits of Authority
- BHIC Policy Manual
- Anti-bribery and Corruption Policy Statement
- Whistleblowing Policy
- No Gift Policy
- Code of Ethics and Conduct

Through Boustead Holdings Berhad (BHB), our employees underwent training on governance and integrity with the Malaysian Anti-Corruption Commission (MACC) and Institut Integriti Malaysia (IIM) as follows:

- Get to Know: Boustead Policies and Procedures and Code of Ethics and Conduct
- Webinar: Get to Know BHB’s Policies and Procedures
- Integrity Webinar Series in collaboration with IIM
- Integrity dan Ethics Dilemma Training
- Do the Right Things vs. Do Things Right Training
- Integrity Management Training

Out of our 1124 employees, 321 have participated in anti-corrupting training programmes in 2022, representing 28.6% of our workforce. This includes:

➡ Senior Management	35
➡ Middle Management	54
➡ Executive	160
➡ Non-Executive	72

Additionally, we also conducted a total of seven sessions on Corruption Risk Assessments for BSES, MTA, BBA, BNS, BHICAS, BDNC and BDTS, following which we recorded zero incidences of corruption in BHIC.



DATA PRIVACY AND SECURITY

We have established measures to ensure the proper use of personal data and protection from unauthorised access. Among others, our efforts include the implementation of our ICT Policy and procedures covering asset management, ICT security and operational aspects. In addition, BHIC has implemented innovation and process controls to respond to hazards and business needs, demonstrating our commitment to improving our security measures. By taking these steps, we aim to uphold the trust and confidence of customers and stakeholders, which is essential for the long-term success of the Group. The following are examples of the initiatives undertaken during the year:

Initiative	Objectives
CyberSecurity Training for Key Users	<p>To raise cybersecurity awareness among key users within finance and project teams regarding phishing emails, malware, spyware, spam and cyber threats.</p> <p>To strengthen the security protection on identity management and verification to ensure only authorised personnel are able to log in to relevant systems.</p>
Multi-Factor Authentication (MFA)	To strengthen the security protection on identity management and verification to ensure only authorised personnel are able to log in to relevant systems.
Reporting of Phishing email	Implementation of a one-click button in Outlook to report phishing emails, allowing for immediate rectification and control.

As a result of our effective implementation of data privacy and security initiatives, we recorded zero incidents pertaining to user privacy breaches or loss of user data in 2022.

Our data privacy and security is overseen by the following:

- GHCM inputs and retains employment and personal data for reference as per the requirements and standards required by the Personal Data Protection Act 2010 (PDPA) in our Human Capital Management Policy.
- End-to-end data encryption and security for all methods of communication by using Secure Sockets Layer (SSL) technology.

IMPACT OF THE PANDEMIC



As a result of our strict adherence to guidelines issued by the health authorities and the internal measures put in place to mitigate the COVID-19 pandemic, we are pleased to note that there were no fatalities amongst our employees or vendors working on our premises in 2022. Following the end of the Movement Control Order (MCO) and the nation's transition to the endemic stage, we continued to be vigilant to ensure the protection of our people. As a result, we managed to keep our employees, vendors and workplaces safe while maintaining a high level of productivity to meet our commitments to our customers and other stakeholders.

ENVIRONMENTAL PERFORMANCE



As a key player within the defence industry, we aim to uphold the highest environmental standards, in line with the Environmental Quality Act 1974 and all relevant environmental laws and regulations.

This approach reflects our unwavering dedication to economic, environmental, social and governance (EESG) principles as well as our overarching sustainability philosophy.

Further guided by our Reinventing Boustead strategy to achieve excellence and sustainability, we recognise the importance of responsible environmental stewardship, and we are firmly committed to sustainable business practices. Towards this end, we strive to minimise any negative impact our operations may have on the environment while prioritising the health and safety of our employees, vendors, subcontractors and the communities in which we operate.



Our focus on environmental sustainability is also aligned with the evolving requirements pertaining to sustainability in Malaysia. For example, in September 2022, Bursa Malaysia Securities Berhad announced enhancements to sustainability reporting requirements with climate change-related disclosures aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to be included in annual reports.

In support of enhanced climate-related disclosures, we also report our ESG practices, particularly climate-related initiatives, to our financiers.

SUSTAINABILITY REPORT

WASTE AND WATER MANAGEMENT



In 2022, we continued to uphold our efforts in improving the efficiency of our materials usage to minimise the volume of waste generated through our business operations.

