

AMANAT LEBUHRAYA RAKYAT BERHAD
SUSTAINABILITY REPORT FY2024

AMANAT LEBUHRAYA RAKYAT BERHAD | Kompleks Operasi LITRAK, KM19,
Lebuhraya Damansara-Puchong, Bandar Sunway, PJS 9, 47500 Subang Jaya, Selangor Darul Ehsan

ABOUT AMANAT LEBUHRAYA RAKYAT BERHAD

ALR is a private, special purpose, not-for-profit entity, established to hasten the shortening of the toll concessions and return of 4 highways to the Government of Malaysia

On 13 October 2022, Amanat Lebuhraya Rakyat Berhad ("ALR" or "the Group") successfully issued RM5.5 billion in nominal value AAA-rated Senior Sustainable and Responsible Investment Sukuk Murabahah ("Sustainability Sukuk Murabahah") and completed its acquisition of four highway toll concessionaires:

- KESAS Sdn. Bhd. ("KESAS")
- Lingkaran Trans Kota Sdn. Bhd. ("LITRAK")
- Sistem Penyuraian Trafik KL Barat Sdn. Bhd. ("SPRINT")
- Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.("SMART")

The concessionaires above are now wholly owned subsidiaries of ALR.

Our Social Value Proposition

No Increase in Toll Rate

Toll rates will be maintained at the current rate until the end of the concessions.

Savings of Toll Compensation Payments by the Government

The restructuring will provide an estimated total compensation savings of RM4.3 billion, which the Government will be able to redirect for other uses.

Shortening of Tenure for Toll Concessions

All surpluses generated are channelled back to redeem debt financing earlier, which will enable the concession periods to be shortened.

We are fully motivated to provide a safe and pleasant motoring experience, generate surpluses to accelerate the repayment of debt financing as well as ensuring achievement of the level of standards and key performance indicators as set by the Malaysian Highway Authority ("MHA").

For more information on ALR, please visit our website at www.amanatlr.com



LEBUHRAYA DAMANSARA-PUCHONG (LDP)



LEBUHRAYA SPRINT

Amanat
Lebuhraya Rakyat



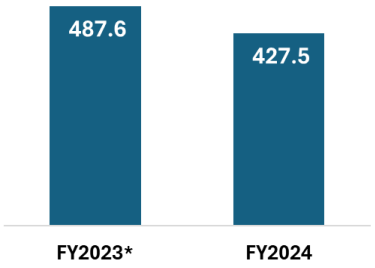
SMART TUNNEL

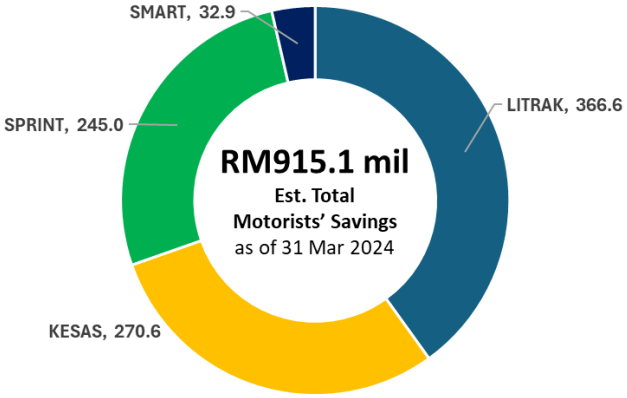


LEBUHRAYA SHAH ALAM (KESAS)

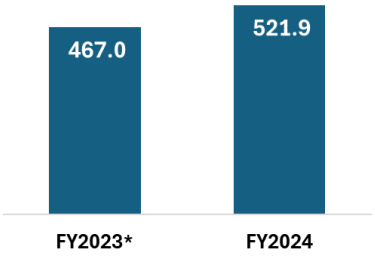
KEY HIGHLIGHTS

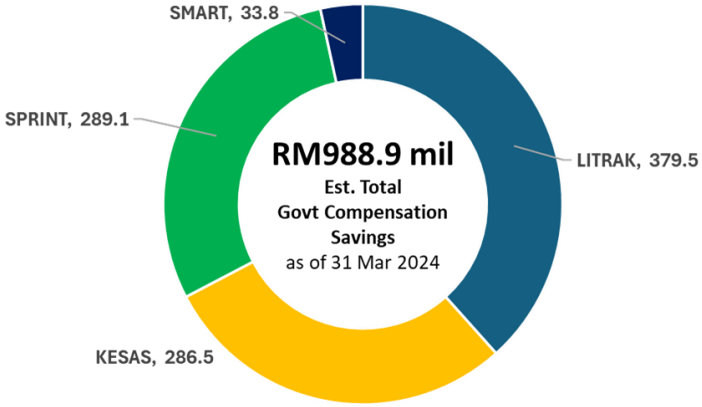
Estimated Motorists' Savings
RM Mil





Estimated Government Compensation Savings
RM Mil





**Based on 15-month period from 1 January 2022 to 31 March*

RM417mil Sukuk Profit Payment paid to date

AAA Rating Reaffirmed By RAM & MARC

HRMS Successful migration to new cloud based HRMS

E-Bidding 15% Savings vs conventional tendering

200 B40 Students aided With Student Food Aid Programme

13.14 Million m³ Floodwaters Diverted

1st Solar Panel Site at Kinrara Rest & Service Area

LED LED Streetlighting Project Commenced

1,560 Trees Planted along KESAS, LDP & SPRINT

692k Litres of Rainwater harvested

95 Open Payment Lanes enabled

52.7 Lane kilometers Repaved / Rehabilitated

498 Joint Traffic Enforcement Exercises

1,421 Trees Pruned

ALR'S SUKUK OBLIGATIONS

Total Sukuk Principal

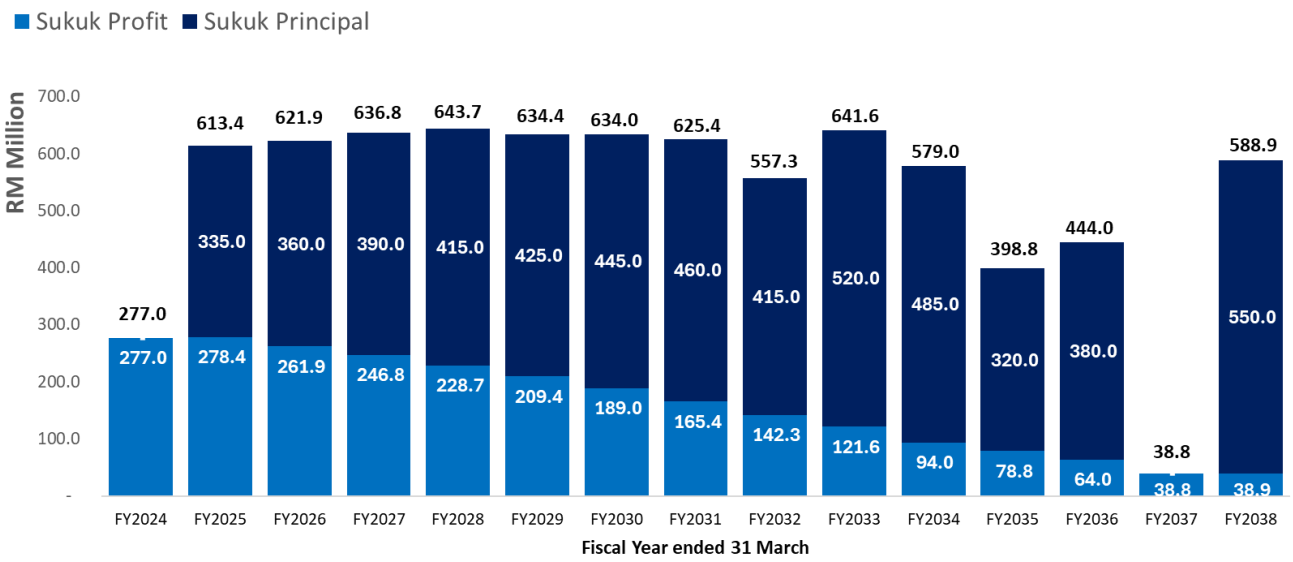
RM 5.50 billion + **RM 2.435 billion**

Total Sukuk Profit

ALR's Total Sukuk Debt Obligation
FY2024 – FY2038

RM 7.935 billion

Sukuk Profit and Principal Repayment Profile
RM Million by Fiscal Year



13 April 2023
138 Million
Sukuk Profit Paid

13 Oct 2023
139 Million
Sukuk Profit Paid

15 April 2024
140 Million
Sukuk Profit Paid

RM 417 million
Sukuk Profit paid to date

138 Million
Sukuk Profit Due

+

335 Million
Sukuk Principal Due

RM 473 million
Due on 14 Oct 2024

LEADERSHIP STATEMENT

Dear Valued Stakeholders,

We're pleased to share with you Amanat Lebuhraya Rakyat Berhad ("ALR")'s second Sustainability Report for the financial year ended 31 March 2024 ("FY2024").

For FY2024, ALR's unique business model has continued to deliver on its key social value proposition - generating estimated savings of RM427.5 million for motorists across our four highways, and RM521.9 million in toll compensation savings for the Government of Malaysia.

Alongside the above, we are also pleased to report that for the Group's first annual ratings review in October 2023, both RAM and MARC reaffirmed ALR's AAA rating for our RM5.5 billion Senior Sustainable and Responsible Investment Sukuk Murabahah ("Sukuk"). To date, ALR has paid a total of RM417 million in Sukuk Profit payments, from a total Sukuk Profit and Principal debt obligation of RM7.935 billion for the entire tenure of its Sukuk issuance.

During the year under review, we made further risk management & governance enhancements across the Group, whilst focusing on harnessing the strengths of our combined workforce and implementing strategic initiatives for operational efficiency:

Risk & Governance

Continuous enhancements to our risk and governance structure to ensure integrity, transparency and accountability throughout our operations, to safeguard the interests of our stakeholders as we fulfil our mandate.

Reorganisation

Reorganisation of the Group's enlarged workforce to ensure our manpower resource allocation is optimized, and to increase sharing of knowledge & experience through the pooling of resources.

Operational Efficiency

Implementation of various strategic initiatives to enhance operational efficiency, optimize costs, improve road safety and the safety of our users, and to ensure the sustainability of our operations.

In tandem with the above, the Group accomplished many firsts and significant milestones during the year across our sustainability agenda, centred on being Socially Responsible, doing our part for Climate Action and Maintaining Resilient Assets.



SMART Tunnel Maintenance Depot

Socially Responsible

The Group continued to foster a conducive, safe and healthy workplace through the modernisation of our human resource operations, migration to a new cloud-based Human Resource Management System ("HRMS"), investing in our people via the launch of our Employee Education Assistance Programme and continuous improvements to enhance our safety performance.

In the area of Procurement Practices, the Group's focus on driving operational cost efficiency through digital transformation has also started yielding results – this includes the implementation of an e-Tendering and e-Bidding solution in January 2024, which has enhanced procurement transparency and governance, whilst garnering savings of approximately 15% against conventional tendering as of 31 March 2024.

In line with our sustainability commitment to positively impact communities in which we operate, the Group also launched a year-long Student Food Aid Programme, which will benefit 200 students from low-income families for four schools along our highways.

Climate Action

In FY2024, The SMART Tunnel diverted 13.14 mil m^3 of floodwaters. It remains a critical climate mitigation infrastructure and retention ponds are crucial for its continued effectiveness in protecting our nation's capital

In this regard, the Group has been persistent in engaging with the Government and all relevant stakeholders to ensure that the upkeep and protection of these retention ponds are not jeopardised.

