SUSTAINABILITY STATEMENT

SUSTAINABILITY AT TALIWORKS

To ensure a progressive and inclusive future for all while looking out for business opportunities and risks, Taliworks (or the "Group") has incorporated key Economic, Environmental and Social ("EES") considerations into our operations, focusing on sustainability as a roadmap for shared success. As a provider of essential infrastructure and services, we believe these considerations will enable us to generate long-term shareholder value, lay the foundation for a sustainable society while playing an important role in advancing the interest of other stakeholders.

At Taliworks, we seek to create synergy between business goals and the wellbeing of the community, environment and the economy through the broad scope of our operations. We work hard to manage our EES activities while being guided by our corporate vision to leverage the long-term integration of sustainability into our business while generating positive economic results.

We strive to continue creating meaningful value for all our stakeholders and in that spirit, we have developed and introduced our Sustainability Framework as a result of thoroughly assessing our operations and sustainability ambitions. The Sustainability Framework will propel our sustainability journey and lay the foundation for the next phase of growth in which sustainability is embedded into our core business focus.

Reporting Period and Scope

We are committed to transparent reporting in order to ensure that we hold ourselves accountable to our goals. This Sustainability Statement, which covers the reporting period between 1 January 2021 and 31 December 2021 unless otherwise specified, encompasses Taliworks' key operations, its main subsidiaries, major joint ventures and associate companies - all located within the geographical scope of Malaysia. This Statement has been prepared in accordance with Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Bursa Malaysia") related to Sustainability Statements in Annual Reports and is guided by the Global Reporting Initiative ("GRI") Standards.

OUR ROADMAP

2022 and Beyond

Operationalising Sustainability
Advancing our EES journey by driving high impact initiatives and further integrating sustainability into our core business practices

2021

Activating Sustainability
Accelerated our EES journey through the formalisation of our Sustainability Framework and setting in motion our progress through calibrating and setting internal time-bound targets

2020

Guiding Future Direction
Initiated the development of a Group-wide Sustainability Framework to centre our approach using core pillars and action plans

2018-2019

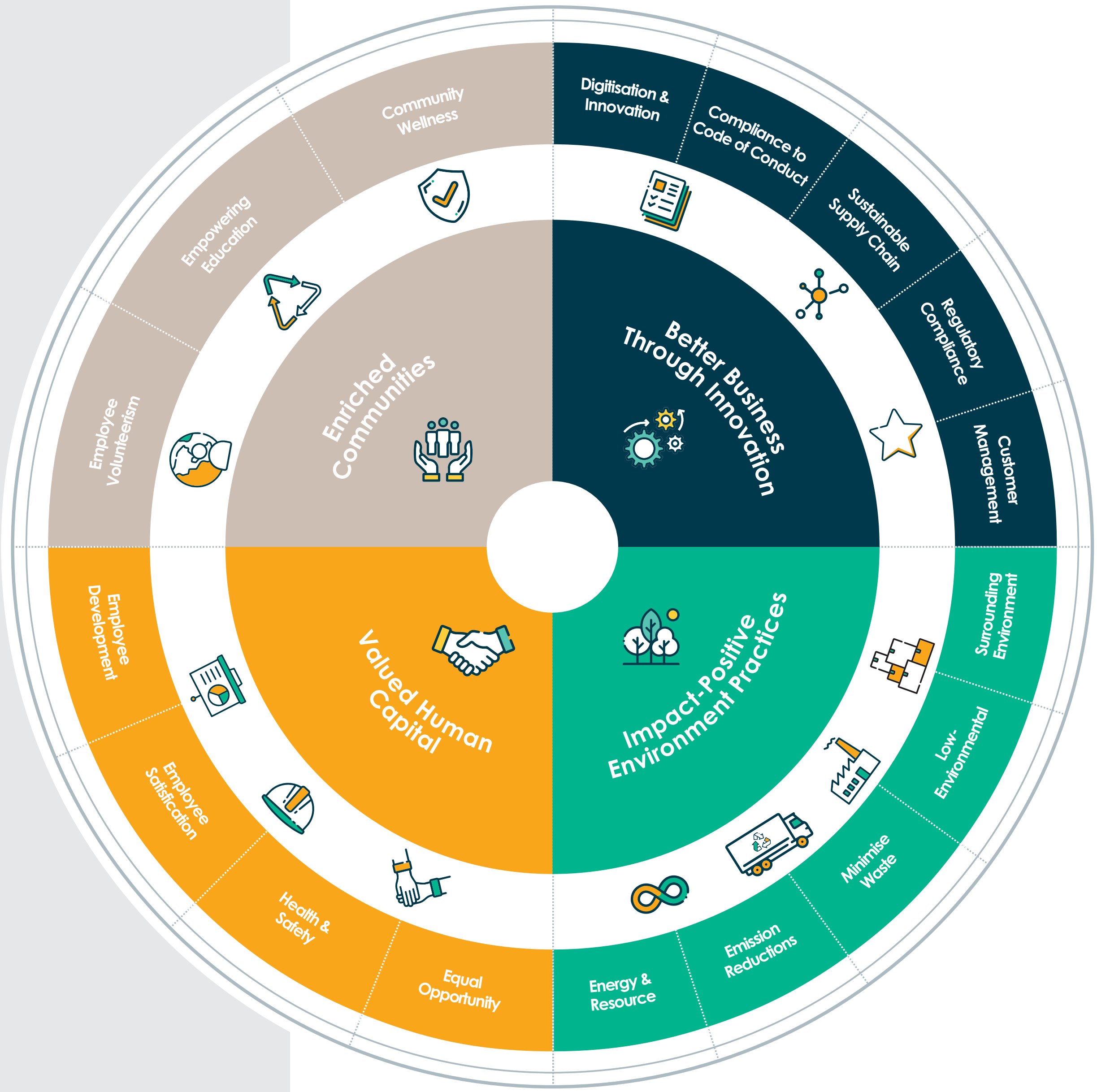
Instilling Sustainability
Guided our divisions in identifying relevant EES aspects and stakeholders, as well as how sustainability could spur growth, productivity and minimise risk

2017

Laying the Groundwork
Identified sustainability issues and established performance indicators

OUR SUSTAINABILITY FRAMEWORK

Throughout the years, we progressively laid the foundation to embed sustainability in our business, which has been a steep learning curve for all of us. This year, we are formalising our Sustainability Framework that will serve as a guide towards Taliworks' vision of delivering positive impact for the business, environment and communities in locations where we operate by incorporating sustainability practices into our business operations.



Four central pillars support the Sustainability Framework and ensure that all our operations are able to spur growth, enhance productivity and effectively minimise sustainability risks.

Better Business Through Innovation

Leveraging technology and innovation for the creation of products and services to increase sustainability of our business and value chain.

Impact-Positive Environmental Practices

Minimising the impact of our operations on the environment and proactively responding to climate change through positive actions.

Valued Human Capital

Creating a safe and healthy working environment.

Enriched Communities

Making meaningful contributions to the communities around us through service that enriches lives.

We have established 17 ambitions aligned to the EES aspects that come under these pillars to set the tone for our sustainability agenda and guide the development of the sustainability initiatives. Taking a co-development approach, we engaged with division heads and decision makers to calibrate and set purposeful internal time-bound targets for each ambition, as well as monitoring processes and high impact programmes to incorporate sustainability practices into the core of our business. Some of the material sustainability targets that we intend to follow closely are disclosed under the "What We Want to Achieve by 2025" section. The Sustainability Framework will guide the next stage of our sustainability journey through deepening our engagements and investments for a more sustainable future. Guided by the Sustainability Steering Committee ("SSC") after a stakeholder engagement exercise in early 2021, the Sustainability Framework was reviewed and endorsed by the Executive Committee ("EXCO") and received approval in March 2022 from the Board of Directors for adoption.

OUR AMBITIONS

PILLAR I

Better Business through Innovation

AMBITIONS

Digitisation and Innovation to Drive Business Growth

Invest in innovation and digitisation to drive business growth

Compliance With Taliworks' Code of Conduct

Enforce zero tolerance for non-compliance on Taliworks' Code of Conduct, including our whistleblowing, anti-corruption and anti-bribery policies

Reinforcing a Sustainable Supply Chain

Extend our Sustainability Procurement Policy by incorporating enhanced supplier screenings which our key suppliers will adhere to minimum good practices

Ensure Regulatory Compliance

Committed to full compliance with applicable laws and regulations, as well as applicable business regulations and protocols

Enhance Customer Management

Achieve above average customer satisfaction rates across our business divisions

RELATED SDGS

- 3 GOOD HEALTH AND WELL-BEING
- 8 DECENT WORK AND ECONOMIC GROWTH
- 11 SUSTAINABLE CITIES AND COMMUNITIES

PILLAR II

Impact-Positive Environmental Practices

AMBITIONS

Energy & Resource Efficiency

Improve water and energy consumption of our operations by increasing efficiency and the use of diversified energy sources

Towards Emissions Management

Continually innovate to manage emissions from our operations

Minimise Waste

Generating less waste at source and increasing recycling efforts

Towards Consumption of Low Environmental-Impact Materials

Increase use of low-environmental impact materials within our operations

Minimise Impacts on our Environmental Surroundings

Minimising the impacts of our operations on the surrounding ecosystems

RELATED SDGS

- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION

PILLAR III

Valued Human Capital

AMBITIONS

Advance Employee Development

Develop our valued employees' professional growth by ensuring our employees undergo structured performance reviews, supported by robust development plans and training

Enhance Employee Satisfaction

Positively engage our employees and achieve an employee satisfaction score of 80% and above

Prioritise Safety & Health

Prioritise our employees' safety and health through robust management plans, striving for zero fatality

Equal Opportunities Employer

Promote equal opportunity in our employment practices

RELATED SDGS

8 DECENT WORK AND ECONOMIC GROWTH

PILLAR IV

Enriched Communities

AMBITIONS

Volunteering to Uplift Communities

Encourage employees to volunteer in our community projects to uplift the communities in which we operate

Empower Communities Through Education

Empower our communities by focusing on education initiatives

Support Community Wellness

Support community wellness through our community projects

RELATED SDGS

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

WHAT WE WANT TO ACHIEVE BY 2025

With the Sustainability Framework as our compass, we have set out purpose-driven targets under each ambition of the four pillars. Our targets are time-bounded to keep progress on track through 2025. Below are our selected targets that we intend to follow closely to achieve the objectives of each ambition:

Compliance to Code of Conduct

TARGETS

- Formulate structured Anti-Corruption and Anti-Bribery e-learning modules
- Enhance existing Anti-Corruption and Anti-Bribery policies and practices

Ensure Regulatory Compliance

TARGETS

- Comply to relevant and applicable regulatory requirements and ensure no breach of compliance

Energy & Resource Efficiency

TARGETS

- Track water and energy consumption for relevant business divisions where material to the operations
- Increase energy saving initiatives and assess feasibility of supplementing existing energy sources with renewable energy and roll out plan

Prioritise Safety & Health

TARGETS

- Achieve annual occupational fatality rate below national annual rate, and Group-wide average of 400,000 man-hours without lost time injury

Advance Employee Development

TARGETS

- 100% of permanent employees will undergo yearly performance reviews
- Continue to drive training and development programmes focused on developing industry-related skills and building leadership capacity

Volunteering for Community Wellbeing

TARGETS

- Encourage employee participation in community programmes and to volunteer for company-approved community programmes
- Continue to strategically contribute to community investment initiatives

SUSTAINABLE DEVELOPMENT GOALS

Aligning with the UN SDGs

Our 17 ambitions under the respective pillars with internal time-bounded targets and specific goals are aligned towards meaningfully contributing to the achievement of the United Nations Sustainable Development Goals ("UN SDGs"). These UN SDG targets selected have been aligned in recognition of the broad scope of our operations and how we can progress towards achieving the UN SDGs.

STAKEHOLDER ENGAGEMENT

In our work and decision-making process, we encounter a diversity of perspectives from stakeholders who represent different and often, competing interests. We value these diverse perspectives and seek to understand what matters to stakeholders through building strong and constructive relationships while engaging them regularly. Our understanding of these interests and relationships are gathered through multiple channels of engagement, enabling us to identify and assess key risks and opportunities that can ensure long-term sustainable growth and economic value.

Multiple channels are used for engaging our stakeholders to obtain a comprehensive understanding of their views. Due to the COVID-19 pandemic, we continued to conduct virtual engagements where possible with limited in-person engagements. The table below is an overview of our engagement mechanisms for each stakeholder group.

Employees

Engagement Mechanisms

- Code of ethics
- Employment handbook
- Employee engagement programmes
- Internal training, webinars, workshops
- Newsletters
- Surveys
- Internal communications
- Team meetings
- Town hall meetings
- Interviews
- Peer reviews
- Performance appraisal
- Whistle-blowing channels

Our Engagement Strategy

Employees of all backgrounds can find a place to grow and thrive with us as we provide equal workplace opportunities. We provide employees with benefits that are relevant and cater to their needs. We respect their rights and prioritise workplace safety as well as work-life balance. To further their professional development, we provide career development opportunities.

Customers

Engagement Mechanisms

- Social media
- Suggestion box
- Surveys
- Service hotline
- Mobile and email communication
- Operational meetings
- Whistle-blowing channels
- Town halls

Our Engagement Strategy

Prompt responses, excellent service quality and competitive pricing form the core focus areas of our customer engagement efforts as they are important to building and strengthening Taliworks' credibility while ensuring adherence to best practices. Our end goal is to meet and exceed customer expectations in our deliverables and at the same time, provide exceptional customer service.

Government

Engagement Mechanisms

- Physical and virtual conferences, exhibitions, talks
- Periodical reports
- Face-to-face and virtual meetings
- Press releases
- Audits

Our Engagement Strategy

Developing and maintaining meaningful relationships with government stakeholders is important as they provide regulatory oversight and leadership while also being a part of our customer base. Ensuring excellent quality of service, competitive pricing and regulatory compliance is how we remain a trusted partner and responsible corporate citizen.

Regulators

Engagement Mechanisms

- Periodic reports
- Conferences
- Regulatory meetings
- Press releases
- Peer reviews

Our Engagement Strategy

As an infrastructure conglomerate with operations spanning multiple industries and regulatory bodies, we adhere strictly to the rules and regulations through monitoring proper standard operating procedures and corporate governance practices.

Shareholders, Investors, Financiers and Analysts

Engagement Mechanisms

- Physical and virtual conferences
- Press releases
- Face-to-face and virtual meetings
- Annual general meetings
- Fund managers' and analysts' briefings
- Dedicated email channels
- Public announcement to the stock exchange
- Annual Reports
- Company website
- Whistle-blowing channels

Our Engagement Strategy

We provide insight into the Group's financial and operational performance, strategy and risk management as well as environmental, social and governance practices through regular updates. These updates are provided to shareholders, investors, financiers, and analysts to give them an understanding of our business plans and strategies, financial performance, project and business operations updates, as well as information on corporate exercises undertaken.

Local Communities

Engagement Mechanisms

- Community programmes
- Press releases
- Community meetings
- Whistle-blowing channels
- Mobile and email communication

Our Engagement Strategy

We take care of the wellbeing of the local communities in which our projects and operations are located, providing them with updates and encouraging their participation in our engagement for the communities. We manage environmental hazards in a safe and responsible manner, take a proactive approach to health and safety issues, and manage complaints and feedback effectively.

Suppliers

Engagement Mechanisms

- Reply to queries
- Tender briefings
- Operational meetings
- Request for proposal/ quotation
- Site visits
- Mobile and email communication
- Whistle-blowing channels
- Performance Survey
- Performance Evaluation

Our Engagement Strategy

We maintain fair procurement practices and provide informative and transparent tendering processes for our suppliers. At the same time, we keep them abreast of our current business standing and uphold health and safety controls.

Media

Engagement Mechanisms

- Advertising
- Community programmes
- Face-to-face and virtual meetings
- Press releases
- Company website
- Mobile and email communication
- Social gatherings

Our Engagement Strategy

We provide timely and accurate information on our business direction, impact and financial performance to the public beyond our immediate stakeholders through meaningful engagements with the media.

MATERIALITY

As we focus on our sustainability journey and shape our approach to it through the EES topics, Taliworks endeavours to understand what matters most to stakeholders too. These stakeholders' priorities are considered alongside what has the biggest impact on the Group and our ability to create value. Together with our stakeholders, we are able to map our key EES topics across our diverse business operations.

To identify and prioritise material issues that are strategically important to the Group and our stakeholders, we conducted a high-level refreshed materiality assessment in January 2022 to guide our sustainability disclosure and further refine our Sustainability Framework. The assessment provides us a window into how important sustainability is to our stakeholders. Due to the pandemic restrictions, we opted to use an online survey to collate internal stakeholder input for this assessment.

Identify

Identified key material topics through analysis of current global and industry trends, business developments, our value chain, stakeholder engagements, and closer examination of the Group's priorities. We also took into consideration to start aligning with the pillars and ambitions under the Sustainability Framework.

Engage

Conducted an online survey with internal stakeholders to gauge their level of importance of each material topic.

Prioritise

Collated and analysed online survey results to identify material topics of greatest importance to stakeholders and Taliworks.

Based on the assessment and our analysis, we identified 15 material topics this year compared to 13 material topics in 2020. We were able to confirm that most material topics are still relevant in 2021 where we aligned the topic titles and topic descriptions with global trends as well as our sustainability progress and goals. In recognition of the transition to digitisation as part of The Fourth Industrial Revolution ("IR 4.0"), which has accelerated during the pandemic, we have introduced cybersecurity ("Data Protection and Privacy") as a material topic to safeguard the personal data of our employees and customers as well as prevent and manage cyber-attacks. In line with the industry focus on human capital development, employee training ("Advancing Training and Development") is now a standalone material topic.

We mapped the 15 material topics into the materiality matrix, gathering input on topic priority via the survey conducted with our most material stakeholders. From this mapping, "Prioritising Workplace Safety and Health" was identified as the most important material topic among stakeholders and to the Group, given the nature of Taliworks' operations, coupled with the challenges of business continuity during the pandemic. We address this topic by complying with regulatory requirements as well as implementing robust health and safety practices. The topic of "Business Ethics and Compliance", which aligns with our focus on integrity and responsibility in business practices, was also identified as highly important, followed by the new topics of "Data Protection and Privacy" and "Advancing Training and Development".

OUR MATERIAL TOPICS

Better Business Through Innovation

MATERIAL TOPICS

Business Ethics and Compliance

Enabling responsible leadership and governance through industry best practices and risk management whilst maintaining operations by building a culture of good business ethics and regulatory compliance amongst employees and throughout the value chain.

Product Stewardship

Responsible management of our products and services to ensure safety, quality and reliability of our solutions throughout their lifecycle.

Customer Management

Nurturing and maintaining positive customer relationships across the Group through customer service excellence.

Digitisation and Innovation

Adopting innovative strategies, digital solutions and new technologies for business growth and operational efficiency to streamline processes and improve our service quality.

Data Protection and Privacy

Upholding data protection practices to safeguard the security of customer and employee personal data.

Sustainable Supply Chain Practices

Responsible procurement practices through consideration of EES factors throughout the supply chain in order to acquire quality products and services to our customers. Responsible selection of suppliers to encourage compliance and adherence to our policies and procedures.

Enriched Communities

MATERIAL TOPICS

Community Investment

Investing in and empowering our communities by actively contributing to engagement programmes centred around community, environment and education activities.

Valued Human Capital

MATERIAL TOPICS

Engaging Our People

Building a productive, strong and inclusive workforce by regularly engaging with our people for a more harmonious work environment and culture.

Advancing Training and Development

Continuously equipping our people with the necessary skills to remain relevant in the workforce for the future.

Prioritising Workplace Safety and Health

Prioritising safe and healthy working conditions for our people to minimise the risks of accidents and injuries across our operations through strict adherence to the required Occupational, Safety and Health Standards.

Impact-Positive Environmental Practices

MATERIAL TOPICS

Noise management

Monitoring and managing noise emissions from Taliworks operations.

Resource Efficiency and Management

Monitoring and managing the consumption of water, energy and material resources to ensure its efficient use whilst mitigating its impacts to the surrounding environment.

Greenhouse Gas Emissions

Monitoring and tracking to manage greenhouse gas ("GHG") emissions in line with environmental regulations and service requirements.

Waste and Effluent Management

Responsible management of waste and effluents across our operations through close monitoring and tracking of waste generated by Taliworks from business operations to reduce waste to landfills and strengthen nationwide recycling culture.

Managing our Environmental Footprint

Minimising the impacts of our operations to avoid or reduce potential harm to the natural environment and the biodiverse species that live in it.

SUSTAINABILITY GOVERNANCE

Taliworks is focused on our sustainability commitments. This is ensured by the governance structures that we have in place, which not only enable us to deliver on the Group's sustainability agenda but also ensure that we are accountable and transparent. Our governance structure also ensures that the Board of Directors and senior management teams remain focused on sustainability - maintaining strong leadership to guide the Group through its sustainability journey.

We have a structured approach for the implementation of our sustainability initiatives, with the SSC guiding and implementing our sustainability measures, supported by the Sustainability Working Committee ("SWC"). At minimum, the SSC shall comprise five members, with composition in 2021 representing Group Finance, Corporate Communications, Group Administration, Group Human Resource and the waste management division. The Group's business divisions are equipped by our governance standards and Group structure - to help in addressing their unique EES risks in line with our sustainability and business priorities. The respective business heads of these divisions implement and manage these initiatives, with the SSC providing annual updates to the Board. The Board is responsible to review the Group's efforts in the implementation of sustainable business practices covering EES considerations.

In efforts to stay abreast with sustainability issues, members of our senior management attended an ESG risk management briefing in 2021 to learn and understand how to manage environmental, social and governance ("ESG") risks and opportunities. This briefing also illustrated methods for the implementation of sustainability practices across the Group's operations and the ways in which these risks and opportunities can be leveraged. We look forward to continuously learning and keeping on top of the ever-changing sustainability landscape.

Information on Taliworks' corporate governance framework, including detailed context on the sustainability governance structure's position within the Group's overall governance structure is contained in the Corporate Governance Overview Statement of this Annual Report. The Group's risk management practices are elaborated under Section 5.0 of the Statement of Risk Management and Internal Controls included in this Annual Report.

BOARD OF DIRECTORS

COMPANY SECRETARY

EXECUTIVE COMMITTEE

SUSTAINABILITY STEERING COMMITTEE

SUSTAINABILITY WORKING COMMITTEE

MANAGING OUR ESG RISKS

The Group is aware of the various ESG risks and concerns. This year, we have taken steps to manage these risks by having them incorporated into the Enterprise Risk Management ("ERM") practices of the Group where the impact of ESG risks are cross-mapped to the identified operational and other risks in the Risk Register. Our enhanced ERM practices enable us to drive sustainable outcomes for our business by enabling the identification, evaluation, monitoring and management of principal risks that can affect the Group's business objectives.

The ERM key practices to identify, measure, control, monitor and report risks are outlined as follows:

IDENTIFYING RISKS

PRIORITISING RISKS

RESPONDING TO PRIORITISED RISKS

For further details on the steps under the ERM practices, please refer to the Statement on Risk Management and Internal Control of this Annual Report.

The effective management of risks in Taliworks is carried out by the Audit and Risk Management Committee ("ARMC"). To ensure that the Group's systems, practices, and resources are continuously enhanced, the ARMC oversees risk management and internal control assessment, assisted by the Risk Management Working Group ("RMWG") for the risk management function and the Internal Audit department for internal control function. Management holds responsibility for the system of internal controls.

The RMWG ensures consistent assessment of risks by applying a risk-rating matrix which maps out the likelihood of risks and how they may affect the financial and non-financial considerations of the business based on each risk owners' best judgement and knowledge.

Taliworks is aware that climate change may have an impact on our business operations. Our Sustainability Framework is our compass to ensure we keep abreast of climate risks and manage them accordingly. This year, we took initial steps to enhance the transparency of our climate risk disclosure by cross-mapping our climate risk initiatives, working towards more comprehensive disclosures in subsequent Statements to be in line with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD").

For more information on how we aligned our actions with the recommendations of the Task Force on Climate-related Financial Disclosures, please refer to the Impact-Positive Environmental Practices section of this Statement.

BETTER BUSINESS THROUGH INNOVATION

We are enabling our business and value chain to evolve towards increased sustainability by investing in technology and innovation to create products and services that build a strong foundation for good conduct in our operations.

The work that we do plays an important role in nation-building. From providing safe drinking water to developing and maintaining critical infrastructure, we create significant value that contributes to the country's socio-economic development. As such, the focus on quality and reliability is essential to our operations. We adhere strictly to regulations and strive to provide end-users with sustainable business offerings of the highest quality. As the Group has diversified operations, each division has a unique approach to creating value for stakeholders, with their collective efforts driving our sustainability focus.

As a trusted service provider, it is important to us that we continue to meet the needs of our clients and community by maintaining our business resilience through the prolonged COVID-19 pandemic currently experienced globally. We leverage on our strong foundation of corporate governance, underpinned by our sound business ethics to continue our operations smoothly during this time of uncertainty.

BUSINESS ETHICS AND COMPLIANCE

We are committed to operating in an environment where all employees act with integrity and accountability, with responsible business practices being the cornerstone of our Group ethics and corporate culture. To ensure ethical business practices are upheld while aiming to prevent and manage fraudulent, unethical or illegal conduct among employees, we have related policies and procedures that prove our commitment to act responsibly and transparently. We have integrated compliance ambitions under Pillar I: Better Business Through Innovation of the Sustainability Framework - "Compliance With Taliworks' Code of Conduct" and "Ensure Regulatory Compliance" as we continue to incorporate sustainability deeper into our organisational structure.

We are guided by the following codes and policies:

Code of Business Conduct and Ethics for Directors

This outlines the Board of Directors' general principles and standards of business conduct and ethical behaviour.

In 2021: **The Code of Business Conduct and Ethics for Directors was revised to incorporate additional requirements from the Malaysian Code of Corporate Governance.**

Code of Conduct

The Code of Conduct ("CoC") is enclosed within the Employment Handbook and sets the policies and guidelines for employees on the standards and ethics to adhere to in the course of discharging their duties and responsibilities. The CoC is communicated to employees upon joining.

In 2021: **100% of employees are trained to adhere to the Code of Conduct.**

Whistle-Blowing Policy

This policy serves as a platform for any individuals who suspect or know of improper conduct, wrongdoing, corruption, fraud or abuse to channel and report their concerns.

Concerns can be raised by emailing the Whistle-Blowing Committee at we_hear@lgb.com.my where all access to information is treated with the strictest confidentiality.

Reported cases are informed by the Whistle-blowing Committee to the Executive Director, who then reports to the Board on a quarterly basis.

In 2021: **There were no cases involving bribery or corruption reported to the Whistle-Blowing Committee.**

Anti-Bribery Policy

The policy is the guiding principle on corporate liability for corruption aligned with the amendments to the Malaysian Anti-Corruption Commission Act 2009 in 2018, which includes a new Section 17A. It ensures that the Group's business activities and operations are free from all forms of bribery. Amongst the anti-bribery policies and procedures issued by Taliworks are:

- Conflict of Interest Procedures
- Donation and Sponsorship Procedures
- Facilitation and Extortion Procedures
- Gift, Entertainment and Hospitality Procedures
- Management of Business Associates Procedures
- Procurement and Tendering Procedures
- Whistle-blowing Procedures

The implementation of anti-bribery policies and procedures are undertaken by the Anti-Bribery Compliance function at each of the business divisions. All existing employees are trained annually on the Anti-bribery Policy while new employees are informed of the Anti-bribery Policy during their orientation.

