



**THONG GUAN**  
INDUSTRIES BERHAD  
Registration No. 199401038519 (324203-K)



**FY2025 SUSTAINABILITY STATEMENT**

**LIVE GREEN**

**A SUSTAINABILITY ADVOCATOR'S JOURNEY**

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## OUR SUSTAINABILITY COMMITMENT

**The Group is committed to creating long-term sustainable value by integrating environmental, social and governance (“ESG”) considerations into its business strategy and operations.**

**“We strive to operate responsibly by advancing product innovation, fostering a safe and inclusive workplace, and upholding strong governance practices. Our efforts focus on improving resource efficiency, reducing emissions and waste, and ensuring responsible management of environmental and social impacts across our value chain.”**

**Through these commitments, we aim to strengthen resilience, support our stakeholders and contribute to a more sustainable and responsible future.”**

# About Us

## Who We Are

Thong Guan Industries Berhad (“Thong Guan”, the “Group”, “we”, “us”, or “our”) is a Malaysian public-listed company with over 80 years of business excellence. The Group is a well-diversified manufacturer of plastic packaging products for industrial and commercial applications, complemented by its consumer food and beverage (“F&B”) business.

With a strong international presence, Thong Guan exports to more than 70 countries, supported by an extensive manufacturing footprint and continuous innovation in packaging solutions.

In 2025, the Group refined its European market approach by reorganised its sales and R&D presence in Europe and transitioning towards a partnership-driven model. Working closely with local partners enhances market access, improves responsiveness to customers and provides greater cost efficiency within the region.

The Group has also initiated its property development venture as part of its efforts to diversify income streams.

Guided by its commitment to sustainability, Thong Guan continues to embed responsible practices across its operations, focusing on long-term value creation for stakeholders while strengthening its global competitiveness.



17

Factories



1

Overseas Sales Office



2

R&D Centres



>70

Country Export



84

Years of Excellency



1

Property Development Site

## LOOKING BACK WITH PRIDE. MOVING FORWARD WITH PURPOSE.

FY2025 was a year that tested the resilience of industries across the globe. Slower economic growth, volatile commodity markets and cautious purchasing behaviour from customers created a challenging operating environment, particularly for the plastic packaging industry.

Within this context, our Plastic Division experienced margin pressure, largely influenced by the global economic slowdown, fluctuations in foreign exchange rates and rising operational costs throughout the year. While these factors affected the pace of growth in certain markets, the Group remained focused on strengthening operational discipline, improving cost efficiency and maintaining our commitment to product quality and customer service.

Encouragingly, the impact of these challenges was cushioned by the strong performance of our Food & Beverage (F&B) Division. Lower raw material costs resulting from the stronger Malaysian Ringgit, coupled with robust consumer demand through digital commerce platforms, supported improved performance in this segment. Online sales channels such as TikTok Shop, Shopee and other e-commerce platforms continued to gain traction, reflecting the evolving dynamics of consumer purchasing behaviour and opening new avenues for growth.

Throughout the year, we continued to strengthen our operational foundations while advancing our sustainability. Across our production sites, we implemented initiatives to improve production consistency, optimise resource utilisation and reduce operational waste. At the same time, we expanded solar generation capacity in key facilities as part of our ongoing efforts to improve energy efficiency and reduce environmental impact.

# Message from the MANAGING DIRECTOR



**With discipline, innovation and a shared commitment to sustainability, we move forward into FY2026 with confidence and determination.**



Sustainability remains embedded in our long-term strategy. As the global packaging industry transitions toward a more circular model, we recognise both the responsibility and opportunity to play a proactive role. We continue to support the development of recyclable packaging solutions, promote the use of post-consumer recycled (PCR) materials and collaborate with stakeholders across the value chain to advance circular packaging systems.

Within this broader packaging landscape, stretch film, our core product segment continues to evolve rapidly. Traditional performance indicators such as stretch ratios alone are no longer sufficient measures of efficiency. Today, greater emphasis is placed on containment force, post-stretch thickness, load stability and overall material optimisation. This shift reflects the increasing demand for high-performance solutions that balance efficiency, cost and sustainability, aligning well with our strengths in film engineering, materials expertise and technical innovation.

Looking ahead, FY2026 is expected to remain a challenging year. Ongoing geopolitical tensions, evolving trade policies and potential disruptions to global supply chains continue to create uncertainty across international markets. Conflicts and geopolitical developments in several regions have also contributed to volatility in energy prices, logistics costs and international trade flows. These factors may continue to influence global demand patterns and operational costs across the manufacturing sector.

In response, we remain vigilant and proactive in strengthening our enterprise risk management framework and ensuring that our operations remain agile and resilient. Our diversified business structure, supported by both industrial packaging and consumer-focused businesses, provides a strong foundation to navigate market volatility. Through prudent financial management, disciplined operational execution and continuous innovation, we believe the Group is well positioned to withstand external challenges while pursuing sustainable growth.

### Dato' Ang Poon Chuan

Managing Director  
Thong Guan Industries Berhad



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**AS WE MOVE INTO FY2026,  
SEVERAL STRATEGIC  
PRIORITIES WILL GUIDE  
OUR DIRECTION.**

**Strengthening market diversification and global customer partnerships**

In an increasingly uncertain geopolitical environment, diversifying our market presence remains a key priority. We will continue expanding our presence across key international markets to reduce concentration risks while deepening long-term relationships with global customers.

**Enhancing supply chain resilience and operational flexibility**

Given the potential disruptions arising from geopolitical developments and trade policy changes, we will continue strengthening supply chain resilience through diversified sourcing, improved logistics planning and enhanced operational flexibility across our production network.

**Advancing circular packaging and sustainable materials**

Regulatory developments across major markets, particularly in Europe, are accelerating the transition toward recyclable packaging and increased recycled content. We will continue investing in capabilities that support PCR integration and sustainable packaging innovation.

**Enhancing operational efficiency and energy management**

Operational excellence remains central to our competitiveness. Through ongoing process optimisation, energy efficiency initiatives and renewable energy investments, we aim to improve both cost competitiveness and environmental performance.

**Expanding technical services and load stability expertise**

Through the Newton Research Centre, we will further strengthen our capabilities in load stability testing and validation, helping customers optimise packaging performance while reducing material consumption.

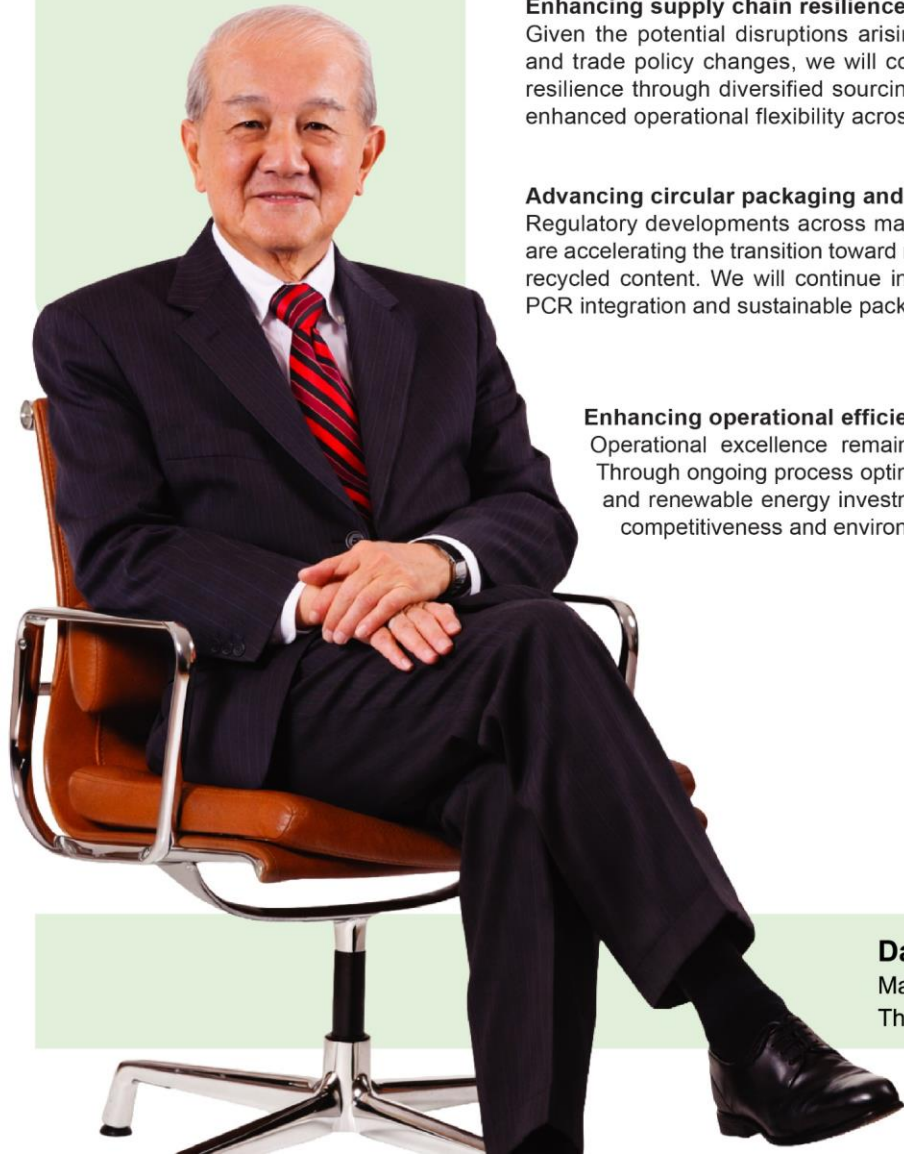
**Leveraging digital platforms and evolving customer engagement**

