

SUSTAINABILITY STATEMENT

Dear Esteemed Stakeholders

I am pleased to share our 2024 Sustainability Report for the financial year ended 31 December 2024 ("FY2024") which details the sustainability initiatives over the past year of Texchem Resources Bhd. Group of Companies ("TRB Group" or "Texchem"). This report reflects our steadfast commitment to building long-term value for our stakeholders by embedding Environmental, Social and Governance ("ESG") principles into our core business strategies and operations.

The global landscape in FY2024 was marked by constant shifts, presenting a mix of challenges, opportunities, along with complex economic and geopolitical developments. Amidst this dynamic environment, sustainability remains a cornerstone of Texchem's strategy, driving us to continually evaluate and enhance our initiatives.

In FY2024, we realised another successful installation of rooftop solar panels, this time at our Thailand factory. We used 3,024 megawatt hours ("MWh") of clean energy generated by these rooftop solar system in FY2024 (FY2023: 2,585 MWh) enabling a carbon footprint reduction of 2,341 tonnes of carbon dioxide equivalent ("CO₂e") (FY2023: 1,652 tonnes CO₂e reduction).

As part of our commitment to strengthen our ESG reporting, we are proud to have published Texchem's first emissions report in FY2024. This data, covering Scopes 1 and 2 and emissions arising from business travels and employee commuting under Scope 3 emissions, will serve as a foundation for setting reduction targets, identifying opportunities for improvement and enhancing our sustainability initiatives.

Furthermore, with the alignment of our sustainability agenda to Bursa Malaysia Securities Berhad's ("Bursa Malaysia") latest Main Market Listing Requirements from the previous year, our current reporting framework will continue to offer a more transparent and comprehensive view of our sustainability performance while ensuring long-term value for all stakeholders.

Texchem acknowledges the critical need to address climate change as a global priority requiring immediate action. As a responsible corporate entity, we are dedicated to reducing our environmental impact and fostering a sustainable future. We are actively developing strategies to confront climate change by assessing our operations, identifying climate-related risks and seeking solutions to enhance our resilience.

Looking Forward

Sustainability remains at the heart of our operations, shaping the way we conduct business every day. We are deeply committed to enhancing our ESG performance, ensuring that we not only set ambitious goals but also demonstrate tangible progress through transparent reporting. As we continue to grow, we are dedicated to refining our sustainability disclosures to reflect our evolving initiatives and achievements.

Achieving meaningful, long-term sustainability requires collaboration and collective effort. We are eager to engage with our stakeholders to explore innovative solutions that drive positive change. Ultimately, our goal is to deliver enduring value to all those we serve while contributing to a more sustainable and equitable world for future generations.

Thank you.

Dr. Yuma Konishi
Chairman, Sustainability Steering Committee

SUSTAINABILITY STATEMENT (cont'd)

The annual Sustainability Statement of Texchem Resources Bhd. Group of Companies ("TRB Group" or "Texchem" or "the Group") for the financial year from 1 January 2024 to 31 December 2024 (FY2024) offers a comprehensive overview of the Group's progress in driving our Economic, Environmental, Social and Governance (EESG) agenda.

Scope and Boundaries

This report covers all business operations and activities of the Group where we have direct management control and excludes our associate companies. This includes our operations which span across South East Asia: Malaysia, Singapore, Thailand, Indonesia, Vietnam, and Myanmar.

Reporting Standards and Guidelines

This report has been prepared in accordance with:

- Main Market Listing Requirements of Bursa Malaysia Securities Berhad's Sustainability Reporting Guide 2022 (3rd edition)
- Bursa Malaysia Main Market Listing Requirements (Enhanced Sustainability Reporting Requirements: Annexure A Practice Note 9)
- Greenhouse Gas Corporate Accounting and Reporting Standard (GHG Protocol)

This report also draws guidance from:

- United Nations Sustainable Development Goals (UNSDGs)

Statement of Assurance

In strengthening the credibility of our Sustainability Statement, the following common indicators had been subjected to an internal review by our Group Internal Assurance & Consulting Department:

Subject Matters	Common Indicators
Anti-Corruption	<ul style="list-style-type: none"> • Percentage of employees who have received training on anti-corruption • Confirmed incidents of corruption and action taken
Community and Society	<ul style="list-style-type: none"> • Total amount invested in the community where the target beneficiaries are external to the listed issuer • Total number of beneficiaries of the investment in communities
Diversity	<ul style="list-style-type: none"> • Percentage of employees by gender and age group, for each employee category • Percentage of directors by gender and age group
Health and Safety	<ul style="list-style-type: none"> • Number of work-related fatalities • Number of employees trained on health and safety standards
Labour Practices and Standards	<ul style="list-style-type: none"> • Percentage of employees that are contractors or temporary staff • Total number of employee turnover by employee category • Number of substantiated complaints concerning human rights violations
Supply Chain Management	<ul style="list-style-type: none"> • Proportion of spending on local suppliers
Data Privacy and Security	<ul style="list-style-type: none"> • Number of substantiated complaints concerning breaches of customer privacy losses of customer data

The boundary of the internal review includes Texchem's operations in Malaysia, Singapore, Thailand, Indonesia, Vietnam, and Myanmar. This assurance serves to affirm the continued enhancement in our commitment to transparency, accountability and adherence to ethical reporting standards.

SUSTAINABILITY STATEMENT (cont'd)

Report Accessibility and Feedback

This report is available on Texchem's website at <https://texchemgroup.com/investor-relations/>. Any feedback, suggestions, or inquiries in relation to the topics discussed in this statement can be directed to esg@trbgroup.com.

Our Journey towards Sustainability

At Texchem, we remain steadfast in our commitment to sustainability, continually refining our approach to integrate Economic, Environmental, Social and Governance (EESG) principles into every aspect of our operations. Our focus is on strengthening our value chain to build a resilient, inclusive economy while generating shared value for all stakeholders. Sustainability is woven into the fabric of our daily business practices, enabling us to cultivate enduring partnerships and contribute to the broader growth and development of the locations where we operate.

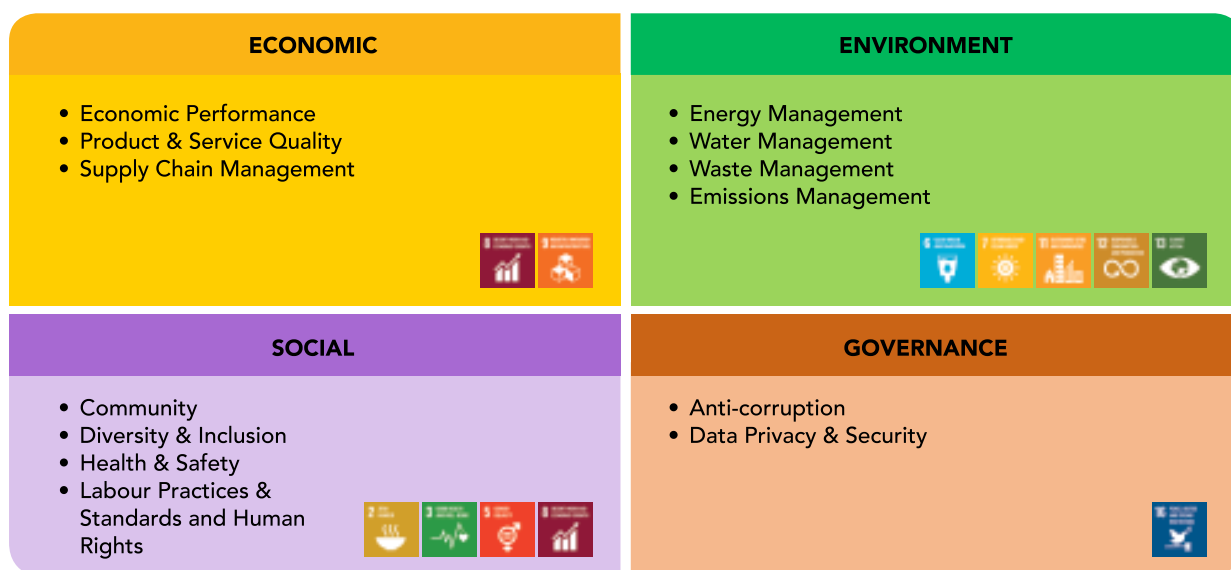
Materiality Assessment

After due deliberation, based on the Texchem's present operating environment, business model and future business aspiration and opportunities, the Management has approved to retain its material topics and materiality matrix for FY2024.