Our Energy Efficiency agenda, which serves the dual purpose of reducing our carbon footprint as well as generate cost savings, also made considerable progress in FY2024. The first of 10 Solar Panel sites has been successfully installed at the Kinrara Rest & Service Area, and we also commenced our LED Streetlighting Project for LDP and SPRINT, where a total of 5,810 lanterns will be replaced with LED lighting by the end of this year.

In our efforts to further reduce our carbon footprint, improve air quality, reduce noise pollution, prevent soil erosion, and mitigate the risk of flooding - we are also pleased to report, that for the second year in a row, the Group has exceeded its annual tree planting target of 1,375 trees, with 1,560 trees planted in FY2024. This equates to a total of 3,124 trees planted to date.

Maintaining Resilient Assets

During the year under review, the Group continued to diligently implement its asset maintenance, road safety and traffic congestion management programmes to ensure the resilience of all our assets, so that they can continue to fulfil their economic purpose efficiently and sustainably. This included the pavement rehabilitation works totalling 52.7 lane kilometres, the pruning of 1,421 trees and 498 joint traffic enforcement exercises.

Aside from our ongoing maintenance works, we are also constantly striving to deliver new solutions to improve our road users' experience.

In FY2024, ALR embarked on enabling all 4 of its highways with Open Payment – i.e. the ability for users to pay for tolls using their debit or credit cards. This has provided more payment options and convenience to road users, whilst improving road safety and congestion at our toll plazas.

The Group achieved another significant milestone with the introduction of Open Payments at all four of its highways, with 95 lanes enabled as of 31 March 2024

For this initiative, ALR partnered with Payments Network Malaysia Sdn. Bhd. ("PayNet") to promote the use of MyDebit – i.e. Malaysia's most prevalent and sole local debit card scheme, as the preferred payment card scheme at our highways.

As the national provider of financial market utilities owned by Bank Negara Malaysia and eleven Malaysian financial institutions, PayNet is not profit motivated and its aim is to build inclusive, accessible and efficient payments and financial eco-systems for Malaysia.

This partnership was founded on ALR and PayNet's shared sustainable social impact purpose, and reflects our mutual commitment to support local brands and the nation's financial inclusion agenda.



SPRINT – Damansara Toll Plaza

As we approach the 2nd year anniversary of the issuance of our Sustainability Sukuk Murabahah on 13 October 2024, we are reminded that we are another year closer to the fulfilment of our mandate and the return of the four highways back to the Government of Malaysia and the rakyat.

To date, we have paid a total of RM417 million in Sukuk Profits out of our total Sukuk Profit and Principal obligations of RM7.935 billion for the entire tenure of ALR's Sukuk issuance

As trustees of four crucial public assets that serve our capital city and the Klang Valley – we are deeply mindful of our duty to discharge our mandate effectively and safeguard the interests of all our stakeholders at all times.

Given the strategic importance of ALR's social purpose, we will remain steadfast in delivering our mandate whilst ensuring the sustainability of our operations, minimising our impact on the environment, and effecting positive changes in the communities where we operate and serve.

Moving forward, the Group endeavors to partner with likeminded stakeholders, to continue delivering innovative solutions that will increase road safety, enhance road user satisfaction, and relieve traffic congestion.

We would like to take this opportunity to thank the entire staff of ALR, without whom the milestones and achievements this year would not have been possible. Last but not least, we wish to express our sincere gratitude to all our stakeholders for your trust and continued support, and we look forward to our continued collaboration to accelerate the era of nominal tolling for the motoring rakyat.

The Board and Management
of Amanat Lebuhraya Rakyat Berhad

ALR SUPPORTS SUSTAINABLE DEVELOPMENT GOALS

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

ALR's Social Purpose Model

Under the innovative structure brought about by the acquisition of the four highway concessions by ALR via the issuance of our Sustainability Sukuk Murabahah, the current toll rates will be maintained until the end of each of the concession periods.

As such, the key benefits of the ALR Model are:

- **Direct savings for the motorists on all our highways**
- **Savings for the Government on toll compensation payments**, which can now be utilised for other more pressing nation building purposes
- **Savings for all Malaysians from the shortening of the toll concessions**

2 ZERO HUNGER

Student Food Aid Programme

200 B40 Students to be aided across 4 schools along our alignments

4 QUALITY EDUCATION

Employee Education Assistance

Financial aid for employees and their children to further their studies

7 AFFORDABLE AND CLEAN ENERGY

Solar & LED Installation Projects

Installation of Solar Panels and LED street lighting to increase our use of renewable energy & energy efficiency

13 CLIMATE ACTION

SMART Tunnel & Tree Planting

Flood water diversion and yearly tree planting to offset our carbon footprint

This report has been prepared in compliance with Securities Commission Malaysia's Sustainable and Responsible Investment Sukuk Framework ("SC SRI Sukuk Framework")

ALR's Sustainability Reporting Step-Up:
In line with our commitment to best practices, the disclosures in this report are also based on Bursa Malaysia's Sustainability Reporting Guide

This report focuses on material sustainability matters for the ALR Group and its business

This report is dated 18 July 2024

Feedback

We strive to continuously improve our reporting quality. Should you have any feedback, comments or suggestions, kindly address them to our Group Strategic & Corporate Communications Department by emailing admin@amanatlr.com

ABOUT THIS REPORT

This is ALR's Second Sustainability Report, and it outlines the Group's commitment to its sustainability agenda and goals. The report covers various aspects, including our sustainability strategy, principles, initiatives and performance, offering stakeholders a detailed view of the value created across the Environmental, Social and Governance spectrum.

It emphasises the Group's strategic approach to sustainability, providing insights into its business operations, key material matters, highway operations, and engagement with stakeholders. Efforts taken to address these matters are also outlined in the report.

Scope and Completeness

For the purposes of this report, ALR consolidates data from all four of its subsidiaries, hereafter referred to as ALR or the Group.

Reporting Period

This report is produced annually, and the current report covers the period from **1 April 2023 to 31 March 2024.**

Context

The content of this report prioritises Environmental, Social and Governance ("ESG") matters deemed material to the Group and to our valued stakeholders.

A detailed description of how we identify material ESG matters for reporting and monitoring can be found in the Sustainability Governance and Material Matters section, together with a description of our key stakeholders and stakeholder engagement process.

Assurance

All financial data disclosed in this report have been independently assured as part of the Group's annual financial audit (unless stated otherwise). While we have not undertaken third-party assurance for all other data in this report, we are actively working towards improving our sustainability reporting processes whilst creating meaningful value for our stakeholders. The information provided in this report is presented on a best-effort basis and is subject to further improvement in future reporting cycles.

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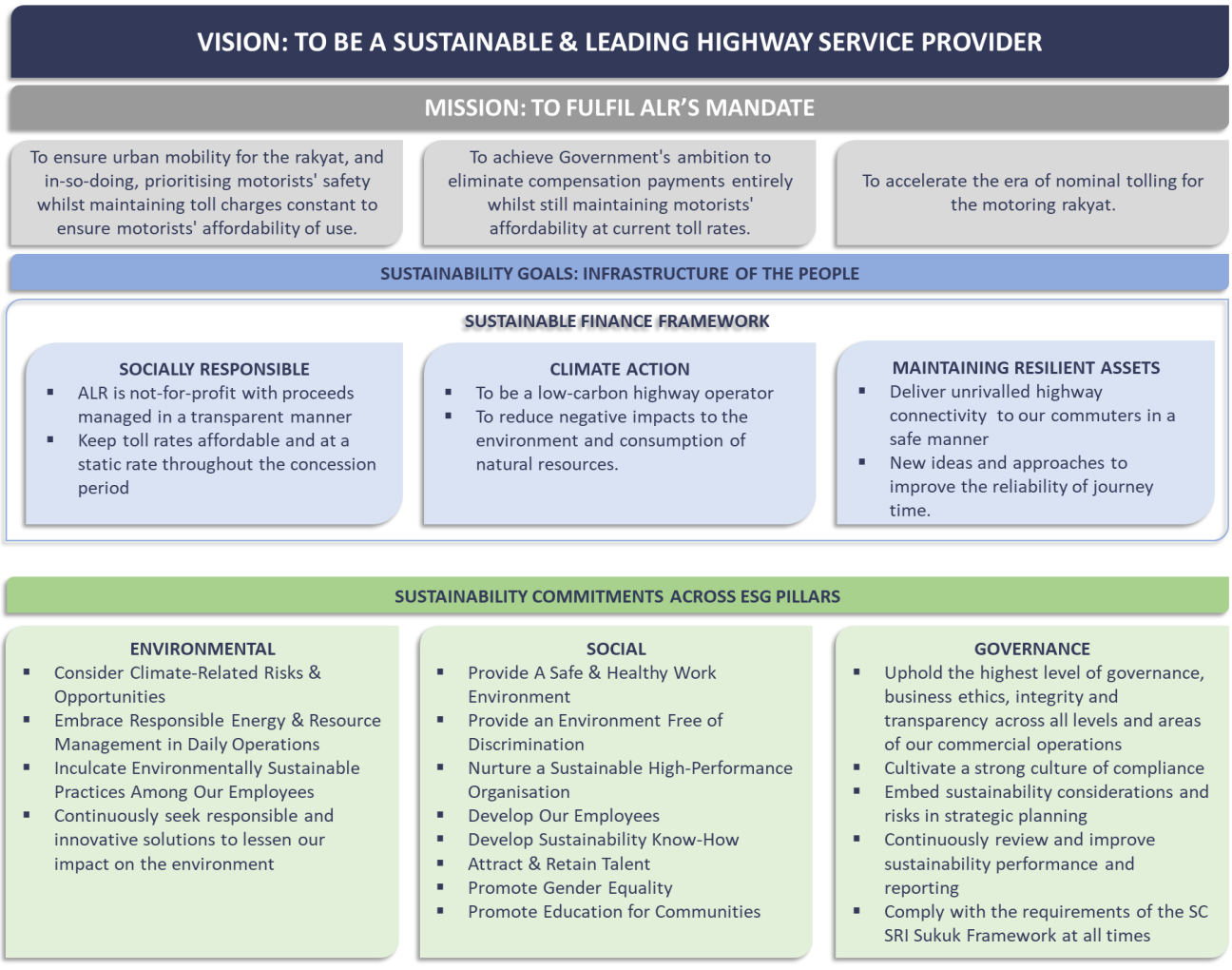
SUSTAINABILITY GOVERNANCE

ALR's Sustainability Sukuk Framework

Overview

ALR's Sustainability Sukuk Framework is driven by our vision to be a sustainable & leading highway service provider, and ultimate mission of fulfilling our mandate. This framework serves as the guiding principles to ensure sustainable practices are integrated into the Group's everyday business and are aligned to the Group's vision and mission.

