

SECTION

07

SUSTAINABILITY

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SUSTAINABILITY STATEMENT

BHIC Group is committed to inculcating sustainability principles in its pursuit of growth whilst holding true to its core values of Belonging, Honour, Integrity and Commitment.

As a Government Linked Company with diverse interests in the marine, aerospace, defence and security related industries, BHIC Group aims to grow in a sustainable manner, focusing on Economic, Environmental and Social areas.

To that effect, BHIC Group is committed to:

1. Ensuring that the sustainability of BHIC Group's business is in line with the drive towards attaining profitability and generating positive impact to the local economy.
2. Maintaining high standards of ethics and acting in full adherence to all rules, regulations and laws.
3. Environmentally friendly business practices that work towards the conservation and preservation of the environment.
4. Overseeing a safe, engaged working environment and culture that ensures the welfare and well-being of employees.
5. Contributing towards the enrichment of society by promoting youth development and engaging local communities through corporate social responsibility initiatives.



FEROZ RAZI RAMLI
CHIEF EXECUTIVE OFFICER
20 September 2023



SCOPE OF SUSTAINABILITY REPORTING

The information contained in this report includes BHIC's sustainability performance undertaken by the Group from 1 January 2023 until 31 December 2023, excluding LUNAS due to its disposal to MOF Inc.

The scope of the report covers sustainability initiatives across the Group.

STATEMENT OF ASSURANCE

ASSURANCE UNDERTAKEN

While this Sustainability Statement has not been subjected to an audit or assurance process, its contents have been reviewed and approved by our Management Sustainability Committee (MSC) and Board Sustainability Committee (BSC).

Furthermore, our internal Group Risk Management have reviewed and ensured the accuracy of our materiality matrix and all sustainability-related data. Internal audits were carried out in previous years, but due to significant organisational and structural changes, it was not feasible to carry out an audit process for the current year in review.

SUSTAINABILITY AT BHIC

BHIC's Sustainability Objective is to embed sustainability practices in business conduct, whilst holding true to the Group's four Core Values - Belonging, Honour, Integrity and Commitment - to grow in a way that benefits the local economy, environment and society.

In turn, this Sustainability Objective is supported by a Sustainability Governance Structure that ensures that sustainability is an integral part of the Group's business strategies and operations.

SUSTAINABILITY GOVERNANCE STRUCTURE

Responsible for overseeing the Group’s overall sustainability strategy and direction. The Board takes an active role in looking into climate change, human rights and supply chain management, amongst other sustainability-related matters, through the Board Sustainability Committee (BSC).



Assists the Board in discharging its oversight duties pertaining to the Group’s sustainability objectives, policies and practices.



Ensures that the Group fulfils its sustainability objectives, policies and agendas. Oversees sustainability reporting within the Group and advises BSC on sustainability matters.



Acts as MSC’s secretariat, custodian and facilitator for all sustainability initiatives and reporting within the Group.



Executes, monitors and liaises with SPT on the reporting and implementation of sustainability matters at the Corporate Office and Business Units on a regular basis.

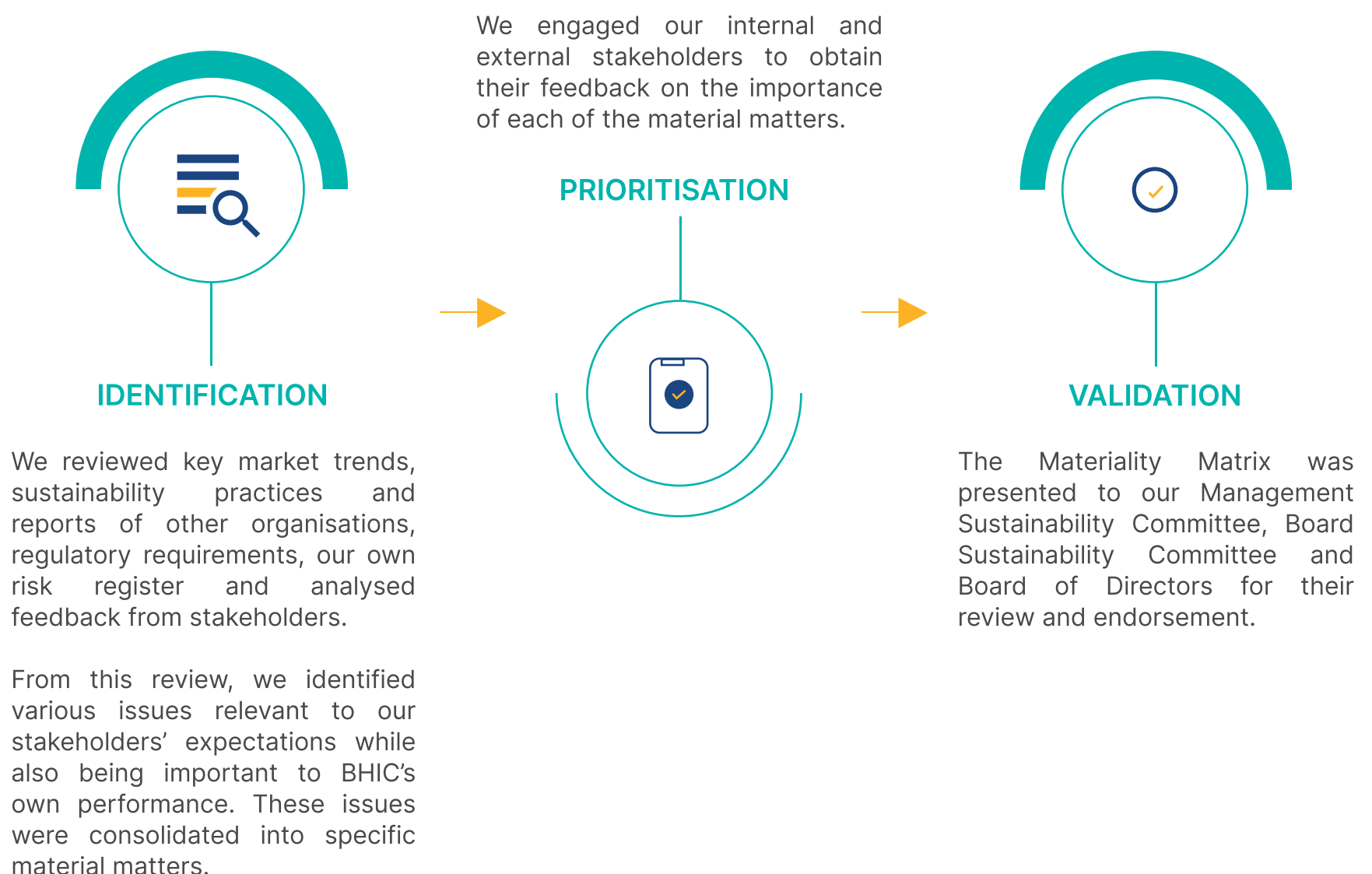


MATERIAL MATTERS

Our capacity to generate stakeholder value is influenced by a range of economic, environmental and social factors, collectively referred to as our material matters.