We aim for all of our employees to have completed training in the Anti-Bribery Management System ("ABMS") that was introduced in 2020 to ensure they are aware of what constitutes bribery and corruption as well as how to manage potential or actual cases. As part of the ABMS guidelines, the anti-bribery training modules have also been incorporated into our annual employee training sessions this year.

In 2021: **100% of our employees completed training for the Policy**

To view our Anti-Bribery and Whistle-blowing Policies in detail, please visit https://taliworks.com.my/corporate-governance/

PRODUCT STEWARDSHIP

At Taliworks, we are proud to be trusted providers of services to our customers, from infrastructure development, water treatment, waste management to highway operations. Regulatory compliance is integral in our efforts to continuously enhance the stewardship of our services to add value and positively impact our end users. As part of our responsibility to our stakeholders, we take ownership and go above and beyond - to deliver the best possible quality of service for meaningful customer experiences across our four business divisions and value chain.

As a resilient business during the pandemic, we continued our operations as an essential service to ensure that our customers' needs are met and frontliners are able to travel smoothly to attend to those in need.

Water Treatment, Supply And Distribution

2021 HIGHLIGHTS

In process to obtain
ISO/IEC 17025
for the Sungai Harmoni Mini laboratories at Balancing Reservoirs

Participation in the
Hybrid Off River Augmented Storage
water quality monitoring with Air Selangor and Lembaga Urus Air Selangor to enhance water security

ZERO
water disruptions
at SSP1

Our Management Systems

- ISO 9001:2015
- ISO/IEC 17025:2017
- ISO/IEC 27001:2013
- National Dual Training System ("NDTS"): CM-060-2:2014 and CM-021-2:2014
- Practical Assessment Centre for Recognition of Prior Achievements: CM-060-2:2014, CM-021-2:2014, C331-033: 2017 and E-360-002: 2016

Regulations & Policies We Comply to:

- Water Services Industry Act 2006
- National Water Quality Standards for Malaysia
- Environmental Quality Act 1974 ("Act 127") - for all relevant regulations
- Occupational Safety and Health ("Act 1994")
- Prevention and Control of Infectious Diseases Act 1988
- Energy Commission Act 2001
- Factories and Machinery Act 1967
- Control of Supplies Act 1961

What does Product Stewardship mean to the Water Division?

With the conclusion of our contract for our operations in Pulau Langkawi in October 2020, we channelled all our efforts to the operations and management of the Sungai Selangor Water Treatment Plant Phase 1 ("SSP 1"). Business continuity for the water treatment, supply and distribution division over the last couple of years has proven critical because of the responsibility we hold to ensure continuous water supply to our customer and concessionaire agreement provider, Pengurusan Air Selangor Sdn. Bhd. ("Air Selangor"). We maintain this trust by monitoring the quality and quantity of water supplied as the metrics reflect the service levels provided. There were many challenges including consistently meeting customer demands for treated water and adhering to health and quality standards of consumption but the division took a proactive approach in managing these challenges with good risk management systems and regulatory compliance.

Ensuring High Quality Water

Due to the nature of our service, providing clean and potable water is our top priority. To ensure that water quality supplied to end users is of the highest quality for human consumption, we carefully monitor the water quality in our reservoir and catchment areas in partnership with the Ministry of Health ("MOH") and other stakeholders. Upholding our water quality standards is our top priority, hence we continuously make efforts to be proactive in the early detection of contaminated raw water. This ensures that any contaminated raw water receives the appropriate chemical treatment immediately to avoid further contamination, which can also reduce operational costs and risks.

To assist in ensuring water security and addressing water pollution in Selangor, we participated in the Hybrid Off River Augmented Storage ("HORAS") water quality monitoring with Air Selangor and Lembaga Urus Air Selangor ("LUAS") as part of the state government's initiative to increase the yield of raw water source for Sungai Selangor Water Supply Scheme (SSP1, 2 and 3). As part of our commitment to monitor water quality at Sungai Selangor, we will install a River Monitoring Station ("RMS") at Sungai Garing and continuously monitor the water quality.

We hold a responsibility to consistently and regularly conduct plant maintenance that ensures compliance with regulatory standards. As part of our procedures, testing of treated water produced is also done on a two-hourly basis to ensure we comply with the water quality parameters based on the MOH's National Drinking Water Quality Standards. The results of the water quality are shown in the chart below where we maintained a compliance rate of 99.99% in 2021.

COMPLIANCE RATE FOR SELECTED WATER QUALITY PARAMETERS
(Based on 2-hourly daily treated water samples taken)

Sungai Selangor Phase 1 Water Treatment Plant (SSP 1) (%)

2021	**99.99**
2020	99.99
2019	99.46
2018	99.20

Due to our diligent efforts adhering to regulatory standards and delivering consistently high quality water supply, we achieved zero disruptions reported at the SSP1 in 2021. We will continue our efforts to adhere to the regulatory standards to ensure that our water quality is maintained and future disruptions are avoided where possible.

Powered by our sustainable growth mindset, not only do we monitor our water quality, we owe our improvements in the water treatment process to the extensive research our division has conducted throughout the years, such as using alternative treatment chemicals to remedy occasional pollutants. In addition, we have started the process of obtaining ISO/IEC 17025, a microbiological accreditation, for the Sungai Harmoni laboratory.

Towards Operational Efficiency

We continue to actively pursue improving our systems to reduce plant water loss and boost operating efficiency through investing in various technical applications, such as the installation of power metre to enhance energy monitoring of all raw and treated water pumps, improvement of filter operation by upgrading the penstock mechanism and replacing the actuators, as well as actively monitoring all raw and treated water pumps performance. This resulted in a plant water loss of 3.74% in 2021, a reduction from 2020.

WATER LOSS AT PLANT

Plant water loss (%)

2021	**3.74**
2020	4.98
2019	7.62

Highway Toll Concessionaire, Operations and Maintenance Operator

2021 HIGHLIGHTS

6

external audits on certificate verification by the **MHA, toll collection system, and ISO 9001 recertification**

Maintained a

4 star rating

on Expressway performance indicator from the Malaysian Highway Authority for both Grand Saga and Grand Sepadu Highways

Approximately

RM6.36million

invested on highway maintenance

Our Management Systems

- ISO 9001:2015 for provision of Highway Maintenance and Toll Collections (Grand Saga)
- MS ISO 9001:2015 for Operation and Maintenance of Highway (Grand Sepadu)

Regulations & Policies We Comply to:

- Malaysian Highway Authority ("MHA") Guidelines for Monitoring on Operating Procedures
- MHA Guidelines for Monitoring on Operation and Maintenance, including the Assessment for Operation Control and Maintenance for the Environmental Aspect for Highway Currently Operating and Under Construction
- Standard Operating Procedures Guidelines
- Procedure Maintenance For Toll Collection System - MHA & Concessionaire
- Procedure on Toll Collection System
- Procedure on Compensation, Revenue Sharing And Research Contribution, Highway Training and Development
- Standard Operating Procedure; Traffic Management Plan ("TMP") Guidelines
- Guidelines and Performance Guidance (KPI); Highway Patrol Service
- Standard Operating Procedure; "Pengalihan Kenderaan di Lebuh Raya"
- Other various Guidelines & Policies Issued by MHA

What does Product Stewardship mean to the Highway Division?

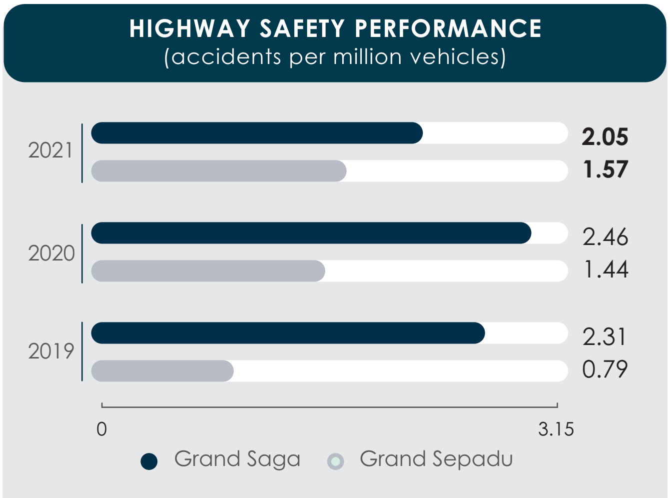
With highways forming the backbone of Malaysia's transportation infrastructure, Taliworks' highway division takes pride in the provision of the best possible road user experience to commuters of the Grand Saga and Grand Sepadu Highways. We do this by focusing on road safety and reduction in traffic congestion. It is through our highway network that we contribute to Malaysians' quality of life - through enabling faster travel times and commutes, efficient transportation of goods, and increased socioeconomic opportunities for income generation.

Securing the Safety of Our Road Users

As a highway toll operator, it is our responsibility to provide a safe and secure commuting experience for road users. We do this through conducting 24-hour monitoring and surveillance from our network of 20 CCTVs at strategic locations along the highways providing real-time updates on road conditions as well as daily routine inspections and on-site patrols by our Patrol Teams - Saga Ronda at Grand Saga and Sepadu Ronda at Grand Sepadu. We continue to collaborate with Dewan Bandaraya Kuala Lumpur ("DBKL") and the Kuala Lumpur Traffic Police for the implementation of the contra-flow operations for Kuala Lumpur-bound traffic in the mornings and for the Kajang-bound traffic in the evenings.

To ensure the safety of our highways, the MHA conducts monthly inspections as a part of the quality assurance process. For this year, we focused on the maintenance of our highways to take advantage of the reduced number of users due to the COVID-19 restrictions where we invested RM6.36 million to maintain the Grand Saga and Grand Sepadu Highways as part of measures to ensure road safety. Among the maintenance works we performed were the improvement of road markings, directional signages at selected areas, installation of LED lights at the toll canopy, pavement rehabilitation, installation of additional guard rail posts, upgrading drainage systems and installing four units of flashing amber warning lights.

We have increased efforts to ensure safety on the Grand Saga and Grand Sepadu Highways where the accident rate is well below the 3.15 per million vehicles requirement set by MHA. The Grand Saga had an accident rate of 2.05 accidents per million vehicles in 2021, a decrease from 2020 following increased efforts such as clearing road obstacles and objects, pavement rehabilitation and repainting of road markings. The Grand Sepadu had an accident rate of 1.57 accidents per million vehicles in 2021, an increase from 2020 partly due to the lower traffic volume throughout the year, which led to a higher accident rate ratio.

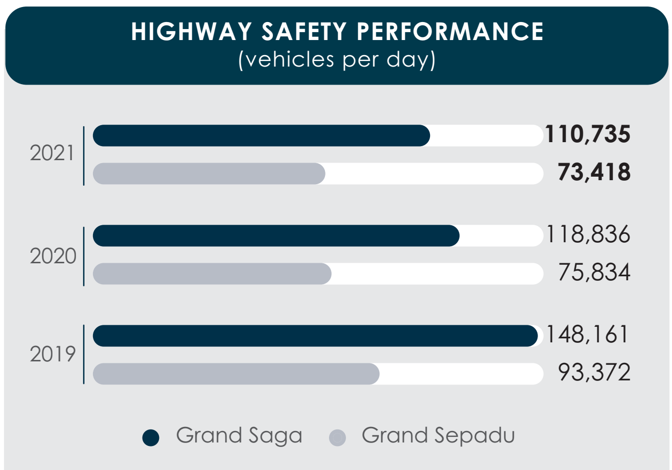


Managing Traffic Congestion

We have increased our efforts to give road users of our highways a safe and comfortable journey by collaborating with Polis Diraja Malaysia ("PDRM") in areas such as easing traffic congestion through leveraging on innovation, data and technology as usage increased on an annual basis. We have implemented contraflow systems during peak hours and adjusted traffic signal timing through our partnership. In our efforts to digitise with innovative solutions, our tolls are all fully automated with support from 24-hour teams.

We continued to provide services for road users of our highways as the COVID-19 pandemic began to subside by offering traffic reports collected from our 24-hour patrol team and supplemented these services with shelter for motorcyclists, Rest and Service Areas ("RSAs"), petrol stations, and pedestrian overpasses along our highways.

With the multiple lockdowns, new COVID-19 variants, and Movement Control Orders ("MCO"), many Malaysians transitioned to working from home arrangements. This led to a significant reduction in the number of users on our roads. Thus, we saw a decrease of 7.3% and 3.2% in the number of vehicles per day at the Grand Saga and Grand Sepadu respectively. We took this opportunity to enhance our safety measures at our highways by conducting various road works to improve the traffic flow and be ready for when our road users return to our highways.



For more information on how we care for our highway road users, please see the Customer Management section of this Statement.

Engineering and Construction

2021 HIGHLIGHTS

Project execution guided by a
Project Quality Plan

Annual internal quality
audit conducted on
5 major areas
- the Management
- HR
- Quality
- Tendering
- Cyberjaya Reservoir R4 Project ("CJR4")

Our Management Systems

- ISO 9001:2015
- Anti-Bribery Management System - in compliance with adequate procedures pursuant to Subsection (5) of Section 17A of the Malaysian Anti-Corruption Commission Act 2009

Regulations & Policies We Comply to:

- Construction Industry Development Board ("CIDB") Act 1994 ("Act 520")
- Environmental Quality Act 1974 ("Act 127")
- Occupational Safety & Health Act 1994 ("Act 514")

What does Product Stewardship mean to the Engineering and Construction Division?

As a leading water-related infrastructure specialist helping in nation-building, we emphasise the importance of product ownership by striving to provide top-notch customer service to our clients at every stage, from project commencement to the expiration of the Defects Liability Period ("DLP"). Given the complex nature of our projects, quality is integral to the functionality of the infrastructure and ensures the safety of end-users.

Project execution throughout the construction phase is guided by a Project Quality Plan ("PQP"), which contains information such as client particulars, work process layout, and quality assurance procedures. The PQP also serves as a foundational reference point as processes are tailored to meet specifications of individual projects and to ensure the quality of completed projects.

The PQP's main goal is to ensure that the deliverables meet our clients' requirements. As part of our services to clients, we provide support during the DLP. Clients are invited to have a joint inspection of the infrastructure before the DLP ends to rectify any defects. We will follow up with the client on the issuance of Certificate of Making Good Defects after all defects are rectified at the end of DLP. We consider engagement with clients as of utmost importance as this results in greater client satisfaction and affirms our credibility while ensuring that our services are provided according to the design that clients want and free from defects at the end of the DLP.

Ensuring Project Quality and Satisfaction

SUBMIT

- Submit Work Programme detailing planned sequence of activities for approval
- Monitor progress against Work Programme
- Engage regularly with clients to understand their needs and expectations
- Submit materials or component samples for approval
- Appoint only approved external providers with proven track record

The engineering and construction division faced a number of operational challenges in 2021 due to uncertainties from the prolonging of the COVID-19 pandemic and the implementation of MCOs. The disruptions affected the tender process, reconnaissance surveys, coordination and communications with clients and vendors, along with overall on-site construction progress. Thus, we needed to be flexible in accommodating the specific needs of clients who were affected by the pandemic. Being a service-oriented organisation, we worked with our clients to manage these disruptions and unforeseen circumstances, which included slowing down construction activities to a pace that matched their limited cash flow and deferring activities to accommodate clients' changed project deadlines.

Waste Management

2021 HIGHLIGHTS

Collected over
319,000 kg
of recyclable materials through **KITARecycle,** almost **four times** the amount from 2020

Collaboration with the
Iskandar Puteri City Council
in Johor in two initiatives to raise awareness of low-carbon lifestyle practices and collected over
18,800 kg
of recyclable materials

Collected close to
1,047,000 kg
of recyclable waste from responsible waste management initiatives for the communities

Our Management Systems

- ISO 9001:2015
- ISO 14001:2015

Regulations & Policies We Comply to:

- Quality and Environmental Policy
- Occupational Safety and Health Policy
- The Solid Waste and Public Cleansing Management Act 2007 (Act 672)

What does Product Stewardship mean to the Waste Management Division?

While the core focus of our operations is in providing reliable waste management services to customers, we also recognise the role we play in influencing societal participation in responsible waste consumption and disposal practices through behavioural change. We hope to bring education on sustainable practices in waste management across all communities as we look to empower future generations with an environmentally conscious mindset.

Managing Our Operations

Our waste management operations are vast, necessitating innovations in the employment of risk-based decision-making, daily monitoring, proactive action, incentive systems and strategic target-setting to meet business goals and guide daily activities. To help us effectively manage over 8,000 employees and with an operational area of 28,500 km^2, we have a Command, Control, Communications, Computers and Intelligence ("C4I") system. The C4I system enables us to manage inventory, 'live' track our waste management fleet, plan resources, fulfil customers' collection and cleansing schedules and monitor contractual agreements to the highest regulatory and business standards. The utilisation of this intelligence system is in line with Pillar I: Better Business through Innovation in our Sustainability Framework.

Strengthening Nationwide Responsible Waste Management Practices

Our sustainability efforts revolve around educating the public and changing their perception and behaviour towards waste management. It is critical that for strong waste recycling systems to thrive, the communities we serve also practise and participate in responsible waste separation, which contribute towards improving Malaysia's waste recycling rate. Aligned with Pillar IV: Enriched Communities of our Sustainability Framework, we have several initiatives that empower communities to improve their surrounding environments and enhance their wellbeing.

3R Troopers

We are part of a collaborative public educational programme to raise awareness on the importance of waste separation at source ("SAS") and 3R ("Reduce, Reuse, Recycle") as well as to promote KITARecycle. The programme, which also involves the local government authority and the Ministry of Education, includes talks, exhibitions, and workshops on reducing, reusing and recycling conducted in schools, malls, and public areas. We conducted 4,483 3R Troopers public awareness engagement activities in 2021 where over 45,000 participants attended the programme. With the participants' efforts, we collected 514,450 kg of recycle materials.

We overcame the obstacles from the surge in COVID-19 cases in 2021 by going online to deliver SAS and 3R communication, education and public awareness ("CEPA") talks to schools. We maximised the use of our social media platforms to engage with our participants via competitions while all physical programmes held were compliant with Malaysian National Security Council Standard Operating Procedures ("SOPs"). As waste management and public cleansing services are Essential Services, we operated as usual, allowing recyclable items to be collected without contact with school children. We hope to welcome the students back to physical waste recycling programmes as soon as it is safer to do so.

KITARecycle

We cultivate recycling habits through the KITARecycle programme, which was originally known as the KITAR3cycle programme when it was launched in November 2018, throughout our service areas including strategic partnership with government agencies, industrial players, religious institutions, hotels and commercial spaces. The programme operates through a mobile application ("app") in which users exchange recyclable items for Recycling Points that can be used to redeem cash through online banking.

The KITARecycle programme has become even more popular after enhancements were made to the KITARecycle app in 2020, with 143% increase in downloads of the app in 2021 resulting in over 319,000 kg of recyclable materials collected, almost four times the amount from 86,488 kg collected in 2020. We awarded a total of 635,475 Recycling Points to users in 2021, which is equivalent to over RM32,000. To reach a wider audience and have higher engagement rates while spreading awareness and education to the public on recycling practices, we collaborated with an additional 13 strategic partners from various industries including higher learning institutions, agri-business, construction, retail and tourism.

How the KITARecycle programme works

1. 

   Unique identity QR Code with membership number assigned to users are attached to bags of separated recyclable items

2. 

   Tagged bags are deposited to KITARecycle bins by users

3. 

   In exchange for the recycled items, Recycling Points are received by users

4. 

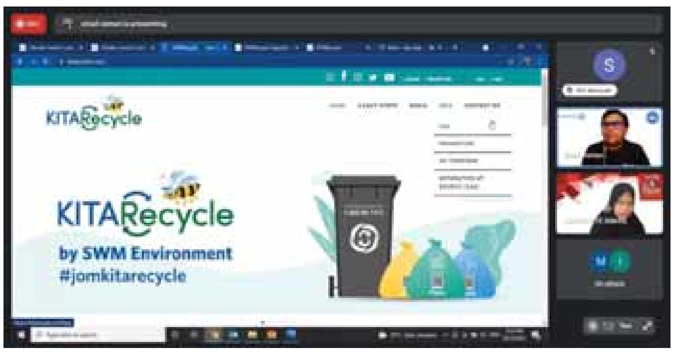
   Users can redeem their Recycling Points for cash through online bank transfer using the KITARecycle app

For more information on the KITARecycle programme, please visit https://kitarecycle.com/

Towards Low Carbon Lifestyles at Iskandar Puteri

In 2021, we collaborated with the Iskandar Puteri City Council ("MBIP") to inculcate low carbon practices through education and community projects in the Iskandar Puteri area, Johor. We had a successful collaboration where we collected 18,800 kg of recyclable materials for both the Iskandar Puteri Low Carbon 1.0 Community Grant and the Iskandar Puteri Low Carbon Calendar Competition.

For more information on our contribution to the communities at Iskandar Puteri, please refer to the Enriched Communities chapter of this Statement.



Iskandar Malaysia Ecolife Challenge ("IMELC")

Education on low-carbon consumption remains a focal point in our sustainability efforts and we have continued these efforts through raising awareness on recycling among students in Johor through a partnership with the Iskandar Regional Development Authority ("IRDA"), University of Technology Malaysia ("UTM"), and Jabatan Pendidikan Negeri Johor ("JPNJ") since 2013. IMELC was held virtually in 2021 due to movement restrictions to contain the spread of the virus. The IMELC initiative collected 142,432 kg of recyclable materials via the participation of 906 schools and over 100,000 students, resulting in an estimate of over 395,400 kgCO_2e emissions avoided by participating students and families from across Johor in 2021.

Digital platforms and tools such as webinars and social media were useful in overcoming the challenges due to the pandemic restrictions. To be more effective, we replaced workbooks with an interactive website that improved content accessibility for discussions of IMELC and other modules while the Google Earth computer program was used in place of school visits to display projects.

World Clean Up Day 2021

We continued a meaningful partnership with SWCorp in 2021 following the successful collaboration of the previous year by organising simultaneous cleaning activities in Negeri Sembilan, Melaka and Johor service areas. A total of 100 volunteers from government agencies, the private sector, learning institutions and non-governmental agencies participated in this year's clean-up efforts. These volunteers collected 140 kg of recyclable materials.

Pertandingan Kitar Semula Sekolah-Sekolah ("PerKISS")

Through a partnership established between SWM Environment, SWCorp and Jabatan Pendidikan Negara ("JPN") since 2019, we continued our recycling awareness and education campaigns through the PerKISS programme. Through this partnership, we collected recyclable materials from 273 participating schools in Johor, Melaka and Negeri Sembilan and collected over 370,800 kg of recyclable materials in 2021. Engagements with schools were moved online to ensure the safety of the participating school students.

CUSTOMER MANAGEMENT

Mutual trust is important to business relationships, and at Taliworks we are committed to developing relationships that prioritise customer satisfaction. We have distinct groups of customers comprising both public end users and corporate clients in each of our business divisions but all the divisions share the same commitment to deliver excellent customer experience. Customers' needs are paramount and we are attentive to feedback to ensure that maximum value can be provided while at the same time, strengthening our reputation as a responsible business.

Under Pillar I: Better Business and Innovation of our Sustainability Framework, we endeavour to enhance customer management for all our divisions. This is how each division ensure customer satisfaction:

Water Treatment, Supply and Distribution

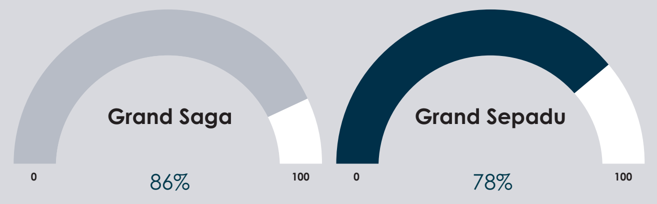
We gauge the satisfaction of our concessionaire agreement provider, Air Selangor, for the services provided by our water treatment, supply and distribution division by engaging them regularly. These engagements, which enable us to make changes to improve our services, among others are made via operation and maintenance meetings, remedial meetings and new project meetings that involve SSP1.

Highway Toll Concessionaire, Operations and Maintenance Operator

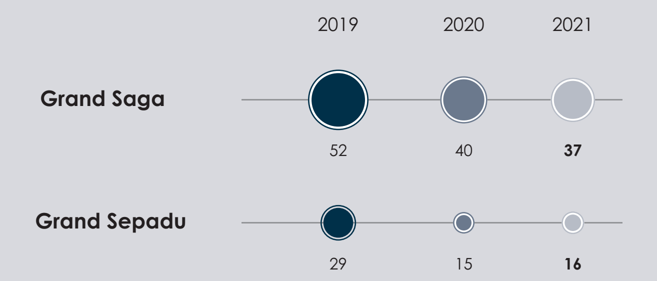
A seamless and safe experience on our highways is what we prioritise for users of our highways. Our team at the Grand Saga Highway provides free tow trucks services to road users of the Cheras – Kajang Highway.

We have a team managing a 24-hour hotline, multiple social media platforms, and a customer service email account to ensure that we can resolve all road user complaints effectively in support of highway users. Road user complaints and queries are submitted to respective departments within two days and there is a seven-day response period for the departments to address the issues. The team will respond to the user within two days of receiving inputs from the department concerned and we ensure that no complaints are outstanding for more than six months without valid reason. In 2021, we maintained our consistent record of resolving 100% of our complaints within 15 working days at both highways.

ROAD USER SATISFACTION



COMPLAINTS RECEIVED



The Grand Saga road user satisfaction rate increased to 86% in 2021 from 68% in 2020, with a decrease in the number of complaints received from 2020. This improvement is reflective of our strict compliance to the Standards of Procedure by the Highway Operation & Maintenance team, timely response on complaints across all platforms, as well as the completion of the Sungai Besi-Ulu Kelang Elevated Expressway ("SUKE").

The Grand Sepadu Highway saw a slight decrease in road user satisfaction rates at 78% in 2021 from 79% in 2020 while complaints received increased due primarily to the major flash floods that occured at the end of the year along with high tides causing water backflow at the existing drainage system outside the maintenance area of the highway that resulted in stagnant water pooling on the highway. The safety of road users on our highways is our priority, and we are making continuous efforts to ensure that there are minimal disruptions and inconvenience if such events repeat.

In 2021, we received one report of flash flood at the Balakong interchange of Grand Saga Highway due to overflow of Sungai Langat from heavy rain in December 2021 while one report was made on flooding in the Klang area after continuous heavy rain and the high tide phenomenon. We provide hourly updates to the MHA and to the Group's senior management during flood events and monitor flood conditions closely. Road users are updated through social media and our Variable Management System ("VMS") to use alternative routes in the event of road closures while we are on standby to assist them and respond to flood emergencies. We have ramped up efforts to clean drains and desilt culverts to minimise future flash flood incidents following the major floods of December 2021.

Engineering and Construction

Client satisfaction is important to our engineering and construction division. We conduct surveys where the benchmark is a 65% satisfaction rating. In addition, to ensure customer satisfaction is maintained throughout a project timeline, we provide multiple channels for them to give feedback on project management, service quality and delivery aspects.

Waste Management

Members of the public and our customers provided multiple channels, including email, a hotline call centre, social media platforms, and a national forum for waste-specific complaints, to voice complaints, lodge reports, or provide feedback on our services as waste management services have a deep impact on public health and safety. The Customer Relationship Management ("CRM") team manages customer feedback using pre-existing guidelines and frameworks to determine the validity of complaints and identify the solutions. Target thresholds for the number of complaints received are established over the course of a year and are reviewed annually, depending on historical data and input by our management and operations committee.