SCHEDULED WASTE MANAGEMENT

The amount of scheduled waste generated by the BHIC Group according to categories and the level of waste reduction achieved during the year is outlined in the table below:

No.	Scheduled Waste Code	Metric Tonnes 2022	Metric Tonnes 2021
1	SW 102 - Lead acid batteries in whole or crushed form	Nil	1.5
2	SW 104 - Dust, slag, dross or ash containing arsenic, mercury, lead, cadmium, chromium, nickel, copper, vanadium, beryllium, antimony, tellurium, thallium, or selenium excluding slag from iron and steel factory	1.98	Nil
3	SW 109 - Waste containing mercury or its compound	50.10	Nil
4	SW 201 - Asbestos wastes in sludges, dust or fibre forms	10.24	Nil
5	SW 301 - Spent organic acids with pH less or equal to 2 which are corrosive or hazardous	0.05	Nil
6	SW 303 - Glue waste	Nil	0.0
7	SW 305 - Spent lubricating oil	61.09	70.5
8	SW 306 - Spent hydraulic oil	0.74	1.7
9	SW 307 - Spent mineral oil-water emulsion	20.25	Nil
10	SW 309 - Oil-water mixture such as ballast water	Nil	348.0
11	SW 311 - Waste oil or oily sludge	0.18	Nil
12	SW 312 - Oily residue from automotive workshop, service station oil or grease interceptor (grease)	0.04	0.1
13	SW 315 - Tar or tarry residues from oil refinery or petrochemical plant	2.00	Nil
14	SW 322 - Non-halogenated organic solvents	Nil	0.0
15	SW 325 - Uncured resin waste containing organic solvents or heavy metals including epoxy resin and phenolic resin	Nil	0.0
16	SW 409 - Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes	8.51	1.0
17	SW 410 - Rags, plastics, papers or filters contaminated with scheduled wastes	0.27	0.6
18	SW 416 - Sludges of inks, paints, pigments, lacquer, dye or varnish	3.39	1.7
19	SW 417 - Waste of inks, paints, pigments, lacquer, dye or varnish	0.60	Nil
20	SW 418 - Discarded or off-specification inks, paints, pigments, lacquer, dye or varnish products containing organic solvent	3.41	0.2
21	SW 427 - Mineral sludges including calcium hydroxide sludges, phosphating sludges, calcium sulphite sludges and carbonates sludges (soda lime)	2.17	2.0
22	SW 429 - Chemicals that are discarded or off-specification	0.17	0.0
23	SW 501 - Any residue from treatment or recovery of scheduled wastes (benzotriazole, water up-liquid & black water (bilges))	157.00	Nil
Total		322.2	427.3

Waste and water management efforts across the BHIC Group are guided by various procedures and processes such as:

➔ Scheduled Waste Management Procedure

This represents our central procedure on the management of scheduled waste and defines the various processes involved including planning, notification, handling, storage, as well as disposal of scheduled waste generated through the BHIC Group's activities, products and services.

➔ Environmental Quality (Scheduled Wastes) Regulations 2005 and Department of Environment (DOE) Guidelines

To prevent any adverse environmental impact, we ensure that all business units within the BHIC Group are in compliance with local and standard laws as outlined by the Environmental Quality (Scheduled Wastes) Regulations 2005 and DOE Guidelines.

➔ Waste Management and Economic Impact Survey

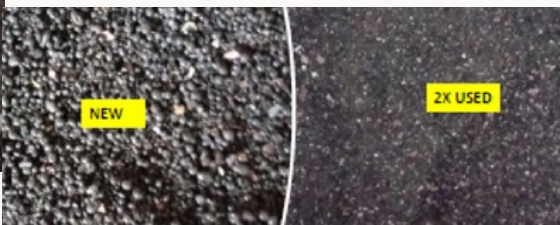
In October 2022, the Group Supply Chain Management department conducted a survey to collect information and insights from all business units on waste management and its economic impact on the BHIC Group. A wide range of initiatives related to waste management and recycling were also implemented by our various business units as summarised below:

➔ BLS

- Utilisation of DOE's Electronic Scheduled Waste Information System (eSWIS) to ensure waste is disposed according to DOE requirements by a licensed contractor.
- BLS is also exploring hydro blasting, which can reduce an estimated 70% in raw material usage and disposal, compared to the sand blasting method commonly used at shipyards.
- Recycling of Precious Slag (PS) balls used for blasting to reduce costs of scheduled waste disposal, with approximately 30% cost savings for purchasing and disposal achieved in 2022.