To pinpoint and evaluate significant aspects that contribute to our overall impact, we undertook our inaugural comprehensive materiality assessment in 2019, adhering to requirements and standards in the *Bursa Malaysia Toolkit: Materiality Assessment*.

MATERIALITY ASSESSMENT



MATERIALITY PROCESS

In 2023, the Management Sustainability Committee reviewed the applicability of existing material matters prior to conducting the materiality survey amongst our internal and external stakeholders to obtain their inputs to identify the material matters relevant to the business.

Our internal stakeholders comprised employees from the executive level and above, Management and Board members, while our external stakeholders consisted of our vendors and suppliers and government agencies.

They provided their feedback on the importance and impacts of the material matters to BHIC.

The next step was to analyse the results of the survey to identify the material matters that are most significant to BHIC based on the perspectives of both our internal and external stakeholders.

The inputs resulted in changes to the ranking and prioritisation of the material matters.

Having categorised the material matters, we then developed the materiality matrix.

It was then reviewed by BHIC’s Group Risk Management and thereafter approved by the Management Sustainability Committee and Board Sustainability Committee.

 **STEP 3 | MATERIALITY VALIDATION**

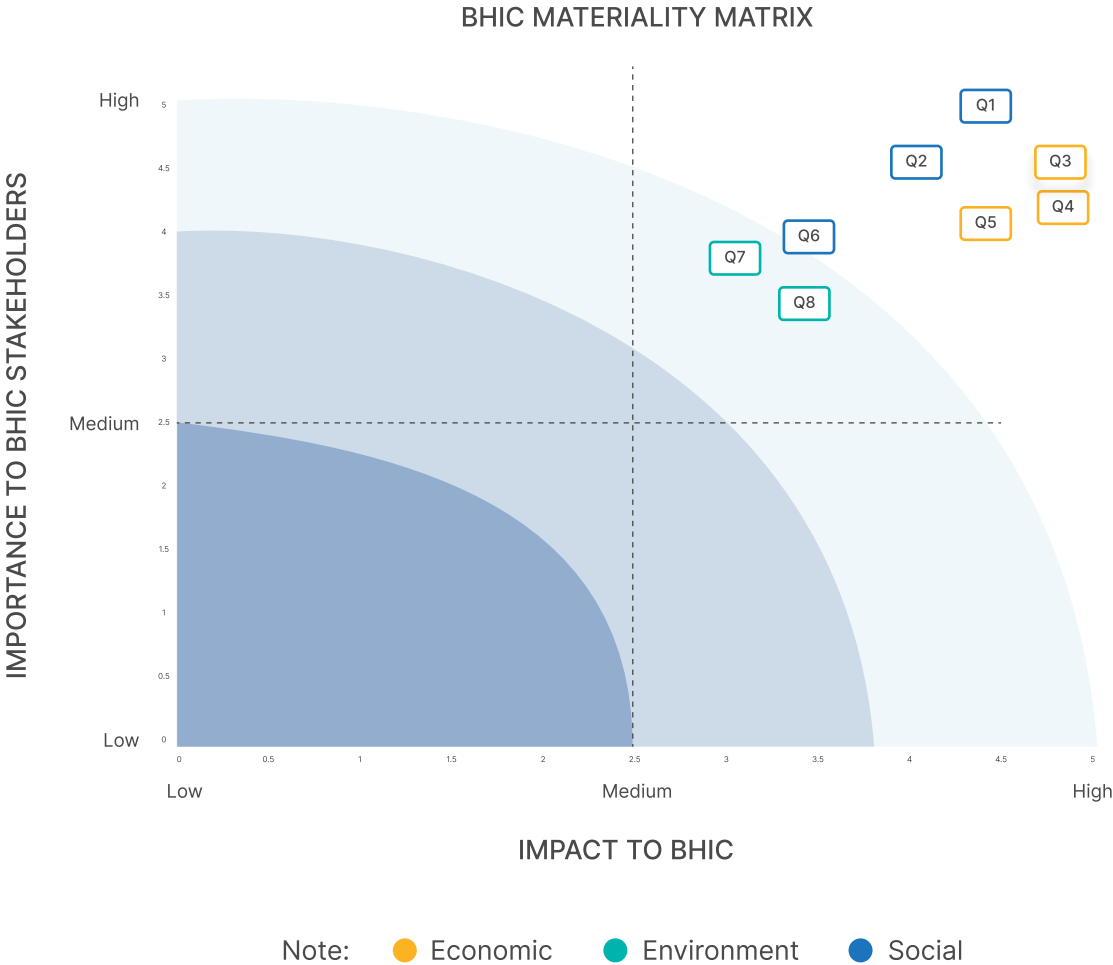
 **STEP 2 | ANALYSIS OF SURVEY RESULTS**

 **STEP 1 | CONDUCTING OUR MATERIALITY SURVEY**

Four Material Matters were removed as a result of this review process, namely:

R&D and Innovation	Impact of Pandemic	Providing Business Opportunities	Labour Practices and Human Rights
Reasons Removed The Group’s current cash flow constraints limited our ability to conduct R&D during the year under review.	Reasons Removed No longer material following Malaysia’s transition into the endemic phase in April 2022 as well as in consideration of risk factors relevant to the Group.	Reasons Removed Our supply chain management considerations are subsumed into the Economic and Financial Sustainability and Good Corporate Governance and Integrity matters, where relevant.	Reasons Removed Our labour practices and human rights considerations are subsumed into the Occupational Health and Safety and Employee Training, Education and Development, where relevant.