1. Material Matters

Texchem material matters have been refined to align with the Bursa Malaysia Main Market Listing Requirements in relation to enhanced sustainability reporting framework i.e. Common Sustainability Matters.

Common Sustainability Matters FY 2024

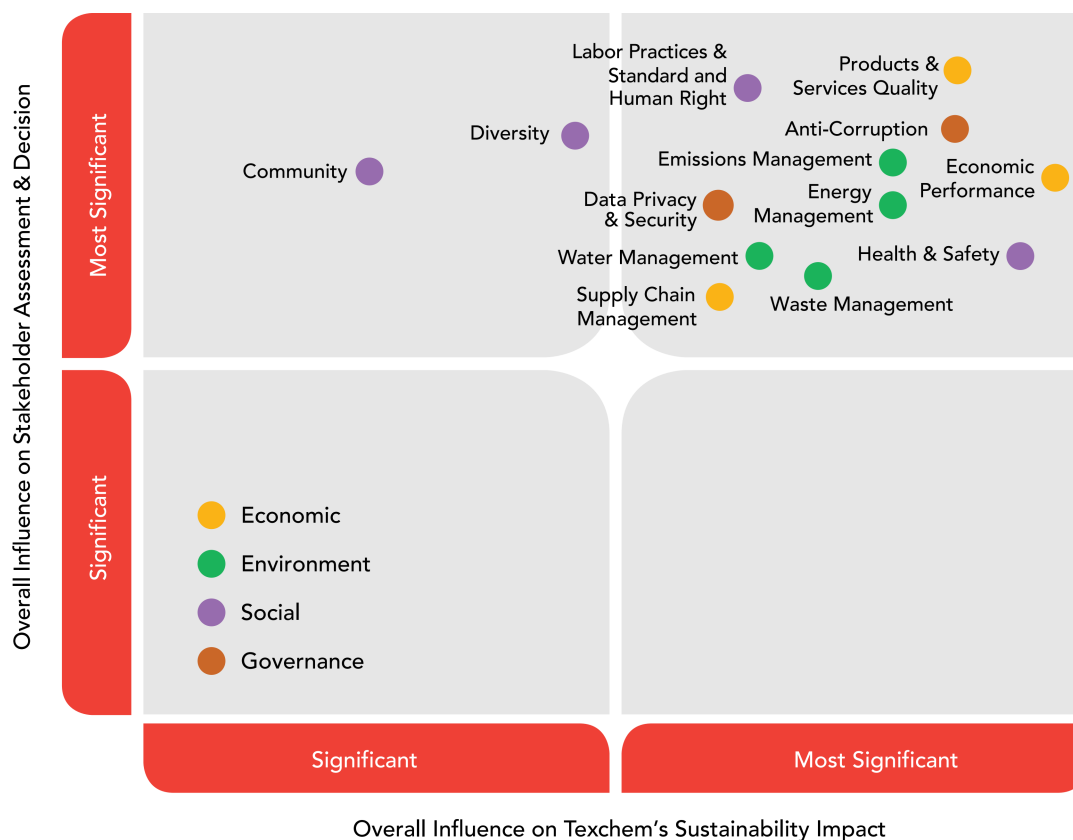


SUSTAINABILITY STATEMENT (cont'd)

2. Assessment Process

Our materiality assessment process was conducted through our evaluation of various stakeholders' engagement throughout the year, peer comparison reviews and cognizance of the current economic, environmental as well as social trends both locally and globally. On top of this, the dynamic business landscape was continually assessed to ensure that we remain vigilant and ever-ready in managing our business risks and harnessing opportunities. This process has allowed us to rank our material matters based on their priority and the severity of impact not only on Texchem's business operation but also to both internal and external stakeholders, with future-proof plans are formulated as part of mitigation strategy.









Materiality Matrix



SUSTAINABILITY STATEMENT (cont'd)

2. Assessment Process (cont'd)

Stakeholder Engagements (cont'd)

Stakeholder Group	Type of Engagement	Sustainability Concerns
Customers 	<ul style="list-style-type: none"> Dialogue/Conference calls Status Updates and Operational Presentations Customer visits Customer surveys 	<ul style="list-style-type: none"> Competitive prices, quality, product safety Customer satisfaction Creating total solutions Timely delivery
Board of Directors 	<ul style="list-style-type: none"> Board Meetings Audit and Risk Management Committee Meetings Other Committee Meetings 	<ul style="list-style-type: none"> Revenue and profit growth, financial results Corporate Governance compliance to all relevant Regulations and Law Adequate Procedures on Anti-Corruption and Bribery EESG progress
Employees 	<ul style="list-style-type: none"> Annual Performance Development Review Employee Engagement activities Education and Training Programs Volunteer and Corporate Social Responsibility ("CSR") programs 	<ul style="list-style-type: none"> Employee development and career planning Building high performance culture Talent management and retention Healthy and safe work environment Building values of empathy among employees
Investors 	<ul style="list-style-type: none"> Half-yearly results briefing Annual General Meetings 	<ul style="list-style-type: none"> Revenue and profit growth Good dividend payout Good EESG practices
Vendors/ Suppliers 	<ul style="list-style-type: none"> Supplier qualification and selection Supplier evaluation and periodic audits Engagement and meetings 	<ul style="list-style-type: none"> Sustainable and consistency in supply Quality of goods and services Fair and mutual agreements
Government/ Regulators 	<ul style="list-style-type: none"> Quarterly results announcements Consultative activities and meetings Industry events and seminars 	<ul style="list-style-type: none"> Adherence to Law and Regulations Corporate Governance and Compliance
Community 	<ul style="list-style-type: none"> CSR programs Corporate volunteer programs 	<ul style="list-style-type: none"> Uplifting the needy groups in our society Foster better relationships and partnership Good corporate citizen
Bankers 	<ul style="list-style-type: none"> Timely business and financial updates Periodic dialogues and discussions 	<ul style="list-style-type: none"> Financial performance Good EESG practices Risk management

SUSTAINABILITY STATEMENT (cont'd)

GOVERNANCE

At Texchem, it is our utmost priority to conduct our business ethically by adhering to the highest standards of good governance as it represents our brand value and our commitment to our stakeholders. We recognise the importance to ensure all our business operations are conducted in compliance with all pertinent laws, rules, and regulations, maintaining the highest ethical standards, in all countries that we operate in. We acknowledge that any non-compliance will bring adverse impacts including loss of stakeholder trust and confidence, susceptibility to legal and financial liability, challenges in attracting top talent, and most important, to maintain the license to operate.

Board Oversight on Sustainability and Governance

Texchem's Board of Directors plays a vital role in upholding good governance and spearheading sustainability agenda across the Group. Setting a strong "tone from the top", the Board has oversight on the Group's economic, environmental, social and governance (EESG) strategies, matters related to climate change, status of EESG implementation and performance. At the Group level, the Sustainability Steering Committee (SSC), supported by the Sustainability Working Committee (SWC), is responsible in establishing the Group's sustainability strategies and advise the Board accordingly.

Going forward, in ensuring greater ownership and oversight of Texchem's sustainability agenda and strategies, the Board had initiated discussions to introduce more robust sustainability-linked Key Performance Indicators (KPIs) for the Board as well as Key Management to ensure the KPIs are congruous with Texchem's diverse business landscape.