Recycling of blasting material (garnet)



Recycling of blasting material (PS ball)



Hydro blasting at BLS



Recycling of blasting material (garnet)

- Repurposing of expired paints for maintenance works, yard electrical works and other yard repair work.
- Reducing paper usage by encouraging e-copy documentation.

➔ BDNC

- Collection of all scheduled waste disposals are fully compliant with relevant regulations with waste stored for no longer than 180 days and not exceeding 20 metric tonnes. To ensure compliance, waste inventory is monitored continuously.
- Launched an on-site chemical tracking system developed by BDNC's IT department to track the movement of chemicals from arrival to on-site distribution and disposal.
- Built an IBG tank to reduce waste disposal costs.

➔ BHICAS

- Recycling of scrap metal and boxes.
- Utilise compact packaging to maximise space utilisation.

➔ BNS

- Disposal of paper waste through selling of shredded paper.
- Periodic disposal of dirty oil and scrap metal.



Oil waste for collection by licensed contractor



Disposal of paper waste through selling of shredded paper at BNS.

SUSTAINABILITY REPORT

E-WASTE

With the rapid growth in digitalisation and technological advancements, rising e-waste such as batteries, television sets and personal computers, amongst others, have grown to become a global concern. Recognising that proper disposal of e-waste can prevent detrimental effects to the environment and a wide range of e-waste can be repurposed, reused, refurbished or recycled, we actively promote responsible e-waste consumption among our workforce through various internal activities:

➔ BHIC E-Waste Collection Programme

- In 2022, we launched the BHIC e-Waste Collection Programme to educate our employees on the proper treatment of e-waste as well as to inculcate better waste disposal practices across the BHIC Group.

➔ International E-Waste Day Celebration

- In conjunction with International e-Waste Day, BNS promoted awareness on the responsible management of e-waste through the issuance of posters, a video explanation about e-Waste and sharing information on nearby collection centres.



Efforts to raise awareness on responsible e-waste disposal included dissemination of information on treatment of e-waste and BHIC's e-Waste Collection Programme.



E-waste and paper waste activities at Menara Boustead.



➔ Disposal Of E-Waste And Paper Waste At BHIC Headquarters

At BHIC's corporate headquarters, Menara Boustead, we have long established eco-friendly paper and e-waste disposal techniques. All electronic workplace equipment such as phones, monitors, keyboards, laptops, printers and paper are recycled by certified contractors or shipped to permitted paper and e-recycling facilities. Furthermore, we support our employees' efforts to recycle old personal electronics by providing e-waste collection bins at the building. We also communicate the value of recycling paper and e-waste as well as the responsible use of paper through e-mail notifications and our periodical Sustainability Newsletters.

WATER MANAGEMENT

Understanding the significance of water conservation, we are consistently striving to cultivate appreciation for its scarcity by encouraging our employees to use water responsibly. Among others, our efforts include posting reminders in restrooms and our Sustainability newsletters, as well as undertaking regular maintenance of water pipes with immediate rectification of any identified leakages.

	2022	2021
Water Consumption (m³)	230,028	224,874

In 2022, we recorded a 2.3% increase in water consumption due to an increased number of vessels during the year. This includes the four emergency MRO projects received by BNS from RMN, which required upslipping and a high pressure wash to remove barnacles and marine organisms before proceeding with other activities.

Other significant activities that consumed high volume of water were bilge cleaning for KD HANG TUAH; tank cleaning for KD HANG TUAH, KD KASTURI and KD LEDANG; wet blasting for KD LEDANG and overall ship cleaning upon completion of blasting for KD HANG TUAH. There were also a series of pipe leakages in the shipyard due to aging pipes which has since been rectified.

GREENHOUSE GAS (GHG) EMISSIONS & ENERGY MANAGEMENT



In order to reduce our GHG emissions and map out relevant initiatives, as well uphold transparency to stakeholders, we believe it is important for us to track our Scope 1 and Scope 2 GHG emissions. The tables below details our GHG emissions for both scopes:

Emissions by BHIC Group according to source.