The rapid growth of e-commerce platforms highlights the importance of digital engagement and responsive supply chains. We will continue exploring digital channels to better serve our customers and strengthen market connectivity.

**Developing people and strengthening sustainability competencies**

Our employees remain the driving force behind our progress. We will continue investing in safety culture, technical capability and sustainability awareness to ensure our workforce is equipped to meet the demands of a rapidly changing industry.

Against this backdrop, our commitment remains clear. We will continue investing in innovation, strengthening our operational resilience and working collaboratively with customers, suppliers and stakeholders to advance a more sustainable packaging ecosystem. I would like to extend my sincere appreciation to our employees, customers, partners and stakeholders for their continued support and trust throughout FY2025. Your dedication and collaboration have enabled us to navigate challenges



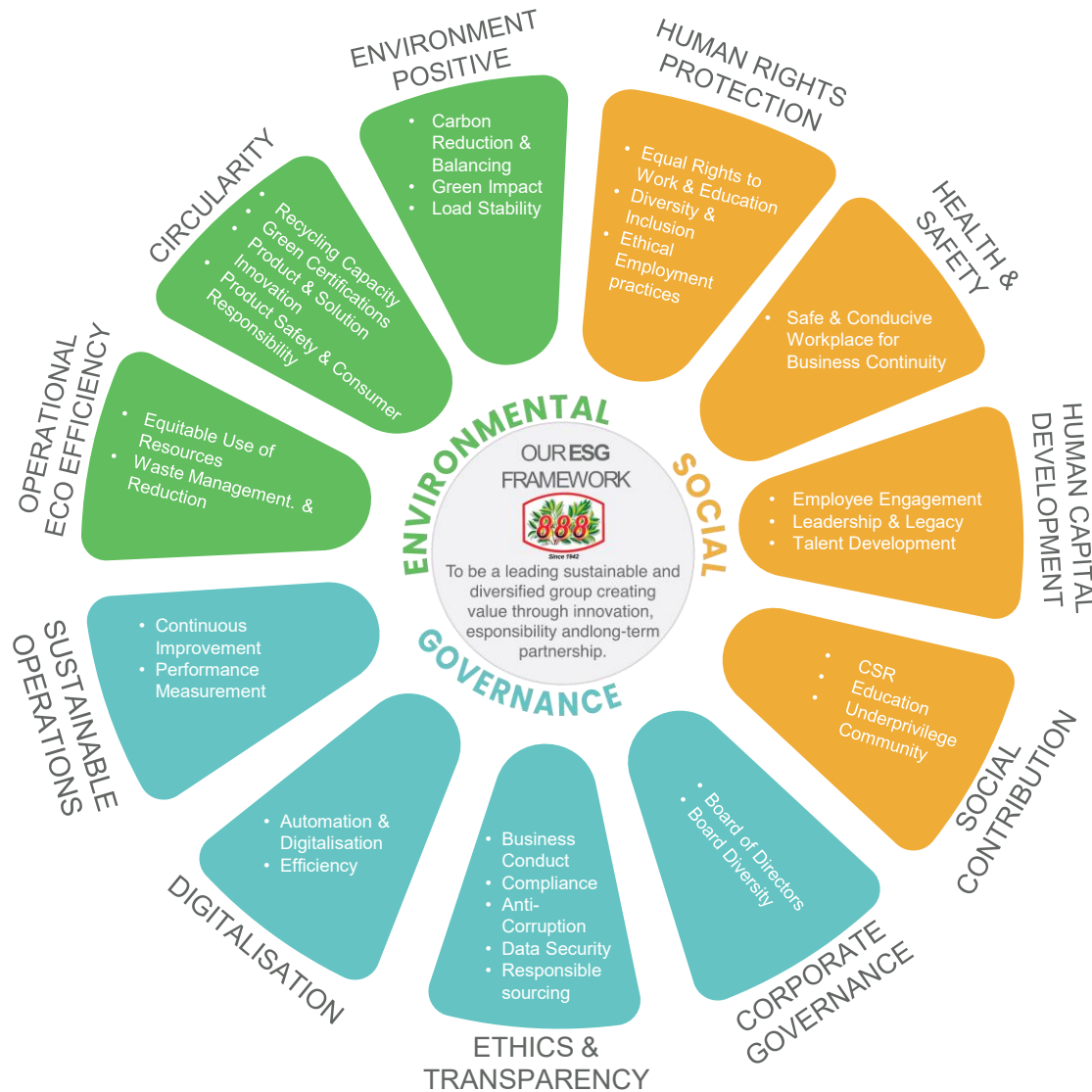
**Dato' Ang Poon Chuan**  
Managing Director  
Thong Guan Industries Berhad



# Our ESG Framework

## #LiveGreen Roadmap

Our Environmental, Social, and Governance Framework outlines our goal, key initiatives, and strategic action plans encompassing factors related to environmental, social and governance. The aim is to make sustainability easier to achieve through sharing of our successes, document the pitfalls encountered and challenges met, and how we overcome them for future improvements.



# Our Core Strategies

Matching our core strategies with United Nation (UN) Sustainability Development Goals (SDGs)

We align our core strategies with the United Nations Sustainable Development Goals (SDGs) to drive sustainable growth across our diversified business segments. Our approach focuses on delivering sustainable products and solutions, enhancing operational efficiency, strengthening strategic partnerships, and creating long-term value for our stakeholders

## Our Initiatives

TG as a stakeholder and steward of the planet, our sustainability and corporate citizenship initiatives encompass these areas.

- Sustainable Products & Circular Economy
- Climate Action & Energy Efficiency
- Health, Safety & Well Being
- People & Talent Development
- Responsible Supply Chain & Partnerships
- Corporate Governance & Transparency

## SUSTAINABLE DEVELOPMENT GOALS



# About Our Sustainability Statement

TG Sustainability statement aims to deliver a clear understanding of our sustainability commitments, ambitions, actions, and progress. This Statement outlines our strategies for managing our operations, encompassing matters related to the economy, the environment, the social and governance issues. At Thong Guan, sustainability is embedded in all our business activities so that we can foster meaningful and long-lasting relationships with all our stakeholders and contribute to national growth.

## Reporting Guidelines, Guiding Principles, Frameworks, Standards and Sustainability-related Indices

This Report has been prepared with reference to internationally recognised guidelines, principles, frameworks, standards and sustainability-related indices.

### Global Goals

- United Nations Sustainable Development Goals (UN SDGs)

### Reporting Frameworks

- Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Bursa Malaysia's Sustainability Reporting Guide (3<sup>rd</sup> Edition)
- Global Reporting Initiative (GRI) Standards 2021
- International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards
  - IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1)
  - IFRS S2 *Climate-related Disclosures* (IFRS S2)  
*collectively referred to as the ISSB Standards.*
- Task Force on Climate-related Financial Disclosures ("TCFD") Recommendations (now incorporated into IFRS S2)
- Malaysian Code on Corporate Governance (MCCG) by the Securities Commission Malaysia
- Sustainability Accounting Standards Board (SASB)

### Sustainability-related Indices

- FTSE4Good Bursa Malaysia (F4GBM) Index

The Group commenced the adoption of the IFRS Sustainability Disclosure Standards in the financial year ended 31 December 2025 ("FY2025"), representing a significant milestone in aligning its sustainability reporting practices with globally recognised standards.