MATERIALITY MATRIX



- Q1 Occupational Health and Safety
- Q2 Employee Training, Education and Development
- Q3 Good Corporate Governance and Integrity
- Q4 Products/ Services Quality and Customer Satisfaction

- Q5 Economic and Financial Sustainability
- Q6 Community Contributions and Development
- Q7 Greenhouse Gas (GHG) Emission and Energy Management
- Q8 Waste and Water Management

Our material matters were assessed with reference to sustainability related risks encountered by our organisation. The material matters and its corresponding UN SDGs were mapped and their potential risks were identified and mitigated by existing policies and procedures existing in the group.

MATERIAL MATTER	RELEVANT UN SDG(s)	RISKS	MITIGATION MEASUREMENT
Occupational Health and Safety	SDG3: Good Health and Well-Being SDG8: Decent Work and Economic Growth	Potential security, safety and health hazards.	<ul style="list-style-type: none"> Group policy and procedures: BHIC Health, Safety and Environment (HSE) Policy Statement, Emergency Response, Incident Investigation and Reporting, Hazard Identification Risk Assessment and Risk Control (HIRARC) Employee health and wellness programmes Regular safety inspections
Employee Training, Education and Development	SDG4: Quality Education SDG8: Decent Work and Economic Growth	Lack of a proper feedback and management system, as well as access to resources or opportunities to professionally upskill, may lead to reduced employee productivity, performance and happiness.	<ul style="list-style-type: none"> Performance Management System Training and development activities
Good Corporate Governance and Integrity	SDG16: Peace, Justice and Integrity	<p>Poor corporate governance practices can negatively impact the reputation, business and financial performance of BHIC amongst multiple stakeholders.</p> <p>As a GLC, poor corporate governance may also lead to more serious harm to the nation's security and economy.</p>	<ul style="list-style-type: none"> Policies: Anti-Bribery and Anti-Corruption Policy (ABAC), Code of Ethics and Conduct (COEC), Whistleblowing Policy and No Gift Policy Corruption Risk Assessment (CRA) Development of BHIC Organizational Anti-Corruption Plan (OACP)
Products/ Services Quality and Customer Satisfaction	SDG12: Responsible Consumption and Production	Inefficient, impaired, or sub-optimal work practices may lead to higher consumption of resources, wastage and pollution.	<ul style="list-style-type: none"> ISO9001:2015 Quality Management System best practices and regular internal quality checks Constant customer engagements Periodic customer satisfaction surveys Procedures: Scheduled Waste Management Procedure, Inventory Management Procedure, Logistics Manual, Quality Control Procedure, Quality Department Manual Guidelines: Environmental Quality Regulations 2005 and Department of Environment (DOE) Guidelines
Economic and Financial Sustainability	SDG5: Decent Work and Economic Growth	Poor financial performance will affect business continuity and may lead to reduced financial opportunities.	<ul style="list-style-type: none"> Business plan/Annual Operating Plan (AOP) Business expansion and investment Constant customer engagement
Community Contributions and Development	SDG3:Good Health and Well-Being SDG10: Reduced Inequalities SDG11: Sustainable Cities and Communities	Local communities may not be able to share in the benefits of our business operations despite BHIC using local resources for its commercial activities.	<ul style="list-style-type: none"> Community outreach programmes by providing contributions and donations in-kind to deserving individuals and communities Creation of jobs for local communities Protégé and JEBAT (Jejak Bakat Anak Tentera) programme
Greenhouse Gas (GHG) Emissions and Energy Management	SDG7: Affordable and Clean Energy SDG13: Climate Action SDG14: Life Below Water SDG15: Life on Land	<p>Non-compliance with DOE regulations may adversely impact the community and environment at large and result in penalties from authorities.</p> <p>Unmonitored energy use and lack of adequate equipment maintenance may lead to resource wastage and negative environmental impacts.</p>	<ul style="list-style-type: none"> Compliance with BHIC HSE procedures and related regulations i.e. Environmental Quality Act 1974 Responsible resource usage practices
Waste and Water Management	SDG6: Clean Water and Sanitation SDG14: Life Below Water SDG15: Life on Land	<p>Non-compliance with DOE waste and water regulations can negatively impact the health and safety of the communities around the site, as well as result in penalties from the authorities.</p> <p>Poor water management leads to higher costs and depletion of water resources.</p>	<ul style="list-style-type: none"> Monitoring of consumption Proper storage and disposal of scheduled wastes Compliance with related regulations i.e. Environmental Quality Act 1974 Good waste and water management practices

ECONOMIC AND GOVERNANCE PERFORMANCE

MATERIAL MATTER 1

ECONOMIC AND FINANCIAL SUSTAINABILITY

Why It Matters

Delivering sustainable economic performance through the effective implementation of BHIC's business plan and strategies is vital to continue generating stakeholder value. Economic and financial sustainability is essential for our continued growth and sustainability.

Our Approach

Our approach to sustaining economic performance is by successful execution of our business strategies.

We undertake budget challenge sessions for our five-year strategies as well as monthly reporting to monitor our business units' performances.




In doing so, we strive to stay abreast with market trends and needs, manage our finances prudently; and constantly look for new business to diversify our revenue base.

We are also guided by:

- 2023 Malaysia Budget
- MINDEF's Defence White Paper
- Malaysian Aerospace Industry Blueprint 2030
- RMAF Capability Development 2055 (CAP 55) Strategic Plan
- The relevant procurement policies and business strategies of the various service arms of the Malaysian Armed Forces - in particular the Royal Malaysian Navy (RMN) and the Royal Malaysian Air Force (RMAF)

Our 2023 Performance

BHIC's revenue of RM126.4 million for FY2023 was supported by a strong contract pipeline, including contract awards, renewals and extensions for the year under review:

SECTOR	BUSINESS UNIT	CONTRACT WIN	VALUE (RM million)
Marine	 BSES	<ul style="list-style-type: none">• Extension of the Submarine Facilities Upkeep contract from RMN• Interim In-Service Support (ISS) contract from RMN Prime Minister's Class Scorpene Submarines	40.3 99.8
Aerospace	 BHICAS	<ul style="list-style-type: none">• Additional ceiling contract and extension of contract for the provision of maintenance and supply of spares for the RMAF EC725 helicopters via in service support	115.3
Weapons & Combat Systems	 BBA	<ul style="list-style-type: none">• Extension of the MRO on RMN's Bofors 40mm/L70 guns	7.0

The Group recognises that a key part to maintaining long-term economic and financial sustainability is in ensuring a strong pipeline and diversified pool of business partners, vendors and talent.

To that end, BHIC inked two agreements:

- BHICAS engaged with Safran Group entities to expand its new business opportunities. BHICAS is a distributor of Safran Aerosystems products for the Malaysian Armed Forces (MAF).
- BBA appointed two new local vendors for the BOFORS guns contract.