Scope 1 emissions (TCO ₂ e)	2022	2021
Heavy Machineries	194.37	156.00
Welding and Oxygen-Cutting	11.63	11.10
Refrigerants Fugitive	279.11	Nil
Cars and Motorcycles	61.25	46.00
Light and Heavy Goods Vehicles	153.64	110.40
TOTAL	700.00	323.50

Scope 2 emissions (TCO ₂ e)	2022	2021
Purchased electricity (kWH)	9,915,561.76	8,627,138.00
Emissions (TCO₂e)	6,756.77	6,099.30



SUSTAINABILITY REPORT

The 116.4% increase in Scope 1 emissions is mainly attributed to an increase in operational activities, namely the use of two skylifts in heavy machineries, as well as frequent usage of cars, light goods vehicles and vans. Meanwhile, Scope 2 emissions increased by 10.8% due to an increase in operational activities. This consisted of three refit projects as part of MRO works and the four emergency projects from RMN which required emergency upslips and downslips in 2022. Further contributing to Scope 2 emissions were major activities such as welding, heavy lifting activities by cranes, alongside upslip and downslip activities performed by the shiplift.

We aspire to maintain a high level of energy efficiency across our operations to mitigate our carbon footprint. To achieve this goal, we thoroughly analyse our energy-intensive activities and proactively seek opportunities to optimise our efficiencies, thereby curbing our overall energy consumption.

The following are among our efforts to improve energy efficiency across BHIC:

- Proper asset management and maintenance including ensuring equipments are able to function at optimum levels of energy efficiency.
- Ensuring utilities such as air conditioners and lights are switched off when not in use, as well as after office hours.

➔ BLS Going Green Initiative

• LED & Solar Streetlights

BLS has a total of 17 LED streetlights installed around its property, which has enabled the unit to reduce its electricity usage by almost 50%. Additionally, two solar-powered streetlights have also been installed at its finger jetty. The unit also intends to replace its hangar spotlights with LED and solar-powered bulbs to further decrease electricity consumption.



Changing from normal to LED streetlights and solar streetlights at BLS' finger jetty.

➔ BNS Going Green Initiative

• World Earth Day Tree Planting

In support of World Earth Day, BNS took a proactive step towards environmental preservation by planting trees at its shipyard. By participating in this global celebration, the company aims to support the reduction of GHG emissions while creating awareness among its employees about the importance of preserving the environment.



Planting trees around BNS

➔ Transitioning To Paperless Documentation

BNS has taken measures to maximise the use of Multi-Function Printers (MFP) in order to achieve its goal of reducing printing costs and paper consumption by transitioning into a paperless working environment. Supporting this transition, the BNS Asset Disposal Committee has identified non-MFP printers that will be disposed, which will also support the unit in reducing its carbon footprint and GHG emissions.



Several non-MFP printers have been identified for disposal.

➔ Replacing conventional lights with LED lighting

With an aim of reducing energy consumption while maintaining workers' visual health at BNS, the unit has replaced its fluorescent lights with more energy efficient LED light bulbs, as well as reduced the number of lamps used indoors.

➔ Exploring Solar Energy

As a potential alternative electricity source, BNS is also looking into solar energy with the guidance of Tenaga Nasional Berhad (TNB). Towards this end and as part of efforts to solidify its business partnership with TNB, BNS hosted a visit from TNB in June 2022.



Reducing energy consumption by utilising energy efficient LED light bulbs.



Discussion with TNB to explore potential adoption of Solar Energy as an energy alternative

SOCIAL PERFORMANCE



As we prioritise the well-being of our employees, local communities and society, we seek to create a safe, fair and inclusive work environment throughout the Group. Further demonstrating how we value our employees, we offer competitive compensation, benefits and training opportunities, with the goal of building a highly motivated and high-performing team that is aligned with our core values and objectives.

Beyond our workforce, our corporate social responsibility initiatives are aimed at giving back to the communities where we operate with a primary focus on veterans and serving members of the Malaysian Armed Forces and their families. In tandem, we also make an active effort to contribute to the wider community.

EMPLOYEE DIVERSITY

At BHIC, we embrace diversity and equality in our workforce. We believe that diversity is a strength and that our people's varied backgrounds and demographics contribute to a vibrant and dynamic work environment. By drawing on the skills, talent and capabilities of our diverse team members, we believe we can provide innovative solutions to better serve our clients.