As part of this initial phase, the Group has begun applying the core principles of both IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 – Climate-related Disclosures, focusing on strengthening governance, risk management and disclosure of sustainability-related risks and opportunities.

While meaningful progress has been made, the Group's adoption of IFRS S1 and IFRS S2 remains at a developing stage and is not yet fully comprehensive. The Group is progressively enhancing its reporting processes, data management systems and internal capabilities to achieve fuller alignment with these standards over time, taking into consideration internal readiness, data availability and evolving regulatory expectations.

At the national level, the National Sustainability Reporting Framework ("NSRF") outlines Malaysia's strategic approach towards the adoption of IFRS S1 and IFRS S2 issued by the International Sustainability Standards Board ("ISSB"). The NSRF establishes a baseline for consistent, comparable and reliable sustainability reporting, with the objective of enhancing investor confidence and strengthening Malaysia's competitiveness in global capital markets.

This report aims to provide stakeholders with a clear overview of our sustainability approach and the progress we have made in advancing our sustainability commitments. The disclosures included in this GRI Content Index cover the reporting period from 1 January 2025 to 31 December 2025 and have been prepared with reference to the GRI Universal Standards 2021.

# About Our Sustainability Statement

## Reporting Period, Scope & Boundaries

Information in this statement primarily reflects the sustainability performance of Thong Guan Industries Berhad during the period of 1 January 2025 to 31 December 2025. The sustainability-related financial disclosures cover the same reporting entity and are prepared on the same consolidation basis as the Group's annual consolidated financial statements. This boundary includes all subsidiaries and an associate as detailed in the Notes to the Financial Statements. Our reporting encompasses all business segments, including plastic packaging, food & beverages, and other non-reportable segments across all operational geographies.

In identifying the climate-related risks and opportunities that could reasonably be expected to affect our prospects, the Group has referred to and considered the applicability of the industry-based disclosure topics defined in the *IFRS S2 Industry-based Guidance on Implementing Climate-related Disclosures*, which is derived from the Sustainability Accounting Standards Board (SASB) Standards for the Containers & Packaging industry. This approach ensures our disclosures are relevant to our sector and our investors.

To strengthen the management of sustainability-related risks and opportunities, Thong Guan has established defined time horizons to indicate when such matters are expected to arise. These timeframes are integrated into the Group's strategic planning and decision-making processes to support long-term sustainability and value creation:

- Short term: 0 to 5 years
- Medium term: 5 to 10 years
- Long term: Beyond 10 years

For selected environmental goals, the Group has established targets based on different baseline years, depending on when the respective initiatives were implemented. Most targets are measured against a FY2021 baseline, while certain targets, such as waste management and talent development effort are based on a FY2022 baseline, reflecting the timing of when these targets were formalised.

The status and progress against these targets are reviewed and disclosed in this Report to enhance transparency and enable meaningful comparison over time.

All financial information and disclosures presented in this Report are expressed in Malaysian Ringgit ("MYR"), consistent with the currency used in Thong Guan's consolidated financial statements.

## Restatements of Information

Historical information from previous years is included where applicable to provide a basis for comparison. There are no restatements of information from prior periods unless explicitly noted.

## Assurance

The information in this Statement has been reviewed by the Thong Guan Risk Management Task Force. This Statement has yet to be externally assured. We strive to improve our data collection in Thong Guan to ensure completeness and accuracy for future external assurance.

## Forward-Looking Statements

This report includes forward-looking statements intended to provide stakeholders with insights into our perspectives and plans for the future. These statements are no guarantees or definitive predictions of Thong Guan's future performance and readers are advised to interpret them with caution and avoid placing undue reliance on them.

## Report Contact

If you have any questions, comments or feedback regarding the report, please contact: [info@thongguan.com](mailto:info@thongguan.com)

# Sustainability Governance

## Sustainability Governance Framework

The Group has established a structured sustainability governance framework to ensure robust oversight, effective management and integration of sustainability-related risks and opportunities into its overall strategic direction, financial performance and long-term value creation.

This governance framework support informed decision-making by enabling the Board and Management to evaluate and consider trade-offs between climate-related initiatives and financial performance, ensuring a balanced approach to growth, risk management and sustainable development.

The Group adopts a three-tier governance structure comprising the Board of Directors, Management and Operational levels. This structure facilitates clear accountability, effective oversight and continuous monitoring of sustainability-related risks and opportunities across the organisation.

Role	Key Responsibilities	Composition
<p><b>Board of Directors (Highest Governance Body)</b></p> <p>The Board of Directors retains ultimate responsibility for the oversight of sustainability-related matters, including climate-related risks and opportunities, and ensures that these are integrated into the Group's strategic planning and decision-making processes.</p>	<ul style="list-style-type: none"> <li>Reviewing and approving the Group's sustainability strategies, policies and targets</li> <li>Overseeing sustainability-related risks and opportunities, including the assessment of strategic trade-offs between climate-related initiatives and financial performance</li> <li>Providing advice and direction on sustainability matters in line with the Group's long-term strategic agenda</li> <li>Reviewing sustainability performance, including key performance indicators ("KPIs"), to ensure alignment with both short-term financial objectives and long-term value creation</li> </ul>	<ul style="list-style-type: none"> <li>Executive Directors</li> <li>Non-Executive Directors</li> </ul>
<p><b>Risk Management Task Force (Management Level)</b></p> <p>The Risk Management Task Force is responsible for supporting the Board in the assessment, management and monitoring of sustainability-related risks and opportunities, ensuring that these are embedded within the Group's enterprise risk management and business strategy.</p>	<ul style="list-style-type: none"> <li>Identifying, assessing and prioritising sustainability-related risks and opportunities across the Group</li> <li>Developing sustainability strategies, policies, targets and action plans for Board approval</li> <li>Undertaking actions necessary to address sustainability concerns and ensuring the robustness of the sustainability management system</li> <li>Monitoring implementation and performance against established targets and KPIs</li> <li>Reporting to the Board on sustainability matters, including progress, challenges and emerging risks</li> </ul>	<ul style="list-style-type: none"> <li>Executive Directors</li> <li>Divisional Heads</li> <li>General Manager</li> <li>Senior Sustainability Manager</li> <li>Heads of Departments</li> </ul>
<p><b>Sustainability Leaders (Operational Level)</b></p> <p>Sustainability Leads at the operational level are responsible for executing sustainability strategies and ensuring that sustainability considerations are embedded into day-to-day business operations.</p>	<ul style="list-style-type: none"> <li>Implementing sustainability initiatives, programmes and action plans across the Group</li> <li>Collecting, validating and reporting sustainability-related data to support accurate disclosures</li> <li>Ensuring adherence to internal sustainability policies, procedures and guidelines</li> <li>Identifying opportunities for continuous improvement and enhancing sustainability performance</li> </ul>	<ul style="list-style-type: none"> <li>Operation leaders</li> <li>Key department representatives</li> </ul>



Bottom-up reporting mechanisms



Top-down governance approach

The Group adopts a top-down governance approach supported by structured bottom-up reporting mechanisms to ensure effective oversight and accountability:

- The **Board of Directors** provides strategic oversight and sets the overall sustainability direction
- The **Risk Management Task Force** translates strategic priorities into actionable plans and monitors implementation
- The **Operational teams** execute initiatives and provide timely reporting on performance and emerging issues

This governance structure ensures that sustainability-related risks and opportunities are systematically identified, assessed, managed and monitored across the short, medium and long term. The Group remains committed to strengthening its sustainability governance practices through ongoing enhancements to its risk management processes, data management systems and internal controls, to support high-quality, decision-useful disclosures and long-term resilience.

# Materiality Assessment

Thong Guan's materiality assessment process is conducted by the Risk Management Task Force to identify and prioritise sustainability-related risks and opportunities that may affect the Group's business strategy, financial performance and long-term enterprise value, in line with Bursa Securities' Sustainability Reporting Guide and evolving global standards including IFRS Sustainability Disclosure Standards.

The assessment considers:

- emerging global trends;
- ESG rating agency requirements;
- stakeholder concerns and expectations; and
- potential financial impacts on the Group's operations, cost structure, revenue and capital investment.