For further details, ALR's Sustainability Sukuk Framework is available for download from ALR's website at www.amanatlr.com

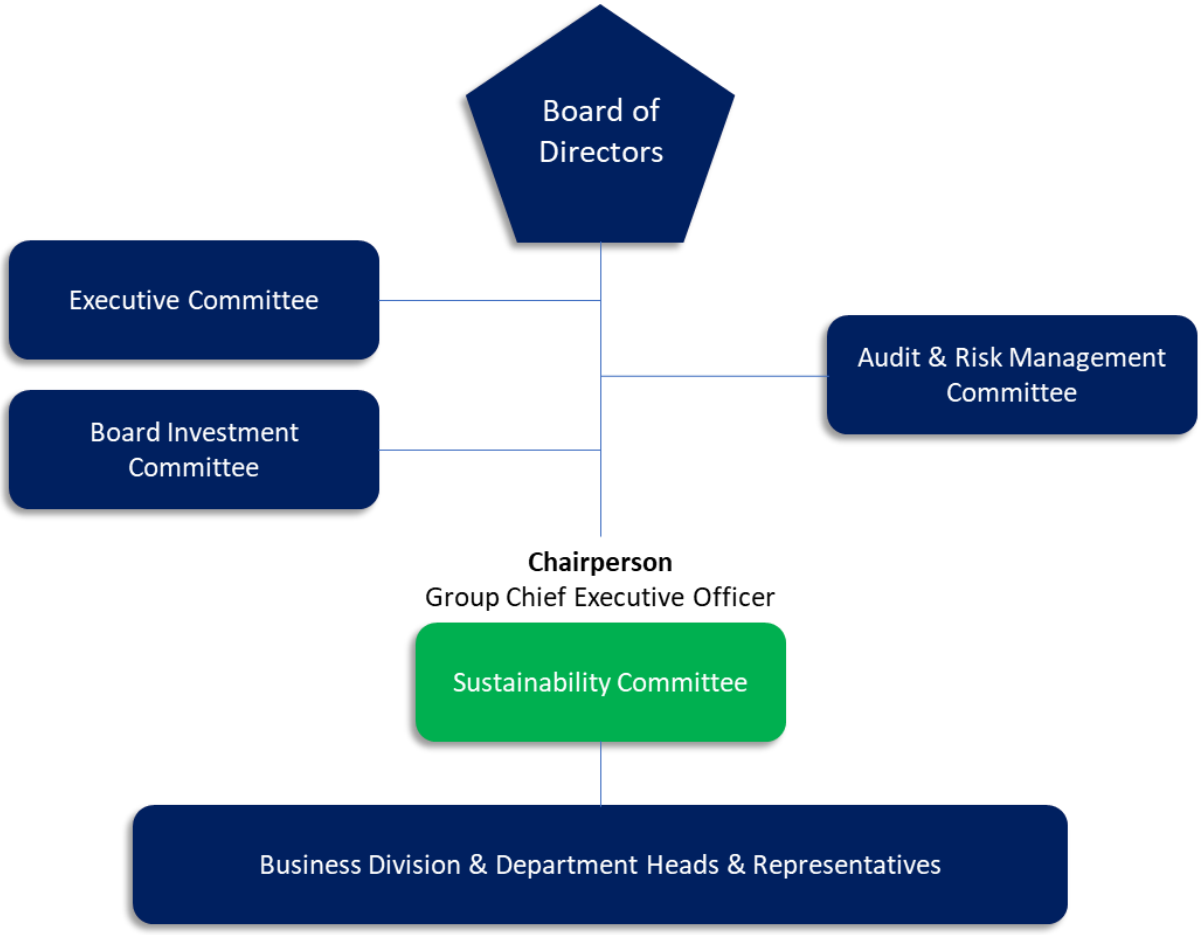


ALR's Sustainability Commitments

ALR's Sustainability Commitments help operationalise or give effect to the value creation and objectives as set out above. These commitments serve to underscore our behaviour and conduct, including our planning, risk management, compliance and communication strategies, action plans and activities. These commitments supplement ALR's Board Charter, ALR's Sustainability Sukuk Framework and the existing policies of ALR that already contain relevant requirements that relate to sustainability.

In line with our commitment in ALR's Sustainability Sukuk Framework, ALR has established a Group Sustainability Policy which encapsulates our Sustainability Commitments above.

Governance Structure



Sustainability has been embedded into the Group's overall governance structure to ensure continuous alignment of our operations with our sustainability commitments, goals and ultimately with the fulfilment of our mandate.

Group / Personnel	Roles & Responsibilities
Board of Directors	▪ Ultimate responsibility for the Group's sustainability matters ▪ Ensure the integration of sustainability into the Group's business strategies ▪ Approves sustainability strategies
Executive Committee	▪ Oversight and management of the Group's operations in accordance with the corporate objectives, sustainability strategies and the annual budget as well as the policies and business directions that have been approved by the Board
Board Investment Committee	▪ Stewardship and strategic management of the Group's surplus funds ▪ Oversight, management and review of the Group's treasury and investment strategies
Audit & Risk Management Committee	▪ Evaluates overall risks & opportunities ▪ Oversight of financial reporting and related internal controls, independent auditors and internal auditors, ethics and compliance
Sustainability Committee	▪ Formulates sustainability strategy ▪ Oversees implementation of the sustainability strategy ▪ Considers input of business functions in sustainability processes
Business Divisions & Departments	▪ Supports strategy implementation ▪ Reports performance and targets ▪ Coordinates sustainability-related disclosures

Material Matters

Stakeholder Engagement

An integral part of our sustainability management approach is listening and responding to our stakeholders. Stakeholders are people who impact our business or are affected by our operations.

Feedback from stakeholders help the Group understand their expectations, needs and concerns, allowing us to prioritise issues more effectively and address them in a timely manner. This feedback contributes to our overall business strategy and helps us meet our combined sustainability goals.

We reach out to stakeholders through a variety of formal and informal communication channels. These valuable platforms allow us to share knowledge and best practices whilst networking effectively with other market players and industry experts.

Below is an overview of our key stakeholders and how we engage with each of them:

Stakeholder	Area of Interest	Method of Engagement	Frequency
Sukukholders (including Security Agent, Sukuk Trustees & Rating Agencies)	▪ Financial performance and progress ▪ Compliance with sukuk terms and covenants	▪ Announcements ▪ Company reports ▪ Requests for information ▪ Written communications	▪ Monthly (Security Agent only) ▪ Biannually ▪ Annually ▪ As and when required
Government & Regulators	▪ Regulatory compliance ▪ Maintenance of assets	▪ Audits & inspections ▪ Site visits ▪ Meetings and engagement sessions	▪ Periodically, and as and when required throughout the year
Road Users	▪ Traffic congestion ▪ Road safety ▪ Highway maintenance	▪ Customer service channels ▪ Company websites, emails and social media channels	▪ Periodically, and as and when required throughout the year
Employees	▪ Corporate direction ▪ Career progression ▪ Compensation & benefits	▪ Townhalls ▪ Internal platforms ▪ Meetings and events	▪ Periodically, and as and when required throughout the year
Business Partners and Suppliers	▪ Procurement policy ▪ Annual vendor assessment ▪ Commitment to local procurement	▪ Meetings & engagement sessions ▪ Tenders & requests for proposals	▪ Periodically, and as and when required throughout the year
Local Communities	▪ Highway maintenance ▪ Noise levels ▪ Efficient mobility	▪ Company website ▪ Meetings and events ▪ Community Investment activities	▪ Periodically, and as and when required throughout the year

Materiality Assessment Process

Below is an overview of our materiality assessment process:

Identification

A comprehensive inventory of sustainability matters are identified based on internal and external sources, including previously identified material matters, sustainability guidelines, engagement with stakeholders, peer benchmarking and media reviews.

Prioritisation

These matters are then further shortlisted and prioritized based on their importance to the business, and key internal and external stakeholders via a materiality assessment exercise.

Validation

The updated materiality matrix is then further deliberated by the Sustainability Committee and thereafter validated and approved by the Board of Directors.

For the year under review, we reviewed our material matters to ensure its continued relevance and applicability for our key internal and external stakeholders using a similar three-step process.

The identified material matters keep us aligned to our sustainability agenda and guide our reporting on key issues, which ultimately serves as the focal point of our sustainability report. The listed material matters form the basis for the indicators that we use to track and measure our sustainability performance.

Materiality Matrix

Based on our materiality assessment process, the material topics and how they are aligned to our sustainability goals are as follows:



Socially Responsible

- EP Economic Performance
- SC Sukuk Compliance
- BE Business Ethics & Compliance
- HC Human Capital Management
- PP Procurement Practices
- CI Community Investment

Climate Action

- SD Stormwater Diversion
- EE Energy Efficiency
- WM Waste Management
- NM Noise Management

Maintaining Resilient Assets

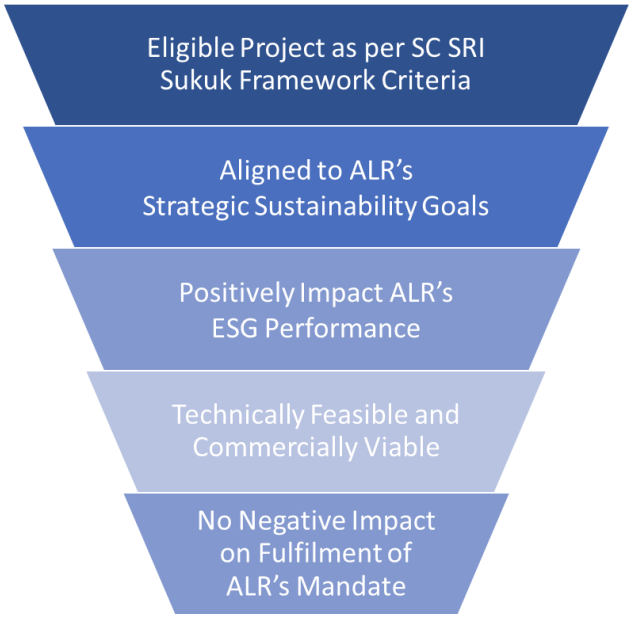
- RS Road Safety & User Satisfaction
- TC Traffic Congestion Management
- AM Asset Maintenance
- GR Government Relations

Project Evaluation and Selection

For the utilisation of Sukuk proceeds for Eligible Sustainable & Responsible Investment Projects ("Eligible SRI Projects"), the Sustainability Committee will convene, evaluate and approve proposed projects in accordance with the methodology and process below, during the annual expenditure budgeting process, or as and when new project opportunities are identified.

Projects are considered based on how they contribute towards the achievement of ALR's sustainability vision and strategic plans, their impact on ALR's Environmental, Social & Governance ("ESG") performance, cost and viability. If a project is deferred or no longer meets the eligibility criteria, the Sustainability Committee will, on a best-effort basis, substitute the project with another project.

Project Evaluation Funnel:



The Proposed Project must:

- **Seek to achieve any one or a combination of the objectives** stated in the SC SRI Sukuk Framework; and
- **Be in any of the project categories** stated in the SC SRI Sukuk Framework
- **Be aligned to any one of ALR's Sustainability Goals -** i.e. Socially Responsible, Climate Action & Maintaining Resilient Assets
- **Be able to contribute positively to ALR's ESG Performance** – the Proposed Project should have clear and measurable ESG metrics and corresponding targets
- **Be technically feasible and commercially viable** – this is to ensure that the Proposed Project can be implemented properly and sustainably
- **NOT negatively impact ALR's ability to fulfil its mandate and obligations to its lenders** – any Proposed Project should at minimum, not jeopardise ALR's mission of fulfilling its mandate

For more details of the Group's please refer to the Eligible SRI Projects section.



Realising a Sustainable Society with a

People-First Infrastructure

SOCIALLY RESPONSIBLE

- ALR is a not-for-profit entity with proceeds managed in a transparent manner
- We keep toll rates affordable and at a static rate throughout the concession period

Summary of unaudited cashflow for ALR
from 1 April 2023 until 31 March 2024

Unaudited Cashflow Summary	1 April 2023 to 31 March 2024 RM mil
Opening cash balance (as per bank statement balances)	524
Operating Cash Surplus	658
Return from Permitted Investments	24
Cash Available for Sukuk Financing	**1,206**
Sukuk Profit Payment	(277)
Sukuk Principal Payment	-
Closing Cash Balance (as per bank statement balances)	**929**

Economic Performance

EP

Economic performance is material and important to ALR because it ensures the sustainability of the Group and our operations, which have considerable impact on our stakeholders as we are a provider of local employment and economic value creation, and ultimately ensures that we are able to fulfil our mandate and our debt servicing obligations on time, all the time.