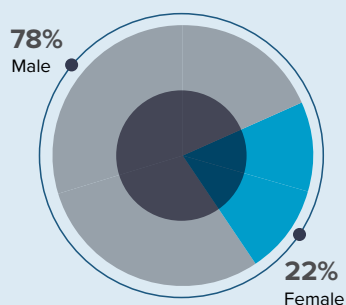
Demonstrating this is the BHIC Human Capital Management on Talent Acquisition Policy, which ensures that our hiring practices are non-discriminatory with equal employment opportunity provided to all candidates regardless of gender, age, nationality, race, religious beliefs, cultural background, marital status or physical ability.



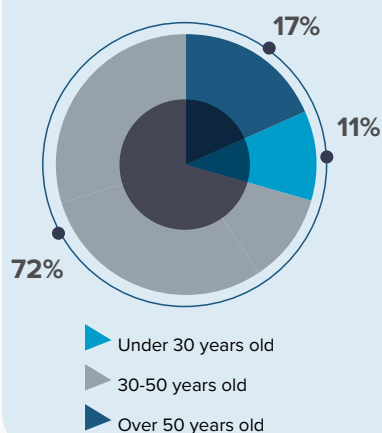
Online Webinar – ‘Gender Equality Today for a Sustainable Tomorrow: Shifting Mindsets, Behaviours and Practises for Enduring Change’

In support of gender diversity and equality, BNS promoted an event to celebrate women employees in conjunction with International Women’s Day (IWD), which is celebrated annually on March 8 to commemorate the achievements of women. Its female employees participated in an online webinar entitled ‘Gender Equality Today for a Sustainable Tomorrow: Shifting Mindsets, Behaviours and Practises for Enduring Change’ on 8 March 2022 organised by the Malaysian Institute Of Management. The event featured YB Nurul Izzah Anwar, Member of Parliament for Permatang Pau; Ms. Lee Soo Fern, Partner and Malaysia Talent Leader of Ernst & Young Consulting Sdn. Bhd. and EY Asean Diversity, Equity & Inclusiveness Leader; and Dr. Shanthi Thambiah, Associate Professor, Universiti Malaya. They shared captivating stories of how they balance the demands of being a women with their ventures and jobs. Further inspiring women at BNS, the speakers shared their optimism about women and their strengths as changemakers without compromising the responsibilities and uniqueness of women.

Employee Profile by Gender



Employee Profile by Age Group



The online webinar featured guest speakers YB Nurul Izzah Anwar, Ms. Lee Soo Fern and Dr. Shanthi Thambiah

SUSTAINABILITY REPORT



OCCUPATIONAL HEALTH & SAFETY

Our top priority is to create a safe and secure work environment for our employees, vendors and contractors, whether they are on our office premises or at project sites. We achieve this by adhering to the highest health, safety and environmental (HSE) standards and complying with all applicable regulations and laws, as well regularly conducting risk assessments and workplace safety inspections to ensure that all HSE procedures and regulations are being followed.

➔	Registered Safety Officer	8
➔	Internal Safety Audits	3
➔	Workplace Inspections	218

Safety Performance

The Group recorded eight lost time injury (LTI) incidents and zero fatalities across all operations in 2022. The LTI injuries were non-life threatening and consisted of sprains and bruises.

Our Health, Safety and Environment Policy adheres to the Occupational Safety and Health (OSH) Act of 1994 and incorporates national and international standards including the International Labour Organization (ILO) and Malaysia’s Department of Occupational Safety and Health (DOSH). Our internal policy ensures that all necessary safety and health precautions are incorporated into our operations.

Reflecting our robust safety management, BNS and BDNC have attained ISO 45001:2018 Occupational Health & Safety Management certifications.

In 2022, BHIC and our subsidiaries conducted various activities to ensure the safety, health and well-being of our people, including:

BNS

Safety Walkaround Session

To continuously promote a safe and healthy working environment throughout the shipyard, the BNS HSE Mainboard Committee conducts a safety walkaround session before every quarterly meeting. During these sessions, the committee members, who comprise of management staff as well as other appointed staff, observe and immediately alert on-site staff to inconsistencies in occupational safety and advise them as necessary. Issues that are not resolved during the inspections are recorded for further discussion or brought to the attention of management.



Fire Drill Exercises

As part of BNS’ Annual Safety Plan, its HSE Department organised a fire drill in June 2022 to enable stakeholders to practice emergency procedures, learn how to respond calmly in emergencies, and evacuate swiftly and safely during fire incidents or other emergencies.

A second fire drill was conducted at the BNS floating jetty in July 2022 by the RMN KD TERENGGANU Project Team as part of their sea adaptation training. The fire drill was executed in the form of a simulation involving the HSE Department, security forces, medics, shipyard services, firefighters and personnel from the RMN base military hospital.