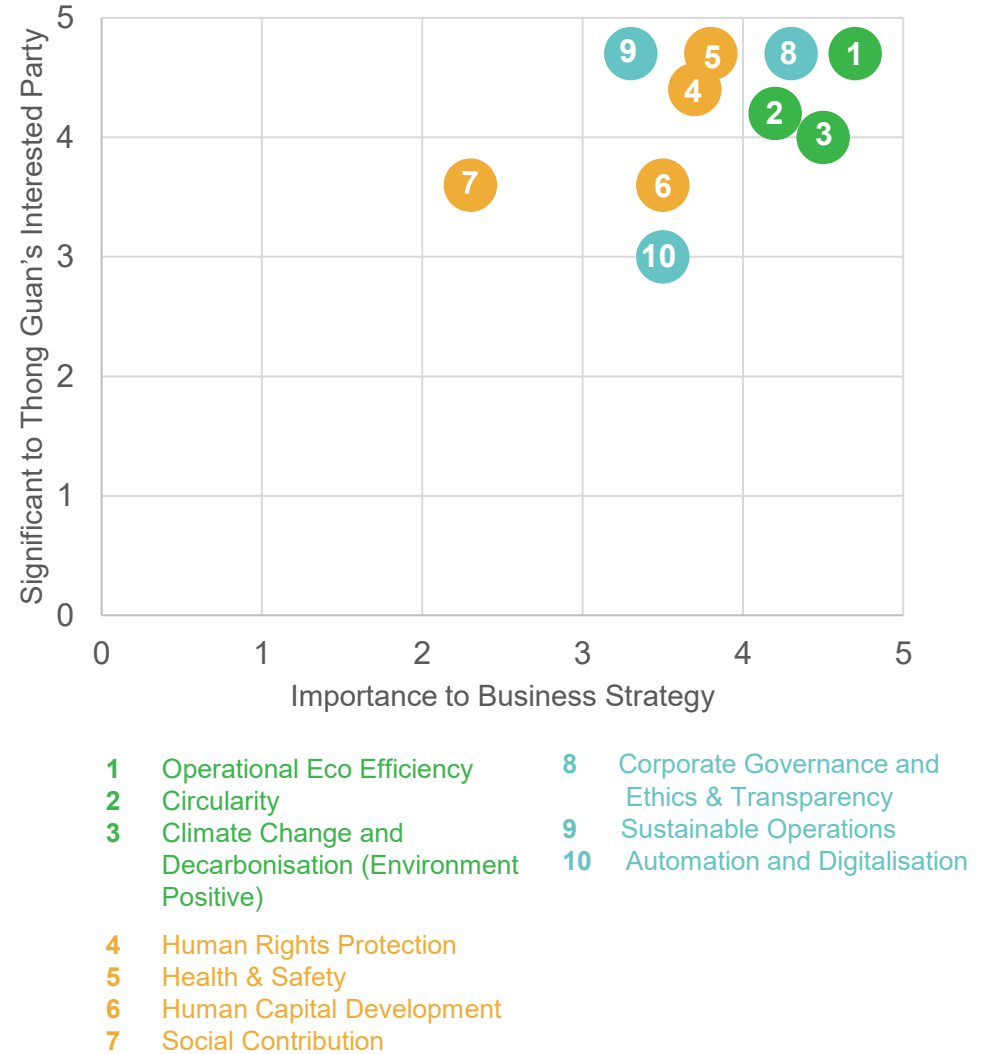
Each material matter is evaluated based on:

- its significance to stakeholders; and
- its potential impact on the Group's business strategy, operational performance and financial outcomes.

The Risk Management Task Force identifies and ranks sustainability matters by considering:

- risks and opportunities across the Group's operations and value chain; and
- their potential to affect the Group's ability to create value over the short, medium and long term.








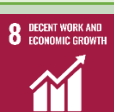


In FY2025, there were no changes in the top 10 material matters. This reflects the continued relevance of the Group's key sustainability risks and opportunities, particularly in areas such as climate change, circularity and operational efficiency, which remain critical to the Group's strategy and cost structure.



# Materiality Assessment

The table below offers a concise overview of Thong Guan's material matters and their significance. These 10 material matters align with supporting UN Sustainable Development Goals (SDGs), which aim to eradicate poverty, safeguard the environment and climate, and promote peace and prosperity for all people.

Environment	Material Matter	Description on its significance	Responses
   	Operational Eco Efficiency	<p>In manufacturing operations, efficient resource utilisation, waste management and product stewardship are critical to maintaining operational performance and cost efficiency. Optimising the use of materials, energy and water supports improved productivity and reduces operating costs, while minimising environmental impact. Efficient waste management and reduction strategies help conserve resources, reduce disposal costs and mitigate regulatory risks.</p> <p>Product stewardship, which involves managing the full lifecycle of products from design to disposal, supports compliance with evolving environmental requirements and enhances customer trust. These practices strengthen operational resilience, improve cost competitiveness and reinforce the Group's position as a responsible and efficient manufacturer.</p>	<ul style="list-style-type: none"> <li>Enhance resource efficiency through process optimisation and waste reduction initiatives</li> <li>Implement monitoring of energy, water and material consumption</li> <li>Improve production efficiency to reduce costs and environmental impact</li> </ul>
   	Circularity	<p>Circularity and recycling are key priorities in the plastic manufacturing industry, particularly in addressing regulatory pressures and shifting customer demand for sustainable products. The adoption of circular economy principles, including the increased use of post-industrial recycled (PIR) and post-consumer recycled (PCR) materials, supports waste reduction and resource efficiency.</p> <p>However, the transition towards circularity may involve higher material costs and operational challenges, requiring investment in technology and process optimisation.</p> <p>At the same time, it presents opportunities to enhance product offerings, meet customer requirements and strengthen market competitiveness. These initiatives contribute to long-term sustainability while supporting the Group's ability to manage cost, regulatory exposure and evolving market expectations.</p>	<ul style="list-style-type: none"> <li>Increase utilisation of PIR and PCR materials</li> <li>Strengthen supplier engagement to ensure quality recycled inputs</li> <li>Invest in recycling capabilities and production technology</li> <li>Optimise material mix to balance cost and performance</li> </ul>

Environmental	Material Matter	Description on its significance	Responses
   	Climate Change and Decarbonisation (Environment Positive)	<p>Greenhouse gas (GHG) emissions arising from manufacturing operations and supply chain activities, together with energy consumption and water usage, contribute to climate-related risks and resource constraints.</p> <p>Managing energy consumption and improving efficiency are critical in reducing the Group's carbon footprint and mitigating exposure to rising energy costs and potential carbon-related regulations.</p> <p>Climate-related risks, including both transition and physical risks, may affect operational continuity, cost structure and supply chain resilience.</p> <p>Addressing these risks supports long-term business sustainability and aligns with evolving regulatory and market expectations.</p>	<ul style="list-style-type: none"> <li>Conduct climate scenario analysis and integrate into risk management</li> <li>Improve energy efficiency and monitor emissions</li> <li>Enhance climate-related disclosures in line with IFRS S2</li> <li>Implement energy digitalisation to improve efficiency (FY2026)</li> </ul>
Social	Material Matter	Description on its significance	Responses
  	Human Rights Protection	<p>Upholding human rights and ensuring fair and ethical treatment of employees are fundamental to maintaining a stable and productive workforce.</p> <p>Effective human rights practices support compliance with regulatory requirements, reduce operational and reputational risks, and enhance employee engagement and retention.</p>	<ul style="list-style-type: none"> <li>Strengthen policies on labour rights and ethical practices</li> <li>Conduct regular audits and employee training</li> <li>Ensure compliance with labour and human rights standards</li> </ul>
 	Health & Safety	<p>Ensuring a safe and healthy workplace is essential to safeguarding employee well-being and maintaining operational continuity.</p> <p>Strong health and safety practices reduce the risk of workplace incidents, minimise operational disruptions and support productivity, while enhancing the Group's ability to attract and retain talent.</p>	<ul style="list-style-type: none"> <li>Maintain safety management systems and regular audits</li> <li>Conduct safety training programmes</li> <li>Implement preventive measures to reduce incidents</li> </ul>
	Human Capital Development	<p>Attracting, developing and retaining talent is critical to sustaining operational performance and supporting business growth.</p> <p>Investment in training and leadership development enhances workforce capability, reduces turnover-related costs and enables the Group to adapt to evolving business and industry requirements.</p>	<ul style="list-style-type: none"> <li>Enhance training and leadership programmes</li> <li>Strengthen employee engagement and retention strategies</li> <li>Develop succession planning frameworks</li> </ul>

# Stakeholder Engagement

## Staying relevant & add value

Stakeholder engagement is key to ensuring our business continue be relevant and add value. The table below shows the engagement activities we have carried out during financial year 2025.