The Group's economic and financial sustainability also hinges on the quality and level of trust in vendors - and given the defence industry's importance - BHIC's vendor base is heavily localised. Of the 2,524 total registered vendors in 2023, 1880 (74.5%) were local vendors. In addition, 93.3% of procurement was channelled to local vendors.

All our suppliers and vendors are required to adhere to principles, policies and regulations prescribed in the Vendor Code of Business Conduct (VCBC) which encompasses our principle and guidance for Supply Chain Management practices.

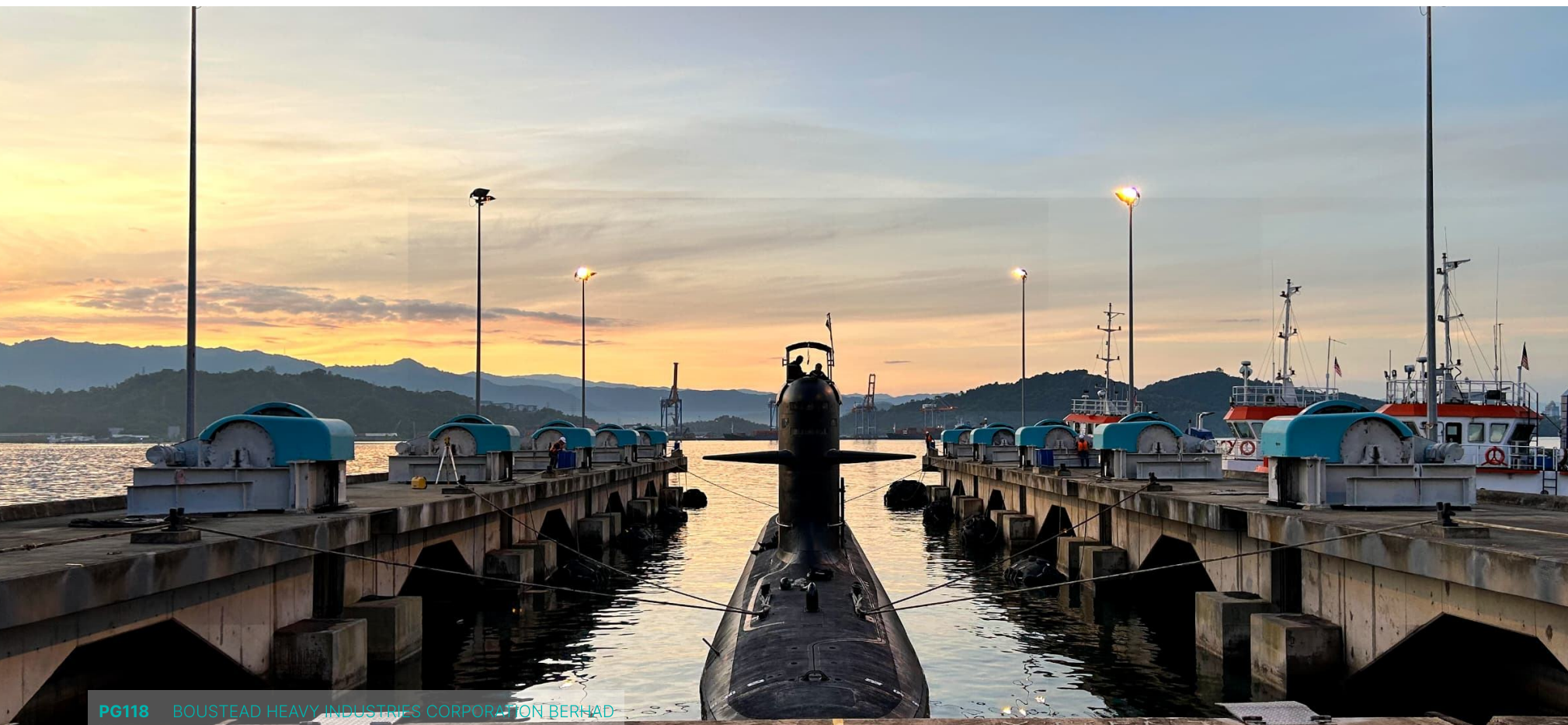
This VCBC is formulated in accordance with the law and socio-cultural requirements of Malaysian society including zero corruption, minimising environmental impacts and safeguarding employees' and workers' rights.

Digitalisation is also a key contributor to the Group's economic and financial sustainability. The Group embarked on a digitalisation project aimed at continual improvement to enhance related processes and reduce operational risks.

The continual improvement effort is also outlined through our SOP Improvement Plan (SIP) initiative. Through SIP, annual reviews of procedures are conducted as this is also a good practice as per ISO standards requirements. In 2023, BHIC digitalised our Integrated Logistics Support Management Systems and Time Attendance System.

Moving Forward

The approved debt settlement plan bodes well for BHIC's economic and financial sustainability, as it allows the Group to concentrate on delivering MRO and Submarine In-service Support for RMN and RMAF.



MATERIAL MATTER 2

PRODUCTS/ SERVICES QUALITY AND CUSTOMER SATISFACTION

Why It Matters

Delivering products and services that meet customers’ satisfaction is important to BHIC’s growth. It ensures customer loyalty and helps to attract as well as retain customers in a competitive business environment.

Our Approach

We strive to enhance our customers’ experience by engaging with them through multi-faceted channels including obtaining feedback, progress meeting with customers and conducting periodic Customer Satisfaction Surveys (CSS).

These efforts enable us to gain insights into our customers’ needs and satisfaction and improve our products and services offerings.

This is also in adherence to best practices of the ISO 9001:2015 Quality Management System, which include monitoring of customers’ needs and expectations. The CSS covers a range of topics, including but not limited to: products and services quality, timely delivery and completion, responsiveness and overall performance.

Our 2023 Performance

The results of our CSS in 2023 were as follows:

SECTOR	AVERAGE SCORE
Marine	3.8 out of 5
Aerospace	4.1 out of 5
Weapons & Combat Systems	4.2 out of 5

The group’s various business units also achieved ISO certifications, which help ensure continuity in business operations and pipeline of projects, in addition to other segment-specific achievements and accreditations.