Our approach

As stated in our Board Charter, we seek to generate surpluses and financial upside in all our affairs, for the sole objective of channelling all such surpluses and financial upside to service and accelerate the full redemption of financial debts from our funders, as soon as possible.

We strive to maximise our financial upside by focusing on the following key initiatives:

- **Operational cost efficiency;**
- **Efficient cash and treasury management whilst being fully cognisant of prudential risk management of our cash reserves; and**
- **Induce and encourage continued use of our highways by operational excellence.**

Our progress in FY2024

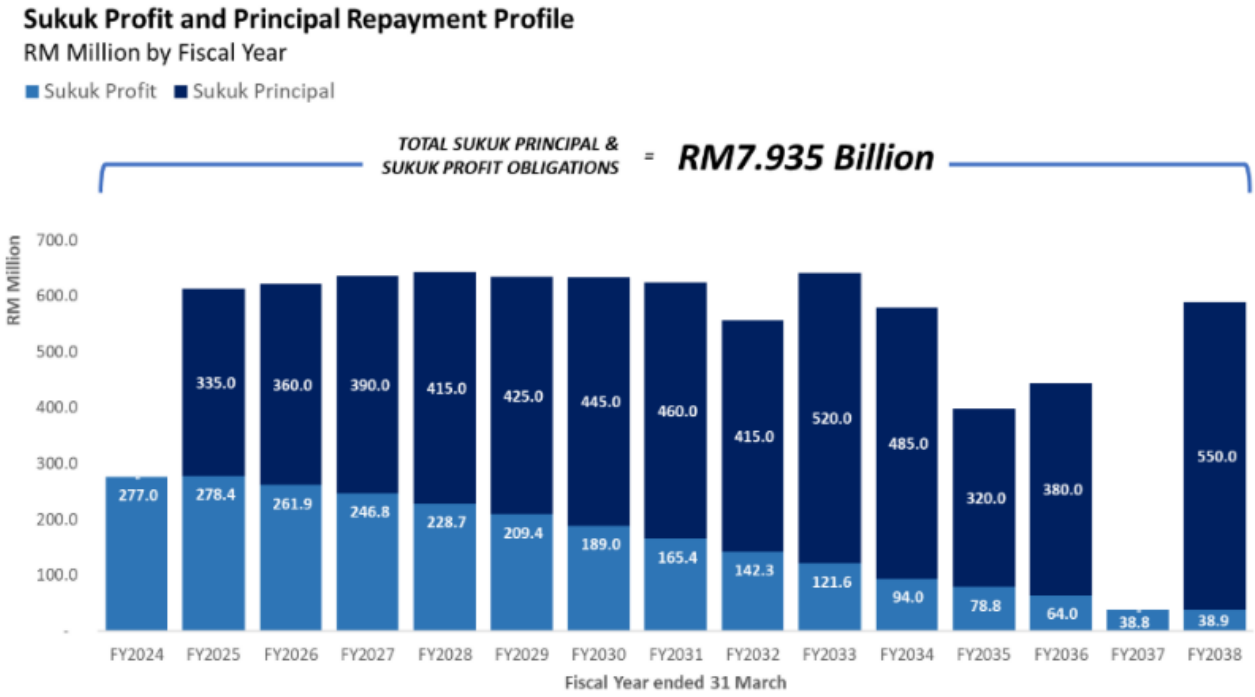
During the period under review, the continued recovery in economic activity resulted in an increase in traffic across all our highways, with a growth rate of 5.3% in FY2024, compared to the previous corresponding period.

As at 31 March 2024, ALR's available total cash reserve amounted to RM929 million, against our outstanding Sukuk Principal debt of RM5.5 billion.

Subsequent to the end of the financial period under review, our third Sukuk Profit payment amounting to RM140 million was paid to sukukholders on 15 April 2024, in line with ALR's payment obligations under the Sustainability Sukuk Murabahah Programme.

To date, a total of RM417 million in Sukuk Profit payments have been made, out of our total Sukuk Profit and Principal obligations of RM7.935 billion for the entire tenure of ALR's Sukuk issuance.

The next payment amounting to RM473 million (comprising a Sukuk Profit payment of RM138 million and the first Sukuk Principal repayment of RM335 million) will be due on 14 October 2024.



Sukuk Compliance

SC

Sukuk compliance is material and important to ALR as our sukukholders are our single largest key stakeholder by virtue of being the sole source of financing for the Group's business. Compliance with the terms and covenants of our Sukuk Murabahah Programme is imperative as any incidents of non-compliance could severely impact the Group's business and its reputation.

Our approach

The Group has established a sound risk management framework and internal controls system to safeguard sukukholders' interests and the Group's assets. These include putting in place a Sukuk Fund Flows Policy & Procedure, as well as a Treasury & Investment Management Policy to ensure the Group's finances are managed in compliance with the terms and covenants of our Sukuk Murabahah Programme.

The Group's finances are reported to the Audit & Risk Management Committee and the Board of Directors on a quarterly basis.

The Group's Internal Audit Function also serves to periodically review the effectiveness of such policies and controls.

We also actively engage with our Security Agents, Trustees and Credit Rating Agencies on a regular basis to ensure any enquiries or concerns are addressed in a timely manner.

Our progress in FY2024

As mentioned in the Economic Performance section, we have made a total of RM417 million in sukuk profit payments to date.

There were no instances of non-compliance with sukuk covenants during the period under review, and the Group's AAA rating was reaffirmed by both Credit Rating Agencies, i.e. RAM and MARC, during the period under review.

Business Ethics & Compliance

BE

In a climate of increasing regulation and public scrutiny, ethical behaviour builds trust and instils confidence among our stakeholders. This in turn helps us maintain a positive reputation, foster strong business and stakeholder relationships, and enables the Group to operate sustainably.

ALR believes that strong corporate governance and ethical behaviour are the key to protecting both business and stakeholders' interests, enables us to address and manage risks effectively, and ultimately contribute sustainably to the achievement of our mandate.

ALR Code of Business Ethics - Provides policy statements on the standards of behaviour and ethical conduct expected of the Board, all employees of the Group and others performing work or services for or on behalf of the Group.

Anti-Bribery & Corruption Policy - Aims to prevent, detect and respond to bribery and corruption, and ensure compliance with Malaysia's Anti-Bribery Laws and/or other applicable anti-bribery laws.

Sexual Harassment Policy - This policy aims to protect our employees from any unwanted sexual advances by providing clear guidelines to report such incidents.

Whistleblowing Policy - This policy, which accepts anonymous reports, provides a safe and trusted channel for our employees to escalate issues and any wrongdoing.

Our approach

The Group is dedicated to upholding a high standard of ethical business conduct and to advancing integrity, transparency and accountability across all levels and areas of our operations.

We cultivate a strong culture of compliance across our operations by having in place the right policies, procedures and guidelines, to ensure that a corporate culture of ethical and transparent behaviour is prevalent across the Group, and that we are fully adherent to applicable laws and regulations.

The stringent policies and guidelines on the left are enforced to ensure integrity and ethical practices are upheld.

Anti-Bribery & Corruption

The Group has a zero-tolerance policy approach to bribery and corruption, and is fully committed to acting professionally, fairly and with integrity in all business dealings and relationships.

We are also mindful of the obligations imposed by Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act"). In line with the above, the Group has established an Anti-Bribery and Corruption Policy ("ABC Policy") to protect the Group from offences perpetrated by Group-affiliated individuals.

We place significant emphasis on the need to monitor the risk of corruption and implement appropriate mitigation strategies through continuous awareness programmes and trainings. During the year, we conducted 2 visits for employees to the Malaysian Anti-Corruption Agency ("MACC") as part of our awareness efforts.

Regulatory Compliance

We pride ourselves in instilling a culture of compliance across our operations and continuously employ preventive and investigative measures to ensure we adhere to the relevant laws and regulations. Upholding this compliance and satisfying the expectations of our key stakeholders, i.e. the Government and regulatory agencies, is essential to our operations and vital to our success.

We are regulated by a comprehensive set of social, environmental, and industry-specific legislations, including but not limited to:

- Concession Agreements
- Regulations set by the Malaysian Highway Authority ("MHA") and the Ministry of Works
- The Employment Act 1955
- The Environmental Quality Act 1974

Average EPI Rating FY2024:

Highway Concession	Stars
KESAS	★★★
LITRAK	★★★
SPRINT	★★★★
SMART	★★★★

By conducting frequent internal inspections, monthly monitoring, and enhancing the expertise of our operations team, we strive to continuously improve our compliance with relevant regulations. The Expressway Performance Indicator ("EPI") system, introduced by the MHA since 2017, is a key measure of our operational and maintenance performance. For this measure, the Group has set a target of a minimum 3 out of 4-star rating at all times, for each of the concessionaires. During the year under review, the average rating achieved was 3 stars for KESAS and LITRAK, and 4 stars for SPRINT and SMART.

Human Capital Management

HC

Our employees are the Group's most valued resource. They are critical to the sustainability of the Group's business as their performance directly affects the strength and sustainability of the Group. As such, it is inherently important for us to manage our people holistically and effectively, and to foster a shared organisational culture that empowers and inspires employees to achieve their full potential. This means building a workplace culture that:

- Attracts and retains talent
- Continuously develops and future-proofs our workforce
- Promotes diversity, equality and inclusion
- Provides a safe and healthy working environment

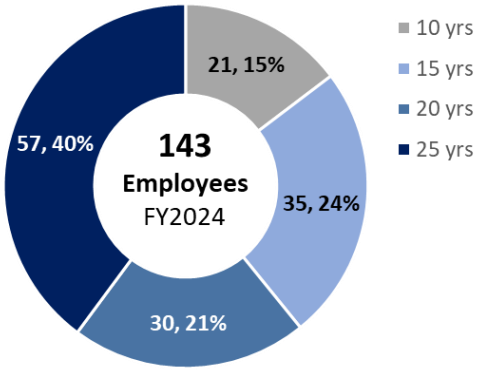
Our approach

Talent Acquisition & Retention

Our value creation relies on keeping the right talent. We mostly hire from within and focus on internal talent acquisitions, aiming to fill positions with competent, skilled, talented, and experienced employees from within our organisation. This is central to our strategy, as it also aids their career growth.

ALR offers attractive compensation, benefits and opportunities for professional advancement. We also focus on fostering employee involvement, contentment, and team cohesion, leading to a sustained decrease in employee turnover. During the year under review, a total of 143 employees were recognised via the long service award.

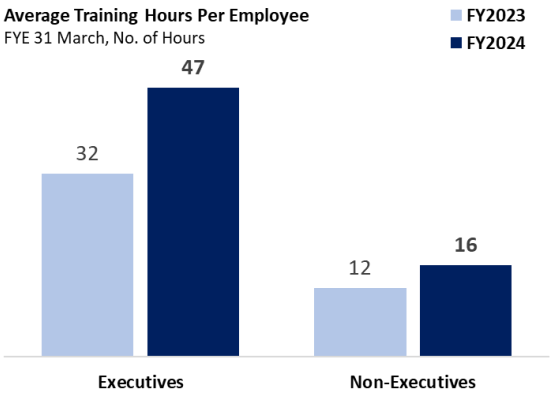
Distribution of Long Service Awards by Years of Service
Number of employees, %



Training & Development

One of the Group's key priorities is talent development. We believe that continuous learning and the development of new skills lead to a highly trained workforce that is both competitive and relevant in the highway industry and business operations. Internal and external training programmes are designed to meet the requirements of employees at all stages of hard and soft skills development. This, in turn, contributes significantly to enhanced customer service and job output quality.