Basic Occupational First Aid Training

On 30 June 2022, BNS organised a course on Basic Occupational First Aid Training (BOFA), cardiopulmonary resuscitation (CPR) and the use of automated external defibrillators (AED) with the Manjung District Health Department, as well as a course on Chemical Safety and Spillage Control through FMM Institute and a refresher course for Authorised Attendants and Confined Space Preparedness (AESP) with the National Institute of Occupational Safety and Health (NIOSH) Manjung.



Fire Watcher Refresher Course

On 30 June 2022, BNS organised a course on Basic Occupational First Aid Training (BOFA), cardiopulmonary resuscitation (CPR) and the use of automated external defibrillators (AED) with the Manjung District Health Department, as well as a course on Chemical Safety and Spillage Control through FMM Institute and a refresher course for Authorised Attendants and Confined Space Preparedness (AESP) with the National Institute of Occupational Safety and Health (NIOSH) Manjung.



Daily General Health Check-Ups at BNS

In addition to responding to incidents, accidents and emergencies, the paramedic team at BNS consists of a group of highly trained medical experts who also provide general health check-ups to staff at the clinic to detect early signs of illness and encourage staff to seek early treatment. These check-ups include taking blood pressure readings, checking blood sugar levels and conducting the newly launched Healthy Body Mass Index (BMI) Programme. These services are available for BNS members, as well as subcontractors and RMN personnel working on the premises.



BNS paramedic team conducted daily health check-ups

SUSTAINABILITY REPORT

BDNC

BDNC OSH Week 2022

BDNC's Quality, Health, Safety and Environment (QHSE) Department organised the BDNC OSH Week 2022 to further promote a culture of occupational safety and health. With the theme of 'Acting Together to Build a Positive Safety and Health Culture', the initiative focused on the role of every employee in promoting a culture of safety and health through a series of events organised in collaboration with the RMN alongside other public and private organisations. Among others, this included blood donation drives, audiometric screenings, lectures on ergonomics and audiometry, as well as games to test employees' general knowledge on occupational safety and health.



BDNC

Borneo Occupational Safety and Health Conference and Exhibition

Promoting safety beyond our business, BDNC's Head of Quality, Health, Safety and Environment (QHSE), Ahmad Fithri Ahmad Yahya, shared BDNC's knowledge in the OSH field as a speaker at the NIOSH's 7th Borneo Occupational Safety and Health Conference and Exhibition (BOSH 2022) on 2 November 2022. The talk covered relevant safety topics such as subterranean living, employment and occupational hygiene, as well as subsea maintenance, repair and overhaul (MRO) in accordance with ISO requirements.



Ahmad Fithri receiving memento for participation as a speaker for OSH 2022

BDNC Wellness Programme

The BDNC Wellness Programme consisted of a series of health related initiatives including a blood donation drive with the Ministry of Health, the Jesselton Medical Centre (JMC) Health Talk and a Befrienders Programme (Program Minda Sihat).

Drill (Submarine)

Environment Management - Proper Packaging of Scheduled waste and Types of Packaging

Fire Hose Reel Training

HSE Virtual Talk: Introduction to Hazard Identification, Risk Assessment and Risk Control (HIRARC)

First Aid Training

Ergonomic Awareness

Working at Height in Submarine Awareness

Hearing Conservation Training - Hearing Conservation Awareness, Noise Risk Assessment and Recommendation Action Awareness

Chemical Handling

BHICAS

- Monthly HSE newsletters

BSES

- Induction training on on-site safety for all visitors, contractors and new employees
- Continuous training on Working at Heights, Working in Confined Spaces, Hot Work and Unsafe Acts (UA) or Unsafe Conditions (UC)

BLS

- Noise Risk Assessment
- Medical Surveillance and briefing by Occupational Health Doctor (OHD)

EMPLOYEE TRAINING, EDUCATION & DEVELOPMENT



We value our employees and recognise that their development is crucial to our success. To this end, we spare no effort in providing our workforce with comprehensive training and opportunities to attend courses and programmes specific to their job functions and areas of expertise. By equipping them with the latest knowledge and skills, we ensure that they can perform their tasks efficiently, productively and safely. This commitment to employee development is in line with our Reinventing Boustead strategy, which is aimed at transforming the Group into a high-performing organisation.