BUSINESS UNIT	CERTIFICATION / ACHIEVEMENT
BSES	<ul style="list-style-type: none">• ISO 9001:2015 Quality Management Systems• Docking for Essential Defect (DED) for the RMN Submarine KD TRZ• Performed Assisted Maintenance Period (AMP) 9 and 10 for the RMN Submarine KD TAR• Performed Preventive Maintenance for RMN submarine facilities• Rectified identified defects of RMN submarine facilities
BBA	<ul style="list-style-type: none">• ISO 9001:2015 Quality Management Systems• Rated four stars in Malaysian Industry Council for Defence, Enforcement & Security (MIDES) competitiveness rating for enhancement• Completed six Depot Level Maintenance (DLM) and 21 Emergency Repair works• Initiated Standard Exchange Program for RMN through the upgrading of former Swedish Naval Guns
BHICAS	<ul style="list-style-type: none">• ISO 9001:2015 Quality Management Systems• Approved Airbus Helicopters Maintenance Centre• Certified by Civil Aviation Authority of Malaysia (CAAM) as a Maintenance Organisation to engage in helicopter battery maintenance• Completed Phase 1 and 2 eMGB (Main Gearbox) installation on RMAF’s EC725 helicopters – first in Asia Pacific and 2nd globally• Completed 2 RMAF 3Y/1200H inspection• Provided manpower supply to Airbus Helicopters Japan for eMGB works• No major Corrective Action Requests in all 2023 audits by Airbus, ISO and Directorate General Technical Airworthiness (DGTA)

Moving Forward

BHIC’s business units’ statuses as trusted and consistent contractors for RMN and RMAF stands the Group in good stead for 2024, given the need to keep the Malaysian Armed Forces *semper peratus* (always ready).

MATERIAL MATTER 3

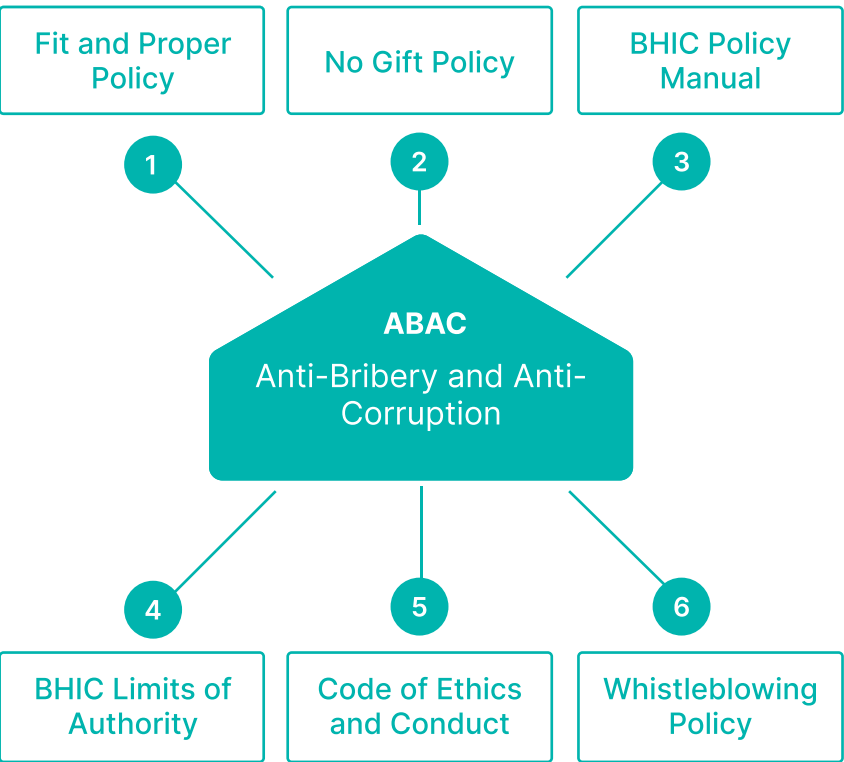
GOOD CORPORATE GOVERNANCE AND INTEGRITY

Why It Matters

Corporate governance is the foundation of good business practice. Embedding good corporate governance and integrity principles not only help to mitigate risks and reduce malpractice and corruption, but also provides assurance that the organisation is conducting its business with integrity.

Our Approach

BHIC Group is committed to executing our business with full compliance with applicable laws and regulations. With zero tolerance towards bribery and corruption and to promote ethical business conduct and foster a culture of integrity at BHIC, every employee is governed by the Anti-Bribery and Anti-Corruption (ABAC) Policy, which is supported by organisation-wide ancillary policies.



Our 2023 Performance

BHIC Group Risk Management and Group Integrity & Governance of Boustead Holdings Group conducted training and awareness for BHIC Group employees on the revised Boustead Group Code of Ethics and Conduct (COEC) and Policies & Procedures (P&P) which came into force in July 2023. A total of 363 employees, comprising 76.1% of the Group’s total workforce, attended the COEC and P&P training.

The programme aimed to increase the awareness, knowledge and compliance of employees to: the COEC and P&P; Adequate Procedures of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC); and TRUST principles: top level commitment, risk assessment, undertake control measures, systematic review, monitoring and enforcement, training and communication.

Building on this, BHIC conducted Corruption Risk Assessment (CRA) with Boustead Holdings’ Group Integrity & Governance (GIG), to identify, analyse and assess internal and external corruption risks. The sessions were conducted from 9 to 20 March 2023 to 11 corporate departments. Key risk strategy was defined based on CRA data collection and analysis, leading to the development of BHIC’s Organizational Anti-Corruption Plan (OACP).

The OACP focuses on strengthening and inculcating corporate governance, increasing efficiency and transparency in procurement and instilling compliance among employees.

It underscores BHIC’s commitment to corporate accountability and transparency. The final draft was submitted in November 2023 and was approved by the Board on 8 January 2024.

Ensuring day-to-day compliance behaviour was promulgated via weekly emails to employees that circulated integrity and governance-themed articles courtesy of GIG. Compliance behaviour also extends to external stakeholders, exemplified in BHIC's fair and transparent procurement practices and our open bidding system, which is in strict accordance with the established BHIC Group Procurement Policy. Our vendors have formally acknowledged their commitment to adhere to the Vendor Code of Business Conduct (VCBC).

Data privacy and security is essential to maintain the trust of our client base and vendors. We implement threat detection and prevention for critical systems and conducted cybersecurity Phishing Email Awareness (Phase 2) training from 8 March to 28 August 2023.