The performance of our branches are assessed on a monthly basis against targets established from threshold reports presented by the CRM at monthly management and EXCO meetings. Improvements are then implemented following detailed feedback and action plans provided by the operations committee.

DIGITISATION AND INNOVATION

Taliworks has embarked on a digital journey by implementing various digitisation initiatives across our organisation in order to keep in step with the evolution of technology while ensuring sustainable business growth. We invest in digitisation to provide enhanced customer experiences while driving sustainability of the organisation's operations and advancing our services.

Our digital strategies are the result of engagements with stakeholders on what technologies work best, be it data science, the Internet of Things, and cloud computing. These engagements are important as innovation, whether through business expansion, new product development or operational process improvements, are vital aspects required for business evolution and growth. We have enhanced our security network in 2021 and are working towards upgrading our WiFi infrastructure to improve connectivity performance in the next year. We are in the midst of developing an e-forms process maker to automate forms according to an approval-driven workflow. As we work towards generating long-term value for our stakeholders and enhancing business resilience, we are focused on investing in digital opportunities for growth through Pillar I: Better Business Through Innovation of our Sustainability Framework.

Water Treatment, Supply and Distribution

The adoption of digital technology has enhanced the efficiency of the water treatment, supply and distribution division as it enables us to monitor our treatment plants in real time and quickly detect any instances of water quality non-compliance or reservoir overflows. We upgraded our computerised maintenance management system ("CMMS") and installed a digital power metre to enhance energy monitoring of the pumping system. The division continues to seek opportunities to enhance operational efficiencies and is in constant communications with regulators on management system upgrades.

Highway Toll Concessionaire, Operations and Maintenance Operator

We prioritise a safe and seamless experience on our highways and are working actively to realise the country's goal of implementing the Multi-Lane Free Flow systems with a focus on Radio Frequency Identification ("RFID") technology. As the Multi-Lane Free Flow system is being implemented for all tolled highways, RFID car stickers that contain a radio frequency chip, which are each registered to a specific vehicle and owner, are being provided to all road users. Vehicles passing through a toll will have the radio frequency emitted by the chips read by overhead scanners and the toll fare will then be deducted from the vehicle owner's e-Wallet.

Introduced in 2017 as part of a pilot programme, the RFID programme is now fully operational. The Grand Saga Highway has two RFID lanes operating at toll plazas while the Grand Sepadu Highway has nine RFID lanes across four toll plazas. We are working towards making RFID accessible to all class vehicles with Automatic Number Plate Recognition ("ANPR")by June 2022.

Waste Management

Taliworks' waste management division continues to work closely with SWCorp, a regulatory body under the Ministry of Housing and Local Government, by adopting technology through the C4I Centre in Cyberjaya to implement the National Solid Waste Management Policy.

As part of fostering growth and sustainability of the waste management industry in the country, we have adopted technology to improve our waste management services, which includes enabling us to track our trucks in real time and manage our operations with an integrated supplier payment system. By adopting technology through the C4I centre, we have gained critical insight to the monitoring of public complaints in a more effective manner while enhancing productivity along our value chain. In 2021, SWCorp adopted an additional digital channel, Public Complaints Management System for Councillors ("SISPAA") managed by the Public Complaints Bureau ("BPA"), to receive public enquiries and complaints related to waste management and public cleansing. Our CRM team will regularly check for enquiries and complaints received through SISPAA and relay it to the appropriate team to address them. This is an effort to better manage and record the complaints received and cases resolved.

We continued to make progress in our drive to operate more efficiently this year by undertaking the following measures to enhance the integrated technology systems that are operated in partnership with SWCorp:

- Strengthened inventory capture and improved sump measurement through the introduction of the Integrated Inventory Data Centre System
- Integrated i-jadual with the Automatic Vehicle Locator System and SWCorp's digital payment system through the Online Work Completion Report
- An online ticketing system for work performance, monitoring and reporting was embedded
- Adoption of SISPAA for efficient management of public complaints on waste management and public cleansing

DATA PROTECTION AND PRIVACY

At Taliworks, we strive to uphold robust and comprehensive cybersecurity controls to ensure data privacy and protection. Recognising the cybersecurity risks and threats that come with digitalisation and the transition to working from home during the pandemic, we enforce stringent measures to prevent breaches in our systems and unauthorised access to customer information and personal data.

Our management approach to ensure proper handling of customer information and personal data as well as to mitigate cybersecurity risks is guided by a comprehensive set of Information Technology ("IT") policies, which include adhering to ISO/IEC 27001:2013 international standards and complying with the Personal Data Protection Act 2010.

Knowledge and information of our IT policies, as well as IT security awareness briefings, are part and parcel of the induction programme for new employees. To ensure employees remain vigilant of email safety, we carry out monthly phishing email awareness exercises while Group IT carry out simulations to evaluate their IT security awareness. Group IT also shares guidelines and advice on a regular basis on how to manage security-related IT issues. As an added measure, a bi-annual Cybersecurity Awareness Training is also carried out, with the last session held in 2020. We expect to carry out another session in 2022.

As we continue on our digitisation journey by embracing innovation and technology to grow the business and build a sustainable future, we will also reinforce data protection and privacy practices. The Group reported zero complaints or issues with regards to data privacy breaches or loss of customer data.

SUSTAINABLE SUPPLY CHAIN PRACTICES

Taliworks is committed to having a sustainable supply chain and is extending this practice across its entire value chain as part of a new ambition of the Sustainability Framework. This is underscored by our Sustainability Procurement Policy, which emphasises responsible procurement, encourages energy-efficient and environmentally friendly services, and advocates for the responsible disposal of products. Under the Policy, we have a stringent process to select our suppliers to ensure quality and integrity while enabling the building of long-term partnerships and facilitating healthy competition.

We reinforce our ambition to have a sustainable supply chain as reflected in the Sustainability Framework's Pillar I: Better Business Through Innovation ambition and we will be sharing these targets that will help us meet our goals soon.

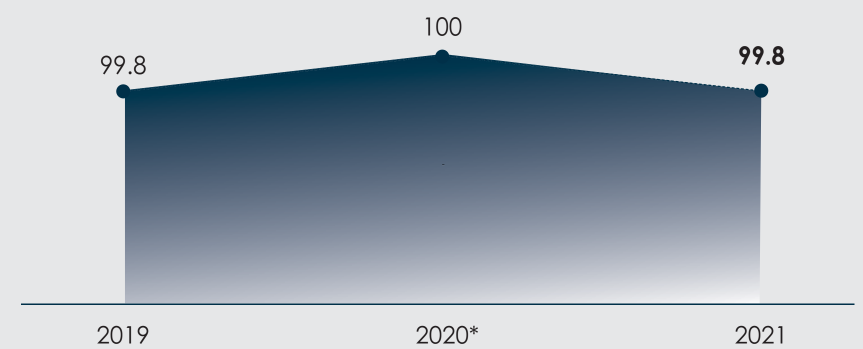
Quality in Our Supply Chain

Service Quality
We conduct regular assessments of our suppliers once they are approved while they are prequalified for criteria including technical capacity, inventory and past performance

Competitive Suppliers
We will not compromise on regulatory compliance while sourcing for the most competitively priced materials

Efficient Management
We expect our suppliers to deliver according to plan, be adaptable to changes and cooperate

PROPORTION OF SPENDING ON LOCAL SUPPLIERS (%)



* *Excludes waste management division due to the challenges of COVID-19.*

For our operations to be sustainable and to build strong and reliable supply chains, we support the local economy through procuring from local suppliers, which also minimises the carbon footprint as our suppliers do not need to travel as far. In 2021, we took on 90 new suppliers across the Group, bringing the total number of suppliers to over 1,600.

99.8%

of our procurement expenditure was on local suppliers in 2021

Supplier Assessments

We expect our contractors, sub-contractors and suppliers to be as committed to the levels of quality, environmental and occupational safety standards that Taliworks maintain as we endeavour to ensure the quality of our operations and protect ourselves from risks. Regular screenings of suppliers are also carried out by the Group's business divisions according to their specific needs and business practices.

Group

HOW WE ASSESS OUR SUPPLIERS

To ensure the level of product and service quality as well as associated and administrative services are maintained, all our suppliers undergo an annual assessment and those who do not meet our standards will not be engaged.

OUR PROGRESS IN 2021:

29

new suppliers assessed

Water Treatment, Supply and Distribution

HOW WE ASSESS OUR SUPPLIERS

The water treatment, supply and distribution division requires suppliers providing equipment, devices and materials for use in water supply and sewerage services to have their products listed and registered with Suruhanjaya Perkhidmatan Air Negara ("SPAN") as per Section 129 of the Water Services Industry Act 2006, where applicable. Suppliers, who are audited for compliance with these requirements by SPAN, must also comply with regulatory standards such as health and safety requirements and are required to provide relevant certificates and certificate of analysis (for chemical suppliers). We conduct our supplier performance assessment annually.

OUR PROGRESS IN 2021:

2 audits and supplier facility visits conducted

We did not conduct supplier performance assessment in 2021 due to COVID-19 restrictions.

Highway Toll Concessionaire, Operations and Maintenance

HOW WE ASSESS OUR SUPPLIERS

An annual assessment is conducted for suppliers and contractors who are rated on performance based on criteria such as compliance to specifications, efficiency of delivery, response times, cooperation and support, as well as price competitiveness. In 2021, we enhanced our evaluation form by including compliance to the Department of Occupational Safety and Health as part of the assessment for both the Grand Saga and Grand Sepadu Highways. Taliworks will not engage with suppliers and contractors who fail the assessment. As for underperforming vendors, we will cease quotation and tender requests from vendors who underperform.

OUR PROGRESS IN 2021:

221

vendors were assessed, of which only two were identified as underperforming.

Engineering and Construction

HOW WE ASSESS OUR SUPPLIERS

Pre-qualification exercise is carried out for suppliers and contractors to ensure only competent and experienced external parties will execute works on our projects. For approved suppliers or contractors employed by us, their performance are assessed at the end of the contract or if necessary, on multiple occasions depending on factors such as evidence of marked degradation in quality of service rendered, complaints received from client or issued by us and scope of work involved. Suppliers who did not meet expectations will either be accorded with conditional approval or dropped from the List of Approved Sub-Contractors and Suppliers.

OUR PROGRESS IN 2021:

11

companies were assessed and all of them met the expectations.

Waste Management

HOW WE ASSESS OUR SUPPLIERS

Taliworks' stringent assessment of suppliers and contractors start with preliminary company search and available information in their company profile. Where necessary, a site visit to their locations of operations will be considered. Suppliers and contractors will be evaluated based on a set of general criteria. Once engaged, suppliers and contractors are periodically monitored and evaluated to ensure that the performance is in accordance to the requirements of the agreements and more importantly, that their performance can meet the national solid waste management and public cleansing privatisation objectives.

OUR PROGRESS IN 2021:

473

general suppliers were assessed

300

contractors (collection and cleansing contracts) were assessed

Low-Environmental Impact Purchasing Practices

As we continuously make efforts to integrate sustainability into our business and value chain, we extended our goals for sustainability to our supply chain as well. As such, decisions made on procurement can have a ripple effect in terms of opportunities for our sustainability goals. Taliworks will strive to the best of its ability to make purchasing decisions that leave minimal environmental footprint. These are examples of how we purchase across our supply chain:

Group

Procuring paper with green certifications and made from elemental chlorine free pulp

Waste Management

Using a total of 323,000 kg of biodegradable plastic bags in 2021

Highway Toll Concessionaire, Operations and Maintenance

Following the success of the solar panels project at Plaza Toll Batu 11 Supervision Building in May 2021, we procured more solar panels to replicate the same project for Plaza Toll Batu 9 Supervision Building at Grand Saga Highway

Purchase of LED bulbs to replace the lightings for 2 high masts and 3 mini high masts at Bukit Raja Toll Plaza in 2021.

Purchasing energy efficient light fixtures in line with My Green Highway Index guidelines and installation of solar panels in our buildings

Water Treatment, Supply and Distribution

Purchasing energy-efficient equipment such as lighting pumps and motors

For more information on our environmental efforts, please visit the Impact-Positive Environmental Practices chapter of this Statement.

VALUED HUMAN CAPITAL

At Taliworks, we strive to create a safe and healthy working environment for our people. Our employees are highly valued and we invest in them to ensure they undergo training and development for their growth and to attain their professional ambitions.

Taliworks considers employee wellbeing our foremost priority and endeavours to create a safe, caring and rewarding work environment that can bring out the best in every employee. We offer competitive benefits, coupled with a supportive workplace environment and fair remuneration, as part of efforts to maintain employee wellbeing. We also provide opportunities for employees to grow in their respective career path regardless of their gender, age, or ethnicity. Safety is paramount at Taliworks and our measures to maintain a safe workplace is reflected through minimising exposure to health and safety hazards.

OUR HUMAN CAPITAL MANAGEMENT FOCUS

Training and Development

Across the group, we maintain focus on empowering our employees with technical and soft skills to develop well-rounded individuals capable of contributing positively towards our operations.

Diversity and Inclusion

Ensuring career advancement to all employees regardless of gender, age or race.

Offering flexible staggered work hours, casual leave and birthday leave to cater for the diverse needs of our corporate employees.

Providing equal opportunities for voicing opinions and contributing ideas.

Wellness, Health and Safety

Ensuring that our employees are well protected against COVID-19, providing Personal Protective Equipment ("PPE"), Self Test Kits ("STKs") and ensuring that SOPs and work from home arrangements were provided for those who required it.

We monitored and followed up with every positive case and each close-contact-persons case.

To encourage vaccination amongst our employees, we tracked and compiled our employee's vaccination status.

We conducted regular sanitisation of our offices and provided face masks where needed to ensure that each employee required to work on-site was protected.

We also provide flexible medical benefits for our employees to ensure that their personal health is secured.

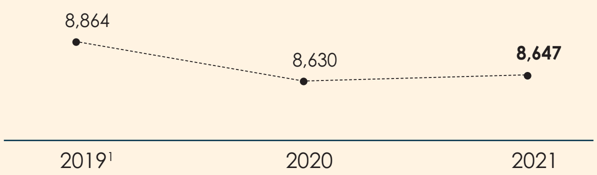
To lighten the financial burden on our employees most vulnerable to COVID-19, the waste management division coordinated assistance to obtain additional Free of Charge insurance coverage from the Malaysian government via the Project Perlindungan Tenang. This is in addition to the Group Personal Accident insurance coverage.

ENGAGING OUR PEOPLE

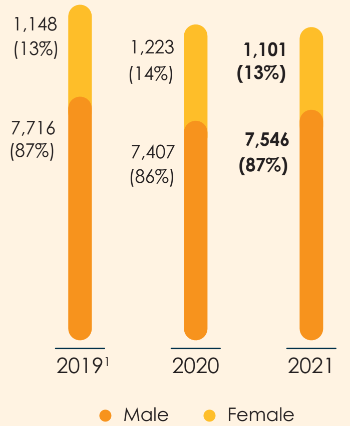
Taliworks takes an active approach in creating an engaging workplace as we believe that it is a central component of employee wellbeing because employees who are empowered and derive satisfaction from the work they do can better support what we have envisioned as an organisation. We also facilitate personal and professional development among employees to give them a sense of purpose and belonging to the organisation.

Our Workforce by Numbers

Total Numbers of Employees

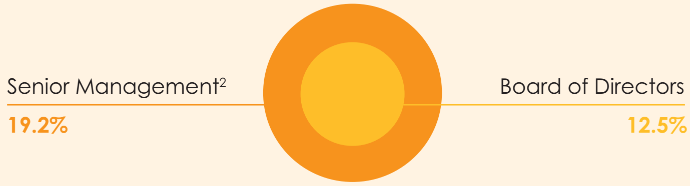


Employees by Gender



Percentage of Employees by Age Group

Percentage of Women in Management by Position at Board Level and Senior Management



Note 1: Restatement due to recalculation of number of employees in 2019.
Note 2: Senior management includes General Managers and above.

Employee Engagement

At Taliworks, we strive to ensure employee welfare through promoting a healthy work-life balance, improving workplace cohesion, raising retention rates, and strengthening both management operations and peer-to-peer relationships. We encourage open communication and have frequent engagement sessions through digital channels and face-to-face interactions as we believe employee wellbeing and productivity comes from a happier and stronger workforce. The human resources department of each division manages employee incentives based on the respective needs of the division's workforce, which ensures that employees get to enjoy benefits that are relevant and up-to-date with their needs.

To boost mental wellness and encourage a happier workplace, employees in the Corporate division participated in an hour-long virtual Laughter Yoga session involving a mind-body mix of breathing and laughing exercises. This is in efforts to encourage participants to step away from their desks and reset before returning to work, which contributes to our ongoing efforts in promoting health and wellness amongst employees.

Employee Performance

Taliworks encourages frequent discussions between managers and employees for better feedback and improvements while recognising that employees need time to get used to new ways of working. These discussions also enable us to better manage, monitor and evaluate our employees' performance. Of our workforce, 98% were eligible* for performance appraisals and received a career development review in 2021.

* Constituting all permanent employees.

ADVANCING TRAINING AND DEVELOPMENT

In an industry that is rapidly evolving, we equip our employees with the skills needed for them to contribute productively through training opportunities in industry-specific programmes. Relevant employees are provided training on ISO 9001, ISO 17025, and ISO 14001 needed for the organisation to adhere to quality management standards. The four key divisions of the Group also promote internal knowledge transfer through training opportunities that develop the careers of our employees.

For the overall growth of our organisation, we have Group-wide training centred around the cultivation of a sense of purpose among our employees, with functional, behavioural and leadership programmes carried out as part of these efforts while supplementary training programmes are conducted by respective divisions to meet their specific needs.

OUR TRAININGS IN 2021

Group Level

- Human Resources Training
- Anti-Bribery and Management System ("ABMS") Awareness Training
- Language, business and finance courses

Highway Toll, Concessionaire, Operations and Maintenance Operator

- Basic Occupational Safety and First Aid
- Expressway Operation Safety Passport ("EOSP")
- Expressway Performance Indicators
- Technical skills such as surveying
- Laboratory session on matters relating to Land Management and Development Near Toll Areas
- Technical workshop for Building Information Modelling
- ABMS awareness training
- Malaysian Highway Road Accident Database ("MHROADS") application training

Engineering and Construction

- Quality Assessment System in Construction ("QLASSIC")
- Carbon footprint management
- Heat, ventilation and air conditioning ("HVAC") plant
- Construction contract
- Quality control
- Soft skills training, focusing on language mastery and presentation skills
- ABMS Awareness Training

Water Treatment, Supply and Distribution

- Regulatory competency
- Microbiological Lab Accreditation Training
- Water treatment plant SOP review workshop
- Water quality training
- Water Safety Plan
- ABMS Awareness Training

Waste Management

- Manual Waste Collection
- Drivers training
- Mechanical Waste Collection
- Manual Public Cleansing
- Mechanical Public Cleansing
- ABMS Awareness Training
- Developing 26 units of Staff Training And Rating System ("STAR") Training Videos Version 2 – In preparing for re-training and re-certification of 6,000 Operations General Workers and 1,500 Operations Drivers

Sustainability Statement

COLLABORATING FOR EMPLOYEE DEVELOPMENT

We believe in nurturing the skillsets of our employees, especially from the water treatment, supply and distribution, and waste management divisions where technical skills are important.

To enhance our employee development efforts, these two divisions collaborate with the Ministry Of Human Resources ("MoHR"), in particular the Department of Skills Development. Our cooperation with the MoHR includes participation in and development of the National Dual Training System ("NDTS"). The NDTS programme employs a combination of theoretical information and real-world experience to develop employees' technical capability and industry preparedness that brings much value to their work in Taliworks. Employees receive formal recognition of their expertise as they are awarded the Malaysian Skills Certificate from the Department of Skills Development after they complete the programme.

In 2020, the waste management division, alongside two other waste management concessionaires, was involved in developing the NDTS and Recognition of Prior Achievements ("RPA") programme for Solid Waste and Public Cleansing Management in the Solid Waste Training Centre ("SWTC") under SWCorp. Three of SWM's 27 Operations Districts are certified training centres under the NDTS Programme.

Additionally, our appointment as a Practical Assessment Centre ("PAC") by the Department of Skills Development is part of Taliworks' effort to ensure employees who have made the effort to enhance their skill sets are recognised through the RPA programme. In December 2021, 388 SWM employees received formal recognition of their expertise and were awarded the Level 2 Malaysian Skills Certificate across four categories after they completed the 4 to 8 months' NDTS or RPA programme. Due to the challenges and restrictions of the pandemic, the water treatment, supply and distribution division did not conduct the RPA programme this year and will continue it when conditions are safer.

Training and Development Statistics

	2019	2020	2021
Employee training and development expenditure (RM)	1,071,434	99,982*	130,580**
Employee attendances at training programmes	5,680	7,855	5,207
Employees who received performance review (%)	>90	>90	>90
Total number of training hours completed	30,097	30,114	14,775
Average training hours per employee	5.20	3.83	2.84

* Reduction in training expenditure in 2020 was largely due to the impact of the COVID-19 pandemic, as most training must be conducted in person for hands-on experience. Many external training providers postponed their training sessions due to restrictions enacted in response to the pandemic.

** Increase in training expenditure in 2021 was primarily due to the focus on specialised technical courses.

Diversity and Inclusion

As an infrastructure conglomerate with diversified operations, we strive to provide employment opportunities to individuals of all personal and professional backgrounds, regardless of their gender, age, ethnicity, technical skills and prior experience. We believe in bringing out the diverse talents of our employees and Taliworks' equal opportunity practices, merit-based hiring and career progression opportunities are reflected in our motivated, vibrant and qualified workforce. As part of our efforts to increase the number of women at decision-making levels, we are in the midst of developing women leadership programmes for our female employees and are aiming to launch it in 2022.

Board Diversity

We believe in diversity and are working towards making this happen at the Board level, where we enhanced the Board Diversity Policy in 2020 requiring at least one woman member at all times while ensuring that we will reach our target of having 30% women representation by 30 April 2024. We believe that women employees' concerns can be championed more effectively with women holding positions at the highest levels of the organisation. To that effect, we have maintained 12.5% women representation at the Board level in 2021 as we see increasing diversity in terms of gender and ethnicity as essential to maintaining a competitive edge as well as attaining strategic objectives. A diverse Board also helps widen perspectives and is an asset when making decisions in a changing business landscape.

For more information on Board Diversity Policy, please refer to Section 1.15 of the Corporate Governance Overview Statement included in this Annual Report.

PRIORITISING WORKPLACE SAFETY AND HEALTH

The health and safety of Taliworks' employees and contractors are paramount and we comply with regulations established by the Department of Safety and Health ("DOSH"), as well as relevant global standards and systems. Regular monitoring and review of our already robust health and safety practices ensure these measures are enforced while corrective action is taken immediately when there are violations to mitigate risks.

The Building Management team of the Group corporate office conducts frequent fire and evacuation drills to ensure that all employees are prepared for fire-related emergencies. We also have regular site inspections to ensure our premises comply with the Fire Department's safety standards.

Water Treatment, Supply and Distribution

The water treatment, supply and distribution division maintains health and safety practices that comply fully with regulations established by Suruhanjaya Perkhidmatan Air Negara ("SPAN"), Department of Environment ("DOE"), MOH, and DOSH as we take seriously the health and safety risks to stakeholders across our value chain from the effluents and residuals released through the water treatment process. We strive to minimise these risks by reviewing internal procedures and protocols annually DOE, to ensure that they remain relevant and effective. With effective management systems to minimise workplace health and safety risk, we achieved zero fatalities in 2021.

Our Health and Safety Performance *Water Treatment, Supply and Distribution*

Description	2019	2020	2021
Cumulative man-hours without lost time injury (hours)	315,360	341,114	**349,962**
Lost time injury rate ((number of injuries/ number of hours worked)x200,000)	0	0.59	**0**
Number of injuries	0	1	**0**
Number of lost days	0	41*	**0**

* One minor injury occurred during cleaning works.

Highway Toll Concessionaire, Operations and Maintenance Operator

We established a clear framework for the monitoring and updating of the division's health and safety processes through the formation of the Safety and Health Committee in 2017, which works closely with the management team to address potential areas of concern. The Committee monitors the effectiveness of these processes and ensures that the division's health and safety practices are compliant with MHA's regulatory requirements - such as providing employees working on our highways either as traffic personnel or toll booth operators with PPE and other equipment.

We work hard to ensure the safety and health of the division's workers go beyond minimum compliance, and as part of this commitment, we spent over RM18,000 on PPE expenses for employees at Grand Saga, and over RM21,900 for those at Grand Sepadu 2021.

The division's efforts to maintain and enforce safety protocols include training programmes to instil and strengthen a culture of health and safety within the workplace and at sites. For on-site workers at our highways, we have safety briefings at the beginning of every working day as part of our operational protocol. Members of senior management are also provided with routine training to stay updated with the safety requirements and protocols.

Under our commitment to safety at our highway worksites, we trained a total of 87 employees on health, safety and environment-related issues across Grand Saga and Grand Sepadu in 2021. However, two fatalities were reported this year for the Grand Saga and Grand Sepadu Highways, both being COVID-19 related. As these were anomalous events, we have taken the necessary measures to ensure incidences like this do not reoccur by enforcing COVID-19 SOPs in line with the MOH's guidelines.

Ensuring Contractor Safety

Safety at our highways is a priority for us, with all work along the Grand Saga and Grand Sepadu Highways complying with the MHA's Temporary Traffic Management Guidelines. Our annual training sessions are extended to our contractors to ensure they too are abreast with updates on our safety protocols and requirements with refresher courses conducted bi-annually. To ensure that contractors working along our highways follow safety rules, internal controls were implemented requiring that they submit applications to the Maintenance and Engineering Department containing details on their insurance policy, traffic management plan, work programme, and work methodology. A total of 16 briefings were conducted on safety practices for contractors entering Grand Saga worksites while contractors entering Grand Sepadu worksites attended 6 such briefings. We are also conscious to minimise the amount of time contractors have to be present at highway sites through extensive safety briefings prior to a project's commencement.

Engineering and Construction

The engineering and construction division enforces all safety measures set out by regulatory requirements. This commitment to safety is enacted by all personnel on our project sites, from our employees to our sub-contractors. The basis for the division's workplace safety and regulatory compliance is outlined in the Group's Health, Safety, and Environmental Policy.

We conduct regular internal audits on health and safety regulations, as well as monthly Safety and Health Committee meetings to ensure all projects comply with regulations. DOSH also carries out periodic independent checks to ensure compliance.

The division's employees who work on-site are encouraged to give feedback and recommendations to the management team on safety, which are then highlighted during Toolbox Meetings and in monthly reports. We have safety manuals which outline all safety SOPs specific to individual projects, while internal stakeholders and clients are regularly updated by safety personnel. These safety personnel also provide effective monitoring of safety protocols at project sites. We achieved zero fatalities in 2021, which is a reflection of our continuous efforts to conduct programmes and engagement sessions encouraging good safety and health practices organised for all employees.