Board of Directors	<ul style="list-style-type: none"> The Board of Directors has oversight on Texchem's sustainability agenda Oversees the Group's sustainability initiatives Provides final review and approval on sustainability matters related to the Group
Sustainability Steering Committee (SSC)	<ul style="list-style-type: none"> Comprises of President and Group Chief Executive Officer (Chair of SSC), Divisional Presidents and CEOs, Group Chief Financial Officer, Group Chief Administrative Officer & Chief Human Resources Officer and Legal Director Advisor to the Board in matters relation to EESG and climate change Develops, monitor and review the Group's overall sustainability agenda and strategies Ensures sustainability disclosures are aligned with the Listing Requirements
Sustainability Working Committee (SWC)	<ul style="list-style-type: none"> Comprises the various department representatives within the Group Supports the SSC in planning, execution and monitoring of EESG strategies, plans and initiatives Assists SSC in the preparation of EESG reporting and annual sustainability statement

Corporate Governance and Regulatory Compliance

Our approach to corporate governance is underpinned by a comprehensive suite of policies developed to reinforce ethical business and professional business conduct within Texchem. These policies are applied consistently across Texchem, fostering a shared commitment to good corporate behaviour among all subsidiaries. Relevant policies are also extended to our suppliers and business partners, promoting integrity throughout the supply chain. To this end, our primary focus sets upon adopting the substance of good governance, not merely its form, with the aim of ensuring Texchem's effectiveness in enhancing shareholder value.

Board Policies	Corporate Policies
<ul style="list-style-type: none"> Remuneration Policy and Procedures Director's Fit and Proper Policy Policies and Procedures to Assess the Suitability and Independence of External Auditors 	<ul style="list-style-type: none"> Anti-Corruption Policy Code of Conduct and Ethics Conflict of Interest Policy Whistleblower Policy Sustainability Policy Vendor Code of Conduct

The above policies are accessible at <https://texchemgroup.com/investor-relations/#governance>.

SUSTAINABILITY STATEMENT (cont'd)

Anti-Corruption

At Texchem, we believe that by upholding highest standards of transparency, accountability and integrity is good for business and it ensures long-term success and sustainable growth, where our stakeholders will remain confident in the manner we run business. As such, we maintain a stringent zero-tolerance policy to all forms of bribery and corruption in all our business interactions. This no-compromise stance is encapsulated in our Anti-Corruption Policy and Procedures (ACP) founded on the T.R.U.S.T. principles in accordance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009. Our comprehensive framework includes an updated Code of Conduct and Ethics and Vendor Code of Conduct, providing Directors and employees with clear guidance on identifying and avoiding corrupt practices while setting explicit behavioural standards.

The ACP's scope encompasses not only our immediate workforce but also extends throughout our supply chain and business partnerships, establishing a comprehensive shield against corruption risks across all operations. These policies, procedures and guidelines are subject to regular reviews and have been communicated to all employees via various communicating channels. In FY2024, we maintain 100% of our Board members as well as our employees received training on the Anti-Corruption Policy and Procedures, including new hires. To further strengthen our commitment to transparency, the Group's Whistleblowing Policy provides stakeholders with a secure and confidential channel to report potential violations or questionable practices without fear of retaliation. In FY2024, there are no report on our whistleblowing channel and there are no confirmed incidents of corruption and action taken.

Assessment for Corruption Risks

Recognising the importance of risk assessment in good management practice, top-level management emphasizes the need for effective risk assessment embedded at all organisational levels to ensure the integrity of our business remains intact. As part of its rotational audit planning, our Group Internal Assurance and Consulting Department has conducted a limited assurance on the corruption-risk assessments, with 59% of our total operations covered.

Data Privacy and Security

As cybersecurity risks continue to rise, safeguarding sensitive data has become an increasingly critical responsibility for Texchem. We are committed to ensuring the protection of data belonging to our clients, customers, and internal teams by adhering to the Personal Data Protection Act 2010 and maintaining rigorous privacy and cybersecurity protocols.

In FY2024, we have experienced a cybersecurity incident whereby some data in the servers were encrypted and access to the data was blocked. The Group took immediate and appropriate action to isolate the network and restore the affected servers. To the best of our knowledge, there were no data leakage and no complaints were received regarding the loss of customer data or violations of privacy. Texchem continually work towards strengthening its cybersecurity infrastructure and address potential gap by reinforcing the current data privacy and security policy and procedures to ensure our network is robust and protected against cybersecurity threats. We remain committed to maintaining the highest standards of data security. In addition, the Texchem Code of Conduct and Ethics addresses the responsibilities of all employees in protecting the company's confidential information including customer details or any information related our business operations, as well as treating third parties' information with the same degree of care.

ECONOMIC

At Texchem, we strongly believe that financial resilience and business continuity is built upon two integral aspects: satisfied customers and supportive supply chain. These stakeholders are a reflection of how we manage operational excellence, where our efforts are proven through our financial standings and performance.

Economic Performance

The sustainability of our economic performance is vital to our ability to support long-term value creation and continue to pursue other sustainability agendas. We are mindful of our responsibilities to create decent employment opportunities and promote economic development within the local communities. On this note, Texchem continually generates value for our stakeholders in our commitment to creating sustainable future for all.

SUSTAINABILITY STATEMENT (cont'd)

In FY2024, Texchem posted a revenue of RM 1,118 million, an increase of 12.5% as compared to preceding year, a testament of our strong commitment in driving business excellence.

	FY2024 RM'mil	FY2023 RM'mil	FY2022 RM'mil
Economic Value Generated	1,118	994	1,143
Total Revenue			
Economic Value Distributed:			
Total Operating Costs (excluding depreciation, impairment, staff costs & benefits, share based payments)	861	761	887
Staff Costs & Benefits (excluding share based payments)	176	172	174
Income Tax Expenses	9	8	15
Dividend Returns to Shareholders	–	–	16

Product & Service Quality

As a player in the service industry, the quality of our products and services is key to our business sustainability and continuity. We acknowledge that by consistently delivering top-notch products and services certified with globally recognised standards, building trust, and driving customer satisfaction only can we secure a competitive edge in the market. To this end, product services and quality remains the top material matter across all our divisions, where we strive not only to achieve excellence, but to ensure the excellence is sustainable and replicable, and above all, we endeavour for continual improvements in all our operations. Key practices such as customer satisfaction, employee training, waste management, and equipment maintenance are integrated into our operations to maintain efficiency and reliability.

Specifically in our Food and Restaurant Divisions where food safety and control are of serious matter, we have established strategies to ensure highest standards of product services and quality, as well as safeguarding customer health and safety. This includes:

- Established procedures to monitor critical control points (CCP), operational prerequisite programs (OPRP) and scheduled regulatory review to ensure strict adherence to regulatory requirements and food safety standards, minimising food safety hazards
- Obtained relevant certification such as Hazard Analysis and Critical Point (HACCP), Good Manufacturing Practices (GMP), Makanan Selamat Tanggungjawab Industri (MeSTI) etc. ensure our operations are in accordance with industry standards and legal requirements
- Established stringent temperature monitoring, comprehensive laboratory testing, robust hygiene practices, and systematic supplier evaluations
- Committed to zero-tolerance stance on significant downtime. Minimising production downtime and equipment breakdown is significant for maximising productivity, enhanced operational efficiency and maintain a reliable and robust infrastructure
- Established metric and targets to monitor performance and opportunities for improvement
- Invested in comprehensive training for our employees in proper food handling and hygiene through the Sushi King Academy, as well as on-the-job training at our outlets

In FY2024, we are proud to achieved 3 Zeroes across our food and restaurant division: Zero food poisoning cases, zero complaints of product quality per shipment, and zero complaints related to food safety hazards, including microbiological, chemical, or physical issues. The Group remains committed to diligently monitoring and addressing food safety risks, continually strengthening our practices to maintain the clean track record.

SUSTAINABILITY STATEMENT (cont'd)

Accreditation and Certification

At Texchem, we take pride in the quality of our products and services. As our business spans across various industries, we ensure our products and services are manufactured in accordance to international standards and codes that are globally recognised. Accreditations also serve as a benchmark of our performance, showcasing our ability to meet stringent requirements while staying competitive in a demanding market. This commitment reflects our focus on maintaining trust among stakeholders and delivering sustainable value across all areas of our operations.