	Amount Invested in Training & Development (RM)	No. of Hours Spent on Training & Development
2022	296,842	18,690
2021	501,041	23,159

Training expenditure, according to employee grade/level

Level	2022(RM)	2021 (RM)
Senior Management	22,241	18,035
Middle Management	18,532	66,357
Executive	106,362	298,129
Non-Executive	149,707	118,520
Total	296,842	501,041

The decrease in cost of training in 2022 was a result of the Group's decision to focus on professional certifications which are required for certain roles as well as the implementation of a right-sizing exercise and the availability of the online BHIC MyLearning through the Learning Management Systems platform.

Additionally, we also encourage our employees to pursue certified and professional skills-based training to improve their knowledge and marketability. In 2022, two Technical Supervisors from our Accommodation and Outfitting Workshop attained certified recognition as Blasting and Painting Supervisors while a HSE Executive was awarded Authorized Gas Tester Entry Supervisor (AGTES) by NIOSH.

Transfer of Knowledge and Technology (TOKT) programme

BNS and BMTA, are committed to providing high-quality training through their Industrial Collaboration Programme (ICP). In line with their obligation to the Littoral Mission Ship (LMS) project, the ICP entails a TOKT programme, which focuses on the ship construction processes and technology necessary for LMS vessel production. The training was designed to benefit both the RMN and local vendors. To date, BNS has completed the first four parts of the TOKT programme with a total of 12 participants undergoing the training between 4 and 8 July 2022.

In March 2022, BDNC celebrated a significant milestone with its seventh Transfer of Know-How (TOKH) Graduation Ceremony. The ceremony marked the graduation of 61 BDNC personnel, including individuals from RMN and the Science & Technology Research Institute for Defence (STRIDE). This historic event demonstrated the strong commitment of our business units to ensuring that submarines remain operationally available for RMN, while also cultivating local talent and businesses. These efforts will enable us to transform these individuals and organisations into key players in our submarine MRO business, taking it to new heights.



TOKT programme held between 4 and 8 July 2022

SUSTAINABILITY REPORT

Other technical skills and soft skills development programmes conducted in 2022:

Date	Programme
25 January 2022	Life Saving Basic Life Support
28 January 2022	Basic Rigging and Slings (Competency)
7 February 2022	Intermediate CNC Machine Training
8 February 2022	ISO 9001:2015 Quality Management Representative (QMR) Training
15 February 2022	Post Section 17A and the Challenges in Establishing Adequate Procedures for Corporate and SMEs
22 February 2022	Innovative and Creative Midset at Work: Working at New Era
7 March 2022	CSWIP 3.1: Welding Inspector Level 2
16 March 2022	Influencing and Negotiation Skills for Accounting and Finance Professional
28 March 2022	Authorised Gas Tester & Enter Supervisor for Confined Space Refresher
29 March 2022	Lean Six Sigma (White Belt)
4 April 2022	API 510 Pressure Vessel Inspector
4 April 2022	Ultrasonic Testing PCN Level 2
21 April 2022	Authorised Entrant and Standby Person for Confined Space Refresher
28 April 2022	ERT Building first Aid
9 May 2022	Train The Trainer
12 May 2022	Key Changes Amendment to Malaysia's Employment Act
13 May 2022	CSWIP 3.0 Plus: Visual Welding Inspector with Practical Module
4 April 2022	Reduce Stress Through Time Management
18 May 2022	Refresher Safety Induction Course

LABOUR PRACTICES AND HUMAN RIGHTS



As a socially responsible corporate citizen, we understand our obligation to promote good labour practices and safeguard human rights throughout our operations. Our commitment to these values is evident in our adherence to local laws and international standards, such as the Sabah Labour Ordinance, Employment Act 1955, Trade Union Act 1959, and Contracts Act 1950 alongside the implementation of BHIC's Code of Ethics and Conduct. We also conduct regular meetings between unions and management to ensure we remain informed about their members' concerns, as well directly engage our employees through townhall meetings.

The following are among the key engagement activities undertaken in 2022 to support labour practices and the protection of human rights at BHIC:

BHIC Group

Townhall Sessions

A series of townhall sessions were conducted on 22 April, 4 August and 29 November 2022. These townhall sessions provided an avenue for management to share latest developments on the status of projects and business directions in a transparent and candid manner. Employees were also able to utilise these sessions to air their grievances, seek clarification on matters pertaining to the Group and provide suggestions for workplace improvements.