Environmental	Material Matter	Description on its significance	Responses
  	Social Contribution	<p>Corporate responsibility initiatives support community development and strengthen stakeholder relationships.</p> <p>These efforts enhance the Group's social licence to operate and contribute to long-term sustainable value creation.</p>	<ul style="list-style-type: none"> <li>Continue community engagement and CSR programmes</li> <li>Support education and community development initiatives</li> <li>Align contributions with business values</li> </ul>
Governance*	Material Matter	Description on its significance	Responses
	Corporate Governance and Ethics & Transparency	<p>Strong corporate governance and ethical business practices are essential for maintaining transparency, accountability and stakeholder confidence.</p> <p>Effective governance frameworks support risk management, regulatory compliance and long-term financial stability, while reinforcing the integrity of the Group's operations and decision-making processes</p>	<ul style="list-style-type: none"> <li>Strengthen governance frameworks and internal controls</li> <li>Enhance anti-corruption and compliance policies</li> <li>Improve transparency and disclosures</li> </ul>
Economic*	Material Matter	Description on its significance	Responses
  	Sustainable Operations	<p>Sustainable operations are critical to ensuring long-term business viability, resilience and value creation.</p> <p>Balancing growth, profitability and sustainability enables the Group to invest in innovation, respond to market changes and support the expansion of sustainability initiatives.</p>	<ul style="list-style-type: none"> <li>Integrate sustainability into business strategy</li> <li>Improve operational efficiency and resilience</li> <li>Support innovation and long-term value creation</li> </ul>
	Automation & Digitalisation	<p>Digitalisation and automation enhance operational efficiency, productivity and product quality by reducing reliance on manual processes.</p> <p>These technologies enable better data management, support process optimisation and improve consistency, while helping the Group address labour challenges and strengthen operational performance.</p>	<ul style="list-style-type: none"> <li>Invest in automation and smart manufacturing systems</li> <li>Implement real-time monitoring (including energy digitalisation in FY2026)</li> <li>Improve data-driven decision making</li> </ul>

\* "Governance" and "Economic" material matters are reported under Governance pillar.

STAKEHOLDERS	AREAS OF INTERESTS	METHOD AND FREQUENCY
<b>Bankers, Investors &amp; Shareholders</b>	<ul style="list-style-type: none"> <li>Sustainable Operations</li> <li>Ethics &amp; Transparency</li> <li>Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly Financial Result</li> <li>Annual General Meeting</li> <li>Company Website</li> <li>Annual Reports</li> <li>Press Release</li> </ul>
<b>Customers, Suppliers &amp; Business Partners</b>	<ul style="list-style-type: none"> <li>Operational Eco Efficiency</li> <li>Circularity</li> <li>Environment Positive</li> <li>Responsible Sourcing</li> <li>Ethics &amp; Transparency</li> <li>Digitalisation</li> </ul>	<ul style="list-style-type: none"> <li>Customer Satisfaction Survey/Supplier Evaluation</li> <li>Customer Service &amp; Communication</li> <li>Trade Fairs &amp; Frequent Site Visits</li> <li>Regular meetings</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Human Rights Protection</li> <li>Health &amp; Safety</li> <li>Human Capital Development</li> </ul>	<ul style="list-style-type: none"> <li>Communications, through counselling &amp; memo circulation</li> <li>Workplace Continuous Improvement Annual Performance Appraisal</li> <li>Trainings &amp; Workshops</li> <li>Employee Events, including outing and get together gathering</li> <li>Risk Management Task Force meeting/ Management meeting/ staff meeting</li> </ul>
<b>Regulators, Government &amp; Authorities</b>	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Circularity</li> <li>Environment Positive</li> </ul>	<ul style="list-style-type: none"> <li>Compliance &amp; Certification Exercises, including site visits and audits by authorities/certification bodies</li> </ul>
<b>Local communities &amp; NGOs</b>	<ul style="list-style-type: none"> <li>Circularity</li> <li>Environment Positive</li> <li>Social contribution</li> </ul>	<ul style="list-style-type: none"> <li>Educational Site Visits</li> <li>Community Outreach Programmes</li> <li>Financial support/contribution</li> </ul>
<b>Consultants (In the areas of business, finance, environment, social and governance)</b>	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Ethics &amp; Transparency</li> <li>Circularity</li> <li>Environment Positive</li> <li>Health &amp; Safety</li> </ul>	<ul style="list-style-type: none"> <li>Communications, through collaborations and engagement sessions with consultants</li> </ul>

# Environmental

Our sustainability goals toward carbon reduction, focusing on short & mid-term targets



In FY2025, the Group enhanced its climate-related disclosures in alignment with IFRS S2 – Climate-related Disclosures, building upon its prior adoption of the TCFD framework. These disclosures aim to provide decision-useful information on how climate-related risks and opportunities may affect the Group's strategy, financial performance and cash flows across the short, medium and long term.

The Group's operations are located in Malaysia, Thailand and China, namely:

- Sungai Petani and Kota Kinabalu, Malaysia
- Hatyai, Thailand
- Wujiang, Suzhou, China

Given the nature of the Group's plastic packaging manufacturing activities, it is exposed to climate-related risks arising from both transition factors, including evolving regulatory, market and technological developments associated with the shift towards a low-carbon and circular economy, and physical factors, comprising climate-related hazards that may affect the Group's operations, assets and supply chains.

### Governance

The oversight of climate-related risks and opportunities is embedded within the Group's sustainability governance framework.

The **Board of Directors** retains ultimate responsibility for overseeing climate-related matters, including reviewing climate-related risks, opportunities and associated financial implications, as well as evaluating strategic trade-offs between climate-related initiatives and financial performance.

The **Risk Management Task Force** supports the Board by identifying, assessing and monitoring climate-related risks and opportunities, and integrating these into the Group's enterprise risk management processes.

Operational teams are responsible for implementing mitigation measures, managing site-level risks and reporting climate-related data.

### Strategy and Scenario Analysis

The Group has undertaken climate scenario analysis to assess the resilience of its business model under a range of plausible climate pathways. The scenarios are aligned with global climate benchmarks, including the Paris Agreement objective to limit global temperature increase to well below 2°C, as well as alternative pathways reflecting current policy trajectories and delayed transition outcomes.

The analysis considers both transition and physical risks, with particular focus on the Group's material management strategy (PIR and PCR) and energy consumption, both of which are key drivers of operational cost and climate exposure.

#### Scenario I: Paris-aligned Transition (≤2°C / 1.5°C)

This scenario assumes rapid decarbonisation driven by stringent regulatory measures, carbon pricing and accelerated demand for sustainable products.

#### Implications for the Group:

- Increased compliance costs arising from carbon pricing, plastic taxes, EPR and PPWR requirements
- Higher procurement costs for certified recycled materials (PCR), which typically command a premium
- Increased **energy costs**, particularly where carbon pricing or energy transition policies are implemented
- Increased capital expenditure for production technology upgrades and energy efficiency improvements

#### Strategic impact:

The Group may experience short- to medium-term margin pressures due to higher material and energy costs. However, this scenario presents opportunities to strengthen competitiveness through sustainable packaging solutions and improved energy efficiency.

### Strategy and Scenario Analysis

#### Scenario II: Current Trajectory (2°C – 3°C)

This scenario reflects a gradual transition based on current policy commitments and market developments.

#### Implications for the Group:

- Incremental increase in sustainability-related costs, including energy and compliance costs
- Progressive shift in customer demand towards sustainable packaging

#### Strategic impact:

The Group is expected to adapt progressively, leveraging ongoing investments in recycling capabilities, supplier engagement and energy efficiency improvements, with manageable financial implications.

#### Scenario III: Delayed Transition / High Physical Risk (>3°C)

This scenario assumes limited global climate action, resulting in more severe physical climate impacts.

#### Implications for the Group:

- Increased exposure to extreme weather events affecting manufacturing operations
- Greater risk of supply chain disruption, including availability of recycled materials
- Increased energy demand due to higher temperatures
- Increased maintenance and operational costs

#### Strategic impact:

The Group may face heightened operational risks and cost volatility, requiring additional investment in resilience measures and energy management initiatives.

### Financial Implications and Strategic Response

Climate-related risks and opportunities may affect the Group's financial performance through key cost drivers, particularly raw materials and energy consumption, which represent significant components of the Group's operating cost base.

#### Operating Costs (OPEX)

The Group may be exposed to:

- higher raw material costs, particularly for PCR materials;
- increased energy costs, driven by rising tariffs, carbon pricing and higher cooling demand; and
- increased compliance costs associated with evolving environmental regulations.

#### Capital Expenditure (CAPEX)

Additional capital investment may be required for:

- production technology upgrades to support recycled material usage;
- energy efficiency improvements and system optimisation; and
- resilience measures to address physical climate risks.