Our continued emphasis on learning and development in FY2024 resulted in an increase in the average number of training hours per employee as seen below:



Recognising that a majority of our workforce are Non-Executives, we also launched an Employee Education Assistance Programme in FY2024. The purpose of this programme is to provide financial aid to encourage our employees to pursue their tertiary education with the hopes of providing them with more economic mobility. In line with this programme, we conducted an Open Day in partnership with Universiti Malaya, SPACE UTM, iCEPS UiTM and Open University Malaysia to encourage employees to explore further education opportunities for themselves and their children on 5 December 2023. The Employee Education Assistance Programme is an Eligible SRI Project approved by the Sustainability Committee.

For more details on this programme please refer to the Eligible SRI Projects section.



Open Day Event in support of ALR's Employee Education Assistance Programme

Diversity & Inclusion

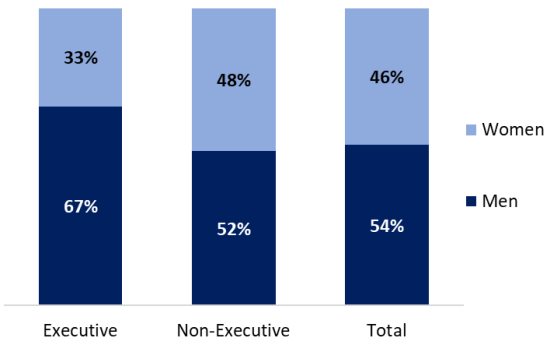
Our Diversity and Inclusion Policy serves as a compass for our efforts to enhance workplace diversity throughout our organisation.

We believe that having a varied staff composition develops an environment that is accepting and tolerant of other points of view, as well as a more collaborative style of working.

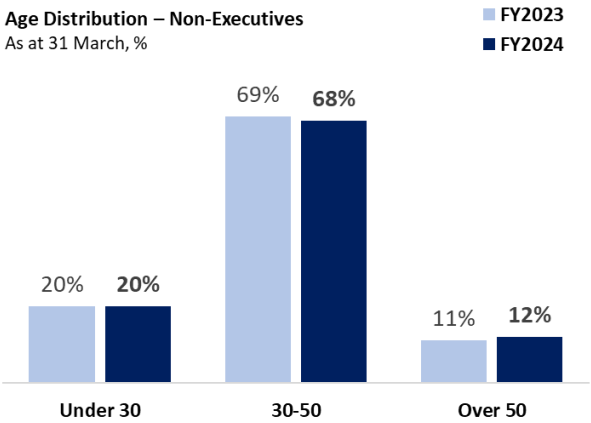
Our dedication to embracing gender equality is reflected in our workforce composition where 46% of the Group's total workforce are women. In addition to the above, the Group is dedicated to recruiting employees from a diverse range of personal and professional backgrounds, regardless of gender, age or ethnicity.

Equal opportunity practices are embedded into our workplace to harness diverse talents that exist within our Group.

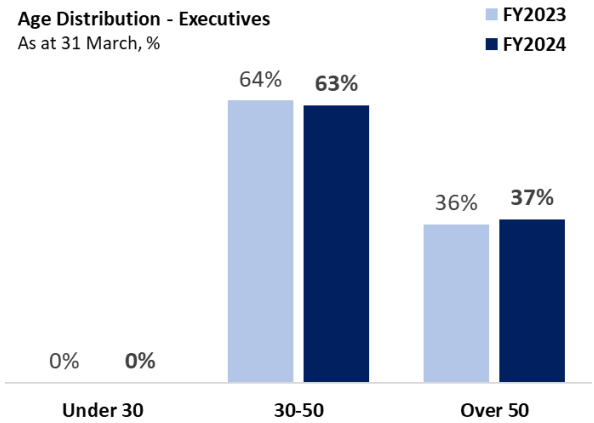
Gender Diversity by Level
As at 31 March 2024, %



Age Distribution – Non-Executives
As at 31 March, %



Age Distribution - Executives
As at 31 March, %



Health, Safety & Environment

The well-being and protection of our employees is imperative to ALR. Safety is one of the cornerstones of our culture and is embedded into our work processes. We are dedicated to promoting a safe and healthy working environment, actively working to reduce risks related to the safety, health and welfare of our employees, contractors and the public.





Occupational Safety, Health & Environment Day

Emphasising a "Safety First" Culture

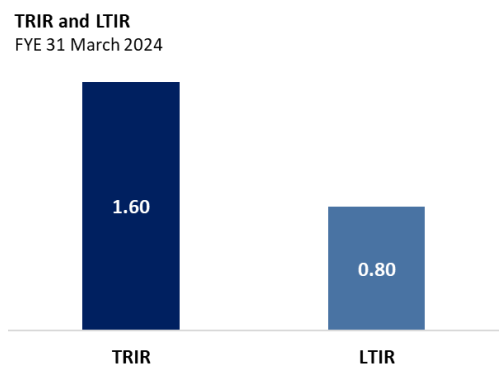
During the year under review, we undertook the following initiatives to enhance our safety performance:

- **Quarterly safety training sessions focused on hazard recognition and mitigation**
- **Improved incident reporting protocols to ensure accurate and timely data collection**
- **Ergonomic assessments and workplace design enhancements to minimize injury risks**
- **Monthly safety audits to promptly identify and address potential hazards**

A healthy and safe workplace also translates into reduced medical expenses and increased productivity, thus supporting sustainable operations and employee well-being.

The Group has an Occupational Safety & Health Committee ("OSH Committee") and operates under the guidelines of the Group's Safety & Health Committee Policy. We promote a culture of safety by continuously educating our workforce on various health and safety matters. The Group conducts quarterly OSH workplace inspections and regularly provides training on topics such as Working at Heights, First Aid, and Fire Management/Equipment. Additionally, it is mandatory for all staff and contractors working on our highways to have a valid Expressway Operations Safety Passport ("EOSP").

In line with our efforts to continue improving our sustainability reporting and to communicate ALR's performance in managing occupational health and safety, we will disclose the Group's Total Recordable Incident Rate ("TRIR") and Lost Time Injury Rate ("LTIR") moving forward.



The Group has set a zero target for LTIR, whilst for TRIR the target is to keep it to a minimum and outperform industry benchmarks (i.e. below 3). ALR remains committed to fostering a safe and productive workplace environment, and will continue to work on improving our safety performance, enhance employee safety and boosting operational efficiency across the ALR Group.

Employee Wellbeing

In FY2024, our programmes focused on both mental and physical health. We strongly encourage our employees to attend preventive health screenings as part of our commitment to promoting their overall health and wellness. During the period under review, the following events to promote a healthy lifestyle were conducted internally and with external partners to promote healthy practices amongst our employees:



Staff undergoing health screening during the programme with LPPKN

Event	External Partner	Date
Stress Management Awareness Talk	Pejabat Kesihatan Daerah, Petaling Jaya	29 August 2023
Healthy Lifestyle Talk & Health Screening (Program Kesihatan dan Kesejahteraan Pekerja)	Lembaga Penduduk dan Pembangunan Keluarga Negara (LPPKN)	25 October 2023
OSHE Day & Exhibition		1 December 2023
Estate Planning Talk (Taklimat Perancangan Harta Pusaka)	Rozariq Training Management Plt	7 February 2024

Other initiatives in FY2024

During the year under review, we focused on centralising and optimising our human resource operations to improve our employees' experience for human resource related services. This included the successful completion of Phase 1 of our migration to a new cloud-based Human Resource Management System ("HRMS") and the modernisation of related processes. Phase 2 of the implementation is underway and expected to be completed by FY2025.

In line with the integration of 4 workforces under the ALR umbrella, and in the interest of ensuring ALR's compensation and benefits remain equitable to employees, are market competitive and sustainable, we also undertook a total rewards benchmarking exercise with the help of an external independent consultant. The results of the benchmarking exercise demonstrated that ALR's overall

compensation and benefits are more competitive than the market, and excelled in the areas of protection and welfare – in particular, retirement and outpatient benefits, as well as childcare subsidy for all female employees.



Procurement Practices

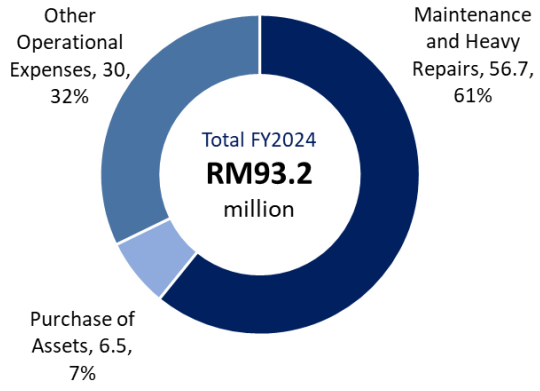
PP

Procurement practices are critical to the sustainability of the Group's operations as it directly contributes to the reliability, performance and efficiency of our operations.

Our approach

As such, the Group continuously strives to ensure that good governance and transparent procurement processes are practised. Suppliers are subject to our procurement policy, which mandates all purchases of significant value to be processed through a tender process. New contractors and suppliers are rigorously vetted by the Management for their financial and performance capabilities before being registered in our list of approved contractors and suppliers.

Amount Spent on Local Suppliers by Type
For FY2024, RM Mil, %



All vendors are subjected to a yearly assessment to determine service level performance, product and service quality, and price competitiveness.

As one of the larger highway service providers in Malaysia, ALR is committed to empowering the local economy by striving to keep our procurement practices local.

Our progress in FY2024



In line with our efforts to continuously improve our procurement processes, the Group implemented an e-Tendering and e-Bidding solution in January 2024.

The digitalisation of our tendering process and adoption of the e-Bidding platform has not only further strengthened the transparency and governance of our procurement practices, but has also resulted in additional savings for the Group.

Alongside the above, during the year under review, 100% of our supplies and assets were also sourced locally.

Aligned with the Group's goal to maintain transparent procurement practices, we will continue to emphasise on local procurement to fuel national economic growth, reduce our carbon footprint from transportation and develop long-term relationships that are built on mutual trust.

Community Investment



Launch of Student Food Aid Programme with our partner, MyKasih Foundation and the students and faculty of Sekolah Jenis Kebangsaan Tamil Castlefield Puchong

Community investment is important to us because the majority of our workforce are local, and positively impacting the local communities in which we operate will ultimately contribute to the sustainability of the Group's business.

Our approach

We strive to establish strong relationships with local communities and making positive impacts through financial support for various causes and the implementation of community programmes. The long-term sustainability of our business is intrinsically linked to the wellbeing of the communities we serve. We strive to create meaningful and inclusive contributions for everyone impacted by our operations.

Our progress in FY2024

During the year, ALR launched its Student Food Aid Programme for four schools along its highways in collaboration with the MyKasih Foundation. The Group allocated a total of RM216,000.00 to the one-year programme, which will benefit 200 students from low-income families across two (2) primary schools and two (2) secondary schools along the alignment of ALR's highways. These schools are Sekolah Kebangsaan Asli Bukit Kemandol, Sekolah Jenis Kebangsaan Tamil Castlefield Puchong, Sekolah Menengah Seri Pantai, Kerinchi, and Sekolah Menengah Kebangsaan (P) Pudu.

Under the Student Food Aid Programme, one hundred (100) primary school students and one hundred (100) secondary school students from low-income families, will each receive a monthly allowance of RM80 and RM100 respectively, for the full academic term from March 2024 to February 2025. The students will be able to draw on the monthly allowances by using their MyKad or MyKasih student smartcard, to make cashless payments for purchases at the school canteen and bookshop via the MyKasih system.

This cashless distribution approach via the MyKasih system ensures full transparency, with every ringgit of contribution going directly to the beneficiary and is used only for its intended purpose. The Student Food Aid Programme is in line with ALR's Sustainability Sukuk Framework, where we have made a commitment to Socioeconomic Advancement and Empowerment, and is further aligned with the UN Sustainable Development Goals ("UNSDGs") number 2, Zero Hunger and number 4, Quality Education.