Division	Certification	Total
INDUSTRIAL	ISO 9001:2015	6
	ISO 14001:2015	1
	ISCC Plus	1
	Ecovardis	1
	Global Recycled Standard (4.0)	1
	OEKO-TEX Eco Passport	1
POLYMER ENGINEERING	ISO 9001:2015	6
	EN ISO 134585:2016	5
	ISO 14001:2015	6
	IATF 16949:2016	1
FOOD	Hazard Analysis and Critical Control Point (HACCP)	6
	HACCP (GHPs)	2
	Halal (Myanmar)	14
	Certificate of Good Aquaculture Practice (GAqP)	1
	U.S. Food and Drug Administration Registration	3
	Good Hygiene Practice (GHP) Certificate	2
	ISO 22000	3
	Good Manufacturing Practice (GMP)	1
	Halal MS 1500:2019	29
	Makanan Selamat Tanggungjawab Industri (MeSTI) Certificate	2
	OEM Halal	1
	Veterinary Health Mark (VHM) Cert V283	1
RESTAURANT	ISO 9001:2015	1
	ISO 22000:2018	1
	Halal (Warehouse) MS 2400-2	1
	Halal (Transportation) MS 2400-1	1
	MyFood Tag	1
	HACCP Codex Alimentarius 2020	1
	"Sijil Pengiktirafan BeSS" (Bersih, Selamat dan Sihat bagi Pengusaha Premis Makanan)	3
	Halal MS 1500	116
VENTURE	ISO 9001:2015	1
	ISO 14001:2015	1
	ISO/EC 17025:2017	1

SUSTAINABILITY STATEMENT (cont'd)

Halal Certification

Consumers are becoming more mindful of what they consume, increasingly prioritizing transparency in the products they choose. Halal certification, trusted as a verifier of both ingredients and processes, aligns with these expectations by ensuring quality and compliance. The Halal stamp of approval not only builds consumer confidence but also differentiates products, adding value and setting them apart in a competitive market.

In FY2024, the Group continued to advance its halal brands, maintaining strict adherence to certification standards.

Brands Certified Halal

 <p>Brand : SUSHI KING</p> <p>Operations : Restaurant - 117 outlets</p> <p>Country : Malaysia</p>	 <p>Brand : HOSHINO COFFEE</p> <p>Operations : Restaurant - 5 outlets</p> <p>Country : Malaysia</p>	 <p>Brand : KOKUBU</p> <p>Operations : Food logistics & warehouse operations</p> <p>Country : Malaysia</p>
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Customer Satisfaction

Customer satisfaction is a reflection of our performance. Negative feedback on our product and service quality can jeopardise our brand image and customer relationships, impacting business performance and industry standing. At Texchem, our approach to mitigate these risks is to actively hear from our customers through annual customer satisfaction surveys. In addition, we managed customer feedback through our Customer Complaint Action Form (CCAF) process, which enables thorough investigation, root cause identification, corrective actions, and improvement plans, along with final customer feedback.

Supply Chain Management

Texchem is deeply committed to sustainability, extending our efforts beyond internal operations to embrace the highest ESG standards throughout our supply chain. Responsible procurement practices are embedded across the procurement lifecycle, enhancing supply chain resilience to contribute to broader economic and environmental goals. Our procurement policies emphasize confidentiality, conflict-of-interest prevention, and fair dealings with suppliers, reflecting our commitment to ethical business practices.

Supplier Code of Conduct

We acknowledge that any potential non-compliance by our suppliers, vendors and others could directly or indirectly affect our brand reputation, as such, all our vendors are bounded by the Texchem Vendor Code of Conduct. This policy strictly requires all vendors to comply with laws, regulations, and guidelines applicable to them in countries where they operate, providing safe and healthy working environment, protect and treat workers with respect and dignity, and shall be in full compliance with all their respective obligation under any agreement with Texchem.

To reinforce these principles, the Group's Anti-Corruption Programme sets a benchmark for integrity, accountability, and professionalism. All suppliers, vendors, contractors, and third-party partners are required to adhere to Texchem's Anti-Corruption Policy and Procedures (ACP) and comply with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act). Binding anti-corruption commitments are integrated into all third-party agreements, ensuring alignment with relevant laws and standards.

Supplier Performance and Evaluation

Texchem's Supply Chain Management encompasses a structured and systematic approach across its various divisions, ensuring efficient sourcing, production, and delivery. Each division adheres to established procedures and best practices to maintain highest standards, sustainability, and compliance in its operations. Periodic supplier audits and assessments based on standard operating procedures established are conducted to ensure quality of products and services, timeliness of deliveries, as well as process compliance and efficiency are strictly adhered to.

SUSTAINABILITY STATEMENT (cont'd)

Supporting Local Economy through Procurement

In the commitment to sustainable future for all, we are dedicated to supporting local economy by prioritizing and partnering with local suppliers, reducing carbon footprints while fostering community development. In FY2024, 44.5% of our total expenditure on goods and services was with local suppliers. Moving forward, we will continue to expand our supply chain network locally, not only to minimise our carbon footprints, but also to reduce our exposure to climate change risk.

ENVIRONMENTAL

We acknowledge that our business operations contribute a significant impact to the environment, especially through the natural resources that we consume, emission and waste generation, we are mindful of our carbon footprint. To this end, we at Texchem have embarked on the carbon journey, where we are currently focusing on organisational capacity building and establishing our carbon inventory.

On managing our GHG emissions and carbon inventory, above and beyond direct and indirect emissions which are within our control, we are working towards measuring embodied carbon footprint which stemmed from our supply chain by establishing carbon inventory and procedures.

In FY2024, the Group has organised a training on Sustainability Risks and Opportunities & Section 17A of MACC Act 2009 on Anti-Corruption Measures for top and senior management including those at Vietnam, Thailand, and Myanmar. Moving forward, we will continue to cascade ESG awareness and carbon management not only to our employees, but also to our value chain.

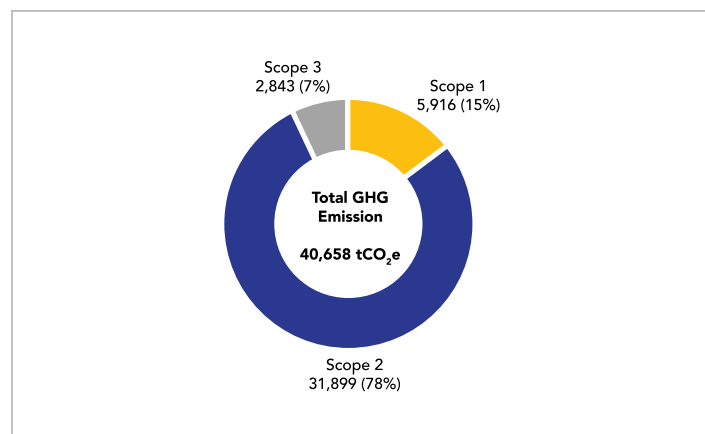
Energy Management

Climate change is no longer a buzz word which we can afford to ignore as the impacts such as rising temperature, inclement weather, sea level rise are more prominent in recent times. Texchem acknowledges that our energy consumption and GHG emissions contribute to climate change impacts. We recognise that as a corporate citizen, it is our responsibility to reduce our carbon footprint and ensure our business strategies are resilient and adaptable in the face of evolving climate conditions as we continue to thrive in a low-carbon economy.

Managing Our Emissions

Our data is derived from emission factors published by reputable sources, including the Department of Environment, Food and Rural Affairs (DEFRA) in the United Kingdom, and the Energy Commission (EC). We adopt globally recognised standards set by the World Business Council for Sustainable Development and the World Resources Institute's Greenhouse Gas Protocol (WBCSD/ WRI GHG Protocol) for the calculation of our GHG emissions. FY2024 marked the first emission report by Texchem, with which we aim to improve our disclosures, monitor, and establish reduction targets moving forward.