#### Revenue and Market Positioning

The Group may benefit from:

- increased demand for sustainable packaging solutions; and
- enhanced competitiveness through improved sustainability performance.

### Transition Risks

Transition risks arise from the global shift towards a low-carbon and circular economy and are particularly relevant to the Group's raw material sourcing, energy consumption and production processes.

Category	Description	Time Horizon	Scenario Sensitivity	Potential Financial Impact
Policy & Regulatory	Evolving climate and plastics-related regulations, including carbon pricing mechanisms, plastic taxes, Extended Producer Responsibility (EPR) and the EU Packaging and Packaging Waste Regulation (PPWR)	Medium	High (Scenario I), Moderate (Scenario II), Low (Scenario III)	Increase in OPEX (compliance, levies), potential increase in CAPEX for product redesign and compliance systems
Energy & Carbon Cost	Exposure to rising energy prices and potential carbon-related costs due to energy consumption	Short–Medium	High (Scenario I), Moderate (Scenario II)	Increase in OPEX (electricity and fuel costs), potential indirect carbon cost exposure
Raw Materials & Technology	Increased reliance on PCR materials, involving higher costs and variability in quality	Medium	High (Scenario I), Moderate (Scenario II)	Increase in OPEX (material costs), increase in CAPEX (technology upgrades)
Market	Changing customer preferences towards sustainable packaging	Short–Medium	High (Scenario I), Moderate (Scenario II)	Potential revenue growth; risk of loss of competitiveness
Reputation	Increasing stakeholder expectations on sustainability performance and disclosures	Medium	Moderate (Scenario I & II)	Potential impact on revenue and brand value

### Physical Risks

Physical risks arise from climate-related hazards that may disrupt operations, damage assets or affect supply chains.

Risk Type	Description	Time Horizon	Scenario Sensitivity	Potential Financial Impact
<b>Acute Risks</b>	Flooding, heavy rainfall and storms affecting operations in Malaysia and Thailand	Short–Medium	Moderate (Scenario II), High (Scenario III)	Production downtime, asset damage, increased maintenance costs
<b>Chronic Risks (Temperature)</b>	Rising temperatures increasing cooling demand and energy consumption	Medium–Long	Moderate (Scenario II), High (Scenario III)	Increased energy costs (OPEX)
<b>Water-related Risks</b>	Variability in water availability affecting production processes	Medium–Long	Moderate (Scenario II), High (Scenario III)	Increased OPEX, potential production constraints
<b>Supply Chain Risks</b>	Climate-related disruptions affecting availability of raw materials, including PCR	Short–Medium	Moderate (Scenario II), High (Scenario III)	Increased material costs and delays impacting revenue
<b>Infrastructure Exposure</b>	Facility exposure to climate hazards depending on geographic location	Medium–Long	Moderate (Scenario II), High (Scenario III)	Increased CAPEX for resilience measures

### Integrated Strategic Response

To address climate-related risks holistically, the Group continues to:

- invest in recycling infrastructure and advanced production technologies;
- strengthen supplier engagement to improve the quality and availability of recycled materials;
- enhance energy management and efficiency through digitalisation and process optimisation; and
- integrate climate considerations into strategic planning and capital allocation.

In managing these risks, the Group evaluates trade-offs between environmental objectives and financial performance, particularly in relation to:

- adoption of recycled materials; and
- investments in energy efficiency and sustainability initiatives

### Current Maturity and Ongoing Enhancement

The Group's climate-related disclosures are currently at a developing stage, with a primary focus on qualitative assessment of risks and opportunities.

While scenario analysis has been undertaken, quantitative assessment remains limited due to:

- evolving data availability;
- challenges in modelling forward-looking scenarios; and
- ongoing development of internal systems.

The Group is progressively enhancing its capabilities, including:

- strengthening data systems;
- improving quantification methodologies; and
- aligning with evolving regulatory frameworks, including the NSRF.

The Group will continue to enhance its climate-related disclosures and management practices, including strengthening scenario analysis and improving data availability, to support long-term resilience and sustainable value creation.



# Environmental

- Sustainable Products & Circular Economy
- Climate Action & Energy Efficiency

## Environmental Progress:

### 2025 ENVIRONMENTAL HIGHLIGHTS

Expanded solar energy capacity through the completion of installations at three factories in FY2025, adding **4,199.7 kWp** and increasing total installed capacity to **8,625.5 kWp** (FY2024: 4,425.8 kWp).

**100%** of our main packaging materials (paper core and carton) made of recycled and recyclable material.

Commenced the adoption of the **IFRS Sustainability Disclosure Standards**.

Increased usage of recycled wooden pallets to **5,673 pcs per month** (FY2024: 2,133 pcs) through collaboration with suppliers.

**Two additional** subsidiaries are certified with **EN15343** during FY2025.

**Completion of 33kV** substation improve power quality, stability and control.

Resin handling improvement projects were carried out in alignment with the **OCS** principles

We **do not** incur any costs of **environmental fines and penalties** during FY2025

## OUR APPROACH TO ENVIRONMENT MANAGEMENT

The Group's approach to environmental management is anchored in its commitment to responsible resource use, operational efficiency and long-term sustainability. The Group seeks to minimise environmental impact while enhancing productivity, cost efficiency and resilience across its manufacturing operations.

Environmental considerations are integrated into operational processes and decision-making, with a focus on:

- efficient use of raw materials, including increased utilisation of recycled inputs;
- optimisation of energy consumption and improvement of energy efficiency;
- effective waste management and reduction of environmental leakage; and
- monitoring and management of emissions across operations and the value chain.

The Group's environmental management framework is supported by:

- clearly defined roles and responsibilities across functions;
- established environmental policies and procedures; and
- oversight by the Risk Management Task Force.

Environmental performance is managed through the Group's Environmental Management System ("EMS"), which provides a structured framework for monitoring, reporting and continuous improvement across key environmental areas.

## RISK MANAGEMENT THROUGH INNOVATION AND COMPLIANCE

The Group recognises that climate change, resource constraints and evolving environmental regulations present both risks and opportunities to its operations.

Increasing regulatory requirements and growing demand for sustainable packaging may result in higher compliance costs and operational adjustments.

To address these, the Group continues to:

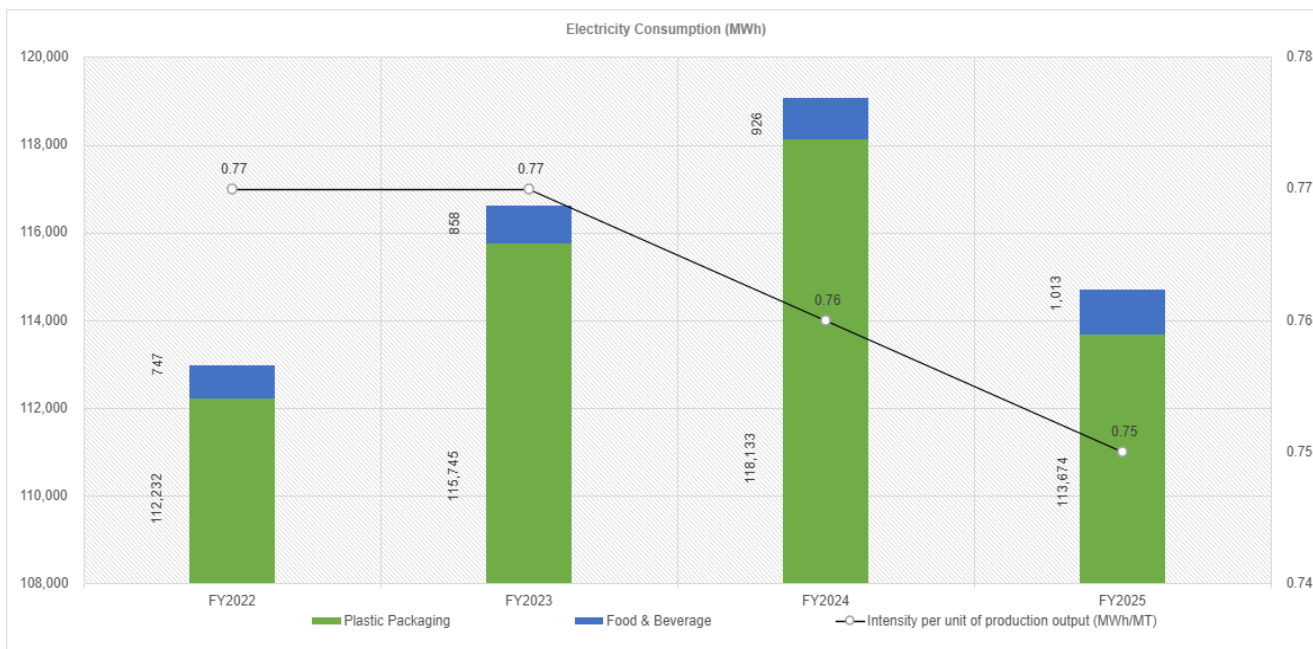
- strengthen compliance with environmental laws and regulations;
- monitor developments in circular economy and climate-related requirements;
- invest in production technologies, including Optical Control System technology;
- implement Operation Clean Sweep ("OCS") to prevent pellet loss;
- enhance waste management through reduction, segregation and recycling;
- improve resource and energy efficiency through process optimisation and digitalisation; and
- strengthen adaptation to climate-related risks, including improving operational resilience to physical climate impacts and supply chain disruptions.