Student recipient of the Food Aid allowance using his smartcard to pay for food at the canteen

This programme is a natural extension of ALR's social impact purpose and value proposition. Beyond the savings derived from ALR's unique not-for-profit business model for motorists and the Government – it is our aim to continue positively impacting the communities in which we operate, through programmes such as this. We hope to be able to embark on more similar programmes in the future.

-En. Sazally bin Saidi, Group CEO



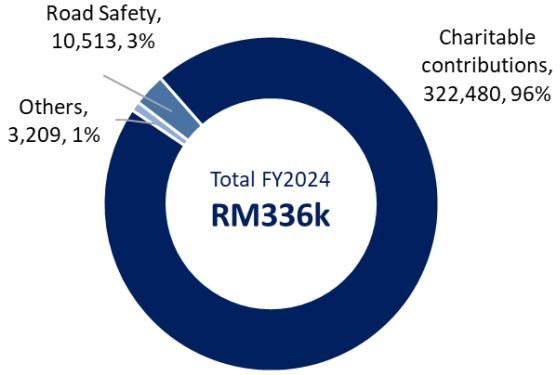
Raya Shopping Spree with Students from SK Seksyen 1, Kinrara



L – Buka Puasa with Pertubuhan Kebajikan Anak Yatim & Asnaf Sijangkang, Bandar Kinrara
R - Chinese New Year Spring Cleaning Event with Persatuan Kebajikan Wen Hua, Taman Cheras

The Group also contributed to various charitable causes and events during the year under review. In total, the Group invested approximately RM336,202 in diverse charitable causes and events to support the communities where we operate, and also offered RM21.4 million in festive toll rebates and discounts.

Community Investment FY2024
RM, %





Playing our role in tackling the

Climate Change Crisis

CLIMATE ACTION

- We aim to be a low-carbon highway operator with the use of renewable energy (solar) and green programmes for carbon avoidance
- We aim to reduce negative impacts to the environment and consumption of natural resources

The Group is committed to operating responsibly to ensure we minimise our impact to the environment, taking into consideration our role in tackling the climate change crisis, energy consumption, greenhouse gas emissions, water management, waste management and prevention of pollution.

Climate affects almost every aspect of our lives and consequently, climate change poses a significant long-term risk to the environment and everyone's well-being. This in turn threatens our ability to create sustainable long-term value for all our stakeholders. Extreme weather events and the increasing frequency of natural disasters pose physical risks to our people and assets, increasing the risk of operational disruptions and ultimately jeopardising business continuity.

As operators of four major urban highways, we acknowledge the influence our business operations have on the environment and the communities residing alongside these highways.

Stormwater Diversion

SD

SMART Tunnel

The SMART Tunnel (Stormwater Management and Road Tunnel) serves as a climate mitigation infrastructure and has the greatest environmental benefit among all highways in Malaysia, as its primary function is to save Kuala Lumpur from environmental disaster (flooding). A showcase of Malaysia's technological innovation in being the world's first dual-purpose tunnel – it continues to serve two objectives of diverting flood waters and relieving traffic congestion in Kuala Lumpur.

Designed for climate resistance with a climate observation and early warning system, and working together with the Department of Irrigation and Drainage Malaysia ("DID Malaysia"), the SMART Tunnel has diverted a total of 226.9 mil m^3 of flood waters, on more than 600 occasions and averted an estimated RM4.5 bil in public damages since opening to traffic in May 2007.

Our approach

Given the criticality of the SMART Tunnel in protecting our nation's capital and the increased instances of flooding brought about by climate change, the Group continues to invest in the upkeep and maintenance of the SMART Tunnel to ensure the risk of flooding continues to be mitigated. Please refer to the Eligible SRI Projects section for updates on the SMART Tunnel Flood Gate Upgrade Project.

Another crucial aspect to the continued effectiveness of the SMART Tunnel and the entire flood mitigation system for Klang Valley, are the retention ponds to which flood waters are diverted. In this regard, the Group also consistently engages with all relevant government and community stakeholders to ensure the upkeep of the retention ponds are maintained, and the gazettement of these ponds are not jeopardised.

SMART Tunnel's various modes of operations



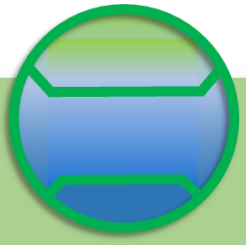
MODE 1
No stormwater will be diverted into the SMART system



MODE 2
SMART system activated and stormwater diverted into lower channel. Motorway is still open to traffic



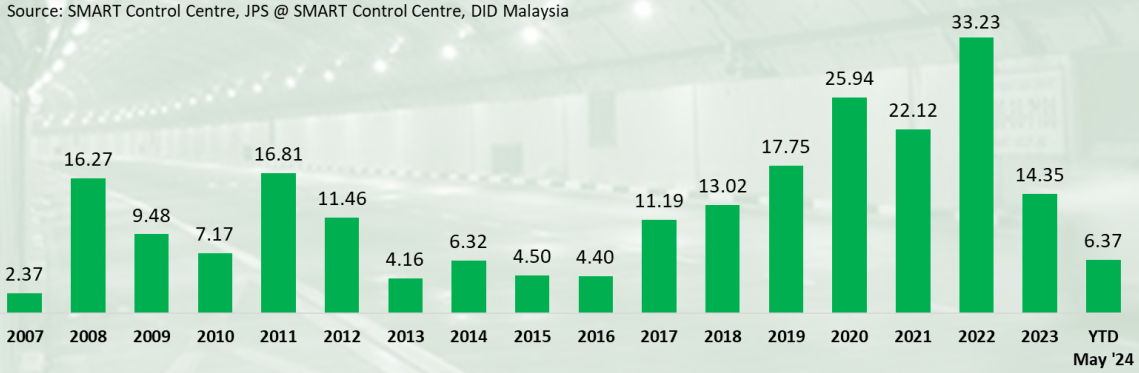
MODE 3
Tunnel is closed to traffic and on standby for stormwater diversion into the motorway



MODE 4
Lower and upper motorway decks are filled with stormwater and used as a passage to divert the stormwater

The SMART Tunnel has diverted a total of 226.9 million m³ of flood waters, on more than 600 occasions and averted an estimated RM4.5 billion in public damages since opening to traffic in May 2007, and retention ponds are crucial to the continued effectiveness of the SMART Tunnel and the entire flood mitigation ecosystem in the Klang Valley

Volume of Floodwaters Diverted
Mil m³
Source: SMART Control Centre, JPS @ SMART Control Centre, DID Malaysia

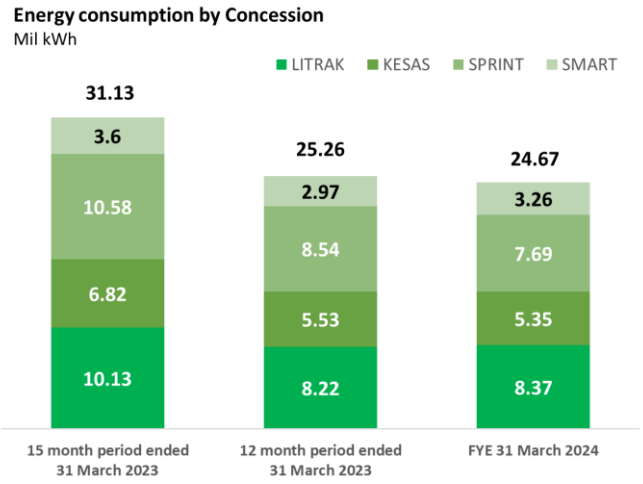


Energy Efficiency

EE

The Group consumes a significant amount of energy for its operations, to ensure the safety and comfort of our road users via the provision of sufficient street lighting along the highway mainlines, high-mast lighting at toll plazas, lighting and air quality monitoring systems in our tunnels, as well as traffic control surveillance systems, traffic light systems, and Variable Messaging Systems ("VMS"). Therefore, energy efficiency is crucial for two main reasons:

- **To reduce our carbon footprint in accordance with our climate action goal of becoming a low-carbon highway operator**
- **To derive financial upside from operational cost efficiencies in line with our objective of accelerating the full redemption of financial debts of our funders, as soon as possible**



The Group's overall energy consumption declined by approximately 2.4% from 25.26 mil kWh in the previous 12 months ended 31 March 2023, to 24.67 mil kWh in FY 31 March 2024.

Please note that the 31.13 mil kWh disclosed in the previous Sustainability Report was for the 15-month period from 1 January 2022 to 31 March 2023.

Our approach

LED Lighting

As part of our efforts to enhance energy efficiency, we are continually upgrading the lighting in our buildings to energy-saving LED fixtures. During the year under review, a project to replace all our mainline streetlights with LED lights was identified as an Eligible SRI Project. The planning and tendering stages of the project were completed in FY2024 - installation is currently in progress and the replacement of a total of 5,810 lanterns with LED lightings will be completed by the end of this calendar year for LDP and SPRINT.

Please refer to the Eligible SRI Projects section for updates on the LED Lighting Project.



New LED lights installed along LDP and SPRINT

Solar Energy

In line with ALR's commitment in its Sustainability Sukuk Framework, the Group has initiated the Solar Panel Project to progressively install solar panels at viable sites by the end of 2024. A total of ten (10) sites were identified and installation is currently in progress. As of 31 March 2024, installation has been completed at 1 site – i.e. the Kinrara Rest & Service Area ("RSA").

For more details on the Solar Panel Project, please refer to the Eligible SRI Projects section.

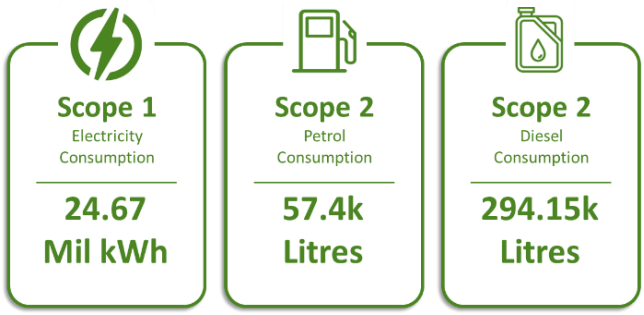


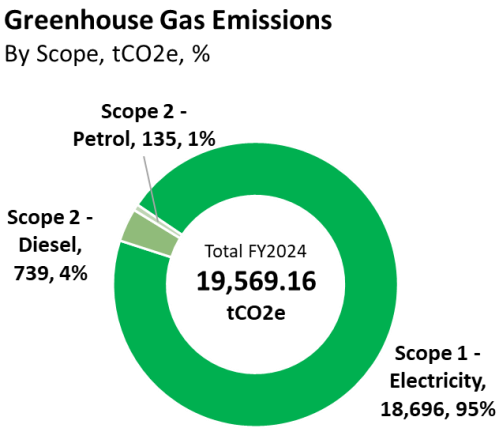
Solar Panel installation at Kinrara RSA

List of identified sites for Solar Panel Installation

Highway	Solar Panel Installation Sites
KESAS (5 sites)	Kinrara RSA
	Awan Besar RSA
	Awan Besar West Plaza
	Awan Besar East Plaza
	Kemuning Plaza
LDP (3 sites)	Petaling Jaya Selatan Plaza
	Puchong Barat Plaza
	Puchong Selatan Plaza
SPRINT (2 sites)	Damansara SPRINT HQ
	Bukit Kiara Plaza

Greenhouse Gas Emissions ("GHG")





In the course of our operations, we generate GHG from the combustion of fossil fuels related to the running of our fleet of vehicles and from our energy use. The LED lighting and solar energy initiatives above are in line with our efforts to reduce our GHG emissions through the adoption of new technologies, while the tree planting initiative below aims to further reduce our carbon footprint through carbon offset.