Our Health and Safety Performance *Engineering and Construction*

Description	2019		2020*			2021
	L2P7	GP3A	L2P7*	GP3A**	CJR4	CJR4
Cumulative man-hours without lost time injury (hours)	541,168	563,824	557,904	563,824	109,200	**142,368**
Lost time injury rate ((number of injuries/ number of hours worked)x200,000)	0.37	0	0	0	0	**0**
Number of injuries	1	0	0	0	0	**0**
Number of lost days	0	0	0	0	0	**0**

* Langat 2 Package 7. Certificate of Practical Completion for L2P7 was issued in September 2020

** Ganchong Package 3A. No physical works conducted at the GP3A site in 2020. Certificate of Practical Completion issued in January 2020

Waste Management

The waste management division regards safety with utmost importance, with 31 safety committees ("OSHE Committees"), comprising 30 sub-committees at the regional or district level and one OSHE Main Committee based at Taliworks' Kuala Lumpur headquarters. These OSHE committees are responsible to uphold the division's health and safety standards. The Committees, who meet once a quarter and report regularly to the OSHE Main Committee, hold frequent briefings to ensure that the division's employees and contractors are updated and compliant with health and safety regulations. The OSHE Committees also collaborate among themselves on division-wide health and safety best practices, besides providing updates on safety incidents and sharing key takeaways.

The OSHE Committees carry out site inspections, contractor safety audit programmes and quarterly workplace inspections at regional and district offices and depots to ensure compliance with safety and health practices as required by OSHA 1994. Other key activities that the OSHE Committees carried out in 2021 include Chemical Health Risk Assessments ("CHRA"), Chemical Exposure Monitoring ("CEM"), Noise Risk Assessments ("NRA"), and Audiometric Tests.

On top of that, the SWM Human Resources department has also launched the "Talian Pekerja" platform with a Hotline, WhatsApp, and email to manage all employee grievances, including employee contracts, working conditions, workplace incidents and OSHE concerns and risks identified by employees. As a reflection of our robust management systems and initiatives to ensure safety at work, we achieved zero fatalities in 2021.

Safety Training Programmes in 2020 for Waste Management Division

124	Workplace Inspections at all 31 districts
17	Safety Alerts were issued to inform all employees of lessons learnt from selected accidents.
2	Road Safety Campaigns in collaboration with SOCSO, conducted at Pura Kencana, Batu Pahat and Kluang
6	Issued 4 safety and 2 public awareness communication materialst containing information on best practices and essential do's and don'ts to our site offices and in the residential areas where we operate
2	Sessions of First Aider Training to all first aiders
17	Emergency drills conducted

Our Health and Safety Performance *Waste Management*

Description	2019	2020	2021
Cumulative man-hours without lost time injury (hours)	19,378,560	19,088,768	**19,037,568**
Cumulative lost time injury (hours)	8,640	12,832	**59,232**
Lost time injury rate ((number of injuries/ number of hours worked)x200,000)	1.28	1.21	**1.36**
Injury rate (case rate per 1,000 employees)	15.3	15.1	**16.4**

IMPACT-POSITIVE ENVIRONMENTAL PRACTICES

We seek to minimise the impact of our operations on the environment and proactively respond to climate change through positive actions such as minimising impacts on biodiversity and adopting eco-friendly practices.

At Taliworks, we strive to be a positive influence where the environmental impact of our operations is concerned by ensuring that environmental stipulations outlined in agreements with regulatory bodies are met. Regulations not only hold us accountable, but also serve as the foundation for our sustainability-related efforts that create long-term value for stakeholders while enhancing operational efficiency. By strategically managing our environmental footprint through monitoring and controlling parameters that measure direct and indirect consequences, we lead by example, with this commitment emphasised in our procurement, production, and maintenance processes.

As a step forward in minimising our environmental impact, we have identified five ambitions for Pillar II: Impact-Positive Environmental Practices under our Sustainability Framework and we have developed internal time-bounded targets to enhance the impact of these ambitions.

For more information on Pillar II: Impact-Positive Environmental Practices, please refer to the Sustainability Framework in this Statement.

RESOURCE EFFICIENCY AND MANAGEMENT

MANAGING OUR ENERGY CONSUMPTION

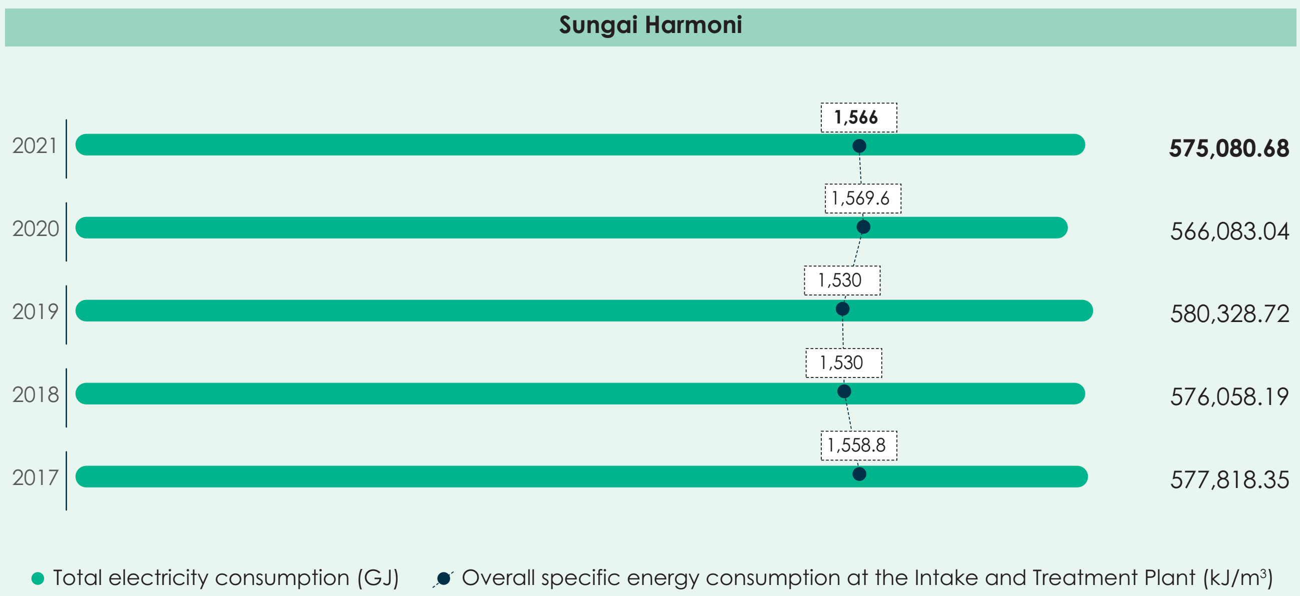
We work to manage our environmental footprint and deliver cost efficiencies by including energy efficient solutions in projects, as the Group considers energy consumption from energy-intensive operations as an important challenge.

Water Treatment, Supply and Distribution

To ensure a reliable and uninterrupted supply of water as well as regular output of water treatment residuals, we monitor and manage electricity consumption at the water treatment, supply and distribution division. While the division saved approximately 504 GJ of energy for SSP1, which equalled to a cost savings of RM164,000, the increase in the production of treated water meant that energy consumption rose by 1.6% in 2021 compared with 2020.

Taliworks is conducting audits funded through the Energy Audit Conditional Grant ("EACG 2.0") under the 12th Malaysia Plan to identify areas where we can focus on energy-saving initiatives. Additionally, we are also pursuing a pump refurbishment programme as well as ramping up efforts to monitor carbon footprint through tracking year-on-year fuel, diesel and electricity consumption.

WATER TREATMENT ENERGY CONSUMPTION



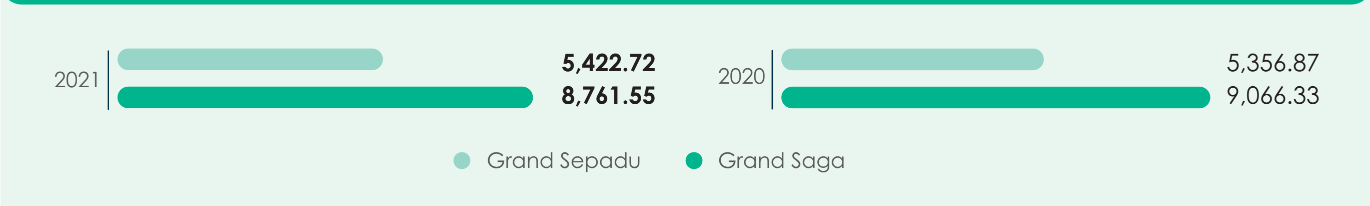
Highway Toll Concessionaire, Operations and Maintenance Operator

It is important to us as a highway operator that we provide our road users with a positive experience during their commute while doing what we can to reduce our energy consumption.

At the Grand Saga Highway, our electricity consumption was reduced from around 5.52 GJ per month to just over 1.8 GJ per month at the Batu 11 Toll Plaza Supervision Building, which is equivalent to a 20% to 30% average for monthly utility bill cost reduction compared to 2020. For the Grand Saga Highway as a whole, we saw a decrease in electricity consumption by 3.4%. This may be due to the installation of a solar powered system for the Supervision Building at Plaza Tol Batu 11 and LED lighting for six high-mast lighting towers at Toll Plaza Batu 9. The high-mast towers are part of upgrading works by Emerald Square Developer, as part of an arrangement to build a flyover to their development adjacent to Plaza Batu 9.

At the Grand Sepadu Highway, we saw a nominal increase in electricity consumption of around 1.2% in 2021 compared with 2020. Nevertheless, we focused on energy-saving efforts where we installed LED lighting for five high masts at Bukit Raja Toll Plaza and KTB Toll Plaza, as well as two mini high masts at Bukit Raja Toll Plaza. In addition, we replaced the high pressure sodium ("HPS") bulbs used for the canopy lights at the Management Operation Centre ("MOC") East and West with LED bulbs.

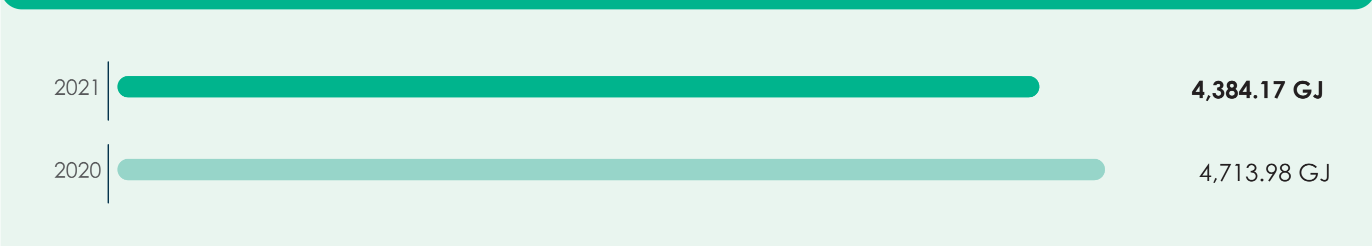
ELECTRICITY CONSUMPTION OF THE HIGHWAY TOLL CONCESSIONAIRE, OPERATIONS AND MAINTENANCE OPERATOR (GJ)



Waste Management

SWM is cognisant of the need to reduce its environmental footprint as we uphold our role to ensure responsible waste management for the health, safety and wellbeing of the communities we operate in. We continue to monitor and track electricity consumption and introduce energy-saving initiatives to reduce energy use. Part of the energy-saving initiatives include awareness initiatives, such as reminders to switch off air-conditioning and lights when not in use, to encourage employees to be vigilant of their daily energy consumption. We utilised 4,384.17 GJ of electricity in 2021, a 7% reduction compared with 4,713.98 GJ in 2020. In 2021, we purchased over 11.3 million litres of fuel for our fleet and fuel skid tanks, a 2.2% increase from 2020.

ELECTRICITY CONSUMPTION OF SWM ENVIRONMENT HOLDINGS (GJ)



Engineering and Construction

Our engineering and construction division takes a proactive approach in managing the impact of our construction activities. At our CJR4 project, we utilise solar powered lights for the external lighting system to leverage the unlimited source of sunlight during the day.

MANAGING OUR WATER CONSUMPTION

We are constantly striving to improve our efforts to manage our environmental footprint as part of our efforts to enhance our sustainability agenda. This year, we have taken our first steps in disclosing our water consumption across our operations to identify areas of risk and opportunities to ensure we use our water efficiently. This is in line with our Sustainability Framework ambition of "Energy & Resource Efficiency" under Pillar II: Impact-Positive Environmental Practices. Our performance in 2021 is as follows:

Group	Water Treatment, Supply and Distribution	Highway Toll Concessionaire, Operations and Maintenance Operator	Waste Management
264 m^3	12,380 m^3	29,509 m^3	115,601 m^3

Total 157,754 m^3

Note: The water consumption by the Water Treatment, Supply and Distribution division includes water that is used as filter wash water and supplied as high pressure water to the water treatment plant. This consumption is part of the water treatment process and these are not billed as an expense. These have been excluded from the determination of water consumption above.

Due to the nature of work, the Engineering and Construction division's water consumption is highly variable as it is dependent on the scope and size of the project.

GREENHOUSE GAS EMISSIONS

Despite climate change risks imperilling the financial performance of businesses, we see opportunities for growth too and seek to mitigate business activities that are contributing to rising GHG emissions leading to global warming. We recognise our business activities, such as the transportation of waste and waste disposal for our waste management division and traffic congestion for our highway division, contribute to our carbon footprint.

We have had to adapt business and investment decisions to take into account climate change, as we look for ways to deploy capital more efficiently to help smoothen the transition to a more sustainable, low-carbon economy that can mitigate the negative impacts while identifying opportunities for growth and innovation.

Climate-Related Disclosures

To better strengthen sustainability oversight through enhanced governance, our Sustainability Framework incorporates improved strategy for climate-related matters that are guided by key material topics and aligned with the Task Force on Climate-Related Financial Disclosure ("TCFD") recommendations supported by Bursa Malaysia. The recommendations of the TCFD will enable the Group to have greater transparency on climate-related disclosure and give insight to how we can make better decisions.

Governance

The Board of Directors stays abreast on the strategy and performance of sustainability matters, including climate change, as well as approves the Sustainability Statement that encloses the Group's sustainability approaches. EXCO has oversight on Taliworks' sustainability objectives and endorsed the Sustainability Framework, which includes ambitions towards climate-related emissions management in Pillar II: Impact-positive Environmental Practices along with an internal measurement and tracking of climate-related parameters in efforts to mitigate business activities that are contributing to the arising of GHG emissions.

The SSC holds the responsibility to guide and implement sustainability measures, which includes climate-related initiatives, and is supported by the SWC. Business divisions help in addressing their unique EES risks, including climate risks, in line with our sustainability and business priorities.

Strategy

We are committed to minimising the environmental impacts of and enhancing resource efficiency across our operations. Taking this into consideration, we improved our approach towards addressing climate-related issues with our Sustainability Framework under the ambitions of Pillar II: Impact-Positive Environmental Practices.

Risk Management

This year, the Group undertook a risk assessment to determine ESG risks within the Group and evaluate the impact of these risks including climate change to the Group's operations. The Group integrated the identified ESG risks, including climate-related risks, into the risk register, which encompasses action plans in place or to be implemented within a specific timeframe to mitigate or adapt to the impact of the ESG risks to the Group's operations.

Metrics and Targets

With the establishment of the Sustainability Framework, Taliworks will increase its efforts to enhance the Group-wide GHG emissions data tracking and monitoring of total emissions. It is planned for each business division to take ownership of their emissions tracking with an established team. Within the next 3 years (2022-2024), Taliworks' plans to streamline the Group-wide GHG emissions data collection and monitoring, with aims to manage GHG emissions from 2024 onwards.

Monitoring Our Emissions

As part of the water treatment, supply and distribution division's terms of agreement in our contract with our client, we monitor and track our GHG emissions. We are currently in progress of enhancing the data collection process to better monitor and track the emissions data. Our GHG performance is as follows:

GREENHOUSE GAS EMISSIONS - SUNGAI HARMONI

Year	Total Emissions (tCO_2e)
2021	**93,450.0**
2020	109,128.2
2019	111,874.5

In 2021, our GHG emissions for the water treatment, supply and distribution division decreased by 14.4% from 2020. This reduction is largely a reflection of the implemented energy-saving initiatives as well as the restrictions of the pandemic and multiple lockdowns throughout the year. We continue to make efforts to monitor and track our GHG emissions as part of our efforts towards the "Towards Emissions Management" ambition under the Impact-Positive Environmental Practices pillar of the Sustainability Framework.

The waste management division uses GPS technology to plan the most efficient routes for efficient fleet operations. We also have fuel sensors providing accurate fuel level readings to monitor any hazardous driving patterns during its use. Around our operating areas, we have fuel skid tanks that allow vehicles to refuel along their journey.

WASTE AND EFFLUENT MANAGEMENT

The Group monitors the impact of our operations on water resources, including what we consume and discharge, and are committed to reducing this impact. We aim to reduce the waste generated at source, improve recycling efforts, and increase the utilisation of low-environmental impact materials within our operations.

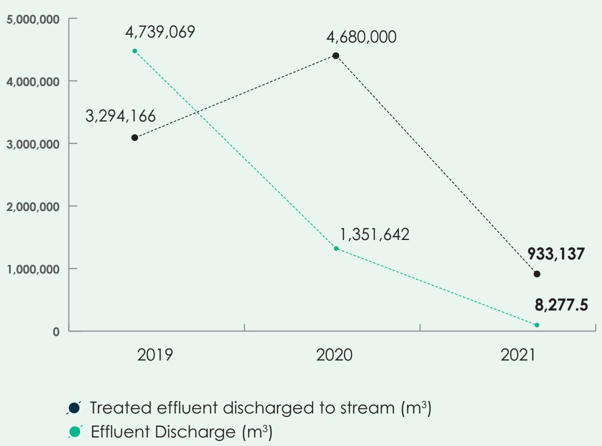
Water Treatment, Supply and Distribution

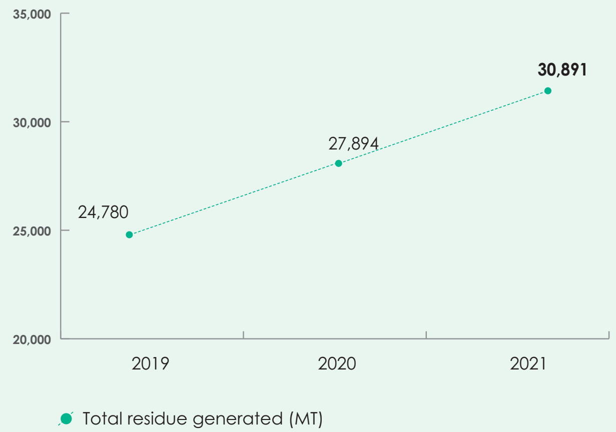
The effluent water discharged by our water treatment plants are compliant with a Standard B rating from the DOE's effluent quality requirements. We are also committed to self regulation, with our plants in the process of switching to Polyaluminium Chloride ("PAC") from alum as a flocculant to reduce sludge production, as studies have shown that the usage of PAC results in reduced sludge generation. Waste from our plants is disposed of in an environmentally responsible manner. We adhere to all regulations from local authorities and prioritise managing effluents and residuals released by the water treatment plants as we are committed to protecting local sources of water and ensure the wellbeing of surrounding communities.

To ensure compliance, we also conduct frequent and extensive monitoring. We recorded one instance of non-compliance with effluent quality requirements in 2021 from the reports of effluent quality that are regularly submitted to DOE. We implemented several counter-measures to reduce the risk of recurrence, and the flaw was rectified.

All residuals and effluents generated by the water treatment process in 2021 were disposed of at approved sites, whether at our in-house depository or at approved external sites.

WATER AND EFFLUENT MANAGEMENT PERFORMANCE - SUNGAI HARMONI





In 2021, we recorded a significant reduction in the total volume of treated effluents discharge compared to 2020 largely due to the optimisation of our processes, such as switching to PAC from alum. Additionally, we observed a reduction in treated effluent discharge to stream due to the increase in weir height, hence increasing retention time.

To improve our processes, we are investing in a mechanical dewatering plant to ensure safer handling, treatment and disposal of residual material from the SSP1 location, as well as increase the volume of water that can be recycled and reused. In 2021, we have fully conceptualised the plant design and specifications, and are moving onto the next phase of finalising the detailed design of the Residual Treatment Facility ("RTF"), in agreement with SPAN. We aim to complete the project by the fourth quarter of FY2024.

Highway Toll Concessionaire, Operations and Maintenance Operator

We prioritise the maintenance of our highways and ensure that they remain safe for users while minimising the impact of highway operations on surrounding communities.

At the Grand Saga Highway, we conduct a monthly sewage treatment plant ("STP") cleaning and effluent inspection at our headquarters, Plaza Batu 9, Plaza Batu 11 and RSA. On an annual basis, we conduct water effluent analysis for the STPs at the RSA along the Grand Saga Highway that is reported to MHA. At the Grand Sepadu Highway, we clean our STPs at the RSAs on a monthly basis while STPs at the toll plazas are cleaned on a quarterly basis. We also conduct an annual water effluent analysis for STPs at our RSAs and report the results to MHA to ensure that we are meeting the regulatory requirements.

Waste Management

Vehicle leachate can be a major issue in waste management, and SWM manages this by monitoring leachate spillage from our fleet as well as those of subcontractors for a safer and more pleasant service experience for the communities we operate in. SWM has a target of zero public complaints for any leachate spillage. In the event that a spillage occurs, our team will clean up the spill with water jetters and also have a vehicle on standby to replace the vehicle with the leak. All complaints regarding leachate spillage are rectified within 24 hours.

HOW WE PREVENT VEHICLE LEACHATE:

1. Inspection

As part of our waste collection operation protocols, drivers of our fleets are required to inspect the condition of the leachate tank and vehicle at the start of their work day on a daily basis. We also regularly inspect for any ageing bins for leaks or cracks.

2. Cleaning

As part of environmental regulations, we ensure that we wash our vehicles on a daily basis to ensure leachate is removed from our waste vehicles.

Engineering and Construction

In our efforts to adopt more responsible construction practices, we identify opportunities to reduce construction material waste, such as by proposing steel bar layouts that optimise the use of resources without compromising on structural integrity. Managing effluent and surface runoff forms another tenet of our sustainable construction strategy. In order to do so, we institute siltation and sedimentation controls by constructing silt fences, covering exposed slopes, and by monitoring the quality of storm water discharge at our construction sites to ensure that they meet standards established by the DOE and client.

To control silt escape from construction sites and polluting existing waterways, a temporary sediment trap or basin will be constructed before earthwork commences. The temporary structure is designed by a competent professional and approved by a government agency. The trap or basin is designed to retain surface runoff from the site, and it is suitably sized to allow for sufficient retention time for silt to settle before the stormwater runoff is discharged into the environment. Regular desilting of the trap or basin is important to preserve the overall effectiveness of the sediment retention system.

NOISE MANAGEMENT

Our communities in the surrounding areas we operate as well as the environment are key stakeholder groups that are important to us. We endeavour to limit noise levels from our operations to an acceptable threshold to prevent any discomfort or disturbance.

Highway Toll Concessionaire, Operations and Maintenance Operator

Noise pollution is one of the externalities from our highway operations. We have been investing in highway maintenance and infrastructure to limit noise levels from our highways, such as the concrete noise barriers that span over 900 metres at our Grand Saga Highway. As rising noise levels from the highways are a key concern, we regularly monitor noise levels to manage and minimise its impact on surrounding communities.

The pavements of our highways are critical to the safety and comfort of users as well as the wellbeing of surrounding communities. We spent just over RM1 million in pavement rehabilitation to replace worn-out pavements in the Grand Saga and Grand Sepadu Highways in 2021. Due to worn-out pavements that create more friction and generate louder noise, there are annual rectification works to replace them along both highways in accordance with MHA operational requirements. After problematic areas are identified through pavement scanning, we will mill these areas to 50 mm depth and pave with hot mix asphalt pavement.

Engineering and Construction

Taliworks' construction projects involve the use of machinery and equipment powered by fossil fuel that generate noise and air pollutants, which can affect surrounding communities. At project site boundaries, we set up noise and vibration measuring stations in compliance with the DOE's regulations where measurements are taken over a 24-hour cycle on a monthly or quarterly basis. In 2021, we did not record any reading in excess of the set limits as well as received any complaint concerning environmental pollution from all of our projects.

CARING FOR OUR SURROUNDING ENVIRONMENT

As an infrastructure conglomerate and public utilities provider, it is our priority that we take responsibility for the local ecosystems in which we operate, and to show care and respect for the species that inhabit the environment. We are aware that it is vital to enhance our efforts to care for the local ecosystems to ensure regulatory compliance and the social licence to operate. We are making proactive efforts to address this through the "Surrounding Environment" ambition under Pillar II: Impact-Positive Environmental Practices of our Sustainability Framework.

For more information on our efforts to care for the surrounding environment, please refer to the Sustainability Framework in this Statement.

For our water treatment, supply and distribution division, we conducted a site visit in November 2019 to our SSP1 plant to identify a solution for managing bird droppings where 11 different species of water and open country birds were observed. This indicated that our facility continues to serve as a functional habitat for the local ecosystem. We plan to enhance our monitoring efforts on the bird species at the plant in mid 2022. This year, we are in the process of planning for a firefly conservation programme at Kampung Kuantan in Kuala Selangor. This is in efforts to repopulate the mangrove area with Pokok Berembang *(Sonneratia Caseolaris)*, which is the natural habitat of the fireflies.

MITIGATING OUR ENVIRONMENTAL IMPACT THROUGH THE ENVIRONMENTAL MANAGEMENT PLAN

For construction projects under the engineering and construction division, noise, air quality and stormwater runoff quality are environmental parameters typically and regularly monitored over the construction period against base values taken at the start of the project according to the approved project-specific Environmental Management Plan ("EMP").The Environmental Officer oversees the adherence to the EMP while trained workers monitor and track the aspects outlined in the plan.

It is crucial that we follow the guideline of the EMP throughout the course of a project's construction cycle. Our EMP process is as below:

Pre-construction	Construction	Completion	Handover
Establishment of baselines, assessment of areas of potential impact and determination of placement of controls are considered through site surveys.	The EMP ensures site supervision, control management and monitoring of parameters.	Debris and construction material waste removal through thorough cleaning of site. Additionally, a report of environmental considerations and results of the parameters monitored is provided through the Project Closure Audit.	Final environmental audit of completed works to ensure compliance with environmental standards stipulated in stature or contract.

We have control measures to ensure adherence to the EMP where corrective actions will be taken in events of non-compliant readings of the parameters.

For environmental monitoring of the CJR4 project, we employed an independent professional consultant that shares Environmental Quality Reports and conducts environmental audits at the site twice a year. An arborist was engaged to investigate the impact of the trees and plants in the area. We were recommended the replanting of trees of the same species felled for the development.

ENRICHED COMMUNITIES

We believe it is vital that we make meaningful contributions to the communities around us through service that enriches lives.

To drive shared value and growth as part of our sustainability efforts, Taliworks strives to foster closer relationships with the communities where we operate. Through engaging with the communities that surround their operations, our divisions are able to identify key needs and to better strategise how to assist in impactful and meaningful ways.

As we progress to embed sustainability into the core of our business, it is important to us that we conduct strategic engagements with local communities as well as mobilise our employees to volunteer in our community projects. We are developing high impact community investment programmes as part of our Sustainability Framework, under the "Enriched Communities" pillar, to give back where we can and instil principles of good citizenship in our workforce and we are eager to share the programmes in the near future.

OUR COVID-19 RESPONSE TO THE COMMUNITY

The COVID-19 pandemic affected all levels of society deeply, with impacts across health and livelihoods. We reached out to the communities in which we operate by assisting people and organisations as they struggled to survive and overcome these negative impacts.