The Group evaluates trade-offs between environmental objectives and operational efficiency to support balanced and sustainable value creation.

1. EQUITABLE USE OF RESOURCES

**Energy Management – Energy Efficiency**

Improving operational efficiency & Increasing the use of renewable energy



In addition, the Group implemented several energy efficiency initiatives, including:

- replacement of inverters with higher-efficiency systems;
- optimisation of production processes to reduce energy losses; and
- energy management training programmes to enhance internal capabilities and ensure alignment with energy efficiency requirements.

These initiatives contributed to improved energy performance and reinforced a culture of energy awareness across the organisation.

**Energy Efficiency Initiatives and Continuous Improvement**

The Group continues to identify opportunities to enhance energy performance through both technological upgrades and operational improvements.

**Improving operational efficiency**

Efficient energy management remains central to the Group's commitment to sustainability, operational excellence and cost optimisation. The Group continues to strengthen its structured approach to energy management through governance oversight, continuous improvement initiatives and alignment with applicable Malaysian energy efficiency regulations and requirements.

In FY2025, the Group continued to enhance energy performance across its operations. Despite increased electrification of processes, electricity intensity improved to 0.75 MWh per metric tonne of output (FY2024: 0.76 MWh/MT), reflecting improved operational efficiency and process optimisation.

The completion of a 33kV substation towards the end of FY2024, with a total infrastructure investment cost of RM4 million, improves internal power quality, stability and control. This reduces the risk of production interruptions caused by minor power fluctuations and supports more reliable and efficient operations.

While the Group remains dependent on the national grid and may still be affected by large-scale disruptions arising from extreme weather events, the improved power quality and control provided by the 33kV substation enhance operational reliability and support faster recovery from minor disturbances. This contributes to strengthening the Group's overall operational resilience.

In FY2026, the Group will commence the implementation of a digitalised energy monitoring system, enabling:

- real-time tracking of energy consumption;
- improved identification of inefficiencies; and
- enhanced data-driven decision-making to optimise energy usage.

This initiative is expected to further strengthen energy management practices and support ongoing efficiency improvements.

The Group remains committed to continuously improving its energy performance through operational efficiency, infrastructure enhancement and digitalisation. These efforts will support long-term cost efficiency, operational reliability and alignment with the Group's broader sustainability and climate-related objectives.

1. EQUITABLE USE OF RESOURCES

## Energy Management – Renewable Energy

Improving operational efficiency & Increasing the use of renewable energy

Electricity Consumption (MWh)				
	FY2023	FY2024	FY2025	Aug – Dec FY2025
Food & Beverage	858	926	1,013	433
Plastic Packaging	115,745	118,133	113,674	48,524
<b>Total</b>	<b>116,603</b>	<b>119,059</b>	<b>114,687</b>	<b>48,957</b>
<i>Powered by:</i>				
Solar PV System	5,067	5,570	7,864	4,345
Green Electricity Tariff (GET)	49,578	-	-	-
Fossil-based	61,958	113,489	106,823	44,611
<b>Total</b>	<b>116,603</b>	<b>119,059</b>	<b>114,687</b>	<b>48,956</b>
% of Renewable Energy	4%	5%	7%	9%



### Renewable Energy and Solar Initiatives

The Group remains committed to increasing the use of renewable energy as part of its broader strategy to reduce carbon emissions and manage energy-related costs.

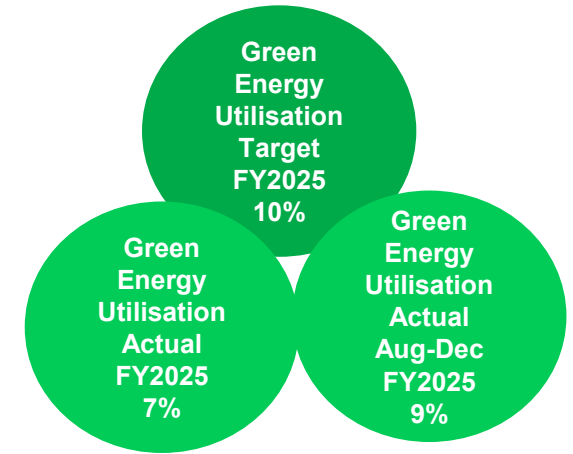
In FY2025, the Group achieved 7% renewable energy usage, compared to its target of 10%. The shortfall was primarily due to the slight delay in the installation of solar photovoltaic (“PV”) systems, which were progressively completed in July 2025.

Notwithstanding this, the Group recorded a notable improvement in renewable energy contribution in the second half of the year, with renewable energy accounting for 9% of total electricity consumption from August to December 2025. This demonstrates that the Group is progressing closely towards its target, despite timing-related implementation delays.

During the year, the Group expanded its solar energy capacity through the completion of installations at three factories, adding 4,199.7 kWp. This increased the Group’s total installed solar capacity to 8,625.5 kWp (FY2024: 4,425.8 kWp), supported by a total investment of approximately RM20.4 million in solar PV systems. This reflects the Group’s continued commitment to investing in renewable energy infrastructure.

Looking ahead, the Group remains committed to increasing its renewable energy usage to 20% by 2035. To support this target, the Group will continue to explore emerging technologies, including battery energy storage systems, while enhancing energy efficiency across its operations.

- ✓ In 2025, our combined use of 7,864 MWh of solar energy saved over 5,819 tCO<sub>2</sub>e
- ✓ Since the installation of the PV system in FY2018, our combined use of 36,282 MWh of solar energy saved over 27,884 tCO<sub>2</sub>e (As of 31 December 2025).

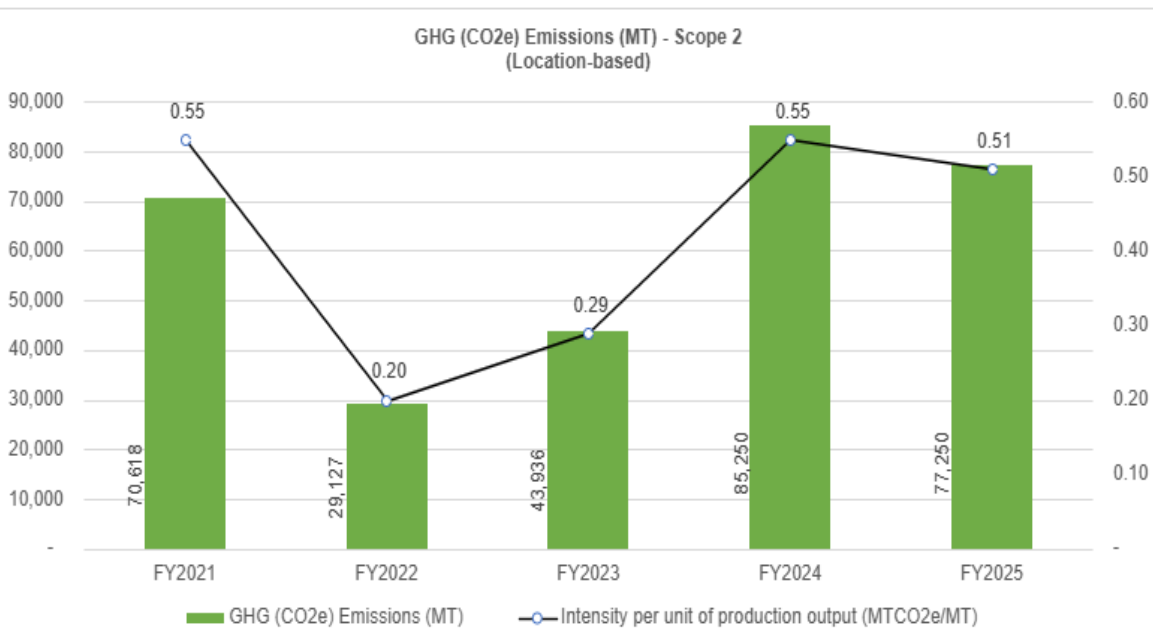


1. **EQUITABLE USE OF RESOURCES**

**Energy Management – GHG Emissions Transition**

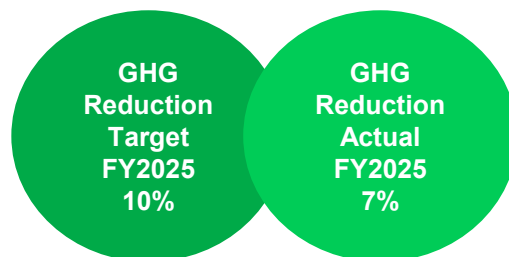
Improving operational efficiency & Increasing the use of renewable energy