Our data privacy and security initiatives are governed by the following policies and practices:



PERSONAL DATA PROTECTION ACT 2010 (PDPA)
Group Human Capital Management inputs and retains employment and personal data for reference as per the requirements and standards required by the Personal Data Protection Act 2010 (PDPA) as in our Human Capital Management Policy.



CYBERSECURITY TRAINING FOR KEY USERS
Cybersecurity awareness raised among key users within finance and project teams regarding phishing emails, malware, spyware, spam and cyber threats.



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. For example, the Integrated Logistics Support Management System (ILSMS) implemented strong, intricate and regular updates of passwords as a practice apart from MFA, to prevent potential data breaches and ensuring the confidentiality of vital information stored within the ILSMS.



REPORTING OF PHISHING EMAIL
Implementation of a one-click button in Outlook to report phishing emails, allowing for immediate rectification and control.

Moving Forward

In 2024 and beyond, BHIC plans to further strengthen our privacy and data systems, as well as remain vigilant to issues pertaining to corporate governance and integrity.

ENVIRONMENTAL PERFORMANCE

MATERIAL MATTER 4 WASTE AND WATER MANAGEMENT

Why It Matters

Proper waste and water management is essential in reducing negative impacts on the environment, while augmenting BHIC’s role as a global citizen and member of the communities we serve.

Our Approach

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.



Boustead Heavy Industries Corporation

Treat Our e-Waste Sustainably !



e-Waste Collection

Recycle your unwanted/non-working or old/obsolete electronic equipment (batteries, PC, laptops, tablets, mobile phones, chargers, cable, small appliance, etc)



E-WASTE

Type of e-Waste We Collect

- ☐ Small and collectible/easy handling items
- ☐ Clean without any organic/fluid/toxic material contamination

Drop Off Point
Collection Box, Room 2
17th Floor, Menara Boustead



**“BE RESPONSIBLE TODAY
FOR A BETTER FUTURE TOMORROW”**



2023 e-Waste Collection Activity
SPT-BPI

In addition, BHIC’s waste management efforts are guided by:

- 1

Scheduled Waste Management Procedure:

BHIC’s 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 Group’s activities, products and services.
- 2

Environmental Quality (Scheduled Waste) Regulations 2005
- 3

Department of Environment (DOE) Guidelines
- 4

Applicable local and standard laws

Our 2023 Performance

In FY2023, there was a 84.8% reduction in the total waste generated and a 99.8% reduction in water consumption. The Group is committed to continuously improving our waste and water management.

The amount of waste generated by the BHIC Group is outlined below:

WASTE	METRIC TONNES (2021)	METRIC TONNES (2022)	METRIC TONNES (2023)
Total	545.8	322.2	49.1

In 2023, BHIC organised two e-waste initiatives. First, an annual e-Waste Collection Programme was held to educate employees on proper treatment of e-waste and to inculcate better waste disposal practices. To support this initiative, a designated collection box was provided at the workplace.

Second, the Group conducted an e-Waste disposal event for IT hardware, laptops and CPUs on 2 November 2023. This was initiated by the Group Information System Department together with TM Enviro Industries Sdn Bhd, a registered e-waste contractor with the DOE.

YEAR	2021	2022	2023
Water Consumption (m³)	224,874.0	230,028.0	509.0
Megalitres	224.9	230.0	0.5

Moving Forward

Notwithstanding the disposal of LUNAS, we are committed in ensuring our waste generation and water consumption activities are well managed in line with the scale of our existing business operations.



Living up to our sustainability commitment, we carried out various in-house initiatives to reduce our carbon footprint, such as the e-Waste Collection Programme



MATERIAL MATTER 5

GREENHOUSE GAS (GHG) EMISSIONS AND ENERGY MANAGEMENT

Why It Matters

Stakeholders are conscious of environmental issues and aware of which organisations are acting responsibly in the community and environment.

Good environmental management strengthens an organisation’s corporate image.

Our Approach

We strive to improve our energy use and efficiency through:

- Proper asset management and maintenance i.e. ensuring equipment function at optimal and energy-efficient levels
- Ensuring frequently-used fixtures i.e. air conditioners and lights are switched off when not in use and after office hours
- Replacing conventional lights with LEDs
- Optimising office space by reducing air conditioning units

Our 2023 Performance

In 2023, the Group successfully achieved a 88.6% reduction in Scope 1 emissions and 83.8% reduction in Scope 2 emissions.



SCOPE 1 EMISSIONS (tCO2e)	2021	2022	2023
Heavy Machineries	156.0	194.4	28.4
Welding and Oxygen-Cutting	11.1	11.6	0.0
Refrigerants Fugitive	Nil	279.1	0.0
Cars and Motorcycles	46.0	61.3	44.2
Light and Heavy Goods Vehicles	110.4	153.6	7.1
TOTAL	323.5	700.0	79.7

SCOPE 2 EMISSIONS (tCO2e)	2021	2022	2023
Purchased electricity (kWH) consumption	8,627,138.0	9,915,561.8	1,830,278.2
Emissions (tCO2e)	6,099.3	6,756.8	1,093.2

The Strategic Planning & Transformation (SPT) Department, as the Management Sustainability Committee’s (MSC) secretariat, circulates a quarterly email newsletter on sustainability topics to employees.

It promotes awareness on good practices to reduce water, energy and waste, whilst sharing sustainable lifestyle tips that lead to lower pollution and GHG emissions.

Moving Forward

We will continue to improve our business operations to reduce GHG emissions and optimising our energy management practices.

SOCIAL PERFORMANCE

EMPLOYEE DIVERSITY & LABOUR PRACTICES AND STANDARDS

BHIC embraces diversity and equality in our workforce; all employees and recruits are afforded the same opportunities. Our Talent Acquisition Policy ensures our hiring practices are non-discriminatory, with equal employment opportunities provided to all candidates regardless of gender, age, nationality, race, religious beliefs, cultural background, sexuality, marital status or physical ability.

We also embrace human rights throughout our operations, guided by local applicable employment laws and regulations such as:

- Employment Act 1955
- Trade Union Act 1959
- Contracts Act 1950
- BHIC Code of Ethics and Conduct
- BHIC core values: Belonging, Honour, Integrity and Commitment

For more information, refer to our Performance Data Table on page 132.

Weekly blood pressure monitoring held at Menara Boustead in November 2023



Engagement session between BDTS and BBA personnel and CEO in Lumut on 28 July 2023

MATERIAL MATTER 6

OCCUPATIONAL HEALTH AND SAFETY

Why It Matters

A strong commitment to health, safety and well being benefits employees and organisation by decreasing and/or eliminating illnesses, injuries and fatalities. The organisation will also benefit from decreased costs associated with compensation and new recruitment, resulting in improved financial performance and reputation.