As the pandemic continued throughout 2021, Taliworks organised several COVID-19 Food Aid programmes and partnered with non-governmental organisations ("NGOs") to support and foster community resilience while helping to build stronger community foundations. We contributed over RM402,000 to COVID-19 food distribution relief this year.

CONTRIBUTED OVER RM402,000 TO COVID-19 RELIEF EFFORTS

Groceries Distribution to Charity Homes
Provided assistance to charity homes for the children and elderly for the purchase of groceries, household appliances and sanitary care among other items.

OUR BENEFICIARIES

185 children | **226** senior citizens

Taliworks Food Bank Relief with Yayasan Food Bank Malaysia
Supporting the basic needs of affected communities in Melaka and Negeri Sembilan through distributing food and non-food items.

OUR BENEFICIARIES

500 families from B40 households

Assisting the Most Vulnerable Food Aid Program with MERCY Malaysia
Procured food baskets from local farmers to distribute to B40 communities in Selangor and Kuala Lumpur.

OUR BENEFICIARIES

600 families from B40 households

Food Aid and Assistance
The highway and water divisions provided various food aid and donations to food banks and frontliners.

OUR BENEFICIARIES

More than **2,030** beneficiaries of the distributed food

Supporting Traders at the Rest and Service Areas
We provided rental discounts at Grand Saga and Grand Sepadu Highways RSAs to alleviate hardships suffered during MCO by small scale traders.

OUR BENEFICIARIES

35 traders at RSA Bukit Dukong and RSA Klang Utara benefitted from the discounts

Caring for Our On-Site Workers
During the MCO period, we also made contributions of staple food to the CJR4 workers at our site quarters.

OUR BENEFICIARIES

38 workers received staple food items

Supporting the Communities around us throughout COVID-19

The highway toll concessionaire, operations and maintenance operator division, consisting of Grand Saga and Grand Sepadu, held a food bank from August until December 2021 for communities surrounding the Cheras–Kajang Highway and Grand Sepadu Highway. This Food Bank Programme was a key Corporate Social Responsibility programme for the highway division in 2021, and aimed to assist alleviate the impacts of COVID-19 pandemic on the Bottom 40% ("B40") communities around our highways.

The water treatment, supply and distribution division contributed to food banks for communities at Village Community Management Council ("MPKK") Kg Jaya Setia and MPKK Kg Bukit Badong. As an appreciation to our frontliners, we also made donations of food baskets to Balai Polis Bestari Jaya and Klinik Covid ("KKM") Bestari Jaya.

Assisting the Most Vulnerable

Taliworks Food Bank Relief

Groceries Distribution to Charity Homes

Water Division Food Aid Program

Highway Division Food Bank Initiative

COMMUNITY ENRICHMENT AND INVESTMENT

Collaborations with established NGOs and charitable initiatives are vital to our efforts to improve the welfare of the communities where we have our operations. Our divisions take a holistic approach to community and social development by working with engaged individuals to ensure that their contributions have a deeper and longer-lasting impact.

Volunteering is an important pillar in forging stronger relationships with communities that surround our area of operations or where we have a business presence, but the pandemic made it a challenge due to the SOPs to contain the virus. We look forward to connecting with these communities again when conditions are safer to make a difference and render assistance in any way we can.

We are cognisant of the impacts that climate change can have on the communities we operate in. With the increase in frequency of flash floods brought about by the monsoon season, we do our part by extending assistance to the communities affected. In 2021, Malaysia saw two major flash flood events, one in January and the other in December. The flooding in December was one of Malaysia's worst floods in years, displacing approximately 30,000 people, including many members of our workforce.

FLOOD RELIEF

Amount Contributed

OVER RM115,250

Waste Management

Through SWM's corporate social responsibility ("CSR") arm, SWM Kasih, we extended financial assistance to 500 flood victims in the Johor Bahru and Iskandar Puteri areas of Johor under the Misi Bantuan Pasca Banjir that were used to purchase necessities during the floods of January 2021.

FLOOD RELIEF

Highway Toll Concessionaire, Operations and Maintenance Operator

Taliworks' highway division provided support through a number of initiatives during the December 2021 floods such as assisting 55 of our affected employees with monetary contributions. In addition, the Grand Saga Highway team participated in a flood relief mission with the Ministry of Works and MHA to help the people of Taman Sri Nanding, Hulu Langat in December 2021; while the Grand Sepadu Highway team provided assistance to road users trapped by rising flood waters on 18 December.

Grand Sepadu also organised a food bank to assist flood victims surrounding the Grand Sepadu Highway, with 600 recipients benefitting from this aid.

Water Treatment, Supply and Distribution

The water division contributed monetary assistance to victims of the December 2021 floods living in the communities of Kampung Rantau Panjang, Kampung Jaya Setia, and Kampung Ijok surrounding our Sungai Harmoni site in Bestari Jaya. Our assistance was also extended to four of our employees who were affected by the floods.

EDUCATION

In addition to our duty as a public utilities and infrastructure provider, we continue to encourage sustainable lifestyle practices services as well as support students' academic journey through the back to school initiatives by raising awareness on best practices for recycling among users of our services.

Amount Contributed

OVER **RM4,100**

Waste Management

TOWARDS LOW CARBON LIFESTYLES AT ISKANDAR PUTERI

In 2021, we collaborated with the Iskandar Puteri City Council ("MBIP") and various organisations to inculcate low carbon practices through education and community projects in the Iskandar Puteri area, Johor. These efforts contributed towards the Low Carbon Society Blueprint 3rd Edition for Iskandar Malaysia 2025. These were the two initiatives we were involved in:

Iskandar Puteri Low Carbon 1.0 Community Grant

As part of the Low Carbon Society goals, we promoted and inculcated low carbon practices among Iskandar Puteri communities through community projects on volunteerism and community involvement, public awareness education and healthy lifestyle, green infrastructure as well as sustainable waste management. These projects were carried out as new collaborations with MBIP, Universiti Teknologi Malaysia ("UTM"), Iskandar Regional Development Authority ("IRDA"), and Johor State Education Department ("JPNJ"). We were involved in five of the 14 grants where SWM provided skills and expertise in overall waste management initiatives especially through the 3R and KITARecycle programme. Through these grants, a total of 12,275 kg of recyclables were collected with the participation of 1,740 residents within Bandaraya Iskandar Puteri.

Sustainability Statement





Iskandar Puteri Low Carbon Calendar Competition

Participants in this competition to create awareness on good environmental practices were given a calendar in which to report their monthly electricity and water consumption savings as well as recyclable waste collected. The low-carbon competition saw not only the collection of 6,556 kg of recyclable items from January to July 2021, we also gained 201 new registrants to the KITARecycle programme. To make the collection of recyclables more convenient, we set up a KITARecycle Mobile Counter for residents at the Kenari Apartments on three occasions and collected 1,959 kg of recyclable items. This initiative was a success and we look forward to continuing this collaboration next year.



Educating the Public on Waste Disposal

Through SWM Kasih, we mobilised 3,251 volunteers who contributed 17,831 hours to reach out to local communities on the importance of recycling. This aims to empower the members of the local communities to generate income through collecting recyclables for a self-sustaining livelihood.


EDUCATION

Group

Back to School

To provide relief for students in need, we provided donations for the provision of school essentials, such as uniforms, shoes and socks to children in the Good Samaritan Home, Klang.

Sustainability Statement

FESTIVITIES

Despite the MCO restrictions in efforts to curb the virus, we continue to share the festive cheer with our communities through various contributions:

Amount Contributed

OVER RM73,000

Raya Cheer

As part of the highway division's duty to ensure the safety of their highways, the highway division collaborated with the Malaysia Highway Authority and the Association of Malaysian Highway Concession Companies ("PSKLM") to conduct a Road Safety Campaign in May 2021.

As a Group, we donated groceries to underprivileged communities at two homes - Rumah Bakti Nur Ain in Bangi and Mesra Home in Ampang.

Lunar New Year

The Lunar New Year cheer was brought to road users by the highway division through the distribution of over 600 boxes of mandarin oranges while at the Group, groceries were donated to senior citizens of the Tong Sim Care Centre in Kuala Lumpur.

FESTIVITIES

Deepavali Cheer

Through SWM Kasih, we made contributions to various organisations, such as community centres and temples, that reached underprivileged, B40 families and communities in need.

Christmas

Contributions were made through SWM Kasih to assist organisations working with children and adults with mental and physical disabilities.

Ramadan

The highway division contributed food items to eight orphanages and old folks homes through its Ramadan Programme in May 2021.

Through the Santun Ramadan initiative, SWM Kasih benefitted 1,165 people and contributed household items, meals for breaking fast and other necessities to underprivileged communities in Negeri Sembilan, Johor, and Melaka.

This Statement on Risk Management and Internal Control ("Statement") is made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad which requires the board of directors ("Board") to include in this Annual Report a statement about the state of risk management and internal controls of the Company and its subsidiaries ("Group"). This Statement also provides an insight on how the Board has established an effective risk management and internal control framework including its features, adequacy and effectiveness as required under Principle B (II) of the Malaysian Code on Corporate Governance 2021 ("MCCG") issued by the Securities Commission of Malaysia.

1.0 BOARD RESPONSIBILITIES

- To enable the Group to achieve its business objectives, the Board is responsible for identifying and managing principal risks (both current and emerging) by establishing a sound risk management framework and in maintaining an appropriate system of internal controls within the Group including ensuring the effectiveness, adequacy and integrity of this system.

- The Board is aware that the risk management framework and system of internal control are designed to minimise and manage risks at an acceptable level rather than to eliminate them. A risk management framework and the system of internal control can only provide reasonable but not absolute assurance against any failure by the Group to meet its business objectives or to detect material errors, losses, fraud or breaches of laws, rules or regulations.

- Accordingly, the Board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the Group's business objectives can be mitigated and managed by the establishment of a proper and sound risk management framework and in the maintenance of an appropriate system of internal controls.

- Accompanying the maintenance of an appropriate system of internal control, is an on-going process to identify, evaluate, monitor and manage principal risks faced by the Group and is generally in line with the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) which is intended to guide directors of listed issuers in making disclosures concerning risk management and internal control in their company's annual report

2.0 RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

- Proper risk management and internal controls are important aspects of the Group's governance, management and operations. Risk management focuses on identifying threats and opportunities while internal control helps counter threats and takes advantage of opportunities. Proper risk management and internal control assist the Group in making informed decisions about the level of risk that it wants to take and implement the necessary controls to effectively pursue its objectives.

2.0 RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

- In fulfilling its responsibilities, the Board has established an Enterprise Risk Management ("ERM") Framework for the Group by adopting the Risk Management Policy and Guidelines Document which is designed to:-

  (i) establish the context for an embedded ERM framework within the Group;

  (ii) formalise the ERM functions across the Group;

  (iii) sensitise the Group's personnel to be more adapted to risk identification, measurement, control, ongoing monitoring, responsibilities and accountabilities;

  (iv) coordinate and standardise the understanding and application of ERM within the Group; and

  (v) prove compliance by the Board with its organisational obligations and duties of care and diligence in accordance with good corporate governance practices promulgated by the MCCG and the MMLR via a structured documentation system.

- During the year, the Group engaged an external consultant to conduct an independent review on the following:-

  (i) The existing Risk Management Policy and Guidelines Document to identify enhancements as a result of the revisions to the MMLR, MCCG and Committee of Sponsoring Organisations of the Treadway Commission ERM Framework; and

  (ii) The Risk Registers to identify and propose inclusions of obvious and prevalent risks relevant to the Group as a result of, amongst others, changing business environment, legal and regulations.

- Arising from the above, main changes to the ERM Framework were made to incorporate new updates to the Risk Management Policy and Guidelines Document and enhancements to the Group ERM processes. The revised ERM Framework has been approved for adoption by the Audit and Risk Management Committee ("ARMC") and the Board in November 2021.

3.0 GOVERNANCE

The Group's ERM Framework consists of appropriate risk organisational structure to ensure that roles, responsibilities, and accountabilities are clearly defined and communicated at all levels to implement the risk management processes which is the on-going process to identify, evaluate, monitor, and manage principal risks that affect or will potentially undermine the achievement of the Group's business objectives both now and into the future as explained in the following paragraphs:

3.1 Board

The Board takes responsibility in identifying and managing risks and in maintaining an appropriate system of internal controls within the Group. This responsibility is delegated to the ARMC under the terms of reference of the ARMC.

3.2 ARMC

The assessment of both the risk management function and system of internal controls are undertaken by the ARMC which reports its findings to the Board. Whilst the ARMC has delegated the implementation of the system of internal controls to the management, it is assisted by the Group Internal Audit, an in-house internal audit function which provides an independent assessment and relevant assurance on the effectiveness, adequacy and integrity of the risk management function and system of internal controls based on findings from internal audit reviews carried out.

3.0 GOVERNANCE (CONT'D)

3.3 Risk Management Working Group

- In respect of the risk management function, this role is undertaken by the Risk Management Working Group ("RMWG") which reports its findings directly to the ARMC. In accordance with its terms of reference, the RMWG is chaired by the personnel designated as the chief executive officer or the executive director of the company and shall consist of no fewer than three other members, comprising the following: -

  (i) the personnel designated as the chief financial officer of the Group; and

  (ii) such any other directors and officers of the company and/ or the Group as may be determined by the Board and/ or the ARMC.

- For the year under review, members of the RMWG comprise the Executive Director as the chairperson, a non-Executive Director, the Chief Investment Officer and the General Manager, Group Finance.

3.4 Internal Audit Function

- The internal audit function is undertaken internally within the Group to provide independent internal audit services to the Group. To ensure the governance, risk management and internal control processes are effective, the internal audit function conducts regular reviews and appraisals on the business operations of the Group according to the Internal Audit Plan as approved by the ARMC.

- The key role of the Group Internal Audit is to assess the management's adherence to established policies and procedures as well as acting as an independent sounding board to the ARMC concerning areas of weaknesses or deficiencies in the risk management, governance and control processes for appropriate remedial measures to be carried out by the management.

- Further details on the functions of the Group Internal Audit are found in the Report of the ARMC included in this Annual Report.

3.5 Governance Structure

To ensure that proper risk management is being undertaken and the system of internal controls are effective and adequate, the following is the governance structure of the Group's ERM and internal control framework:

4.0 COVERAGE

- All four business operations of the Group including key operating subsidiaries, major joint-ventures and associates, namely the water treatment, supply and distribution, toll management, engineering and construction and waste management divisions, are subjected to internal audits and risk management assessments.

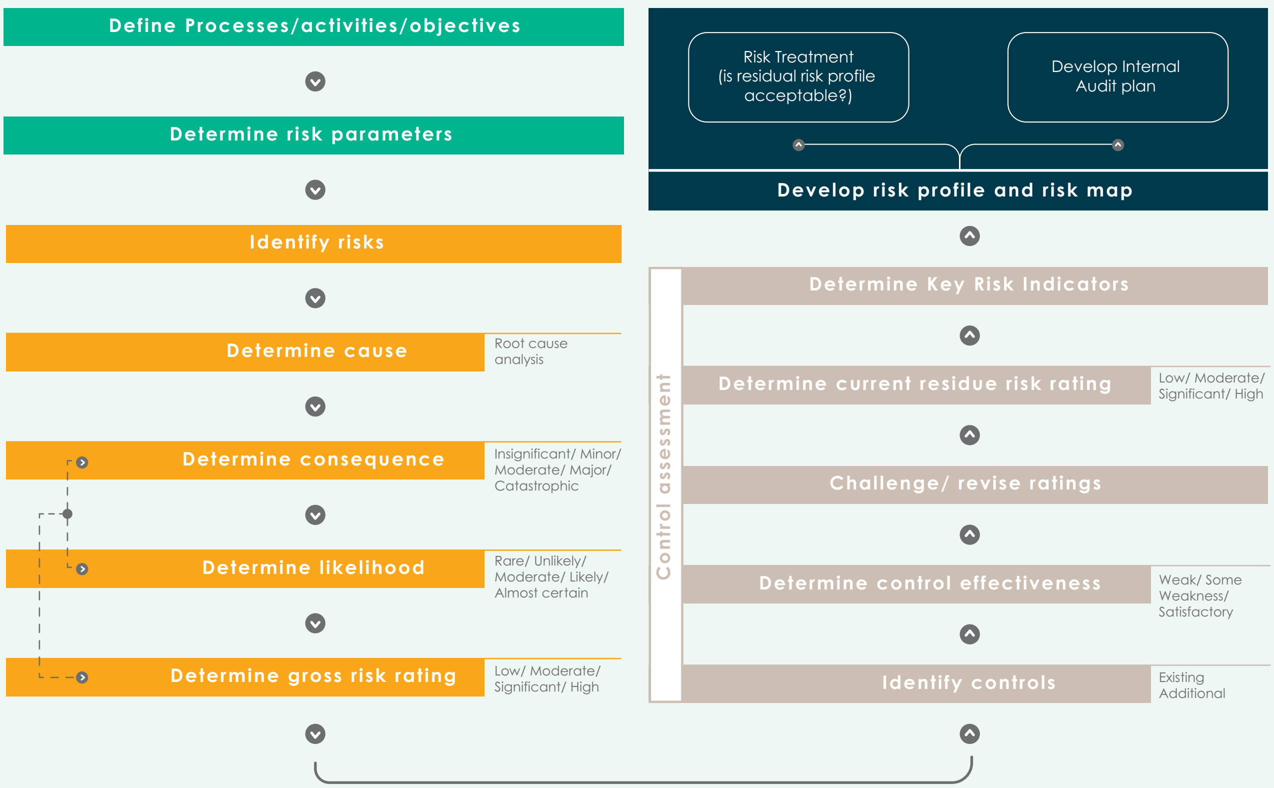
- The ARMC reviews the appropriateness of the system of internal control in joint ventures which contribute significantly to the Group through the Group Internal Audit. The RMWG is also tasked to evaluate the risk management policies and processes adopted and risk management reports submitted by the joint ventures.

- In situations where the Group does not have full management control over associates that contribute significantly to the Group, the Group Internal Audit will seek the collaboration of the internal audit function of the associates to evaluate the system of internal control of said associates. Presently, risk management reports by major associates are submitted to the RMWG for deliberation and review.

5.0 ENTERPRISE RISK MANAGEMENT FRAMEWORK

5.1 The Key Steps Undertaken in the Risk Management Process

The following summarises the key steps undertaken by the Group in identifying, measuring, controlling, monitoring and reporting of risks under the ERM Framework: -



5.0 ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

5.1 The Key Steps Undertaken in the Risk Management Process (Cont'd)

- Risk Profile and Risk Register are prepared for the purposes of identifying, evaluating, monitoring, managing and reporting of risks. In this respect, risk owners are responsible to determine the risk parameters, identify the risks, determine the causes, consequences and likelihood of occurrence to arrive at the Gross Risk Rating.

  Thereafter, risk owners will identify appropriate controls that are in place and any additional controls to be implemented and determine their effectiveness to arrive at the Residual Risk Rating. The Key Risk Indicators are metrics used to indicate the severity of a certain risk. Risk owners will then decide on the risk tolerance level to either terminate, reduce, accept or pass on the risks. Where appropriate, the Group Internal Audit will develop their internal audit plans around the risks identified.

- The Risk Profile and Risk Register are updated by the risk owners twice a year to ensure that the risk management process remains regular and the Risk Profiles and Risk Registers remain relevant. Risk owners will update in the Risk Register the action plans taken or to be taken to mitigate the risks identified.

- The risk owners, who are normally at the operational level, will report the status of risks to the head of business units who then collates and summarises the risks to be briefed to the RMWG on a bi-annually basis.

- This risk management process is an on-going process undertaken by the Group and such process has been in place for the year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

5.2 Main Features of the ERM framework

The main features of the Group's ERM Framework involve the following key processes: -

(i) The management develops, operates and monitors the system of internal controls to address the various risks faced by the Group;

(ii) A database of all risks and controls is maintained and updated, and the information filtered to produce detailed Risk Registers and individual Risk Profiles. Key risk areas are identified and scored for likelihood of the risks occurring and the magnitude of the impact;

(iii) Risk assessment reports are submitted bi-annually and briefed by the various heads of business units to the RMWG in a meeting, attended by the head of the Group Internal Audit, where the following are to be reported: -

    (a) the current status or new developments in any of the risks identified;

    (b) any changes to the Risk Profile including new or removal of risks that were previously reported and the reason(s) thereof;

    (c) any new or additional controls that have been put in place to mitigate the risks; and

    (d) the status of action plans to address each of the risks by the risk owners. Specific action plans and the timeline for the action plans to be implemented are documented in the Risk Registers by the risk owners.

(iv) The meetings of the RMWG are held prior to the ARMC meetings. The RMWG, through the General Manager, Group Finance, reports its findings to the ARMC which then reports to the Board;

(v) All updated Risk Profiles and Risk Registers are tabled to the ARMC after they had been considered and deliberated by the RMWG;

5.0 ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

5.2 Main Features of the ERM framework (Cont'd)

(vi) Annual re-assessment is conducted selectively at operational sites by the General Manager, Group Finance, representing the RMWG together with the risk owners where existing controls are verified to ensure their validity and evaluations are conducted to determine their effectiveness. However, due to the contactless practice as part of the initiatives to curb the spread of COVID-19 pandemic, the annual re-assessment of risks was conducted via virtual meetings during the year.

5.3 Risk Matrix

To ensure that the assessment of risk management can be applied consistently across all business divisions, the RMWG has adopted the following standard Risk Matrix. No revisions were made to the Risk Matrix during the year.

Risk Rating					
Impact / Likelihood	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	Significant	Significant	High	High	High
Likely	Moderate	Significant	Significant	High	High
Moderate	Low	Moderate	Significant	High	High
Unlikely	Low	Low	Moderate	Significant	High
Rare	Low	Low	Moderate	Significant	Significant

Likelihood of Occurrence	
Description	**Risk Likelihood Description**
Almost Certain	Happens frequently
Likely	Likely to occur
Moderate	Might occur. Happened before but very rare
Unlikely	Unlikely to occur. Happened before but extremely rare
Rare	Has never occurred before and is not expected to occur

Magnitude of Impact		
Description	**Financial Considerations**	**Non-Financial Considerations**
	% of Budgeted EBITDA	
Catastrophic	> 75%	• Reputation/ Image • Service/ operations disruption • Business continuity • Project delay • Damage to life, property, environment • Management involvement
Major	50-75%	
Moderate	25-50%	
Minor	5-25%	
Insignificant	< 5%	

5.0 ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

5.3 Risk Matrix (Cont'd)

- Although the assessment of the Likelihood of Occurrence and Magnitude of Impact maybe subjective in nature, nevertheless the description thereto provide guidance to the risk owners to ascertain according to their best judgement and knowledge on:-

  (i) the likelihood that a risk event will occur or has occurred; and

  (ii) the level of impact of the risk based on both financial and non-financial considerations.

- There may be certain circumstances where the non-financial criteria of a particular risk are given higher consideration than the financial considerations e.g. where it involves reputational risk which is hard to quantify. Once the Likelihood of Occurrence and Magnitude of Impact have been ascertained, they will be mapped to determine the Risk Rating.

6.0 REPORTING OF KEY RISKS

- The Group, through its normal day-to-day operations, is exposed to varied types of risks that could adversely affect the Group's business objectives, reputation, operating results, financial position and its stakeholders. Key risks are monitored regularly by the risk owners and escalated immediately to the management if such situation arises. Status of risks are reported to the RMWG, ARMC and Board on a bi-annually basis.

- As sustainability and the underlying Environmental, Social, and Governance ("ESG") issues become increasingly material to the ability of companies to create durable and sustainable value and confidence to stakeholders, the Board has begun to take more proactive and effective measures to anticipate and address material ESG risks and opportunities. In this respect, the Group has been undertaking risk assessment to identify and determine the ESG risks within the Group specifically to evaluate their impact to the Group's operations and accordingly take appropriate action plans to mitigate these risks. Material ESG risks to the Group have been identified and elaborated in the Sustainability Statement included in this Annual Report.

7.0 OTHER KEY ELEMENTS OF GOVERNANCE, RISK MANAGEMENT AND CONTROLS

Other key elements of governance, risk management and controls established by the Group, amongst others, are as follows:-

(i) clearly defined governance structure with the respective terms of reference, duties and responsibilities of the Board and the Board Committees, as described in the Corporate Governance Overview Statement;

(ii) clearly defined delegation of responsibilities to the Board Committees and to management, including appropriate authorisation levels in the form of written Limits of Authority to assist the Board and the management in determining the appropriate levels of authority in approving transactions or attending to certain issues related to corporate, finance, legal, secretarial, public affairs and investor relations matters;

(iii) attendance and recording of minutes of Board and Board Committees by the Company Secretaries and attendance and recording of minutes of the RWMG and monthly management meetings by the Secretarial department;

(iv) a budgetary process whereby the Executive Committee approves the operating and capital budgets of the key operating units and the Board approves the operating and capital budgets of the Group on a consolidated basis;

7.0 OTHER KEY ELEMENTS OF GOVERNANCE, RISK MANAGEMENT AND CONTROLS (CONT'D)

(v) review of operational and financial performance by the operating unit's management at a monthly management meeting attended by the Executive Committee, heads of department and business units including the Head of Internal Audit. At these meetings, relevant operational, financial and strategic issues are discussed, deliberated and followed up by management;

(vi) briefing by the Executive Director to the Board on the operational performance of the Group on a quarterly basis;

(vii) briefing by the General Manager, Group Finance to the ARMC and to Board on the financial performance of the Group on a quarterly basis;

(viii) a yearly assessment undertaken by the External Auditors to identify any significant risks affecting the preparation of the financial statements;

(ix) briefing by the head of Group Internal Audit to the ARMC on a quarterly basis on the internal audit findings together with any follow up actions taken or to be taken to remedy any significant failings or weaknesses identified from the internal audit findings. Private sessions are held by the Group Internal Audit with the ARMC without the presence of management;

(x) the existence of a whistle-blowing policy and procedure to provide a channel for legitimate concerns related to, amongst others, fraud, financial irregularity, corruption, bribery, serious breaches of the Employees Code of Conduct and Ethics, non-compliance with laws and regulations or company policies, illegal, unethical or questionable practices etc. (collectively referred to as "Misconduct") to be raised or reported, investigated and where necessary, appropriate action to be taken to resolve such issues promptly and effectively within the Group. The Misconduct can be raised the Executive Director, the Head of Group Human Resource (on staff related matters), head of Group Internal Audit, the Senior Independent Director and/or to the Chairman of the ARMC. The whistle-blowing policy is uploaded to the Company's website at https://taliworks.com.my/corporate-governance under the caption "Whistle-blowing Policy";

(xi) the provision of a dedicated email address to the Whistle-blowing Committee at we_hear@lgb.com.my for reporting of Misconduct;

(xii) the provision of a dedicated email address to the Senior Independent Director at SID@taliworks.com.my and to the Chairman of the ARMC at ARMC@taliworks.com.my for shareholders and other stakeholders to communicate with them on matters relating to the Group;

(xiii) a Code of Business Conduct and Ethics for Directors which sets out the general principles and standards of business conduct and ethical behaviour for the Directors in the performance and exercise of their responsibilities as directors of the Company;

(xiv) a Board Charter that constitutes, and forms, an integral part of each Director's duties and responsibilities;

(xv) a Code of Conduct contained in the Employment Handbook which governs the policies and guidelines relating to the standards and ethics that all employees of the Group are expected to adhere to in discharging their duties and responsibilities;

(xvi) an Anti-Bribery Management System approved and adopted by the Group on 1 June 2020 to implement the Guidelines on Adequate Procedures issued pursuant to subsection (5) of section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Act 694) as stated in the Malaysian Anti-Corruption Commission (Amendment) Act 2018 which requires commercial organisations to establish adequate procedures to avert corruption as a defence against corporate liability under the said Act;

7.0 OTHER KEY ELEMENTS OF GOVERNANCE, RISK MANAGEMENT AND CONTROLS (CONT'D)

(xvii) In compliance with Paragraph 15.29(1)(c) of the MMLR, the Group has incorporated corruption risks as part of its annual risk assessment. The anti-bribery risk assessment is undertaken and documented in the Risk Registers of individual business units and reported as part of the ERM process.