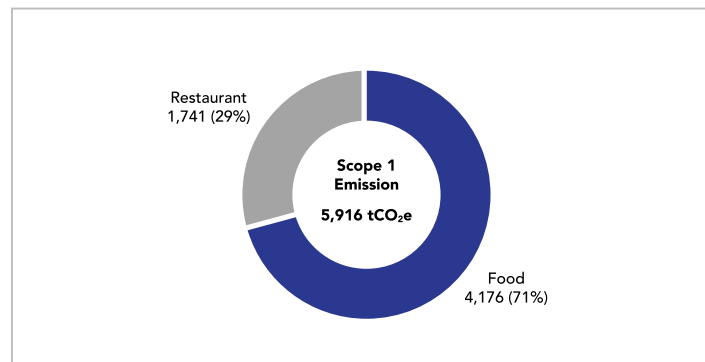
Total GHG Emissions in FY2024 (tCO₂e)



SUSTAINABILITY STATEMENT (cont'd)

Scope 1 Emissions

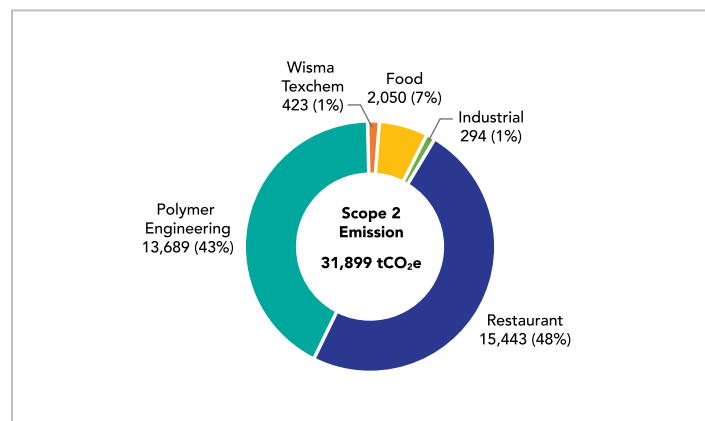
Scope 1 emissions accounts for 15% of our total carbon footprint. Scope 1 emissions include all direct emissions released from fuel consumption at plants and worksites owned or controlled by Texchem. Due to the nature of our business operations, Texchem's direct emissions contributed by both Restaurant and Food Divisions are mainly from the delivery and transportation fleet.



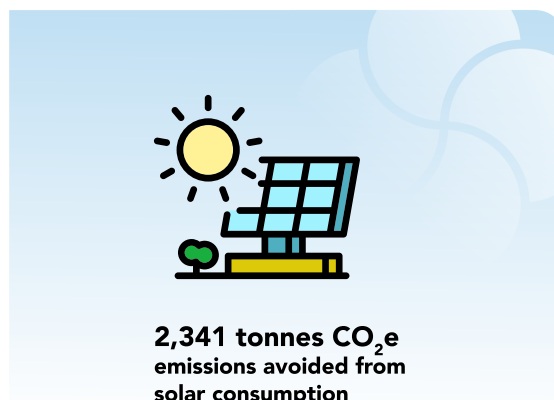
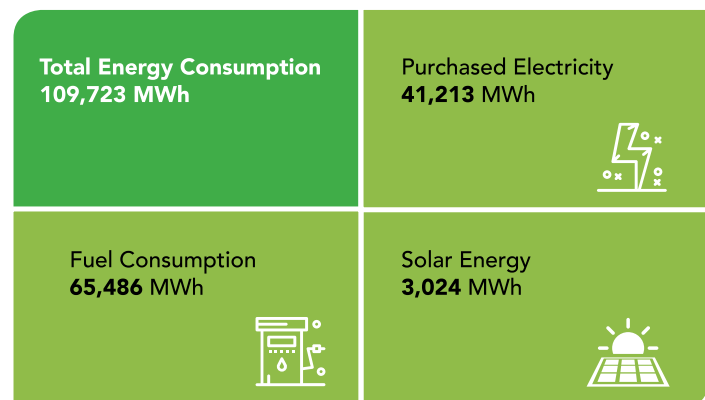
Note: Figures stated may not add up due to rounding of decimals.

Scope 2 Emissions

Scope 2 emissions accounts for 78% of our total carbon footprint. Scope 2 emissions are contributed from indirect emissions from electricity purchased and consumed at plants and worksites owned or controlled by Texchem.



Note: Emission factor for operations at Singapore, Vietnam, Thailand and Myanmar have been standardised to follow the latest emission factor published by Energy Commission.



Note: Fuel includes diesel, biomass, liquefied petroleum gas (LPG) and petrol consumed for operations

SUSTAINABILITY STATEMENT (cont'd)

Scope 3 Emissions

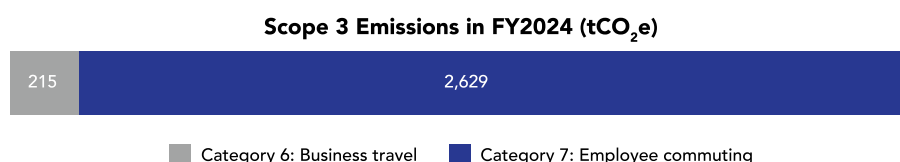
Emissions under Scope 3 include all other indirect emissions generated across our business operations. This year, we have collated 2 categories under Scope 3:

Category	Boundary	Calculation Methodology
1 Business travel	Texchem Group	Distance-based method
2 Employee commuting	Texchem Group	Distance-based method

Definition

- **Distance-based method:** Determining the distance and mode of travel, then applying the appropriate emissions factor for the mode used.

Scope 3 Emissions in FY2024 (tCO₂e)



Note: Figures stated may not add up due to rounding of decimals.

Progressing in Low Carbon Economy

We are fully committed to reduce our environmental impacts by prioritising energy conservation and improving our energy efficiency. Our initiatives include:

- Energy-saving and cost-effective techniques in manufacturing processes are adopted to reduce operational carbon footprint and energy consumption by adopting new technology and investment in equipment upgrades
- We have made significant operations upgrades at our Polymer Engineering Division by introducing a servo-type vertical injection moulding machine, which enhances efficiency and precision. Additionally, the division replaced its low-efficiency air compressors with high-efficiency Variable Speed Drive (VSD) air compressors, reducing energy consumption. The commitment to sustainability continues with the ongoing use of LED lighting in new production areas, contributing to energy savings and a reduced environmental impact
- Solar photovoltaic (PV) panels installed on our assets where feasible to reduce electricity demand from national grid
- Energy-saving LED lightings installed at our Sushi King restaurants.

While we continue to deploy solar-based energy into our operations, we have embarked on our next phase in energy conservation to identify areas where energy is being wasted and provide a roadmap for improvement opportunities. It involves analyzing energy consumption, identifying potential inefficiencies, and benchmarking against industry standards. We are committed to progressively reduce fossil fuel consumption without compromising our production output and operational efficiency.

Water Management

Water scarcity is increasingly becoming a significant issue due to various factors such as pollution, change of weather patterns, inefficient water management, overconsumption and rise in demand for freshwater. As water is a key resource in most of our processes, water disruption may affects business operations and productivity.

In FY2024, we have not received any fines and penalties with regards to non-compliance in our water discharges.