In line with our commitment to the continuous enhancement of our sustainability reporting and so that we may take meaningful climate action to reduce our climate impact, we have initiated the disclosure of our Scope 1 (direct emissions from the combustion of fossil fuels from our fleet of vehicles) and Scope 2 (indirect emissions from electricity purchased for our own use) emissions.

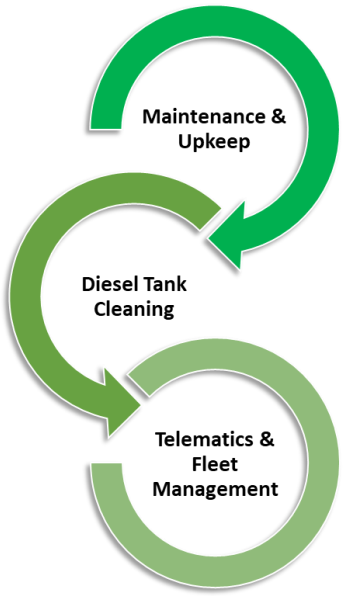
For the financial period under review, our total combined Scope 1 and 2 Greenhouse Gas Emissions (from assets and activities under our operational control) was 19,569.16 tCO2e.

Note: GHG emissions have been computed based on Malaysian Green Technology and Climate Change Corporation references as below:

- ***Electricity : Peninsular Malaysia Energy Commission 2021 Grid EF @ 0.758 kgCO2e/kWh***
- ***Petrol : DEFRA 2023 @ 2.34502 kgCO2e/litre***
- ***Diesel : DEFRA 2023 @ 2.51206 kgCO2e/litre***

Other energy efficiency initiatives

Aside from the above, we continue to pursue the following measures to ensure energy efficiency of our operations:



- Regular maintenance ensures vehicles and generator sets operate at peak efficiency. This includes tire pressure checks, engine tune-ups and addressing issues promptly
- Regular tank cleaning prevents contamination, corrosion, maintains fuel quality and efficient engine operations
- Plans to install telematics systems to monitor vehicle performance, driver behaviour and fuel consumption to identify areas for improvement and track progress

Other Environmental Commitments

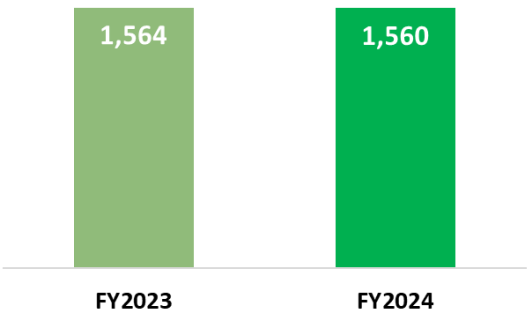
Tree Planting

Trees offer multiple benefits to the environment, our operations, and the communities we serve. Trees sequester carbon, reduce greenhouse gases, offset pollutants, improve air quality, reduce noise pollution, prevent soil erosion, and mitigate the risk of flooding.

Tree Planting is an ongoing Eligible SRI Project and during the year under review, 1,540 Eugenia Trees were planted along KESAS, LDP and SPRINT, while 20 Rain Trees were planted along KESAS and LDP.

The Group maintains a target of planting 1,375 trees annually.

No. of Trees Planted
As at 31 March





Tree planting activities along KESAS

ISO Certification

To further support the continued adoption of environmental best practices, the Group has committed to obtaining the International Organisation for Standardisation ("ISO") certification – i.e. ISO 9001:2015 Quality Management System and ISO 14001:2015 Environmental Management System within the first 3 years from the point of issuance of our Sukuk Murabahah.

Current ISO Certifications:

ISO Certification	KESAS
ISO 9001:2015 Quality Management System	✓
ISO 14001:2015 Environmental Management System	✓
ISO 45001:2018 Occupational Health & Safety	✓

Although presently only KESAS is ISO certified, the process of consolidating the certifications (including the ISO 45001:2018 for Occupational Health & Safety) at the Group level is in progress and is expected to be completed by FY2025.

Malaysia Green Highway Index Certification("MyGHI")

The Group remains dedicated to maintaining the renewal of the MyGHI certification from the Malaysian Highway Authority ("MHA") for its four highways. MyGHI evaluates how well transportation functionality and ecological requirements are incorporated throughout the entire lifecycle of a highway, including planning, design, construction and maintenance. The certifications are reviewed every 5 years.

The MyGHI audits for KESAS and SPRINT were completed during the year under review and the results are currently pending from MHA. Presently, SPRINT's recertification audit is in progress as scheduled.

Status of MYGHI Ratings:

Highway	Current Rating	Recertification
KESAS	Silver	Results pending
LDP	Silver	Audit in progress
SPRINT	Gold	Results pending
SMART	Gold	2025

Waste Management

WM

The Group is conscious of the importance of practising responsible waste management. We accumulate large quantities of indirect waste due to the high volume of daily traffic generated as a direct consequence of being an open toll system, as well as from the need to clean the SMART Tunnel after flood water diversion.

This includes roadside litter, sand, fallen trees, large obstructions, and debris carried by floodwaters. Hence, effective waste management is essential to minimise our environmental impact and ensuring compliance with relevant regulations.

Our scheduled road cleaning and maintenance include road sweeping, cleaning drain culverts along roads, and trimming overgrown grass, shrubs, and fallen tree branches. The collected waste is then transported to designated landfills.

For the year under review, the Group collected and disposed a total of 540.65 tonnes of non-hazardous waste and 258 kgs of scheduled waste.

We will continue collaborating with authorized waste disposal companies and adhere closely to the Environmental Quality Act 1974 ("EQA") and Scheduled Waste Regulations.

Noise Management

NM

Our highways pass through densely populated urban residential areas and bustling business districts, and we are mindful of the noise impacts from the operations of our highways.

As such, we proactively manage and mitigate noise impacts via the use of noise barrier walls and with the planting of shrubs and trees. We are also attentive to the varying noise levels reported by nearby communities and address such concerns comprehensively.

Rainwater Harvesting

The Group also harvests rainwater at specific sites, for cleaning our maintenance depots, operational vehicles and roads. We installed 3 new rainwater harvesting stations in FY2024, bringing the total to 6 stations.

Rainwater harvesting locations:

Highway	Solar Panel Installation Sites
LDP	Maintenance Depot
	Petaling Jaya Selatan Lay-By (NEW)
SPRINT	Maintenance Depot
KESAS	Awan Besar Rest & Service Area
	Kinrara Rest & Service Area (NEW)
SMART	**Maintenance Depot (NEW)**

During the year, the Group collected a total of 692,000 litres of rainwater for use in our operations.

Digital Transformation

For FY2024, the Group's digital transformation initiatives focused on building reliability, resilience and fostering collaboration across the Group. This included a device replacement initiative to mitigate the risk of obsolescence, enhancing intra-office connectivity and security, onboarding the Group to Microsoft 365 to support collaboration across an enlarged workforce, as well as the modernisation of our work processes via the migration to a new cloud based Human Resource Management System and the introduction of the e-Bidding solution for procurement purposes.

Next, we will be focusing on enhancing productivity and efficiency in the areas of finance and operations. Through digital transformation we aim to optimise our use and consumption of resources.



MAINTAINING RESILIENT ASSETS

- We aim to deliver unrivalled highway connectivity services to our commuters in a safe manner
- We embrace new ideas and approaches to improve the reliability of journey time

Spanning 110.7km (total length of all four highways), our highways serve over 2 million commuters daily in the Klang Valley, Malaysia.

Since the inception of Lebuhraya Shah Alam in 1996, our highway assets have helped the socio-economic development of Malaysia through infrastructure developments that have impacted the everyday lives of Malaysians in the way they commute and live.

The provision of these infrastructure highways have catalysed the country's economic growth and continues to provide essential inter-city and intra-city travel for urban and suburban commuters.

Connecting people from suburbs to the city centre and to major townships such as Petaling Jaya, Puchong, Sunway, Shah Alam and Klang, our highways serve as critical road networks that support commercial and residential developments along its North-South Klang Valley path and ongoing economic activity.

Furthermore, SMART is a strategically crucial and vital climate mitigation asset that must continue to protect our capital city from the increasing risks of flooding due to climate change

Asset Maintenance

AM

Asset maintenance is inherently important for the Group to ensure the resilience of all our highways, so that our assets can fulfil their economic purpose efficiently, and sustainably serve the rakyat and create value for all our stakeholders throughout and beyond their concession periods.

Failure to maintain our highway assets properly would negatively impact our traffic performance, jeopardise the safety of our road users and in SMART's case, cause substantial public losses due to damage and loss of productivity.

Our approach

The consolidation of the four highways under the ALR Group has enabled the pooling of expertise and resources, leading to improved and optimised maintenance for our assets.

The Group continues to diligently adhere to a maintenance work programme for each of our highways. The maintenance work programmes



Our Civil Engineering Team at site

encapsulate all aspects of highway maintenance including Civil & Structure, Mechanical & Electrical, Toll Operations, our ancillary facilities - i.e. Rest & Service Areas ("RSAs") as well as public facilities (i.e. suraus, car parks, petrol stations).

The maintenance cycles range from monthly up to every 6 years depending on the scope of work. Regular assessments, audits and inspections are done internally, and also in partnership with MHA and other specialist consultants, to ensure continuous and stringent compliance with the regulations and standards set by MHA.

During the year under review, approximately 52.7 lane kilometres were repaved as part of our pavement rehabilitation and maintenance work programme.

Road Safety & User Satisfaction

RS

Prioritising the safety of our road users is an integral part of ALR's mandate. Road safety helps protect everyone who uses our highways: drivers, motorcyclists, passengers, roadside workers, cyclists and pedestrians.



SMART Traffic Control Centre

Our approach

The Group takes active measures to prevent, detect, and address poor road conditions or any issues that may render roads impassable or unsafe. This is overseen by the Group's Engineering, Highway Maintenance, and Traffic Safety team, who continuously monitor and maintain our highways. Their efforts include daily inspections via CCTVs managed by traffic controllers at the Traffic Control and Surveillance Centres ("TCSC"), on-site surveillance by the Group's Auxiliary Police team, and the installation of video surveillance cameras on patrol vehicles for enhanced monitoring.

We also take a proactive approach in monitoring and maintaining our roads, with regular cleaning and sweeping along the highways to prevent, detect, and promptly address any issues that render the roads hazardous. These routine measures are supplemented by regular pavement and structure inspections, repair works, as well as road safety audits (which include site audits and reviews of accident data) with external consultants every three years.

Landscape Maintenance

To further safeguard the safety of our road users, we continuously carry out tree pruning to minimise the risk of fallen trees which could obstruct the traffic flow as well as cause injury to road users. We prioritise the most critical trees and locations based on the yearly risk assessment carried out by our landscape unit.

During the year under review, 1,421 trees were pruned along KESAS, LDP, SPRINT and SMART. Furthermore, in line with our environmental commitments, and to minimise the use of pest control chemicals, the Group has begun replacing some existing plants with hardier plants such as the Eugenia.



ALR's Traffic Safety Team – comprising Auxiliary Police and Patrolmen

Traffic Safety

We collaborate closely with the Malaysian Highway Authority ("MHA") to implement enhanced safety measures in accident-prone areas. By identifying the root causes of accidents, we have been able to implement appropriate technical enhancements to improve road safety and reduce the risk and occurrence of accidents.