8.0 MANAGEMENT ASSURANCE

In accordance with Paragraph 42 of the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers), the Executive Director and the General Manager, Group Finance, representing the Management, are of the view that the Group's risk management process and internal control systems are operating adequately and effectively in all material aspects primarily based on: -

(i) the ERM Framework adopted by the Group, the system of internal controls in place and other key elements of governance, risk management and controls established by the Group as elaborated in section 7 above;

(ii) similar written assurance given by the respective heads of operations to the Executive Director;

(iii) formal feedback on the adequacy of risk management and internal control from the head of Group Internal Audit which is based primarily on the scope and coverage of internal audit's remit for the year under review.

9.0 REVIEW BY THE EXTERNAL AUDITORS

- As required by paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement. Their review was performed in accordance with Audit & Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants.
- Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control of the Group.
- AAPG 3 does not require the External Auditors to and they did not consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures.

10.0 AUTHORISATION FOR ISSUANCE

The Board and the ARMC has reviewed and approved this Statement for inclusion in the Annual Report.

THIS CORPORATE GOVERNANCE OVERVIEW STATEMENT TOGETHER WITH THE CORPORATE GOVERNANCE REPORT PROVIDE AN OVERVIEW OF THE COMMITMENT BY THE BOARD OF DIRECTORS ("BOARD") TOWARDS A HIGH STANDARD OF CORPORATE GOVERNANCE PRACTICES, VALUES AND ETHICAL BUSINESS CONDUCTS BY DISCLOSING THE APPLICATIONS OF EACH PRACTICE SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2021 ("MCCG 2021") PURSUANT TO PARAGRAPH 15.25 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD. THIS CORPORATE GOVERNANCE OVERVIEW STATEMENT SHOULD BE READ IN TANDEM WITH THE CORPORATE GOVERNANCE REPORT WHICH HAS BEEN UPLOADED ON THE COMPANY'S WEBSITE.

- In today's dynamic business landscape and heightened stakeholders' expectations, demand for greater accountability and transparency are expected from the Board in discharging its fiduciary duties in delivering long-term value proposition to shareholders as well as upholding the rights of other stakeholders. As a direct consequence thereof, greater internalisation of enterprise-wide culture of good corporate governance practices, maintenance of a sound system of internal control, embedding risk management practices and policies into the day-to-day operations, addressing business sustainability issues including environment, social and governance ("ESG") risks and opportunities, as well as adherence to regulatory requirements are some of the key challenges for the Board.

- Corporate governance is about having processes and structures to direct and manage the business and affairs of the company towards promoting business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders. Good corporate governance practices underpin a successful and sustainable business. To succeed in the long term, companies are required to build and maintain successful relationships with a wide range of stakeholders. Accordingly, a company should promote integrity and openness and be responsive to the views of the stakeholders at large.

- The Board recognises the importance of complying with the Principles and Practices stipulated in the MCCG 2021 published by the Securities Commission of Malaysia on 28 April 2021 and is committed to ensuring that good corporate governance is observed, practised and enhanced throughout the Company and its subsidiaries ("Group") to safeguard the interest of shareholders and other stakeholders such as our employees, customers, suppliers and the communities in which the Group conducts its businesses.

- Since the introduction of the first Malaysian Code on Corporate Governance in 2000, the Board has continuously made efforts and avail resources to strengthen the corporate governance framework and practices within the Group; to not only attract but also retain investors and other valued stakeholders. The Board recognises that good ethical conduct and a high level of accountability are important criteria to support the sustainable development and growth trajectory of the Group's businesses. Needless to say, good corporate governance is a shared responsibility, with various stakeholders having equal duty and responsibility to protect and advance their own interests by exercising the rights accorded to them to ensure that the Group is well-governed and driven by the basic tenets of good governance.

- Pursuant to paragraph 15.25(2) of the Main Market Listing Requirements ("Listing Requirements"), the Group has disclosed in a prescribed format the extent of how it has applied and complied with the Principles and Practices specified in the MCCG 2021 to achieve the Intended Outcome. The detailed application for each of the Practices is disclosed in the Corporate Governance Report 2021 ("CG Report") which is available on the Company's website at http://taliworks.com.my/corporate-governance/ under the caption "Corporate Governance Report". As defined in the MCCG 2021, Intended Outcomes are designed to provide a line of sight on what companies will achieve through implementing the Practices. On the other hand, Practices are actions, procedures, or processes which a company is expected to adopt to achieve the Intended Outcome.

- For 2021, the Group is categorised as a Non-Large Company under the MCCG 2021. Large Companies are defined as companies on the FTSE Bursa Malaysia Top 100 Index or companies with a market capitalisation of RM2 billion and above; at the start of the companies' financial year.

- During the year, the Group has applied all the Practices except as follows: -

  (a) Practice 5.9 – The board comprises at least 30% women directors. Nonetheless, the Board Charter of the Company stipulates a target of having 30% of women represented in the Board by 30 April 2024; and

  (b) Practice 8.2 - The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000. The Company sets a target to disclose this by 30 April 2024.

- For the Practices where the Group has yet to comply, the explanation for the departures is provided and supplemented with a commentary on the alternative measures to achieve the Intended Outcome, and where appropriate, measures that the Group has taken or intends to take as well as the intended timeframe for adoption to achieve the application of the prescribed Practice.

- Over the years, we have been placed in the Malaysian Corporate Governance reports and surveys undertaken by the Minority Shareholder Watchdog Group with the latest being ranked 53rd out of the Top 100 Malaysian PLCs for Corporate Governance Disclosure in 2020. Other notable achievements are found in the Corporate Milestones section of this Annual Report.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities

1.1 Clear Roles and Responsibilities

- The business and affairs of the Group are managed by or under the direction of the Board. The role of the Board is to collectively allocate resources and set the strategic direction of the Group, inculcate healthy corporate governance practices within the Group by aligning the governance practices to meet expectations of stakeholders while exercising oversight on the management's performance.

- The Board is entrusted to discharge its fiduciary duties and it has an overall responsibility for the corporate governance practices of the Group, including amongst others: -

  (a) overseeing the conduct of the Group's business. In this regard, the Board meets quarterly together with the management, namely the Executive Director, Chief Investment Officer, the General Manager, Group Finance and the Company Secretaries to discuss and deliberate on the several agendas put forth at the Board meetings. The important agenda that would be deliberated are the reports from the various Board Committees together with the Executive Director's Quarterly Operational Report and the Quarterly Financial Interim Report by the General Manager - Group Finance, detailing the operations of each of the business divisions and the financial performance of the Group respectively;

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities (Cont'd)

1.1 Clear Roles and Responsibilities (Cont'd)

- The Board is entrusted to discharge its fiduciary duties and it has an overall responsibility for the corporate governance practices of the Group, including amongst others: - (Cont'd)

    (b) reviewing and adopting a strategic plan prepared by the Executive Director and the Chief Investment Officer for the Group's future growth and expansion with a view to support long term value creation for shareholders;

    (c) reviewing the Group's effort in driving and implementing sustainable business practices covering economic, environmental and social considerations. The Group has established a Sustainability Steering Committee to assist the Board and senior management to manage and drive the implementation of the Group's sustainability agenda;

    (d) identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures. To undertake these dual responsibilities, the Board has delegated both the risk management and internal audit functions to the Audit and Risk Management Committee. Detailed descriptions of these functions are elaborated in the Statement of Risk Management and Internal Controls and the Audit and Risk Management Committee's Report included in this Annual Report;

    (e) succession planning to provide for a clear and orderly succession and ensure that all candidates appointed for a particular position are capable and of calibre. To assist the Board in discharging these responsibilities, the Board has adopted the Succession Planning Policy for Board, Chairman of the Audit and Risk Management Committee and Senior Management as proposed by the Corporate Human Resource;

    (f) overseeing the development and implementation of a shareholder communications policy for the Group to enable effective communication with the shareholders and other stakeholders. In this respect, the Group has established an investors' relationship function helmed by the Chief Investment Officer and several channels and communication platforms (including the Company's website) where shareholders and other stakeholders are able to communicate with the Company and vice versa;

    (g) reviewing the adequacy and the integrity of the Group's management information and internal control systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. In discharging these responsibilities, the Board has established an internal audit function to assess the adequacy and the integrity of the internal control systems. The Board has also at its disposal the services of the Group Legal Advisor and the Company Secretaries to advise the Board on matters relating to regulatory, governance and statutory issues that concern the Group.

- The roles played by the Board and the management are separate and distinct whereby the Board provides the stewardship role whereas the management is given the mandate and authority to implement the strategic directions of the Board. The Board fulfils its fiduciary role by overseeing that the management has undertaken its responsibilities in executing the policies and strategies adopted by the Board and the Board being adequately kept informed on matters relating to the Group's business and financial performance at the Board meetings which are held at every quarter of the year. Where there are important issues that require the Board's immediate attention e.g. major corporate exercises, the Board may convene a special Board meeting.

- The Company and its key operating subsidiaries have established their respective Limits of Authority that defines the authority given to the respective management to act on specific matters and any matters that require the approval of the Board, Board Committees, Executive Committee or the board of the subsidiaries, as the case may be. The Limits of Authority of the Company was last reviewed by the Board in November 2021 for adoption in 2022.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities (Cont'd)

1.1 Clear Roles and Responsibilities (Cont'd)

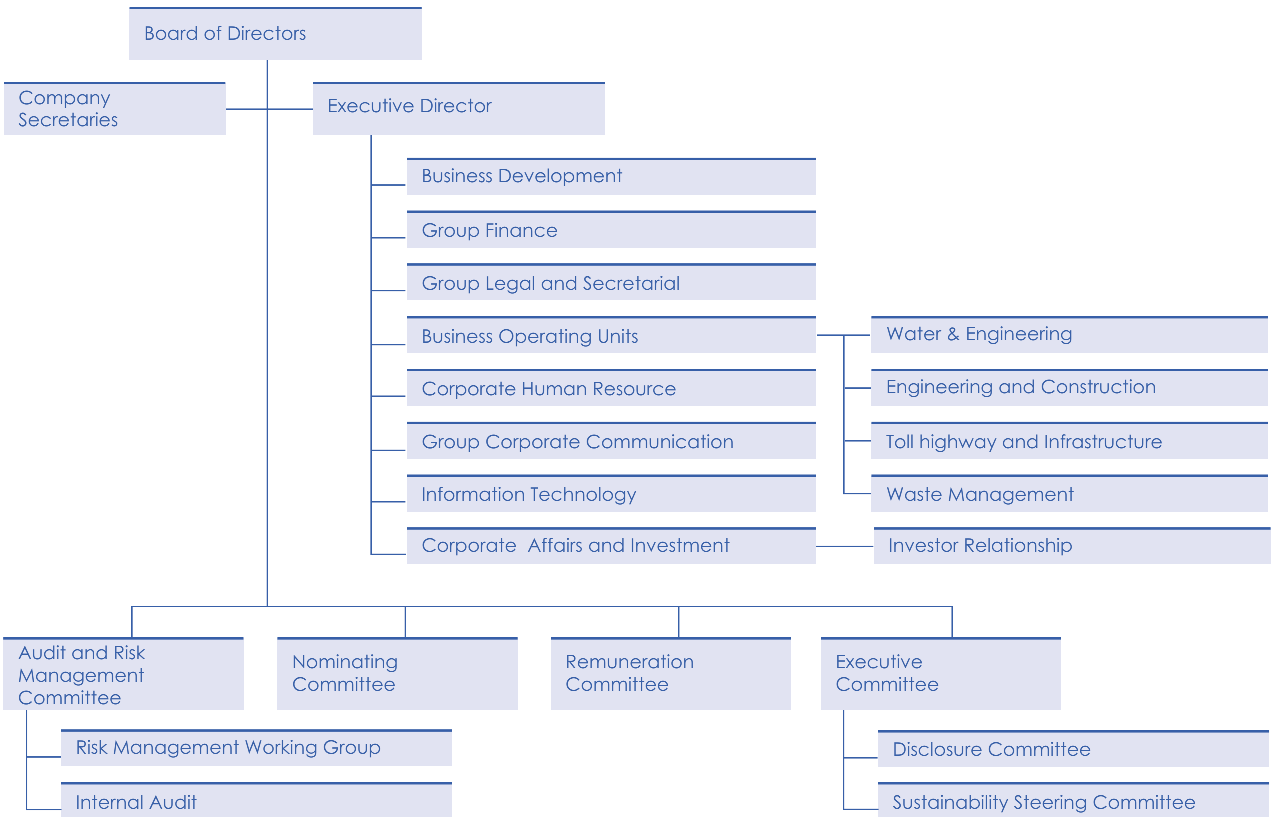
- To further assist the Board in its oversight role, the Board, through the Nominating Committee, has established the Key Performance Indicators ("KPI") for the Executive Director that are linked to the Group's financial performance, material sustainability and opportunity, employees competencies and development and securing of new projects. In the Remuneration Committee meeting held in January 2022, it was concluded that all the KPIs have been met by the Executive Director in respect of the financial year ended 31 December 2021.

- The Board is also guided by the new Guidelines on Conduct of Directors of Listed Issuers and Their Subsidiaries ("Guidelines") issued by the Securities Commission ("SC") on 30 July 2020 in discharging their fiduciary duties. These Guidelines set out guidance on duties and responsibilities of the board in company group structure and requirements for the establishment of a groupwide framework to enable among others, oversight of the group performance and the implementation of corporate governance policies.

- The Group has adopted an Anti-Bribery Policy and Whistle-Blowing Policy which can be accessed at the Company's website at https://taliworks.com.my/corporate-governance/ under the caption "Anti-Bribery Policy" and "Whistle-Blowing Policy" respectively.

1.2 Governance Structure

The current governance structure of the Group is as follows:



PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities (Cont'd)

1.3 Executive Committee

- The Board delegates to the Executive Director to manage the Group's business and day-to-day management to achieve the Group's corporate targets and plans.

- To assist the Executive Director in executing the mandates from the Board, an Executive Committee has been established to speed up the decision-making process on issues that are routine and administrative in nature or on matters that do not require the immediate attention of the Board including approving non-material announcements to the stock exchange.

- Delegation of mandates to the Executive Committee is subject to defined Limits of Authority and monitoring by the Board. A list of all written resolutions approved by the EXCO is circulated to the Board on a quarterly basis for its notation.

- Members of the Executive Committee together with other senior management and business divisional heads meet monthly to review the operational issues, financial performance, business prospects and other matters of the Group requiring their attention. Collectively, they are responsible to oversee the day-to-day management of the Group's business affairs.

1.4 Board Composition

- At the end of the year, the Board, led by YAM Tunku Ali Redhauddin Ibni Tuanku Muhriz, a Non-Executive Chairman, is made up of eight members (including the Chairman) comprising:

  (a) one Executive Director;

  (b) one Non-Independent Non-Executive Director; and

  (c) six Independent Non-Executive Directors.

- As stated in the Board Charter (a copy of which is which is available on the Company's website at https://taliworks.com.my/corporate-governance/ under the caption "Board Charter"), the Board shall consist of qualified individuals with diverse experience, background and perspective. The composition and size of the Board are such that it facilitates the making of informed and critical decisions. At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members shall be Independent Directors. Where the Chairman of the Board is not an independent Director, the majority of Board members shall be Independent Directors. This provision in the Board Charter has been complied with by the Board.

- The Board, through the Nominating Committee, having reviewed the size and complexity of the Group's operations, is of the view that the number of members in the Board is appropriate and that no individual dominated the decision-making process and that the Board has operated effectively throughout the year and is confident that it will continue to do so.

- As disclosed in the Directors' Profile included in this Annual Report, members of the Board come from varied background (gender, age, qualification, working experience, ethnicity) and each brings with them a wide range of business and financial acumen, competence, knowledge and experience relevant and necessary for the effective stewardship of the Group.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities (Cont'd)

1.5 Board to comprise a Majority of Independent Directors

- The current Chairman is an Independent Non-Executive Chairman whilst more than half of the composition of Board members comprises of Independent Directors.

1.6 Role of the Chairman

- The role of the Chairman is spelt out in Clause 4.1 of the Board Charter.

1.7 Role of the Executive Director

- The Executive Director is a paid employee of the Company. He is assisted by the Executive Committee to develop and implement, in conjunction with the Board, the Group's strategic plans for existing businesses and future growth expansion plans. Other than that, the Executive Director is responsible to carry out all the directions of the Board and ensuring that they are implemented and that adequate actions have been taken to follow up on significant outstanding matters on a timely basis.

- In connection therewith, the Executive Director keeps the Board informed of the overall operations and major issues faced by the Group, together with bringing forward to the Board, significant matters for its consideration and approval, where required.

- The Executive Director is accountable to the Board and he oversees all the business and corporate divisions within the Group.The performance of our Executive Director, including achievements of KPIs, is reviewed annually by the Nominating Committee.

1.8 Role of the Non-Independent Non-Executive Directors

- Non-Independent Non-Executive Directors do not actively participate in the day-to-day management of the Group. However, they contribute to areas such as policy and strategy, performance monitoring, as well as improving governance and controls. They are expected to provide constructive input and where required, provide the requisite guidance to the Executive Director when faced with the challenges in running the day-to-day affairs of the Group.

1.9 Role of the Independent Non-Executive Directors

- Independent Non-Executive Directors play a significant role as check and balance in the functioning of the Board. They have declared themselves to be independent from management and free of any business or other relationship which could interfere with the exercise of their independent judgment and objective participation and decision-making process of the Board.

- Independent Non-Executive Directors are required to voice their reservations or objections to any Board decisions which are deemed detrimental to the interest of the minority shareholders and their reservation or objections are then duly recorded by the Company Secretaries in the Board minutes.

1.10 Independent Directors

- Independent Directors bring independent and objective judgment to the Board and this mitigates risks arising from conflict of interest or undue influence from interested parties. Nonetheless, the existence of Independent Directors by itself does not ensure the exercise of independent and objective judgment as independent judgment can be compromised by, amongst others, familiarity or close relationship with other board members or major shareholders.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities (Cont'd)

1.10 Independent Directors

- The Nominating Committee undertakes an assessment of the Independent Directors annually. Other matters considered and deliberated by the Nominating Committee are disclosed in Section 2.2(b) of this Statement and the outcome in Practice 6.1 of the CG Report.

- Other than fully complying with the definition of an "independent director" set out in the criteria listed in Section 1.1 (a) to (g) of Practice Note 13 - Requirements for Directors and Signatory of Statutory Declaration for Accounts by Bursa Malaysia Securities Berhad, the Independent Directors have themselves self-assessed in the Independent Directors' Self-Assessment Checklist including the application of subjective assessments pursuant to the definition of independent directors in the Listing Requirements which is submitted to the Nominating Committee.

1.11 Tenure of Independent Directors

- The tenure of Independent Directors as at the end of the year is as follows: -

As of 31 December 2021	<1-3 years	>5-7years	>7-9 years
YAM Tunku Ali Redhauddin Ibni Tuanku Muhriz	x		
Soong Chee Keong			x
Dato' Sri Amrin Bin Awaluddin			x
Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin		x	
Ahmad Jauhari Bin Yahya		x	
Datuk Roger Tan Kor Mee	x		

- Under the MCCG 2021, the tenure of an independent director should not exceed a cumulative term of nine years. Upon completion of the nine years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director.

- Under clause 3.7.1 of the Board Charter, the tenure of an Independent Director shall not exceed a term limit of nine years.

- Nevertheless, in the event where any Independent Director has served the Board for a term of nine years, the Nominating Committee will assess and decide whether he/ she can remain as an Independent Director. In such a situation, the Board will make a recommendation and provide justification to the shareholders in a general meeting to enable them to assess the merits of the Board's decision to retain the services of the Independent Director beyond the nine-year tenure. Under these circumstances, the Board will seek annual shareholder's approval through a two-tier voting process.

- To encourage periodic refresh of Board composition, the Board shall not retain an Independent Director with tenure of more than twelve years. This is provided under Clause 3.7.4 of the Board Charter. So far, the tenure of Independent Directors has not exceeded twelve years.

- Where the Board has determined that the said Independent Director shall not remain as an Independent Director, then he/ she will be re-designated as a Non-Independent Director accordingly.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities (Cont'd)

1.11 Tenure of Independent Directors (Cont'd)

- As at the end of the year, none of the Independent Directors has served on the Board for more than nine years. However, one of the Independent Non-Executive Directors, Soong Chee Keong, would have served for more than nine years at the forthcoming Annual General Meeting and accordingly approval of shareholders will be sought at that meeting to retain him as an Independent Non-Executive Director as recommended by the Board and Nominating Committee.

1.12 Appointments to the Board

- The Nominating Committee is responsible for reviewing the Board's composition and recommending to the Board the appointment of new directors by evaluating and assessing the suitability of candidates for board membership.

1.13 Re-Election of Directors

- Pursuant to Clause 77 of the Company's Constitution, one-third of the directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office (who have been longest in office since their last election) shall retire by rotation. In addition, the Listing Requirements require that all directors of listed companies shall retire once at least every three years. The directors retiring by rotation shall be eligible for re-election.

- The Nominating Committee is responsible for recommending to the Board those Directors who are eligible to stand for re-election. Pursuant to Clause 77 of the Company's Constitution, the Directors who are due to retire by rotation at the forthcoming Annual General Meeting are En. Ahmad Jauhari Bin Yahya, Dato' Lim Yew Boon and Lim Chin Sean. The Board, with the exception of the retiring Directors, has approved the recommendation of the Nominating Committee that the names of the retiring directors be put forth for shareholders' approval at the forthcoming Annual General Meeting for re-election.

- Pursuant to Clause 82 of the Company's Constitution, any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the conclusion of the next Annual General Meeting and shall then be eligible for re-election.

1.14 Board Diversity, Age Profile and Skill-set

	Gender		Age Profile				Skill-set		
	Male	Female	30-40 years	41-50 years	51-70 years	71-80 years	Finance related	Engineering related	Others
Executive Director	1	-	-	-	1	-	-	1	-
Independent Non-Executive Directors	5	1	-	1	4	1	2	1	3
Non-Independent Non-Executive Directors	1	-	1	-	-	-	-	1	-
Total	8								

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities (Cont'd)

1.14 Board Diversity, Age Profile and Skill-set (Cont'd)

- Under the Board Diversity Policy, the Group sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and in maintaining a competitive advantage. A truly diverse Board should be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The composition of the members of the Board comprises of mixed genders to bring about a more diverse perspective to issues faced by the Group. All Board appointments are made based on meritocracy.

- The Board acknowledges the promotion of diversity and gender mix in its composition and gives due recognition to the financial, technical and business experience of the Directors and believes the presence of diverse nationalities and gender mix on the Board can widen the Board's perspectives in effectively discharging its duties and responsibilities as well as assist the Board in its decision-making process in line with the challenging and evolving business environment. The Board has provided in the Board Charter a target of having 30% of women represented in the Board by 30 April 2024.

- In 2021, the Company was ranked 8 out of the top 10 Mid-Cap Companies (RM1-2 billion) of the inaugural Malaysia Board Diversity Study & Index, conducted by the Institute of Corporate Directors Malaysia in collaboration with Wills Towers Watson.

1.15 Board Diversity Policy

The following is a summary of the Board Diversity Policy adopted by the Board:-

- **Policy statement**

  The Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and in maintaining a competitive advantage. A diverse Board should be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The composition of the members of the Board should always comprise of mixed genders to bring about a more diverse perspective to issues faced by the Group. All Board appointments will be based on meritocracy.

- **Gender diversity**

  The Policy shall be consistent with the Board's intention to set a target of having 30% of women represented in the Board by 30 April 2024. In the appointment process for future directors, the Board shall take diversity of background into account and identify the need for a female perspective on the Board in addition to previous board and leadership experience, candidates' skills and experience in a variety of specified fields to fit and enhance the board skills matrix.

  The Nominating Committee shall make reference to this Policy in selecting and assessing candidates and in presenting recommendations to the Board by considering gender diversity and the objectives of the policy when considering new appointments.

- **Objectives**

  The Nominating Committee should review annually the attributes of all the Board members to ensure that the objective of achieving diversity on the Board is achieved and proposes to the Board for adoption. The Board may seek to improve one or more aspects of its diversity progressively. The ultimate decision for appointment to the Board will be based on merit and contribution that the selected candidates bring to the Board.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities (Cont'd)

1.15 Board Diversity Policy (Cont'd)

The following is a summary of the Board Diversity Policy adopted by the Board:- (Cont'd)

- **Monitoring and reporting**

  The Nominating Committee will report in the annual report on the Board's composition under diversified perspectives and monitor the implementation of this policy.

1.16 Senior Management Diversity Policy

- The Senior Management Diversity Policy states that Group recognises the importance of a gender-balanced leadership team as an essential element in supporting the attainment of its strategic objectives and in maintaining a competitive advantage. A diverse senior management should be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The composition of the members of the senior management should comprise of mixed genders to bring about a more diverse perspective to issues faced by the Group.

- As disclosed in the Sustainability Statement, the percentage of women in Senior Management role (General Manager and above is approximately 19%.

1.17 Time Commitment

- Under the Board Charter: -

  (a) the directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed the number as may be prescribed by the Listing Requirements. In this respect, based on the disclosure in the Directors' Profile, none of the Board members holds more than five directorships in listed issuers in compliance with paragraph 15.06(1) of the Listing Requirements.

  (b) the Directors should devote sufficient time to the Company and observe the following policies and procedures:-

    (i) to disclose to the Board, through the Nominating Committee, at the time of his/ her appointment, and in a timely manner for any change, the number and nature of office held in public listed companies, non-listed companies or organisations and any other significant commitments;

    (ii) to notify the Chairman and the Board before accepting any new directorships and provide an indication of the time that will be spent in the new appointment which should include the time required to prepare and attend board and board committee meetings, general meetings, continuous training programmes, site visitation and major company events. At the beginning of each calendar year, a schedule for Board and Board Committee meetings will be prepared and distributed to all Board Members for their reference. Each Board Member should allocate sufficient time for these meetings and attend all the scheduled meetings. If a Board Member is unable to attend any of the scheduled meetings, he/she should notify the Board, through the Company Secretary, as early as practicable;

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities (Cont'd)

1.17 Time Commitment (Cont'd)

- Under the Board Charter:- (Cont'd)

  (b) the Directors should devote sufficient time to the Company and observe the following policies and procedures:- (Cont'd)

  (iii) to ensure that sufficient time and attention is allocated to the Company and that other commitment does not affect the effectiveness of their contribution or the time available in the discharge of their duties and responsibilities; and

  (iv) to take an interest in the affairs of the Group, obtain a general understanding of its businesses and follow up on all the unusual transactions that come to his/ her attention.

- The dates for the Board and Board Committee meetings for the year will be circulated by the Company Secretaries well in advance at the end of the previous year to ensure that each of the Directors is able to attend the planned Board and/ or Board Committee meetings including that of the Annual General Meeting.