Our Approach

In line with its commitment to safeguard the well being of employees, in October 2023 BHIC re-established the BHIC Group Health, Safety and Environment (HSE) Committee and the BHIC Corporate Office HSE Committee in accordance with the Occupational Safety and Health Act 1994.

Other relevant policies include Emergency Response, Incident Investigation and Reporting, Hazard Identification Risk Assessment and Risk Control (HIRARC).



The Group recorded zero Lost Time Injuries in 2023 thanks to its adherence to Occupational Health and Safety standards, rules and regulations

Our 2023 Performance

BHIC conducted a series of health and safety training initiatives throughout 2023:

HSE INITIATIVE	FREQUENCY / DATE
Safety and housekeeping training	May 2023
Basic first aid training	July 2023
Crane and lifting safety	August 2023
Fire safety awareness	September 2023
Forklift mastery	September 2023
First aid and Emergency Response Plan (ERP) training	27 September 2023
Evacuation drill exercise	23 November 2023
Chemical handling and spillage response	December 2023
Tuning into noise safety	December 2023
Overhead crane safety and daily self-inspection	5 December 2023
Workplace inspection	Monthly
First aid inspection	Monthly
Fire extinguisher inspection	Monthly
General pest control	Monthly
Electrical engineer visit	Monthly
Material handling equipment inspection and servicing	Quarterly
Safety induction for all contractors, workers and visitors	Regularly
Mass toolbox session	Bi-weekly

As a result, the Group recorded zero lost time incidents and upheld its record of zero fatalities. The Group also believes a healthy workforce is a productive workforce and prioritised employee health and well-being through these initiatives:

INITIATIVE	DESCRIPTION
Flexi Working Hours	Effective 1 June 2023, providing employees with three working hours options and giving employees leeway to manage their work-life balance
Employee Engagement Survey 2023	Conducted on 16 October 2023, the survey aimed to collect employee insights towards building a work environment that supports employee well-being
Blood Pressure and Weight Monitoring Campaign	Kicked off on 23 November 2023, with blood pressure screenings conducted twice weekly and health-themed e-pamphlets emailed to employees fortnightly

Moving Forward

BHIC aims to enhance our HSE initiatives in the coming year across all business units to reach all employees across the Group.

MATERIAL MATTER 7

EMPLOYEE TRAINING, EDUCATION AND DEVELOPMENT

Why It Matters

A well-trained workforce has a direct and positive effect on organisational performance. Being well-trained increases job satisfaction, morale and motivation among employees to improve productivity and efficiency resulting in personal and career development. BHIC’s performance is also set to benefit from such a workforce.

Our Approach

We conducted both in-house and off-site training sessions for workers across all business units, covering a wide variety of issues, including HSE, technological changes and environmental awareness.

Our 2023 Performance

On 23 August 2023, BHIC hosted an in-house knowledge sharing session with KC Low, Head of Technology Innovation Accelerator at Boustead Technology Sdn Bhd, on how Industry 4.0 technologies affect businesses and industries.

This group-wide session was held in a hybrid format: online and in person. Other training sessions include:

TRAINING SESSION	MONTH
Basic Occupational First Aid	January 2023
Emergency Response Plan Awareness	February 2023
General Architecture of Scorpene Submarine	
Basic Ground Handling Training	May 2023
Safety Management System Training	
Hangar Safety and Workplace Housekeeping	
Policy & Procedure, Maintenance Manual Procedure (MMP) / Maintenance Organisation Exposition (MOE) and Departmental Manual Procedures Training	June 2023
Introduction to Submarine Technical Capability (SUBTEC)	July 2023
Value Driven Professional	August 2023
Environment Sustainability Awareness	
Technical Airworthiness Management Manual (TAMM) Training	September 2023
Creative and Analytical Thinking	November 2023
Submarine Maintenance: General Overview on In-Service Support and Refit	
IT for Non-IT Training	December 2023

In 2023, BHIC invested RM200,146 in the training and development of its employees, with a total of 7,358 hours spent on training initiatives throughout the year.



HSE Essential Forklift Operator Training on 7 September 2023 at BHICAS

As employees are one of the Group's most important stakeholder groups, we undertook various employee engagement initiatives to improve camaraderie and address employee concerns in 2023, namely:

- CEO engagement sessions: A platform for the CEO, senior management and BHIC personnel to interact and communicate in person, these sessions were conducted at the corporate office and business units
- Festive celebrations: Held on 18 May 2023, a Hari Raya Aidilfitri gathering at the corporate office helped employees bond
- Onboarding and farewell gatherings: Several gatherings to welcome new employees and bid farewell to departing employees

Moving Forward

BHIC will continue to invest in training for its remaining business units in the coming years, in line with both industry, national and international trends and business needs.

MATERIAL MATTER 8

COMMUNITY CONTRIBUTIONS AND DEVELOPMENT

Why It Matters

Providing financial or non-financial support to the community is essential, as it not only contributes to the well being of society and the environment but also brings tangible benefits in terms of reputation, customer loyalty and long-term viability.

Our Approach

BHIC’s corporate social responsibility (CSR) contributions enable better quality of the life through education, welfare and donations in-kind to deserving individuals and communities.

Our 2023 Performance

In 2023, 86 protégés, including four under the Jejak Bakat Anak Tentera (JEBAT) programme, were positioned across various business units within BHIC. Initiated by Yayasan LTAT, JEBAT aims to boost the marketability of graduates amongst children of Malaysian Armed Forces (MAF) personnel. JEBAT’s protégés were attached to BHIC for eight months to provide them with exposure to the working environment. The Group’s participation in JEBAT contributes to the welfare of MAF personnel and their families.