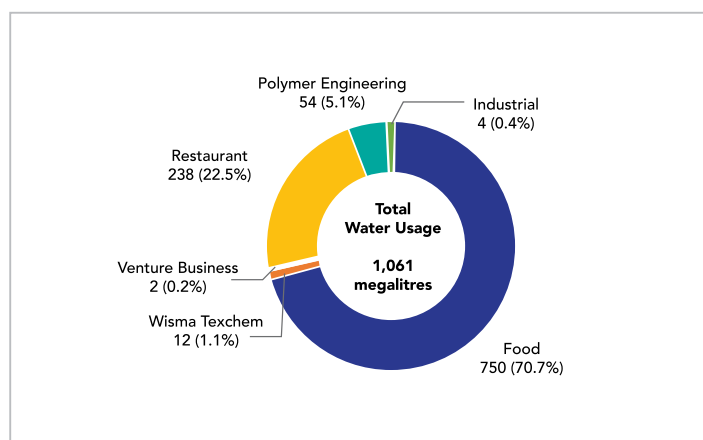
SUSTAINABILITY STATEMENT (cont'd)

Water Conservation Initiatives

At Texchem, we have in place initiatives that aim to reduce our demand for potable water and reduce wastages. This includes:

- Water recycling at Polymer Engineering Division where wastewater from production lines is recycled for non-potable application such as toilet flushing
- Create awareness among employees for responsible water usage behaviour at our business and operating sites
- Closely monitor potential leaks and sudden increases in water consumption

We will continue to explore avenues for alternative water source, opportunities for water recycling and reuse, as well as actively reducing our water footprint through process optimisation and improvement.



Note: Figures may not add up due to rounding of decimals

Waste Management

At Texchem, we recognise the critical importance of responsible waste management as a cornerstone of our operations. Beyond safeguarding the environment and public health, efficient waste management drives cost efficiency through waste reduction and resource recirculation. It also opens avenues to improve operational processes while embracing the principles of a circular economy. By fostering collaboration with the community, we aim to build a more sustainable ecosystem, mitigate environmental impacts, prevent pollution, and conserve precious natural resources.

Food Waste Management

We actively manage food waste and packaging materials to minimise environmental impact and support circular economy practices. Materials such as cartons, plastic bags, plastic pails, foam boxes, tins, strapping bands, steel, and drums are sold as scrap and subsequently processed into value-added products.

Since October 2024, we have further enhanced these efforts by selling salmon heads to buyers capable of repurposing them for meaningful uses. To close the loop further, we are currently exploring partnerships with animal feed manufacturers to transform salmon waste, including salmon heads into sustainable animal feed, reinforcing our commitment to circularity. Additionally, used cooking oil is collected and sold to third-party suppliers for processing, ensuring it can be repurposed rather than discarded.

Looking ahead, we are dedicated to innovating and implementing new ways to maximise the value of all food waste and by-products. Through recycling and reprocessing initiatives, we aim to transform waste into valuable resources, ensuring that our operations are aligned with resource efficiency and environmental sustainability.

Industrial Waste Management

The Group recognises that industrial waste can be hazardous and harmful to the environment and nearby communities. As such, we adhere to stringent protocols under the Scheduled Waste Management guidelines outlined in the Environmental Quality Act 1974 for its proper disposal. The eSWIS system is employed to ensure compliance with the Environmental Quality (Scheduled Waste) Regulation 2005, enabling efficient tracking and management of waste disposal. Currently, industrial waste is disposed of monthly to ensure responsible handling and adherence to environmental standards.

SUSTAINABILITY STATEMENT (cont'd)

At this stage, waste diversion has not yet been implemented. However, it remains a key focus area for improvement. We are actively exploring opportunities and solutions to introduce waste diversion practices, such as recycling and repurposing industrial waste, to align with our broader sustainability objectives. By reducing reliance on landfills and developing innovative methods to process industrial waste, we aim to minimise our environmental impact while advancing a more sustainable and circular economy.

In FY2024, we have diverted 79.4% of total waste generated from landfill disposal and recycled more than 8,690 pieces of used materials, demonstrating our commitment to sustainable waste management and recycling efforts.

We remain steadfast in our commitment to continuous improvement in industrial waste management, ensuring full compliance with regulations while progressing towards more sustainable and efficient waste handling practices.



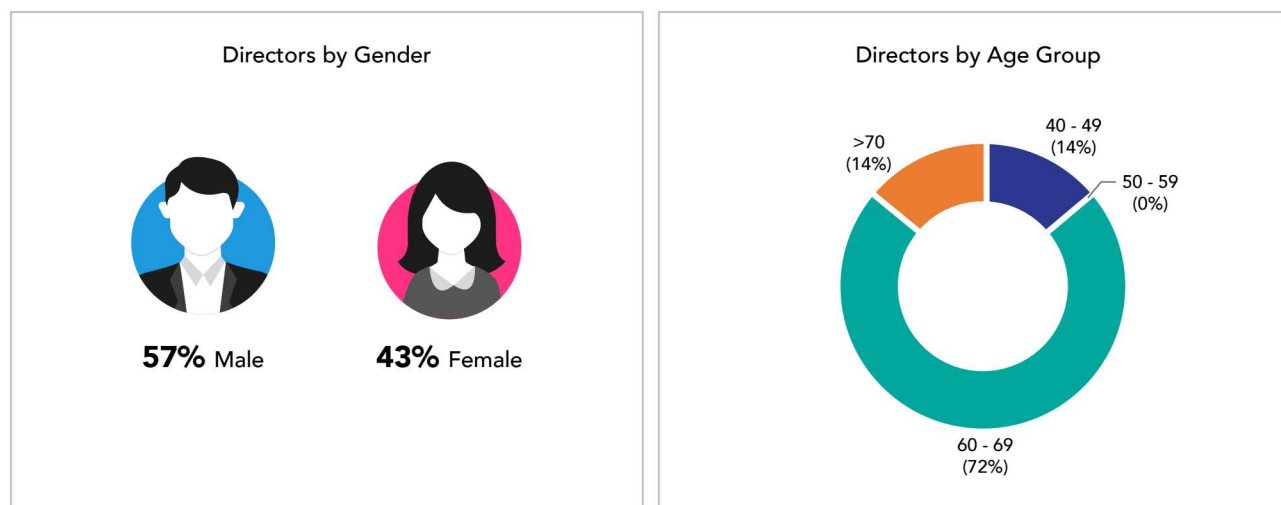
Note: Data on waste generated covers only operating divisions in Malaysia and Myanmar.