- The Board and Board Committee members are expected to attend these meetings which have been scheduled well in advance. In the situation where any of them will not be available, they will inform the Company Secretaries who accordingly will endeavour to re-schedule to another date where all other members would be able to attend.

- Directors who are unable to attend meetings in person may join the meeting by teleconferencing or by other means of telecommunication devices or modes.

1.18 Access to Training

- The Board recognised the importance of training and development for the Directors to enhance their skills and knowledge to meet the challenges of the Board. The role to review the training and development needs of the Directors has been delegated to the Nominating Committee which then reports its findings to the Board.

- During the year, all the Directors had attended various training programmes, seminars and/ or workshops externally or those provided in-house, reading relevant publications and adhering to continuing professional education required by the respective professional bodies to broaden their knowledge and to keep abreast with current issues. There are no restrictions as to the type of training programmes, courses, seminars, conferences, talks, briefings to be attended by the Directors.

- Directors are also kept informed of the latest statutory and regulatory developments by the Company Secretaries at every Board meetings.

- The Company does not have a formal arrangement to provide any in-house orientation or education programmes for new appointees to the Board. Members of the Board are encouraged to participate in relevant training programmes on their own at the Company's expense to keep themselves updated on developments that are current and relevant.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities (Cont'd)

1.18 Access to Training (Cont'd)

- The following were the training attended by the Directors during the year: -

Name of Director	Course Title/Organiser
YAM Tunku Ali Redhauddin Ibni Tuanku Muhriz	Full Professor of Business Administration with Specialisation in Family Business
	Succession in family firm to structure the succession process, log terms success of family firm
	Cyber Risk & Awareness
	AML/CFT & Targeted Financial Sanctions: Compliance a need to protect business
	Malaysian Code of Corporate Governance (2021 Revision)
	Business overview, government framework, the industry players and the challenges faced by each business of the Group
	Floating Production Storage and Offloading Training
Dato' Lim Yew Boon	Malaysian Code of Corporate Governance (2021 Revision)
	Business overview, government framework, the industry players and the challenges faced by each business of the Group
Lim Chin Sean	Environmental Social Governance – Risk Management Briefing
	Business overview, government framework, the industry players and the challenges faced by each business of the Group
Soong Chee Keong	Malaysian Code of Corporate Governance (2021 Revision)
	Environment Social Governance – Risk Management Briefing
	Business overview, government framework, the industry players and the challenges faced by each business of the Group
Dato' Sri Amrin Bin Awaluddin	Audit & Accounting Policy for Statutory Bodies
	Anti-Money Laundering Workshop
	Malaysian Code of Corporate Governance (2021 Revision)
	Corporate Governance Revisited
	Pelan Tindakan Integriti
	Value Creation Strategies
	Business overview, government framework, the industry players and the challenges faced by each business of the Group
	Banking Knowledge Session – BCG
	Anti-Money Laundering & Contering
	TH Group Management Summit
	TH Management Retreat – HIJRAH 24
	Audit Oversight Board & Audit Committee

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities (Cont'd)

1.18 Access to Training (Cont'd)

- The following were the training attended by the Directors during the year: - (Cont'd)

Name of Director	Course Title/Organiser
Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin	MACC and offences pursuant to Section 17(a), MACC Act 2009
	Malaysian Code of Corporate Governance (2021 Revision)
	Board of Directors Training on - Impact of COVID-19 and other emerging risks - Board Responsibilities (MCCG 2021) - When governance fails – red flag
	Environment Social Governance – Risk Management Briefing
	ESG Trends and Yinson's Positioning
	Board of Directors' Workshop – - Embracing Disruption by Puan Surina Shukri, Chief Executive Officer, Malaysia Digital Economy Corporation - Current Challenges in the CG Landscape by Mr. Devanesan Evanson, Chief Executive Officer, Minority Shareholders Watchdog Group
	Business overview, government framework, the industry players and the challenges faced by each business of the Group
	Board of Directors' Training on AMLA and Anti-Bribery and Corruption
Ahmad Jauhari Bin Yahya	Malaysian Code of Corporate Governance (2021 Revision)
	Khazanah Megatrends Forum 2021
	Business overview, government framework, the industry players and the challenges faced by each business of the Group
Datuk Roger Tan Kor Mee	In commemoration of the life of Master Ruth Bader Ginsburg of the United States Supreme Court, Baroness Brenda Hale, former President of the UK Supreme Court and Master Sotomayor from the US Supreme Court were in conversation on items of relevance to the rule of law.
	Webinar: Developments in Singapore Arbitration
	Webinar: The Paradigm Shift of Businesses and Industries towards Circularity in Water Management/Integrated Water Resource Management
	World Ocean Summit Virtual Week
	Constitutional Breakdowns, Coups, Crises and Disruptions: Experiences from the Commonwealth
	"Women Representation on Board of Directors" Virtual Seminar
	Safeguarding the Rule of Law & Human Rights in Myanmar
	Webinar: Recent Cases in Civil Fraud Litigation: Hong Kong, Malaysia and Singapore
	Masterclass Series: Circular Economy
	Malaysian Code of Corporate Governance (2021 Revision)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities (Cont'd)

1.18 Access to Training (Cont'd)

- The following were the training attended by the Directors during the year: - (Cont'd)

Name of Director	Course Title/ Organiser
Datuk Roger Tan Kor Mee (Cont'd)	Impact of The Federal Court Decisions in PJD Regency 2021, Ang Ming Lee 2020, Country Garden Danga Bay 2021 for Liquidated Ascertained Damages ('LAD') Claims and Delivery of Vacant Possession ('VP')
	SME Lighthouse Webinar on 'Navigating the Turbulence for SMEs: Pathway for SME's Survival and Sustainability'
	Power Sharing in a Divided Nation: Reflections on Electoral Reform by Professor Dr Johan Saravanamuttu
	SME Lighthouse Webinar: Digitizing SMEs in Turbulent Times
	Five-Day Virtual Conference on Corporate and Commercial Law
	Environment Social Governance – Risk Management Briefing
	SME Lighthouse Webinar: Financing, Funding and Grants for SMEs in Turbulent Times
	Reforming GLCs in Malaysia by Professor Dr Edmund Terence Gomez
	Roundtable: Plastic Recycling, Waste Management & Circular Economy in Malaysia (Governance)
	Resurgence of RUU355 and its Constitutionality
	Business overview, government framework, the industry players and the challenges faced by each business of the Group
	The Roles of Civil Society in Nation Building by Ms Ann Teo
	Talk on 'Diversity and Inclusion in the Legal Profession' by Master Lady Brenda Hale, first female President of the UK Supreme Court and Master Tun Richard Malanjum, former Chief Justice of Malaysia.

- The list of training programmes attended by the Directors for the year was presented to the Nominating Committee whereby the committee had opined that the current training attended by the Directors, though adequate, could be further enhanced to up-skill their knowledge and add value to the Board and the Board Committees.

1.19 Access to Information and Services from the Company Secretary and External Parties

- The Directors have access to the advice and services of the Company Secretaries and where necessary, in furtherance of their duties, are entitled to seek independent professional advice at the Company's expense. The following are the procedures adopted by the Board in engaging the services of independent professional advisors: -

  (a) where any member of the Board makes a request to the management to engage the services of independent professional advisors, the request is then communicated by the Company Secretaries to other Board members for concurrence;

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities (Cont'd)

1.19 Access to Information and Services from the Company Secretary and External Parties (Cont'd)

- The Directors have access to the advice and services of the Company Secretaries and where necessary, in furtherance of their duties, are entitled to seek independent professional advice at the Company's expense. The following are the procedures adopted by the Board in engaging the services of independent professional advisors:- (Cont'd)

  (b) where necessary, the Chairman will convene a special Board meeting to discuss the matter and where a concurrence from a majority of the Directors is obtained, the management will be directed to procure suitable independent professional advisors acceptable to the Board; and

  (c) the independent professional advisors will report their findings to the Board.

2.0 Board Committees

- The Board has reserved for itself, decisions in respect of matters significant to the Group's business operations, that include the approval of key corporate plans, annual operating and capital expenditure budgets, major business transactions involving either the acquisitions or disposals of business, interests and/ or assets, consideration of significant financial matters and announcements of financial results, changes to the composition of the Board and the Board Committees as well as control structure within the Group.

- In order for the Board to operate efficiently and give the right level of attention and consideration to relevant matters, the Board has delegated certain of its duties and responsibilities to the various Board Committees namely:-

  (a) Audit and Risk Management Committee;

  (b) Nominating Committee; and

  (c) Remuneration Committee

- The primary objectives of establishing the Board Committees are amongst others, to allow Board members to make better use of their limited time and resources, allow more focus to be given to complex issues and recommending any course of action; and reinforcing the role of Independent Directors in monitoring the activities of the Group.

- Each of the Board Committees operates under its own Terms of Reference as approved by the Board. At every Board meeting, the Board Committee Chairman shall report to the Board, any significant developments and deliberations conducted at the Board Committee level.

- The delegation by the Board does not diminish nor abdicate its responsibilities and the Board remains responsible for all the actions of the Board Committees with regards to the execution of the delegated responsibilities. To ensure proper delegation, the Board formulates, establishes and approves the appropriate terms of reference; defining the responsibilities and authority of the said Board Committees.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

2.0 Board Committees (Cont'd)

2.1 Composition of Board Committees

- The composition of the Board Committees as at the end of the year was as follows: -

Name of Director	Audit and Risk Management Committee	Nominating Committee	Remuneration Committee
Independent Non-Executive Directors			
YAM Tunku Ali Redhauddin Ibni Tuanku Muhriz	-	-	-
Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin	-	Chairman (appointed on 27/08/2019)	Chairman (appointed on 13/02/2018)
Soong Chee Keong	Chairman (appointed on 15/09/2014)	Member (appointed on 27/08/2019)	Member (appointed on 02/07/2015)
Dato' Sri Amrin Bin Awaluddin	Member (appointed on 15/09/2014)	-	-
Ahmad Jauhari Bin Yahya	-	Member (appointed on 02/07/2015)	-
Datuk Roger Tan Kor Mee	Member (appointed on 27/02/2020)	-	-
Non-Independent Non-Executive Directors			
Lim Chin Sean	Member (appointed on 15/09/2014)	-	Member (appointed on 13/02/2018)

2.2 Functions, Duties and Responsibilities of the Board Committees

(a) Audit and Risk Management Committee

- The Audit and Risk Management Committee comprises at least three members, a majority of whom are Independent Directors. All members of the Audit and Risk Management Committee are Non-Executive Directors. Currently, there are four members of the Audit and Risk Management Committee out of eight Board members.

- No alternate director is to be appointed as a member of the Audit and Risk Management Committee.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

2.0 Board Committees (Cont'd)

2.2 Functions, Duties and Responsibilities of the Board Committees (Cont'd)

(a) Audit and Risk Management Committee (Cont'd)

- The Audit and Risk Management Committee oversees and is mainly responsible for the financial reporting, internal controls, internal audit function, external audit reports, risk management and related party transactions.

- The functions and activities undertaken by the Audit and Risk Management Committee is elaborated in the Audit and Risk Management Committee's Report set out in this Annual Report.

- The terms of reference of the Audit and Risk Management Committee is available on the Company's website at http://www.taliworks.com.my/corporate-governance/ under the caption "Terms of Reference of the Audit and Risk Management Committee". The Terms of Reference were last revised in August 2021.

(b) Nominating Committee

- The Nominating Committee comprises no less than three members made up exclusively of Non-Executive Directors, all of whom are Independent Directors. Currently, there are three members of the Nominating Committee out of eight Board members.

- The terms of reference of the Nominating Committee are available on the Company's website at http://www.taliworks.com.my/corporate-governance/ under the caption "Terms of Reference of the Nominating Committee". The Terms of Reference were last revised in August 2021.

- The functions and activities undertaken by the Nominating Committee are elaborated in Practice 5.6 and 6.1 of the CG Report.

- The Nomination Committee met twice during the year in January and August 2021. In February 2022, the Nomination Committee convened a meeting and the following matters were considered and deliberated:-

  (a) to review the Assessment Report on Individual Director and make appropriate recommendation to the Board;

  (b) to review the Independent Director Self-Assessment Report and make appropriate recommendation to the Board;

  (c) to review the effectiveness of the Board and Board Committees and make appropriate recommendation to the Board;

  (d) to review the composition of the Board and Board Committees and make appropriate recommendation to the Board;

  (e) to review the term of office and performance of the Audit and Risk Management Committee and each of the member and make appropriate recommendation to the Board;

  (f) to discuss training requirements for Directors;

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

2.0 Board Committees (Cont'd)

2.2 Functions, Duties and Responsibilities of the Board Committees (Cont'd)

(b) Nominating Committee (Cont'd)

- The Nomination Committee met twice during the year in January and August 2021. In February 2022, the Nomination Committee convened a meeting and the following matters were considered and deliberated:- (Cont'd)

  (g) to recommend the retirement and re-election of directors at the forthcoming Thirty First Annual General Meeting in accordance with Clause 77 of the Constitution of the Company;

  (h) to consider and if thought fit, to recommend the appointment of a stand-in Board Chairman and Audit and Risk Management Committee Chairman for the calendar year 2022 to the Board for approval;

  (i) to consider and if thought fit, to recommend to the Board for approval, to retain Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin and Soong Chee Keong who have served in the Remuneration Committee for a term of more than five years as members of Remuneration Committee for another year;

  (j) to consider and if thought fit, to recommend to the Board for approval, to retain Ahmad Jauhari Bin Yahya who has served in the Nominating Committee for a term of more than six years as member of Nominating Committee for another year; and

  (k) to consider and if thought fit, to recommend to the Board for approval, to retain Soong Chee Keong who has served as Independent Non-Executive Director for a cumulative term of more than nine years to continue to act as an Independent Non-Executive Director of the Company.

(c) Remuneration Committee

- The Remuneration Committee comprises no less than three members made up exclusively of Non-Executive Directors, a majority of whom are Independent Directors. Currently, there are three members of the Remuneration Committee out of eight Board members.

- The terms of reference of the Remuneration Committee are available on the Company's website at http://www.taliworks.com.my/corporate-governance/ under the caption "Terms of Reference of the Remuneration Committee". The Terms of Reference were last revised in August 2021.

- The functions and activities undertaken by the Remuneration Committee are in Section 3.2 of this Statement.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

2.3 Record of Attendance at Board and Board Committee Meetings

- Under paragraph 15.05(3)(c) of the Listing Requirements, the office of a director will become vacant if the director is absent from more than 50% of the total board of directors' meetings held during a year. In this respect, the Board is satisfied with the level of time commitment given by all the Board members towards fulfilling their roles and responsibilities. All Directors have given their full commitment to the Board Meetings by attending most of the Board meetings held during the year. Their meeting attendance at Board and Board Committee's meetings as evidenced by the attendance record set out in the table below.

Name of Director	Board Meeting	Audit and Risk Management Committee Meeting	Nominating Committee Meeting	Remuneration Committee Meeting
Dates of meetings held during the year	23 Feb 23 Apr 19 May 23 Aug 15 Nov	23 Feb 23 Apr 19 May 23 Aug 15 Nov	20 Jan 19 Aug	20 Jan 19 Aug
Total meetings held during the year	5	5	2	2
EXECUTIVE DIRECTORS				
Dato' Lim Yew Boon	5/5	N/A	N/A	N/A
INDEPENDENT NON-EXECUTIVE DIRECTORS				
YAM Tunku Ali Redhauddin Ibni Tuanku Muhriz	5/5	N/A	N/A	N/A
Soong Chee Keong	5/5	5/5	2/2	2/2
Dato' Sri Amrin Bin Awaluddin	5/5	5/5	N/A	N/A
Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin	5/5	N/A	2/2	2/2
Ahmad Jauhari Bin Yahya	4/5	N/A	2/2	N/A
Datuk Roger Tan Kor Mee	5/5	5/5	N/A	N/A
NON-INDEPENDENT NON-EXECUTIVE DIRECTORS				
Lim Chin Sean	5/5	5/5	N/A	2/2

- Board meetings are normally held at the principal office located in Kuala Lumpur, Malaysia. In view of the COVID-19 pandemic, all board meetings were held virtually during the year.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

3.0 Remuneration

3.1 Remuneration Committee

- The Remuneration Committee, comprising wholly of Non-Executive Directors, is headed by the Senior Independent Non-Executive Director, Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin.

3.2 Meeting Proceedings

- Directors do not participate in decisions regarding their own remuneration package. Directors' fees and meeting allowances are to be approved by shareholders at annual general meetings before any payment of fees are made to the Directors. Directors who are shareholders will abstain from voting at general meetings to approve their fees.

- The Remuneration Committee met twice during the year in January and August 2021. In February 2022, the Remuneration Committee convened a meeting and the following matters were considered and deliberated: -

  (a) to recommend the remuneration package for the Executive Director for the year ending 31 December 2022 to the Board for approval;

  (b) to recommend the Directors' Fees and benefits for the Directors with effect from 2 June 2022 until the next Annual General Meeting of the Company to be held in 2023, to the Board for recommendation of the same to the shareholders for approval;

  (c) to recommend the budget for meeting allowance for the Non-Executive Directors with effect from 2 June 2022 until the next Annual General Meeting of the Company to be held in 2023, to the Board for approval;

  (d) to recommend the remuneration packages for the Key Senior Management for the year ending 31 December 2022 to the Board for approval;

  (e) to propose the extension of employment for the Executive Director for another year from 1 January 2022 to 31 December 2022; and

  (f) to recommend to the Board to retain Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin and Soong Chee Keong who have served in the Remuneration Committee for a term of more than five years as members of Remuneration Committee for another year.

3.3 Directors' Remuneration

- The Group recognises that in order to attract and retain Directors is to have a fair and comprehensive remuneration package that commensurates with their experience, skills and responsibilities as well as benchmarking against the industry's standards. In view of this, the remuneration package for the Executive Director and directors' fees for Non-Executive Directors were determined by benchmarking against remuneration packages of relevant positions with similar industry and business size.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

3.0 Remuneration (Cont'd)

3.3 Directors' Remuneration (Cont'd)

- The remuneration of the Executive Director is based on the terms of his employment contract and his remuneration package is structured to link rewards to corporate and individual performance. The performance and remuneration package of the Executive Director is subject to evaluation of the Remuneration Committee. Other than his employment income, he is also remunerated in the form of Directors' fees as approved by shareholders at the Annual General Meeting and an allowance for his attendance at the Board meetings. The Board, through the Nominating Committee, establishes the Key Performance Indicators for the Executive Director.

- Non-Executive Directors are remunerated in the form of Directors' fees as approved by shareholders at annual general meetings and an allowance for their attendance at the Board or Board Committee meetings. The remuneration for the Chairman of the Board and the Audit and Risk Management Committee is comparatively higher than the other Non-Executive Directors in view of their greater responsibility and accountability. In the same light, the chairman of the other Board Committees is accorded higher meeting allowance.

- The members of the Board are covered under a Directors' and Officers' Liability Insurance Policy of up to an amount of RM10 million against any liability incurred by them in discharging their duties while holding office as directors of the Company and this is recognised as a non-financial benefit to directors.

- Below are the Directors' fees (which are not performance related) and meeting allowances with effect from 2 June 2022 until the next Annual General Meeting to be held in 2023, subject to the approval of shareholders at the forthcoming Annual General Meeting. The fees and allowances remain unchanged since January 2016.

	Directors' Fees RM per Annum
Chairman	200,000
Chairman of the Audit and Risk Management Committee	160,000
Executive Director	120,000
Independent Non-Executive Directors	120,000
Non-Independent Non-Executive Directors	120,000

	Meeting allowances (RM per Meeting)			
	Board	Audit and Risk Management Committee	Nominating Committee	Remuneration Committee
Chairman	1,600	1,600	1,600	1,600
Members	1,000	1,000	1,000	1,000

- The details of Directors' remuneration for the financial year including remuneration for services rendered to the Company and its subsidiaries are disclosed in Practice 8.1 of the CG Report.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

3.0 Remuneration (Cont'd)

3.4 Remuneration of Key Senior Management

- Under the Listing Requirements, key senior management refers to a person, who in the opinion of the listed issuer, is the key senior management of the group, and must include a person who is primarily responsible for the business operations of the listed issuer's core business and principal subsidiaries.

- There are six key senior management personnel identified by the Group as primarily being responsible for managing the business operations and corporate divisions of the Group. Their profile is disclosed on the Company's website at http://www.taliworks.com.my/corporate-information/ under the caption "Key Senior Management".

- The remuneration policy for the key senior management is disclosed in the Company's website at http://www.taliworks.com.my/corporate-governance/ under the caption "Remuneration Policy.

- The remuneration paid to the top five key senior management including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000 is as follows: -

Range of Remuneration	Total
RM400,001 to RM450,000	3
RM550,001 to RM600,000	2

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

4.0 Audit and Risk Management Committee

- The Audit and Risk Management Committee comprises four members, two of whom are members of the Malaysian Institute of Accountants.

- The Audit and Risk Management Committee is headed by Soong Chee Keong, who is an Independent Non-Executive Director. The duties, functions and responsibilities of the Audit and Risk Management Committee are spelt out in its Terms of Reference.

- The performance of the Audit and Risk Management Committee and each of its members is assessed annually by the Nominating Committee. Soong Chee Keong who is a member of the Nominating Committee and the Audit and Risk Management Committee has abstained accordingly in respect of his assessment by the Nominating Committee. The Nominating Committee also assesses on an annual basis the effectiveness of the Audit and Risk Management Committee in carrying out its responsibilities.

5.0 Risk Management and Internal Control Framework

- The Board acknowledges its responsibility in maintaining a robust risk management framework and a sound system of internal controls.

- The Statement on Risk Management and Internal Controls included in this Annual Report provides a detailed description of the state of risk management and internal controls as implemented by the Group.

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

6.0 Communication with Stakeholders

6.1 Corporate Disclosure Policies and Procedures

- Along with good corporate governance practices, the Group is committed to provide to investors and the public with comprehensive, accurate and material information on a timely basis. In line with this commitment and to enhance transparency and accountability, the Group has formulated the Corporate Disclosure Policies and Procedures that sets out the general principles and standards of disclosure of information in relation to the business, operations and financial performance of the Group.

- The Corporate Disclosure Policies and Procedures were last revised in November 2019 and a copy of the document is published on the Company's website at https://taliworks.com.my/corporate-governance/ under the caption "Corporate Disclosure Policies and Procedures".

- The Group has established a Disclosure Committee, reporting to the Executive Committee, to administer, implement and interpret the Company's Corporate Disclosure Policies and Procedures. The members of the Disclosure Committee comprise the following: -

  (a) the chief executive officer of the Company;

  (b) the chief financial officer of the Company;

  (c) the chief regulatory officer of the Company;

  (d) the chief investment officer of the Company; and

  (e) such any other directors and officers of the Company as may be determined by the Executive Committee.

6.2 Maintenance of Company Website

- The Group leverages on the use of information technology for effective dissemination of information by maintaining a website at https://taliworks.com.my/ which shareholders or other stakeholders can access for information. All information released to the stock exchange is posted on the Investor Relations section of the website.

- Alternatively, the Group's latest announcements can be obtained via the stock exchange's website maintained at: https://www.bursamalaysia.com/market_information/announcements/company_announcement.

- Included in the Company's website are matters relating to: -

  (a) corporate information and profile of the Group business activities;

  (b) investor relations including financial information (financial statements, factsheet ratios, financial highlights and dividend policy), stock information, reports (annual reports, quarterly reports and analysts reports), announcements to Bursa Malaysia Securities Berhad, information request (email alert subscription and investor relation contact), general meeting (minutes of shareholders' meeting);

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

6.0 Communication with Stakeholders (Cont'd)

6.2 Maintenance of Company Website (Cont'd)

- Included in the Company's website are matters relating to: - (Cont'd)

  (c) corporate governance including the Board Charter, Code of Business Conduct and Ethics for Directors, Corporate Disclosure Policies & Procedures, Terms of Reference of Board Committees, Corporate Governance Report, Remuneration Policy, Constitution of the Company, Whistle-Blowing Policy, and Anti-Bribery Policy.

6.3 Integrity in Financial Reporting

- The Board aims to present a balanced and meaningful assessment of the Group's financial performance and prospects to shareholders, investors and regulators. This assessment is primarily provided in the Annual Report through the Chairman's Statement, the Management Discussion and Analysis and the accompanying audited financial statements. The Group also announces its interim financial results on a quarterly basis in compliance with the Listing Requirements. The interim financial results are reviewed by the Audit and Risk Management Committee and approved by the Board prior to public release.

- For the year under review, the Group had announced its quarterly results and published its audited financial statements within the timeframe as required under the Listing Requirements.

- In releasing the unaudited full year's results, the Audit and Risk Management Committee will meet with External Auditors who summarises all the principal matters that have arisen from the audit that may have a material impact on the Group results. The Audit and Risk Management Committee also engages the External Auditors on financial disclosures and the accounting judgments made in preparing the financial statements.

- The Board is responsible for the preparation of the financial statements to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 of Malaysia. The Board is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

- The Board has considered in preparing the latest set of financial statements, that the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

7.0 Conduct of General Meetings

7.1 Annual General Meeting ("AGM")

- The AGM which is held once a year is the principal forum for dialogue with shareholders. In line with good corporate governance practice, the Notice of AGM was issued at least 28 days prior to the date of the meeting. Where special business items appear in the Notice of AGM, an explanatory note will be included as a footnote to enlighten shareholders on the significance and impact when shareholders deliberate on a resolution.

- At the AGM, shareholders are encouraged to participate, speak, vote and to demand a poll vote. Shareholders are given the opportunity to seek clarification on any matters pertaining to the business activities and financial performance of the Group. Shareholders are also encouraged to make their views known to the Board and to raise directly any matters of concern to the Chairman or to the chairman of the Board Committees. Management personnel are also present to respond to any enquiries directed to them by the shareholders.

- The External Auditors are invited to attend the AGM and avail themselves to answer questions from shareholders on the conduct of the statutory audit and the preparation and content of the audited financial statements.

- Where a transaction is required to be approved by shareholders, interested Directors will abstain from deliberation and voting in respect of their shareholdings in the Company and they will further undertake to ensure that persons connected to them will similarly abstain from voting.

- Minutes of AGM are posted at the Company's website at https://taliworks.com.my/general-meeting/ under the caption "Minutes of Shareholders' Meeting" within 1 month from the conclusion of AGMs.

7.2 Poll Voting

- The polling process will be conducted via electronic polling by an external party as the Poll Administrator and an Independent Scrutineer will also be engaged to oversee the conduct of the poll and verify the results of the poll. Before shareholders proceed to conduct the poll voting, the Poll Administrator will brief the shareholders on the poll procedures.

AUTHORISATION FOR ISSUANCE

The Board has reviewed and approved this Corporate Governance Overview Statement and the Corporate Governance Report for inclusion in this Annual Report.

1.0 COMPOSITION

- The Audit and Risk Management Committee ("ARMC") comprises four non-executive directors, the majority of whom are independent, as follows: -

Chairman

- Soong Chee Keong (Independent Non-Executive Director) - appointed on 25 Apr 2013

Members

- Lim Chin Sean (Non-Independent Non-Executive Director) - appointed on 23 May 2011
- Dato' Sri Amrin Bin Awaluddin (Independent Non-Executive Director) - appointed on 15 Sept 2014
- Datuk Tan Kor Mee (Independent Non-Executive Director) - appointed on 27 Feb 2020

- The composition of the ARMC meets the requirements of Paragraphs 15.09(1)(a) and (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- The Chairman of the ARMC, Soong Chee Keong, is a member of the Malaysian Institute of Accountants ("MIA") besides being a member of the Association of Chartered Certified Accountants ("ACCA"). Accordingly, Paragraphs 15.09(1)(c)(i) and 15.10 of the Main Market Listing Requirements have been complied with.
- Besides the Chairman of the ARMC, Dato' Sri Amrin Bin Awaluddin is also a member of the MIA. He is also a member of the Chartered Institute of Management Accountants ("CIMA").