Additionally, we continuously work with other agencies such as Polis DiRaja Malaysia ("PDRM"), Jabatan Pengangkutan Jalan ("JPJ"), Agensi Anti Dadah Kebangsaan ("AADK"), Jabatan Alam Sekitar ("JAS"), and Puspakom Sdn Bhd for traffic enforcement operations related to speeding, motorcycle encroachment and vehicle safety, amongst others. During the year under review, a total of 498 joint traffic enforcement exercises were carried out.

To minimise preventable accidents and vehicle breakdowns on our highways, we constantly monitor the indicators outlined in the table below:

Overall accident and breakdown statistics for FY2024

	KESAS	LDP	SPRINT	SMART
Tollable Traffic volume (million)	122.9	159.4	72.3	8.09
Total number of accidents	307	713	416	14
Average accidents per day	0.84	1.95	1.14	0.04
Total number of breakdowns	7,701	3,221	1,941	242
Average breakdowns per day	20.2	8.8	5.3	0.7
Total breakdowns and accidents	8,008	3,934	2,357	296

We also work towards ensuring efficient response times to accidents and breakdowns by promptly deploying our team and thereafter the safe closure of traffic lanes. Additionally, our patrol vehicles come equipped with online GPS tracking and video surveillance equipment to better assist road users and to monitor the incidents that occur on our highways.

Road User Satisfaction

The Group aims to provide our road users with an exceptional driving experience; thus, their opinion is imperative to us. For continuous improvement and development, the Group's highways receive regular customer feedback via all of its communication channels. The responses received are filtered through before being redirected to the respective departments for prompt action. We seek to leverage on the feedback received to address key issues and to continue to maintain the standards our road users expect of us.

Traffic Congestion Management

TC

Due to the rapid pace of development and the availability of more than 200 ingresses and egresses along our highways, traffic congestion is a significant concern, particularly during peak hours. Traffic congestion negatively impacts journey time and inhibits traffic growth for our highways.

Our approach

In this regard, the Group takes proactive steps to reduce traffic congestion via ongoing traffic studies, formulation of new traffic management plans, implementing contra flows, lane channelisation and reducing traffic light phasing at signalised crossings. The current traffic congestion initiatives comprise:

- Lebuhraya Shah Alam – Contraflow for Eastbound traffic between Seafield Interchange to Kewajipan Interchange
- LDP – Traffic Channelisation on Northbound traffic between Puchong Perdana Interchange and Puchong Intan Interchange
- LDP – Contraflow for Northbound traffic between Puchong Jaya Interchange to Petaling JayaToll Plaza during morning peak hours
- LDP – Utilisation of emergency lane for Northbound traffic after Penchala Toll Plaza



Open Payment at ALR's highways

The Group recognised early on that the provision of Open Payment options at our highways – i.e. the ability for users to pay for tolls using their debit and/or credit cards, would be significantly beneficial to our road users.

Aside from providing choice and convenience for road users, it also improves safety and relieves congestion at our toll plazas, as users facing insufficient balance in their Touch 'n Go cards would not need to reverse and switch lanes. Hence, during the year under review, ALR embarked on enabling all 4 of its highways with the convenience of Open Payment at its card lanes.



Screenshots of the Open Payment Card Reader Display

Benefits of Open Payment

For Road Users	*At Toll Plazas*
✓ **More Payment Options** Value add for road users	✓ **Relieve congestion**
✓ **More Convenient** No need to reload	✓ **Improve Road Safety**
✓ **No need to switch lanes** In case of insufficient Touch 'n Go card balance	

The Group launched Open Payment in September 2023, at 26 of its Dedicated Class 1 lanes (i.e. Touch 'n Go passenger car lanes), across all 12 of its toll plazas during the Proof-Of-Concept ("POC") stage. Upon the conclusion of the POC stage in December 2023, we then proceeded to start rolling out Open Payments to another 126 lanes.

95
Open Payment Lanes
enabled

As of 31 March 2024, a total of 95 Dedicated Class 1 lanes have been successfully enabled with Open Payment.

Another 57 Multi-Class lanes (i.e. lanes for all types of vehicles) will be enabled by July 2024, resulting in a total of 152 lanes enabled by FY2025.

MyDebit Partnership with PayNet

In line with our commitment to support local brands and the nation's financial inclusion agenda, ALR partnered with Payments Network Malaysia Sdn. Bhd. ("PayNet") to promote the use of MyDebit – i.e. Malaysia's most prevalent and sole local debit card scheme, as the preferred payment card scheme at our highways. PayNet is the provider of national payments network and shared central infrastructure for Malaysia's financial markets, and the operator of the MyDebit payment scheme. As the national provider of financial market utilities owned by Bank Negara Malaysia and eleven Malaysian financial institutions, PayNet is not profit motivated and its aim is to build inclusive, accessible and efficient payments and financial eco-systems for Malaysia.



The new Open Payment Card Reader at our Toll Lanes







Moving forward, ALR hopes to be able to partner with more stakeholders to continue delivering new and innovative solutions that will increase road safety, enhance road user satisfaction and relieve traffic congestion.

Government Relations

GR

Aside from being regulated by the MHA, many aspects of the Group's business are at risk of being impacted by Government decisions, both at the state and federal levels. These include matters pertaining to the preservation of retention ponds affecting our highways (in particular, SMART and KESAS), gazettement of toll-free days, land matters and the loss of ancillary income from advertising assets along our right of way.

Currently, efforts to preserve the retention ponds are underway, involving stakeholders such as residents, NGOs, local assemblypersons (ADUNs), and Members of Parliament. This ongoing initiative is vital for gathering feedback from these stakeholders to assess the feasibility of any proposed development in that area.

It is inherently important that the Government continues to understand and appreciate ALR's unique not-for-profit structure and its mandate, so that the negative impact of Government decisions can be mitigated.

Our approach

We constantly engage and work closely with all relevant Government ministries and agencies to ensure that our business model, social purpose, criticality of our highway assets and obligations to lenders and other stakeholders are well understood.



ELIGIBLE SRI PROJECTS

- The purpose of this section is to present our annual reporting in compliance with the reporting requirements as stipulated in clause 7.14 of the Securities Commission Malaysia's Sustainable and Responsible Investment Sukuk Framework.

Overview

Aside from funding the acquisition of the four highways and in line with the terms of our Sukuk Murabahah programme, an amount of RM10 million has been set aside from the sukuk proceeds of RM5.5 billion to fund Eligible SRI Projects.

To date, the RM10 million has been allocated to the various projects and utilised as follows:

No.	Project Category	Project Name	Amount Allocated (RM Mil)	Amount Utilised (RM Mil) at 31 March 2024
1.	Renewable Energy	Solar Panel	4.40	1.58
2.	Socioeconomic advancement & empowerment	Employee Education Assistance Programme	1.00	0.02
3.		Student Food Aid Programme	0.22	0.22
4.	Climate Change Adaptation	Tree Planting	0.54	0.05
5.		SMART Tunnel	*(ongoing)*	-
6.		SMART Tunnel Flood Gate Upgrade *(previously known as SMART Tunnel Rejuvenation Project)*	1.3	-
7.	Energy Efficiency	LED Street Lighting	2.10	2.10
		Total Allocated to Projects	**9.56**	**3.97**
		Unallocated Balance	0.44	
		Total Allocation from Sukuk Proceeds	**10.00**	

Notes:

- During the year under review, the Sustainability Committee approved 2 new Eligible SRI Projects – i.e. the Student Food Aid Programme and the LED Street Lighting Project
- Amount utilised as at 31 March 2024 denotes the amount for which budgetary approval has been obtained and committed.
- Recruitment and enrolment of eligible employees for the Employee Education Assistance Programme is in progress.
- The tender for the SMART Tunnel Flood Gate Upgrade project is in progress and has yet to be awarded as of 31 March 2024.

Management of proceeds

As at the end of the financial year ended 31 March 2024, the full sum of the unutilised allocated proceeds and unallocated proceeds remained in ALR's Main Servicing Reserve Account earning an interest of 4.05% per annum.

Project Updates

The description of each of the projects together with the impact indicators or targets and their current status as at the date of this report are as below:

No.	Project Category	UNSDG	Project Name	Description	Impact Indicators / Targets	Current Status
1.	Renewable Energy		Solar Panel	▪ Installation of solar panels at selected viable locations across our highway network	▪ **14.2% renewable energy share** in total final energy consumption upon completion of installation of panels	▪ Installation completed at 1 out of 10 sites ▪ Installation of remaining sites in progress ▪ Target to complete installation by end of calendar year 2024
2.	Socioeconomic Advancement & Empowerment		Employee Education Assistance Programme	▪ Providing financial assistance to employees to further their education (diploma or degree) ▪ Providing financial aid to children of employees who are pursuing tertiary education ▪ Rewarding academic excellence of employees' children	▪ **Min. 58 employees aided and 80 students aided / recognised in 5 years**	▪ Programme launched in September 2023 ▪ Programme launched in March 2024 ▪ Programme launched in March 2024
3.			Student Food Aid Programme	▪ Providing students from low-income families with a monthly allowance for food at their school canteen and supplies from their school's bookstore	▪ **200 B40 Students** across 4 schools to benefit from monthly allowance for food at school canteen and supplies from school's bookstore	▪ Adopted 2 primary schools and 2 secondary schools for this programme ▪ 50 beneficiary students in each school
4.	Climate Change Adaptation		Tree Planting	▪ Planting of trees across our highway network	▪ **1,375 trees planted annually** ▪ **~84 metric tonnes CO2 offset every 10 years.**	▪ 1,560 trees planted in FY2024
5.			SMART Tunnel	▪ Ongoing flood diversion by SMART Tunnel	▪ **Volume of water (m^3) diverted**	▪ 13.14 mil m^3 diverted in FY2024
6.			SMART Tunnel Flood Gate Upgrade	▪ Upgrade of emergency gate to cater to higher water levels	▪ **Reduced frequency of Mode 4 activation as flood risks increase**	▪ Project completion by March 2025
7.	Energy Efficiency		LED Street Lighting	▪ Replace street lighting with LED lights	▪ **40% reduction in energy consumption at installed sites**	▪ Installation in progress ▪ 3,800 (LDP) & 2,010 (SPRINT) lanterns to be replaced by FY2025

Awards & Accolades

The innovative and unique nature of ALR's business model and our social value proposition has received the following recognitions

Institution / Event	Award
Alpha Southeast Asia 16th Annual Best Deal & Solution Awards 2022	▪ Best Islamic Finance Deal ▪ Most Innovative Islamic Finance Deal ▪ Best Domestic M&A Deal of the Year
Bond Pricing Agency Malaysia	▪ Best Domestic M&A Deal of the Year
Euromoney Islamic Finance Award 2023	▪ Best Islamic Project Finance Deal
Islamic Finance News – IFN Deals of the Year 2022	▪ Malaysia Deal of the Year ▪ Structured Finance Deal of the Year
Malaysian Rating Corporation Berhad	▪ Innovative Deal of the Year 2022
The Asset – Triple A Islamic Finance Awards 2023	▪ Best Sustainability Sukuk – Transport
The Edge Malaysia Deals of 2022	▪ Best Restructuring (Special Mention)

We would like to take this opportunity to once again thank the investment community, credit rating agencies, advisors and vendors for their significant roles in making this landmark deal possible. We also extend our deepest appreciation to the Government of Malaysia and all of their respective team members, whose unwavering support made this innovative business model a reality.

Amanat
Lebuhraya Rakyat

AMANAT LEBUHRAYA RAKYAT BERHAD
Kompleks Operasi LITRAK, KM19,
Lebuhraya Damansara-Puchong,
Bandar Sunway, PJS 9, 47500
Subang Jaya, Selangor Darul Ehsan

ALR Group of Companies
KESAS | LITRAK | SPRINT | SMART
www.amanatlr.com