SOCIAL

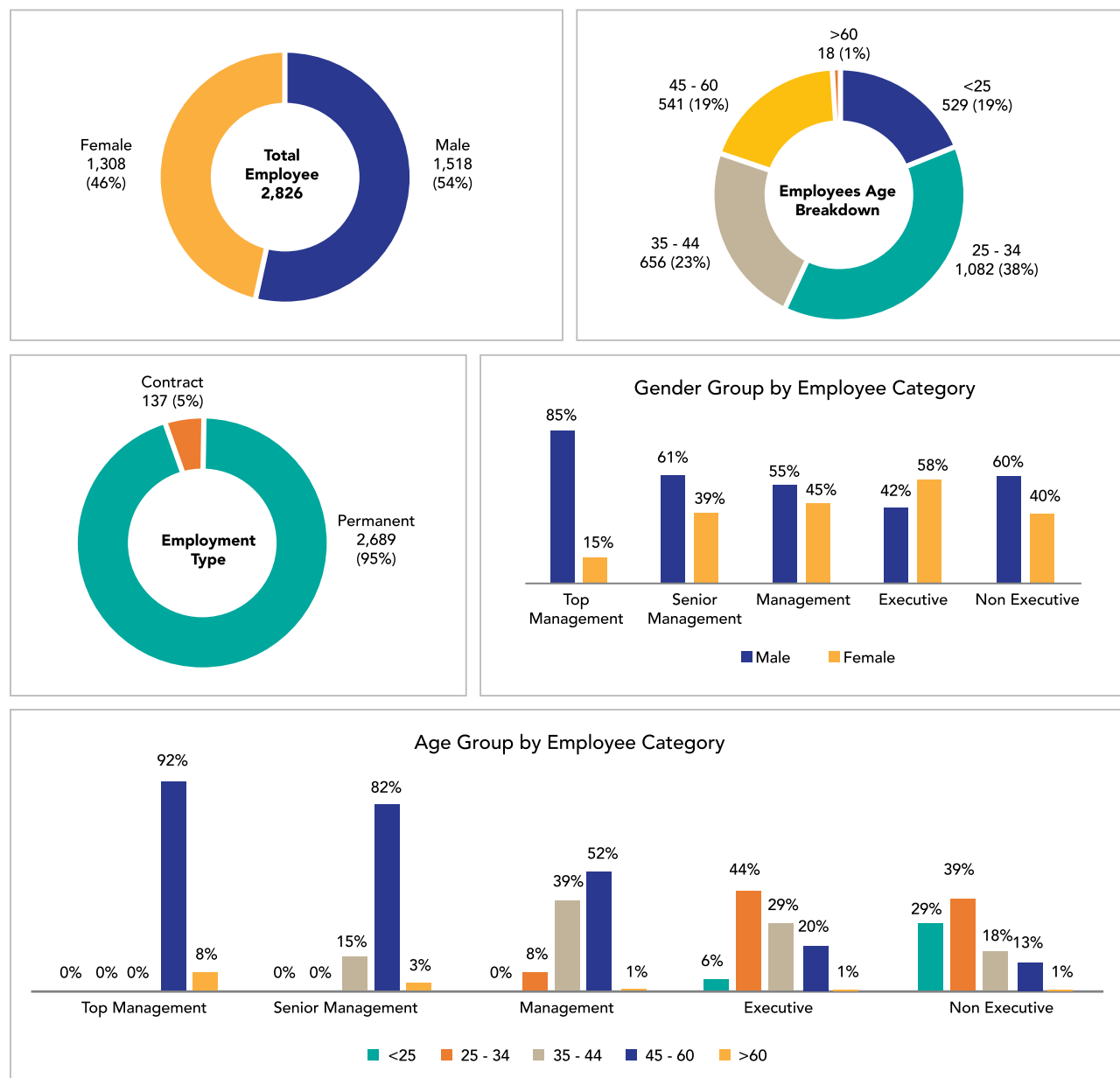
We are committed to upholding social sustainability through creating positive impacts for our employees, stakeholders, and the communities in which we operate. Recognising that employees are our greatest asset, we are committed to provide safe and conducive working environment, respecting human rights and ensuring our labour practices and standards are within the ambit of the applicable legal requirements and guidelines. We aim to be a responsible corporate citizen where we contribute to community enrichment projects, prioritising the well-being of the communities where we operate.

Diversity and Inclusion

Human capital plays a critical role in the long-term growth of an organisation. We are dedicated to creating a workplace where everyone, regardless of their background, feels valued and empowered to thrive. Our commitment to fairness is reflected in our merit-based approach, where opportunities for growth are available to all, irrespective of age, race, ethnicity, nationality, gender, sexual orientation, or disability. We actively foster a culture that celebrates diversity, embracing all gender identities, respecting cultural traditions, and honouring ethnic sensitivities.



SUSTAINABILITY STATEMENT (cont'd)



Employee Turnover		2024
Top Management		0.2%
Senior Management		0.4%
Management		1.0%
Executive		7.5%
Non-Executive		22.2%
Total		31.3%

Our overall rate is 31.3% for the reporting period. Due to the nature of the business, our Restaurant Division's employee turnover was at 20.1%. We will continuously work towards improving our turnover rate.

SUSTAINABILITY STATEMENT (cont'd)

Talent Development

At Texchem, we continually invest in workforce development, ensuring our employees are equipped to thrive in the dynamic work environment. Through comprehensive development programmes, we support the career growth of our employees to ensure our skill pool remains relevant and future-ready.



Note: Average training hours including part-time staff

Labour Practices and Standards and Human Rights

At Texchem, we place high priority in ensuring human and labour rights are protected. Our approach is guided by several key commitments to ensure a responsible and ethical work environment:

1. Safe working and living conditions
 - We ensure that the workers' accommodations are established in accordance to the Workers' Minimum Standards of Housing, Accommodations and Amenities (Amendment) Act 2019 (Act 446)
2. Fair compensation
 - We ensure fair compensation for all our workers and in compliance with the Malaysia's Minimum Wage Order 2022 requirements and providing equitable pay for overtime hours. We also ensure full compliance with labour standards of the countries where we operate
3. Freedom of association
 - We respect and support our employees' right to join or affiliate with any non-governmental organisation (NGO), trade or professional association
4. Child labour
 - Child labour is strictly prohibited within all our workplaces

In FY 2024, there has been no reported incident of human rights violation.

Workplace Health and Safety

We are committed to fostering a safe and healthy workplace for all employees and contractors that sets the foundation for our business to thrive and underpins our financial performance and moral obligations. We acknowledge that any serious occupational health and safety (OSH) incidents can severely impact our license to operate, financials, erosion of stakeholders' confidence and most importantly, our brand reputation.

At Texchem, compliance with legal requirements is integral in our operations and we maintain a zero-tolerance approach to any unsafe acts and conditions at all our workplaces. Our processes and procedures comply with the Occupational Safety and Health Act 1994 (OSHA), as well as applicable legal codes on workplace safety in countries which we operate.

OSH Management

We recognise that active involvement of our workforce is key to maintaining safe and healthy working environments. As such, Health and Safety committees have been established at all our operational sites. These committees play a crucial role in ensuring effective implementation of Texchem's policies and standard operating procedures, and serve as platform for employees to raise their concerns on workplace safety, where every individual has a part to play in safeguarding the safety and welfare of our workforce. Through our Hazard Identification, Risk Assessment and Risk Control (HIRARC) process, potential workplace hazards and risks are identified and managed with mitigation measures in place to reduce residual risk to a level of as low as reasonably practical.

SUSTAINABILITY STATEMENT (cont'd)

Our incident reporting procedures outlines the aftermath actions post major OSH incidents which include line of reporting, investigation of incident with recommendations and preventive measures, and communication of lesson learnt to prevent recurrence.

Occupational safety and health trainings are provided regularly for our employees and contractors to equip them with the awareness, knowledge, and skills to carry out their duties safely and handling of emergencies and critical situations.

Training conducted (but not limited to):

Ergonomics and manual handling at workplace, workplace crisis management, safe chemicals handling, fire safety and drill, HIRARC etc.

1,798 employees trained in safety and health standards across all divisions

More than **4,437** hours clocked on safety and health training across all divisions

OSH Performance

We are proud to report that there were no fatal accidents across all divisions, a testament to our ongoing commitment to safeguard the health, safety, and welfare of our workforce. We will continue to maintain our track record and committed to ensure all our worksites implements the highest safety standards so that our workforce can go home safe everyday.

Occupational Health and Safety	2024	2023
Worked man-hours (hours)	8,035,266	8,971,554
Fatal accidents	0	0
Lost time incident rate (LTIR)	0.42	0.38

Notes:

1. OSH data is scoped to all operational sites
2. LTIR is calculated based on the Bursa Malaysia Sustainability Reporting Guide (3rd Edition) recommendation of per 200,000 hours worked

Community

At Texchem, we believe that corporate success is not solely measured by financial performance but also by the positive impact we create for our communities. Guided by our commitment to sustainability, social responsibility, and inclusivity, our community initiatives focus on improving lives, advocating environmental stewardship, and fostering a culture of giving. Through various programmes, we strive to empower underprivileged communities, champion healthcare access, support environmental resilience, and extend compassion beyond borders.

To inculcate the spirit of volunteerism amongst our workforce, these programmes are carefully curated and executed by our Cultural Ambassadors, fully supported by Texchem employees through active participation. Through these efforts, we continue to strengthen the social fabric of the communities we serve, ensuring a sustainable and equitable future for all.

In FY2024, Texchem's contributions exceeded RM236,000, channelled through various community initiatives, reaching out to more than 313 beneficiaries through various non-governmental organisations (NGO). Our community efforts have touched many lives, focus on addressing critical social issues such as promoting good health, ensuring access to nutrition, and supporting educational advancement for future generations.

We highlight key initiatives that embody our commitment to driving meaningful and lasting change.