2.0 TERMS OF REFERENCE ("TOR")

- To comply with the revised Malaysian Code on Corporate Governance issued on 28 April 2021, the key aspects of the TOR of the ARMC were revised during the year as follows:

Heading	Before the revision	After the revision
Membership	*Clause 1(b)* No alternate director shall be appointed as a member of the ARMC.	The chairperson of the Board and/ or an alternate director shall not be appointed as a member of the ARMC.
	Clause 1(d) A former key audit partner shall observe a cooling-off period of at least two (2) years before being appointed as a member of the ARMC.	A former key partner of the external audit firm of the Company and/ or the affiliate firm (including those providing advisory services, tax consulting etc) shall observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.

2.0 TERMS OF REFERENCE ("TOR") (CONT'D)

- To comply with the revised Malaysian Code on Corporate Governance issued on 28 April 2021, the key aspects of the TOR of the ARMC were revised during the year as follows:

Heading	Before the revision	After the revision
Chairperson	*Clause 5(d)* The positions of Chairperson of the ARMC and Chairperson of the Board are to be held by different individuals.	Removed as no longer applicable by virtue of Clause 1(b).
Responsibilities and Duties	*Clause 8(i)(b)* to review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which they are operating effectively.	to review and assess adequacy of risk management policies and framework on an annual basis in identifying, measuring, monitoring and controlling risk and the extent to which they are operating effectively.
	Clause 8(iv)(a) to support and provide directions to the internal audit function to ensure its effectiveness.	to support and provide directions to the internal audit function to ensure that the internal audit function is effective and able to function independently.
	Clause 8(iv)(c) to review the adequacy of scope, competency and resources of the internal audit function and whether it has the necessary authority to carry out its work.	to review the adequacy of scope, competency and resources of the internal audit function (including its budget) and whether it has the necessary authority to carry out its work.
		Clause 8(iv)(i) to ensure that the internal audit function is carried out in accordance with a recognised framework.

- A copy of the revised TOR of the ARMC is published in the Company's website at http://taliworks.com.my/corporate-governance/

3.0 MEETINGS

- The ARMC convened five (5) meetings during the year and the Chairman and all members of the ARMC attended these meetings.
- The meetings were held on the following dates and the main agenda are summarised as follows: -

23 February 2021

- to review, approve and recommend for the approval of the Board (where applicable) the following:

  (i) unaudited quarterly financial results for the fourth quarter ended 31 December 2020;
  (ii) Statement of Risk Management and Internal Controls for inclusion in the 2020 Annual Report;
  (iii) Internal Audit reports;
  (iv) quarterly report on the recurrent related party transactions ("RRPTs") of a revenue or trading nature;
  (v) quarterly report on the provision of non-audit services;
  (vi) Related Party Transactions ("RPT") Policies and Procedures.

- to note the progress report from External Auditors on the unaudited results for the financial year ended 31 December 2020.

23 March 2021

- to review, approve and recommend for the approval of the Board (where applicable) the following:

  (i) audited financial statements for the financial year ended 31 December 2020;
  (ii) ARMC Report for inclusion in the 2020 Annual Report;
  (iii) renewal of contractual agreements which are recurrent transactions of a revenue or trading nature.

- to note the Final Report from External Auditors on the final audit for the financial year ended 31 December 2020.
- to review the performance of the External Auditors, and if thought fit, to recommend to the Board to seek shareholders' approval on the re-appointment of External Auditors at the forthcoming Annual General Meeting.
- to note the "Review Procedures and Guidelines in relation to RRPT" as outlined in section 2.6 of the RRPT circular and to approve the "Statement by the Company's Audit and Risk Management Committee" as outlined in section 2.7 of the RRPT circular.

19 May 2021

- to review, approve and recommend for the approval of the Board (where applicable) the following: -

  (i) unaudited quarterly financial results for the first quarter ended 31 March 2021;
  (ii) report from the Risk Management Working Group on its risk assessment of the Group as at 28 February 2021;
  (iii) Internal Audit reports;
  (iv) updated risk registers;
  (v) quarterly report on the RRPTs of a revenue or trading nature;
  (vi) quarterly report on the provision of non-audit services.

3.0 MEETINGS (CONT'D)

- The meetings were held on the following dates and the main agenda are summarised as follows (Cont'd): -

23 August 2021

- to review, approve and recommend for the approval of the Board (where applicable) the following: -

  (i) unaudited quarterly financial results for the second quarter ended 30 June 2021;
  (ii) Internal Audit reports;
  (iii) quarterly report on the RRPTs of a revenue or trading nature;
  (iv) quarterly report on the provision of non-audit services;
  (v) revisions to the TOR of the ARMC.

15 November 2021

- to review, approve and recommend for the approval of the Board (where applicable) the following: -

  (i) unaudited quarterly financial results for the third quarter ended 30 September 2021;
  (ii) External Auditors' Professional Services Planning Memorandum 2021;
  (iii) Letter of engagement for the Statutory Audit and Statement of Risk Management and Internal Control for 2021;
  (iv) Internal Audit reports;
  (v) report from the Risk Management Working Group on its risk assessment of the Group as at 31 August 2021;
  (vi) revised Enterprise Risk Management Framework 2021;
  (vii) renewal of contractual agreements which are recurrent transactions of a revenue or trading nature;
  (viii) quarterly report on the RRPTs of a revenue or trading nature;
  (ix) quarterly report on the provision of non-audit services and the provision of Planned Non-Audit Services for 2022;
  (x) revised policies and procedures for provision of non-audit services by external auditors.

- to note the proposed external audit fees of the Group and authorise the management to negotiate and finalise the proposed external audit fees.

- The ARMC held its meetings without the presence of other Directors and management, except when the ARMC requested their attendance. The General Manager of Group Finance was invited to all ARMC meetings to facilitate and provide clarification on issues raised by the ARMC. The Head of the Group Internal Audit ("GIA") attended the ARMC meetings to table the Internal Audit reports and ARMC report for inclusion in the Annual Report 2020.

- To ensure that the audited financial statements complied with applicable Malaysian Financial Reporting Standards ("MFRS"), External Auditors were engaged to audit the Company's and Group's financial statements before they were presented to the ARMC for review and approval. They were then recommended to the Board for approval and adoption. The ARMC had obtained the External Auditors' confirmation on unlimited access to information and co-operation from the Management throughout the course of the audit.

- The ARMC had a private session with the External Auditors on 23 March 2021 and the GIA on 19 May 2021 without presence of the Management to discuss any issues that were of concern to them.

3.0 MEETINGS (CONT'D)

- Subsequent to the meetings of the ARMC, the Chairman of the ARMC will brief the Board on matters discussed and deliberated at the ARMC meetings. The Chairman of the ARMC also conveyed to the Board, matters of significant concern as and when raised by the Management, External Auditors and the GIA. Minutes of each ARMC meeting were recorded by the Company Secretaries and tabled for confirmation at the following ARMC meeting and subsequently presented to the Board for notation.

4.0 TRAINING

The trainings attended by members of the ARMC during the year are disclosed in the Corporate Governance Overview Statement included in this Annual Report.

5.0 SUMMARY OF ACTIVITIES

The ARMC's activities during the year is summarised in the following categories: -

5.1 Financial Reporting

- Reviewing and approving the financial results of the Group

  The ARMC reviewed and approved the quarterly financial statements for the fourth quarter ended 31 December 2020, first quarter ended 31 March 2021, second quarter ended 30 June 2021 and third quarter ended 30 September 2021 at the respective ARMC meetings. In reviewing the quarterly financial statements, the ARMC would focus particularly on the following matters: -

  (a) changes in or implementation of major accounting policies changes;

  (b) significant and unusual events; and

  (c) compliance with accounting standards and other regulatory requirements.

- On 23 March 2021, the ARMC reviewed the annual audited financial statements for the financial year ended 31 December 2020 with the External Auditors in attendance.

- All the quarterly financial statements were prepared in compliance with MFRS134: Interim Financial Reporting, issued by the Malaysian Accounting Standards Board, Paragraph 9.22 of the Main Market Listing Requirements and the guidance and recommendations set out in Issues Communication - Guidance on Disclosures in Notes to Quarterly Report ("ICN 1/2017") issued by Bursa Malaysia Securities Berhad.

- The ARMC's recommendations were presented for approval at the Board meeting following the conclusion of the ARMC meeting.

5.0 SUMMARY OF ACTIVITIES (CONT'D)

5.2 External Audit

5.2.1 Overseeing the work of the External Auditors

- On 23 February 2021, the External Auditors presented their progress report on the unaudited results for the financial year ended 31 December 2020 to the ARMC, reporting that they had substantially completed its audit in accordance with the Professional Services Planning Memorandum 2020 (which was presented earlier to the ARMC on 16 November 2020). The ARMC noted that the External Auditors did not encounter any material disagreement or significant difficulties while performing its work, and they had received full cooperation from Management with unrestricted access to information.

- On 23 March 2021, the ARMC deliberated on the audited financial statements for the financial year ended 31 December 2020 prepared by Management with the External Auditors in attendance. The audited financial statements were thereafter recommended to the Board for approval. Besides, the ARMC recommended to the Board to seek shareholders' approval for the re-appointment of the External Auditors at the forthcoming Annual General Meeting after having assessed and rated the performance of the External Auditors. The assessment of the External Auditors was done through a written questionnaire covering thirty-nine (39) questions encompassing the following:

(a)	Section A: Calibre of external audit firm
(b)	Section B: Quality processes/performance
(c)	Section C: Audit team
(d)	Section D: Independence and objectivity
(e)	Section E: Audit scope and planning
(f)	Section F: Audit fees
(g)	Section G: Audit communications

A copy of the completed Questionnaire has been filed with the Company Secretaries for record purposes.

- On 15 November 2021, the ARMC evaluated and discussed with the External Auditors the Professional Services Planning Memorandum 2021which encompasses the following salient points: -

(a)	Auditor's responsibilities;
(b)	Client service team;
(c)	Materiality;
(d)	Significant risks and areas of audit focus;

a total of three (3) significant risks and one (1) area of audit focus were identified

(e)	Internal control plan;
(f)	Involvement of internal auditors, internal specialists and audit data analytics;

5.0 SUMMARY OF ACTIVITIES (CONT'D)

5.2 External Audit (Cont'd)

5.2.1 Overseeing the work of the External Auditors (Cont'd)

- On 15 November 2021, the ARMC evaluated and discussed with the External Auditors the Professional Services Planning Memorandum 2021which encompasses the following salient points:- (Cont'd)

  the External Auditors do not expect to use the work of the internal audit function to modify the nature of timing, or reduce the extent, of audit procedures to be performed

(g)	Timing of audit;
(h)	Financial reporting and other updates;
(i)	Fraud responsibilities and representations; and
(j)	Engagement quality control, independence policies and procedures.

- Having considered the above and after having further discussion with the External Auditors, the ARMC approved the External Auditors' Professional Services Planning Memorandum 2021 subject to further negotiation of audit fees by the Management. Subsequently, the ARMC approved the external audit fees of the Group as recommended by the Management and agreed to by the External Auditors.

5.2.2 Assessing the Independence and Suitability of the External Auditors

- Under the Independence policies and procedures set out in the External Auditors' Professional Services Planning Memorandum 2021, the ARMC noted the following: -

  (a) that the External Auditors complied with their independence requirements set out in the By-Laws (On Professional Ethics, Conduct and Practice) for Professional Accountants ("By-Laws"). In this respect, the External Auditors have provided a written assurance to the ARMC on their independence.

  (b) that the External Auditors have developed policies and important safeguards and procedures to address threats to their independence and objectivity including: -

    (i) assessment is made to the level of threat to objectivity and potential safeguards to combat these threats prior to acceptance of any non-audit engagement;

    (ii) partners and managers are required to declare their financial interests in the partnership's Independence Monitoring System;

    (iii) the audit engagement partner will be consulted and will approve all non-audit services to be provided to audit clients; and

    (iv) periodic rotation takes place of the audit engagement partner, the independent review partner and key audit partners in accordance with their policies and professional and regulatory requirements.

5.0 SUMMARY OF ACTIVITIES (CONT'D)

5.2 External Audit (Cont'd)

5.2.2 Assessing the Independence and Suitability of the External Auditors (Cont'd)

- that the External Auditors have issued detailed ethical standards and independence policies to all partners and employees who are required to confirm their compliance annually. They are also required to comply with the policies of other relevant professional and regulatory bodies. Amongst other things, these policies: -

  (a) generally state that no partner or employee (or their financial dependents) are allowed to hold a financial interest in any the audit clients (unless otherwise expressly permitted);

  (b) state that no partner or employee (or their financial dependents) should enter into business relationships with an audit client or affiliates;

  (c) prohibit any professional employee from accepting gifts from clients unless the value is clearly insignificant, trivial and inconsequential; and

  (d) provide safeguards against potential conflicts of interest.

- the External Auditors' independence policy requires them to communicate in writing to the ARMC all breaches of independence set out in the By-Laws on a timely basis and all insignificant breaches on an annual basis as well as to obtain concurrence from the ARMC on actions taken to satisfactorily address any consequence of any identified breach.

- Upon due consideration on the External Auditors' past performance, client service team, engagement quality control, independence policies and procedures as set out in the External Auditors' Professional Services Planning Memorandum 2021 as well as a written assurance by the External Auditors on their independence, the ARMC determined that the External Auditors were suitable to be engaged to undertake the statutory audit and are satisfied that their independence had not been compromised.

- The current Audit Engagement Partner has been auditing the financial statements of the Group since 31 December 2000. According to the External Auditors' Professional Services Planning Memorandum 2021, it is a policy to rotate the audit engagement partner, the independent review partner and key audit partners periodically.

5.3 Internal Audit

- The GIA team conducted the audit activities as per a risk-based annual Internal Audit Plans i.e. year 2021 approved by the ARMC on 16 Nov 2020. The Head of GIA presented the internal audit reports in all the ARMC meetings during the year. These reports contain: -

  (a) status and progress of internal audit assignments including summaries of the audit reports issued;

  (b) effects / potential risks and audit recommendations provided by the GIA;

  (c) Management's responses to audit recommendations and their committed action plans; and

  (d) status of follow-up audits on Management's committed action plans.

5.0 SUMMARY OF ACTIVITIES (CONT'D)

5.3 Internal Audit (Cont'd)

- The risk-based Internal Audit Plans are reviewed on a yearly basis and as required contingent on the changes in internal and external risks faced by the various core operations and industries. A total of eleventh (11) full internal audits and twelve (12) follow-up internal audits were conducted during the year focusing on the following thirteen (13) key areas: -

(a)	Business Development & Corporate Affairs
(b)	Contract Administration
(c)	Finance Reporting / Management
(d)	Fixed Asset Management
(e)	General Administration
(f)	Human Resource
(g)	Information Technology

(h)	Procurement
(i)	Regulatory and Compliance
(j)	Related Party Transaction
(k)	Risk Management
(l)	Traffic & Safety
(m)	Transfer Pricing

- On 16 November 2020, the ARMC reviewed and approved: -

  (a) the annual Internal Audit Plan 2021 that covers all core operations including water treatment, highway management, construction and waste management; and

  (b) the Internal Audit Budget and Resource Plan 2021 with the view that GIA is competently staffed and has adequate resources to carry out the internal audit function in the coming year.

  In addition, ARMC noted the annual Declaration of Independence from GIA for the financial year then ended 31 December 2021.

5.4 Risk Management

- The ARMC reviewed the report of the Risk Management Working Group whom was represented by the General Manager of Group Finance. Meetings were on 19 May 2021 and 15 November 2021 to note and discuss the Risk Management Reports of the following divisions: -

  (a) Engineering and Construction Division;

  (b) Water and Engineering Division;

  (c) Toll Highway Division - Grand Saga Sdn. Bhd. and Grand Sepadu (NK) Sdn. Bhd;

  (d) Waste Management Division; and

  (e) Group Strategic Risks

5.0 SUMMARY OF ACTIVITIES (CONT'D)

5.4 Risk Management (Cont'd)

- The Risk Management Reports comprises the Risk Profile which indicated the impact, likelihood of occurrence and residual risk rating of every risks identified and supported by individual Risk Registers that details the description, causes, consequences, controls, its effectiveness and action plans for each and every identified risk.

- The ARMC presented a summary of the Risk Management Working Group reports at the subsequent Board meetings for notation.

5.5 Recurrent Related Party Transactions ("RRPTs") and Related Party Transactions ("RPTs")

- In accordance with the Main Market Listing Requirements, the ARMC reviewed all RPTs tabled to ensure that they are: -

  (a) at arm's length;

  (b) on normal commercial terms;

  (c) on terms not more favourable to the Related Party than those generally available to the public;

  (d) in its opinion, are not detrimental to the minority shareholders; and

  (e) in the best interest of the Company.

- In addition to that, the ARMC also reviewed the Quarterly Report on RRPT to ensure that the cumulative amount of RRPT is with the shareholders' mandate obtained at Annual General Meeting.

- The ARMC (except for interested director(s)) thereafter recommended the RPTs and/or the RRPTs for approval at the subsequent Board meetings.

5.6 Fraud, Bribery and Corruption

- There was no major incidence of fraud, bribery or corruption reported to the ARMC by the Executive Director or to the Chairman of the ARMC during the year under the Company's whistle-blowing policy.

- The Chairman of the ARMC has also not received any reports requiring further investigation sent to his dedicated email at ARMC@taliworks.com.my.

6.0 INTERNAL AUDIT FUNCTION

- The internal audit functions by assisting a company in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process. The internal audit function provides assessments as to whether risks, which may hinder the company from achieving its objectives, are being adequately evaluated, managed and controlled. It further evaluates the effectiveness of the governance, risk management and internal control framework (including RPTs) and facilitates enhancement, where appropriate.

- In this respect, the ARMC is supported by an in-house GIA in the discharge of its duties and responsibilities. The ARMC is guided by the Guidelines on Internal Audit Function issued by the Internal Auditors Malaysia and the Internal Audit Charter that provides the framework for the efficient and effective functioning of the internal audit function.

6.0 INTERNAL AUDIT FUNCTION (CONT'D)

- The GIA personnel have declared themselves to be free from any relationships or conflicts of interest which might impair their objectivity and independence. To further safeguard their impartiality, the GIA reports directly to the ARMC and it is not involve, directly or indirectly, in any operational responsibilities. The GIA carries out its role in accordance with the Institute of Internal Auditors International Professional Practices Framework. The GIA is responsible to independently review, appraise and recommend improvements to the governance, risk management and internal control systems established by the Management. The GIA provides timely and impartial advice to the ARMC and the respective Management as to whether activities reviewed are: -

  (a) in accordance with the Group's policies and direction;

  (b) in compliance with prescribed laws and regulations; and

  (c) achieving the desired results effectively and efficiently.

- On a quarterly basis, the GIA submits audit reports to the ARMC for review and action.

- The GIA performs risk-based (i.e. high priority risk areas based on risk evaluations including risk management profile), ad-hoc and routine audits in accordance with the Internal Audit Plans as approved by the ARMC. Root-cause analysis was conducted as part of the IA work to enable relevant recommendations to address the weaknesses noted. The audit results were discussed with the respective Management and action plans were put in place to complete the necessary preventive and corrective actions before presenting to ARMC for review. Where applicable, the GIA conducts follow up audits to ensure that Management's commitment on corrective actions were fulfilled timely and appropriately. Internal audit engagements carried out by the GIA include operational, financial and compliance reviews.

- In addition, the GIA plays an advisory role to the Management in the course of performing its internal audit activities. In turn, the Management supports the internal audit function by: -

  (a) inviting the Head of GIA as an observer to the monthly management meetings and meetings of the Risk Management Working Group to keep abreast of any important developments on business, operations, strategies, risks, controls etc;

  (b) providing unrestricted access to information, records and to the Management and making available adequate resources including personnel which are relevant to the internal audit function;

  (c) ensuring that the auditees implement all the internal audit recommendations to improve the effectiveness of governance, risk management, and internal control processes;

  (d) requiring all the heads of department in the Group to indicate in their annual appraisal form the status of all outstanding internal audit findings; and

  (e) not placing any restrictions on the scope of the internal audit undertaken by the GIA.

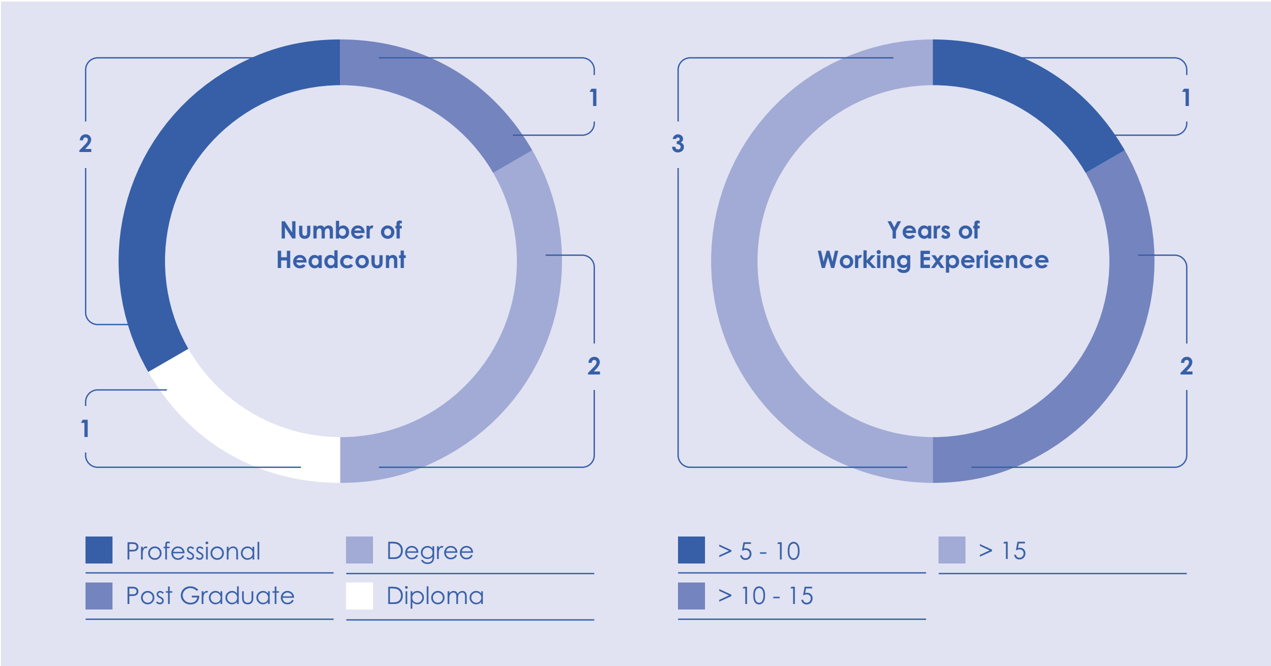
- The GIA provides internal audit services covering the Company, its operating subsidiaries and major associated companies. The total staff costs for the year (including remuneration, training, administrative charges etc) incurred by the GIA were approximately RM685,030 (2020: RM647,500).

6.0 INTERNAL AUDIT FUNCTION (CONT'D)

- The GIA is headed by a Senior Manager (Lee Chee Leong, Henry) who is a fellow member of the Association of Chartered Certified Accountants with double degrees in Applied Accounting and Applied Science with Computing. He was appointed as the Head of GIA since December 2011. He is well qualified to provide the necessary assurances to the ARMC and Management; having over twenty years of experience in internal audit and various other functions (i.e. compliance, information technology, risk management, quality management, finance and credit control) involving multiple industries including merchant banking, investment banking, both life and general insurance, property development and construction.

- As at 31 December 2021, the Head of GIA is supported by a team of five (5) members.

- There is adequate mix of knowledge, skills and other competencies needed to perform the internal audit function. The qualification of the GIA team members and their working experience can be categorised respectively as follows:-



- To enhance the competency of the GIA, team members are provided with internal and external trainings throughout the year that include on-the-job trainings in auditing, report writing, presentation and communication skills, as well as external trainings e.g. anti-bribery awareness and management, sustainability, virtual meeting tools (Microsoft Team), employee insurance, budget briefing etc.

- Internal reviews are performed by the GIA on a routine basis to appraise the quality of work performed.

7.0 AUDIT AND RISK MANAGEMENT COMMITTEE'S REPORT

The ARMC had approved this Audit and Risk Management Committee Report for inclusion in this Annual Report.

Additional Compliance Information

In compliance with Part A of Appendix 9C of the Main Market Listing Requirements, the following are additional information to be disclosed in this Annual Report: -

1.0 Profile of Directors, Chief Executive and Key Senior Management

(a) The profile of the Directors and Chief Executive of the Company are stated under the Directors' Profile in this Annual Report.

(b) The profile of key senior management of the Group is disclosed in the Company's website at http://taliworks.com.my/corporate-information/ under the caption "Key Senior Management". Key Senior Management include (i) those who are charged with the Company's governance and management collective decision making and (ii) those who are primarily responsible for the business operations of the Group's core businesses.

2.0 Audit and Non-Audit Fees

(a) The amount of audit fees paid or payable by the Company and its subsidiaries to the External Auditors, Deloitte PLT, are as follows:

(i) Company – RM100,130 (2020: RM100,130)
(ii) Group – RM298,330 (2020: RM316,350)

(b) The non-audit fees paid or payable for services rendered to the Company and its subsidiaries by the External Auditors, Deloitte PLT, or a firm or corporation affiliated to it, are as follows:

(i) Company – RM24,600 (2020: RM13,600)
(ii) Group – RM73,800 (2020: RM48,200)

The non-audit fees are mainly in relation to the provision of company taxation and tax advisory services.

The above fees exclude Sales and Service Tax and out-of-pocket expenses.

3.0 Status of Utilisation of Proceeds

There are no proceeds raised in a corporate proposal.

4.0 Material Contracts

Save as disclosed in the Notes to the Financial Statements on the Significant Related Party Transactions, there were no material contracts entered into by the Company and its subsidiaries involving the interests of the directors, chief executive who is not a director or major shareholders, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

5.0 Recurrent Related Party Transactions

Pursuant to Paragraph 3.1.5 of Practice Note 12, the Recurrent Related Party Transactions entered into by the Company and its subsidiaries with related parties pursuant to a shareholders' mandate were as follows:

Related Parties	Type of the Recurrent Related Party Transactions	Aggregate value of Recurrent Related Party Transactions made during the financial year (RM'000)
Exitra Sdn. Bhd. and Exitra Solutions Sdn. Bhd.;	Services rendered to the Company and Group by the related parties in relation to the provision of information technology services, broadband and maintenance, sales of hardware and software either as vendor or re-seller	1,509
SWM Environment Holdings Sdn. Bhd.	Management services rendered by the Company to the related party.	3,610

6.0 Properties of the Group

Particulars of the properties of the Company or its subsidiaries have not been separately disclosed as their respective net book value represent less than 5% of the consolidated total assets of the Group as at the end of the financial year.

7.0 Employee Share Options Scheme ("ESOS")

There is no ESOS implemented by the Company which is subsisting as at the end of the financial year.