In addition, the Group undertook the following CSR activities in FY2023:

ACTIVITIES	DESCRIPTION
Blood donation	Drive organised by PM Care and the National Blood Center at The Curve, KL on 1 March 2023.
	Organised by BHICAS’ Facility Management and Industrial Safety Department in collaboration with Pusat Darah Negara and McDonald’s Citta Mall, Subang as part of BHICAS’ Safety Campaign 2023 and in conjunction with World Blood Donor Day on 14 June 2023. Over half of the 75 employees who attended donated blood on 15 June 2023.
	Drive for Hospital Blood Bank, a collaboration with Queen Elizabeth 2 Hospital. Held from 7 to 8 December 2023, the drive saw the participation of 84 employees.
Office furniture donation	Donated to Sekolah Rendah Integrasi Teras Islam Tahfiz As-Syakirin in Shah Alam on 3 March 2023.
Clothes and toys donation	Donated to Rumah Titian Kaseh on 19 October 2023.
Financial aid	Donated to Sekolah Kebangsaan Pangkalan TLDM Kota Kinabalu for their delegation expenses to the Sandakan Regatta 2023.
	Donated to cover expenses for RMN provost Kota Kinabalu Family Day.
R&D donation	Contribution to the Science and Technology Research Institute for Defence (STRIDE)’s Program Membudayakan R&D Pertahanan.
Gerobok Rezeki (food cupboard)	Surau Menara Boustead collaborated with Boustead Realty to hand out food on 11 April 2023 to the needy and underprivileged.
Joint hike	Joint hike up Mount Kinabalu with RMN personnel, held from 31 October to 2 November 2023.

Moving Forward

Maintaining strong relations with our key stakeholders in MAF service arms such as RMAF and RMN is key to our CSR and protégé programmes, in addition to giving back to the communities in which our business units operate. In 2024, we hope to expand CSR activities.

PERFORMANCE DATA

BHIC, as a Listed Issuer, is required to provide ESG disclosures as part of the Main Market Listing Requirements, in line with the enhanced Sustainability Reporting Guide, 3rd edition. The following performance data tables summarise indicators that are pertinent against the 11 Common Sustainability Matters and their related Common Indicators (C1-C11).

Our eight Material Matters are:

1



Occupational Health and Safety

2



Employee Training, Education and Development

3



Good Corporate Governance and Integrity

4



Products/Services Quality and Customer Satisfaction

5



Economic and Financial Sustainability

6



Community Contributions and Development

7



Greenhouse Gas (GHG) Emissions and Energy Management

8



Waste and Water Management

We have matched all mandatory and additional indicators to the relevant Material Matters. Some of our Material Matters do not have quantifiable data.

PERFORMANCE DATA TABLE

INDICATOR	MEASUREMENT UNIT	2021	2022	2023
C1 (a) Percentage of employees who have received training on anti-corruption by employee category				
Senior Management	Percentage	9.2	10.9	1.7
Middle Management	Percentage	15.8	16.8	9.1
Executive	Percentage	63.1	49.8	46.3
Non-Executive	Percentage	11.9	22.4	43.0
Number of employees receiving integrity enhancement training	Number	260.0	321.0	363.0
C1 (b) Percentage of operations assessed for corruption-related risks	Percentage	Due to major changes in the structure of the group and its business units, we were unable to assess this metric.		
C1 (c) Confirmed incidents of corruption and action taken	Number	0	0	0
C2 (a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	43,492	56,298	108,316
C2 (b) Total number of beneficiaries of the investment in communities	Number	14.0	19.0	5.0
C3 (a) Percentage of employees by gender and age group, for each employee category				
Employee profile by age				
Under 30	Percentage	Different parameters were used in the BSP 2021	11.0	29.0
30 - 50	Percentage		72.0	59.0
Over 50	Percentage		17.0	12.0
Employee profile by gender				
Male	Percentage	78.0	78.0	76.9
Female	Percentage	22.0	22.0	23.1
C3 (b) Percentage of directors by gender and age group				
Male	Percentage	54.5	60.0	75.0
Female	Percentage	45.5	40.0	25.0
Under 50	Percentage	27.3	30.0	25.0
50 - 59	Percentage	18.2	30.0	25.0
60 - 69	Percentage	54.5	30.0	37.5
70 and over	Percentage	0.0	10.0	12.5
C4 (a) Total energy consumption	Gigajoules	33,083.2	41,296.7	7,660.9
C5 (a) Number of work-related fatalities	Number	0.0	0.0	0.0
C5 (b) Lost time incident rate	Rate	2.3	2.8	0.0
C5 (c) Number of employees trained on health and safety standards		104.0	97.0	93.0
Registered safety officers	Number	8.0	8.0	7.0
Internal safety audits	Number	15.0	3.0	3.0

PERFORMANCE DATA TABLE

INDICATOR	MEASUREMENT UNIT	2021	2022	2023
Workplace inspections	Number	342	218	357
Total hours of employee training	Hours	14,504.0	24,868.0	7,358.0
C6 (a) Total hours of training by employee category				
Senior Management	Hours	189.5	274.5	102.5
Middle Management	Hours	1,622.0	2,308.0	803.5
Executive	Hours	7,613.0	12,259.5	2,870.0
Non-Executive	Hours	5079.0	10,025.5	3,582.0
Total Training Expenditure	RM	501,041.0	1,006,848	200,146
Senior Management	RM	18,035.0	24,007.0	5,778.0
Middle Management	RM	66,357.0	116,500.0	17,176.0
Executive	RM	298,129.0	661,884.0	82,483.0
Non-Executive	RM	118,520.0	204,457.0	94,709.0
C6 (b) Percentage of employees that are contractors or temporary staff	Percentage	15.0	22.0	39.6
C6 (c) Total number of employee turnover by employee category				
Senior Management	Number	-	-	4.0
Middle Management	Number	-	-	5.0
Executive	Number	-	-	16.0
Non-Executive	Number	-	-	26.0
C6 (d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
C7 (a) Proportion of spending on local suppliers	Percentage	78.0	76.5	93.3
Total registered vendors	Number	2,661.0	2,604.0	2,524.0
Local vendors	Number	2,045.0	1,983.0	1,880.0
Vendors in the Vendor Development Programme (VDP)	Number	36	36	7
C8 (a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
C9 (a) Total volume of water used	Megalitres	224.9	230.0	0.5
C10 (a) Total waste generated and a breakdown of the following:	Metric Tonnes	545.8	322.2	49.1
(i) total waste diverted from disposal	Metric Tonnes	538.9	256.0	42.3
(ii) total waste directed to disposal	tCO2e	6.9	66.2	6.8
C11 (a) Scope 1 emissions in tonnes of tCO2e	tCO2e	323.5	700.0	79.7
C11 (b) Scope 2 emissions in tonnes of tCO2e	tCO2e	6,099.3	6,756.8	1,093.2
C11 (c) Scope 3 emissions in tonnes of tCO2e (at least for the categories of business travel and employee commuting)	tCO2e	BHIC does not track scope 3 emissions		