SUSTAINABILITY STATEMENT (cont'd)

Nourishing Young Minds: Back-to-School Healthy Meal Programme

Texchem remains steadfast in its mission to support underprivileged children through the Back-to-School Healthy Meal Programme, which provided RM53,453 to ensure daily nutritious meals for students from B40 families in selected schools. Proper nutrition is essential for a child's growth, cognitive development, and academic success. This initiative ensures that students receive balanced meals, helping them stay focused in school without the burden of hunger. Studies have shown that children with access to proper nutrition perform better academically and experience overall improved well-being. Beyond health benefits, this programme also alleviates financial pressure on families, enabling parents to focus their limited resources on school supplies and other necessities.



Annual follow-up visit to Sekolah Menengah Kebangsaan Jalan Damai



Annual follow-up visit to Sekolah Kebangsaan Seafield 3

Empowering the Visually Impaired: Supporting a Brighter Future

Texchem contributed a total value of RM5,650 to the Charity Food Carnival 2024, with 14 volunteers actively participating in the event. This includes food donations worth RM3,650 from Sushi King and a cash donation of RM2,000. This initiative supports St. Nicholas' Home Penang, a non-profit organization dedicated to providing care, training, and accommodation for the blind and visually impaired community. By alleviating some of the financial burdens of operating the center, our contribution helps ensure that individuals with visual impairments receive essential support, skills training, and a safe environment to thrive. Texchem remains committed to fostering inclusivity and empowering underserved communities, reinforcing our dedication to meaningful social impact.

Extending Care Beyond Healthcare: Adopt a Kidney Dialysis Patient Campaign

Recognising the financial strain faced by chronic kidney disease (CKD) patients, Texchem launched the Adopt a Kidney Dialysis Patient Campaign in 2017, aiming to raise RM30,000 annually to assist selected dialysis centres in reducing operational costs. This effort directly benefits underprivileged patients by making dialysis treatments more affordable and accessible. Thanks to the overwhelming support from our donors, we exceeded our target and raised an additional RM7,800. In the spirit of community support, this surplus was redirected to an Environmental and Natural Disaster Relief Programme, that aids communities in need. We are deeply grateful to all donors who contributed to improving healthcare accessibility while strengthening disaster relief efforts for those in need.

SUSTAINABILITY STATEMENT (cont'd)

A Gesture of Borderless Compassion: Palestinian Aid Through Dine-In Campaign

At Sushi King, we believe that compassion transcends borders. Through our Dine-In for Palestine campaign, RM0.50 from every dine-in transaction was pledged to the Palestinian People's Humanitarian Trust (AAKRP), raising an incredible RM55,161. This initiative was more than just financial aid—it was a symbol of solidarity, love, and humanity. The funds will support medical aid, food supplies, and rebuilding efforts, offering hope and relief to those affected. We are truly grateful to everyone who dined with us and became part of this meaningful cause. Your support reminds us that even the smallest actions can have a profound, borderless impact.



Official handover of collected funds to the Ministry of Foreign Affairs in Putrajaya.

Expanding Our Reach: Other CSR Initiatives

Beyond the key initiatives highlighted above, Texchem continues to drive social and environmental impact through various other programmes:

- **Healthcare Support:** Raised funds for cancer patients, participated in a charity run to increase awareness of diabetes and organised a blood donation campaign, collecting 130 pints of blood
- **Environmental Sustainability:** Conducted beach clean-ups, eco-hiking activities, and repurposed used plastic containers for meal distribution in collaboration with The Assembly Soup Kitchen (T.A.S.K).
- **Cultural and Indigenous Support:** Contributions to organisations supporting culture and arts as well as the Penan Orang Asli community.

Each of these initiatives represents Texchem's unwavering commitment to creating a better, more sustainable world. By aligning our business values with community-driven action, we continue to build a future where corporate success is synonymous with social responsibility.

SUSTAINABILITY STATEMENT (cont'd)

Indicator	Measurement Unit	2023	2024
Bursa (Anti-corruption)			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
Top Management	Percentage	100.00	100.00
Senior Management	Percentage	100.00	100.00
Management	Percentage	100.00	100.00
Executive	Percentage	100.00	100.00
Non-executive	Percentage	100.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	39.39	59.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0
Bursa (Data privacy and security)			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0
Bursa (Supply chain management)			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	42.21	44.50
Bursa (Energy management)			
Bursa C4(a) Total energy consumption	Megawatt	97,121.39	109,723.00
Bursa (Emissions management)			
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	-	5,916.00
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	-	31,899.00
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	2,843.00
Bursa (Water)			
Bursa C9(a) Total volume of water used	Megalitres	1,563.516238	1,061.000000
Bursa (Waste management)			
Bursa C10(a) Total waste generated	Metric tonnes	-	3,695.00
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	2,936.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	759.00
Bursa (Diversity)			
Bursa C3(a) Percentage of employees by gender and age group, for each employee category			
Age Group by Employee Category			
Top Management Under 25	Percentage	No Data Provided	0.00
Top Management Between 25-34	Percentage	No Data Provided	0.00
Top Management Between 35-44	Percentage	12.50	0.00
Top Management Between 45-60	Percentage	68.75	92.00
Top Management Above 60	Percentage	18.75	8.00
Senior Management Under 25	Percentage	No Data Provided	0.00
Senior Management Between 25-34	Percentage	No Data Provided	0.00
Senior Management Between 35-44	Percentage	14.63	15.00
Senior Management Between 45-60	Percentage	82.93	82.00
Senior Management Above 60	Percentage	2.44	3.00
Management Under 25	Percentage	No Data Provided	0.00
Management Between 25-34	Percentage	No Data Provided	8.00
Management Between 35-44	Percentage	37.63	39.00
Management Between 45-60	Percentage	50.54	52.00
Management Above 60	Percentage	2.15	1.00
Executive Under 25	Percentage	No Data Provided	6.00
Executive Between 25-34	Percentage	No Data Provided	44.00
Executive Between 35-44	Percentage	27.78	29.00

SUSTAINABILITY STATEMENT (cont'd)

Indicator	Measurement Unit	2023	2024
Executive Between 45- 60	Percentage	17.56	20.00
Executive Above 60	Percentage	0.60	1.00
Non-executive Under 25	Percentage	No Data Provided	29.00
Non-executive Between 25-34	Percentage	No Data Provided	39.00
Non-executive Between 35-44	Percentage	17.91	18.00
Non-executive Between 45- 60	Percentage	11.60	13.00
Non-executive Above 60	Percentage	0.75	1.00
Gender Group by Employee Category			
Top Management Male	Percentage	87.50	85.00
Top Management Female	Percentage	12.50	15.00
Senior Management Male	Percentage	60.98	61.00
Senior Management Female	Percentage	39.02	39.00
Management Male	Percentage	61.29	55.00
Management Female	Percentage	38.71	45.00
Executive Male	Percentage	41.37	42.00
Executive Female	Percentage	58.63	58.00
Non-executive Male	Percentage	58.44	60.00
Non-executive Female	Percentage	41.56	40.00
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	71.43	57.00
Female	Percentage	28.57	43.00
Between 40 - 49	Percentage	No Data Provided	14.00
Between 50 - 59	Percentage	No Data Provided	0.00
Between 60 - 69	Percentage	No Data Provided	72.00
Above 70	Percentage	No Data Provided	14.00
Bursa (Labour practices and standards)			
Bursa C6(a) Total hours of training by employee category			
Total Employees	Hours	81,631	69,035
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	20.85	5.00
Bursa C6(c) Total number of employee turnover by employee category			
Top Management	Number	3	4
Senior Management	Number	4	12
Management	Number	30	28
Executive	Number	234	212
Non-executive	Number	764	628
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0
Bursa (Health and safety)			
Bursa C5(a) Number of work-related fatalities	Number	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.38	0.42
Bursa C5(c) Number of employees trained on health and safety standards	Number	2,089	1,798
Bursa (Community/Society)			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	83,667.00	236,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	129	313

Internal assurance External assurance No assurance (*)Restated

Note:

- Data for diversity were restated as Texchem has recategorised the age grouping as compared to FY2023