Additionally, the townhall sessions also served as a platform for Heads of Business Units to share knowledge and updates on initiatives conducted within their respective units. For example, one townhall session featured a knowledge sharing session on the digitalisation efforts undertaken by BNS.

BNS

- Engagement with Unions - Perjumpaan Antara Pihak Pengurusan Bersama AJK Tertinggi Kesatuan BNS & BPS on 8 February 2022 and 21 March 2022

BHICAS

- Monthly meetings between upper management and working level employees.

COMMUNITY CONTRIBUTIONS AND DEVELOPMENT



We believe that the local communities in which we operate are integral to our operations, and we value their contributions to our business. Towards this end, we are committed to giving back to society by engaging in various social activities and community engagement programmes. Through these initiatives, we seek to make a positive impact on the lives of those in our community. Additionally, we provide donations to the less fortunate, including underprivileged individuals and children. Our goal is to create a strong bond between BHIC and the local community while demonstrating our commitment to being a responsible corporate citizen.

REACHING OUT TO OUR COMMUNITY

BNS

Book Donation to Universities

In May 2022, BNS donated several academic reference books to four universities namely Universiti Kuala Lumpur MIMET, Universiti Teknologi PETRONAS, Universiti Tunku Abdul Rahman (UTAR) and Quest International University (QIU). These universities were selected based on the degree programmes offered with a focus on those offering electrical and electronic engineering courses. BNS donated seven book titles with a total of 86 books to the libraries of each university.



Donation to Schools and Welfare Homes

On 21 and 24 November 2022, BNS made financial donations to SMK Seri Samudera and Children Welfare Home of Sanathana Dharma Ashram to help both institutions improve their facilities.



Blood Donation Drive

In collaboration with Hospital Seri Manjung, BNS organised a blood donation campaign on 3 August 2022 to help address the critical blood shortage in Malaysia. This is part of an ongoing initiative organised by BNS since 2010. In 2022, a total of 36 BNS volunteers donated their blood through this campaign.



BDNC

Contributions to Hospital Angkatan Tentera Wilayah Kota Kinabalu (HATWKK) and Detasemen Keselamatan Medan Sepanggar

In conjunction with Nurses Day celebrations and in recognition of the vital role of nurses as healthcare frontliners, BDNC donated to HATWKK. BDNC also contributed printers to both HATWKK and Detasemen Keselamatan Medan Sepanggar.



SUSTAINABILITY REPORT

Sponsorship of the Navy Junior Football Academy

As a strategic partner of RMN, BDNC has sponsored for the Navy Junior Football Academy, with the aim of supporting the local community and providing opportunities for young children to fulfil their potential.



Iftar at Masjid Ibnu Battuta, Pangkalan TLDM Kota Kinabalu

BDNC hosted an iftar on 26 April 2022 with RMN and tahfiz students at Masjid Ibnu Battuta, Pangkalan TLDM Kota Kinabalu. More than 250 people attended the event, including BHIC Submarine Engineering Services Sdn. Bhd. (BSES) employees, RMN officers and staff, BDNC associates and tahfiz students. As part of the event, BDNC also contributed cash donations to the tahfiz students.



Borneo Ultra Ocean Clean Up 2022

BDNC contributed volunteers to the Borneo Ultra Ocean Clean Up 2022 co-organised by the Borneo Marine Research Institute of Universiti Malaysia Sabah and the RMN Submarine Command Headquarters at Taman Teluk Awam Likas on 27 August 2022.



On 20 April 2022, BDNC hosted an iftar with the children of Rumah Anak Yatim Home Tuaran in collaboration with Sabah Orphans Welfare Network Association. This was part of BDNC's annual BDNCare project, which aims to give back to those in need, particularly during the holy month of Ramadhan.



THE WAY FORWARD

As we continue on our ESG journey, we will endeavour to better our sustainability practices and strengthen the processes and systems we have in place to collect, measure and monitor key data. Our efforts are focused on creating value for our stakeholders while operating in a sustainable and responsible manner. In order to effectively address our internal and global pressing issues in the areas of ESG such as climate change, such as poverty, social injustice and unequal access to healthcare and education, we will continue to improve and align our material concerns, initiatives and sustainability goals with UNSDGs. In this manner, we are positioning ourselves as a value-driven, socially responsible organisation that contributes to the resolution of major global and national issues.

This Sustainability Statement has been made in accordance with a resolution of the Board of Directors dated 25 April 2023.