Scope 2 GHG (CO <sub>2</sub> e) Emissions (MT)					
Location-based	FY2021	FY2022	FY2023	FY2024	FY2025
Total	70,618	29,136	43,922	85,250	77,250



Note:

- Prior to FY2024, Scope 2 emission factors refer to:
  - Grid emission factors in Malaysia (2017-2021) published by Suruhanjaya Tenaga Malaysia
  - Electricity emission factor published by Ministry of Ecology and Environment of the People's Republic of China dated 15 March 2022, 25 April 2023, 20 December 2024
  - Electricity emission factor published by Ministry of Energy of Thailand
  - Electricity emission factor published by United States Environmental Protection Agency
  - Electricity emission factor published by The Danish Energy Agency
- In FY2025, Scope 2 emission factors refer to data extracted from Bursa Malaysia's Centralised Sustainability Intelligence (CSI) Platform to align with the disclosures in CSOI Platform. This is to ensure consistency and transparency in disclosed data.



**GHG Emissions Intensity and Energy Transition**

The Group recorded a reduction in greenhouse gas (“GHG”) emissions intensity from 0.55 (FY2021 baseline) to 0.51 in FY2025, representing a 7% reduction. This is below the Group’s target of 10%, primarily due to strategic decisions taken during the year.

During FY2025, the Group ceased its subscription to the Green Electricity Tariff (“GET”) in response to rising energy costs, in order to manage operating expenses and safeguard profitability. This reflects a trade-off between short-term financial performance and decarbonisation efforts, as the use of green electricity would have supported emissions reduction but at a higher cost.

In addition, the Group implemented several electrification initiatives, including the replacement of diesel forklifts with electric forklifts, as well as the adoption of automated debagging and packing systems. While these initiatives have increased electricity consumption and, in the short term, contributed to higher Scope 2 emissions, they have improved operational efficiency, productivity and process consistency.

These developments reflect a broader trade-off between short-term emissions performance and long-term operational efficiency, as the Group transitions towards more efficient and automated production processes. The benefits of these initiatives are expected to be further realised over time, particularly as the Group increases its use of renewable energy.

Notably, the Group achieved the 7% reduction in GHG emissions intensity without reliance on carbon offsetting, reflecting genuine operational improvements. This is further supported by a declining trend in electricity intensity per unit of production output, as presented in this report.

The Group remains committed to achieving its 10% reduction target for Scope 2 emissions intensity, and has set a longer-term target of 20% reduction by FY2035. To achieve these targets, the Group will continue to focus on enhancing energy efficiency and increasing the use of renewable energy, which are the key drivers of its decarbonization strategy.

1. EQUITABLE USE OF RESOURCES

Water Management

Managing & reducing our water consumption

Water Management Policy

The Group complies with applicable environmental laws, regulations and internal standards in all operating locations, and is committed to responsible water usage through efficient utilisation and conservation practices.

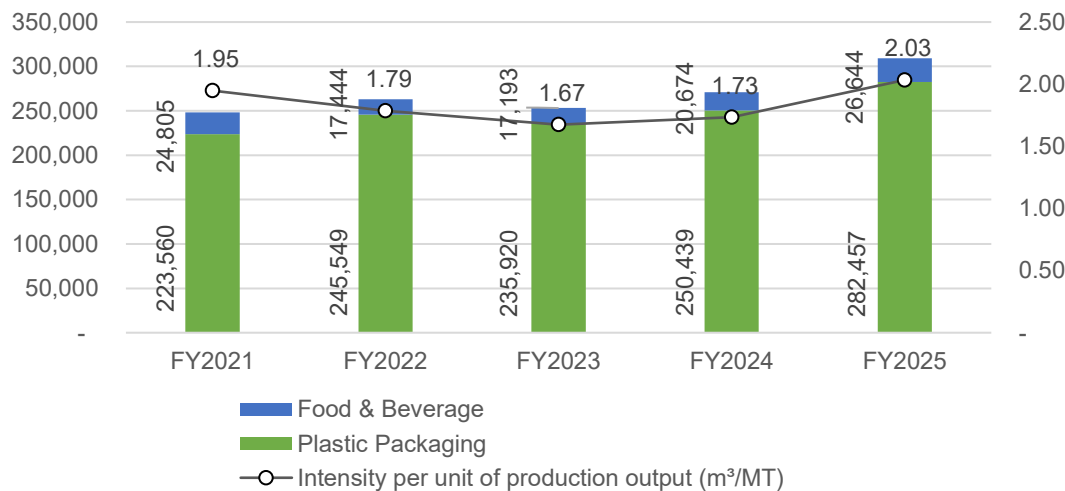
The Group aims to reduce water intensity and mitigate water-related risks through continuous monitoring, operational improvements and integration into its enterprise risk management framework.

The Group is committed to preserving water quality by implementing measures to prevent contamination, including preventing plastic pellets from entering waterways and the surrounding environment.

Water Management Performance

Water Consumption (m³)					
	FY2021	FY2022	FY2023	FY2024	FY2025
Food & Beverage	24,805	17,444	17,193	20,674	26,644
Plastic Packaging	223,560	245,549	235,920	250,439	282,457
<b>Total</b>	<b>248,365</b>	<b>262,933</b>	<b>253,113</b>	<b>271,113</b>	<b>309,101</b>

Water Consumption & Intensity



Environment Progress Against Targets							
Focus Area	Metrics	Progress				Target	
		2022	2023	2024	2025	2025	2030
Water	Reduction in water intensity (Based on FY2021 baseline)	7.8%	13.6%	9.4%	(4.1%)	10%	20%

The Group remains committed to managing water resources responsibly by improving water efficiency and minimising water-related risks across its operations.

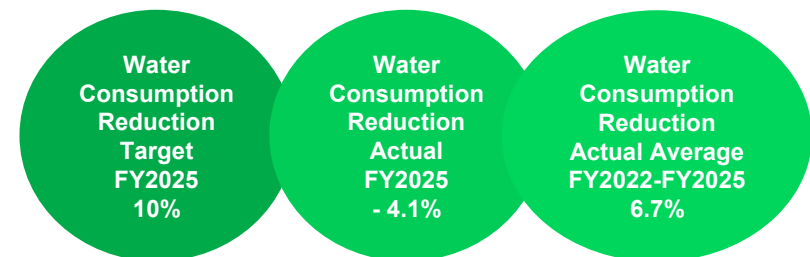
In FY2025, total water consumption increased to 309,101 m³ (FY2024: 271,113 m³). This increase was primarily attributable to water leakages identified at one of the Group's sites. As the facilities at this site are relatively new, the occurrence of leakages was unexpected. Remedial actions have since been undertaken to rectify the issue and strengthen monitoring and maintenance practices.

As a result, the Group recorded a 4.1% reduction in water intensity from the FY2021 baseline, which is below its target of 10% reduction by FY2025.

Notwithstanding this, the Group has demonstrated progressive improvements in water efficiency over the past three years, supported by ongoing initiatives including process optimisation, enhanced monitoring and increased operational awareness.

The Group remains committed to strengthening its water management practices, including improving infrastructure reliability, enhancing leak detection mechanisms and optimising water usage across its facilities.

Looking ahead, the Group reaffirms its commitment to achieving its longer-term target of 20% reduction in water intensity by 2030, supported by continuous improvement initiatives and enhanced operational controls.



## Water Management

Managing & reducing our water consumption

### Consuming Water Responsibly

While water is not a primary component in our manufacturing process for plastic packaging and the food & beverage sector, it remains a significant focal point in our resource management strategies. Our F&B Division mainly processes dry material.

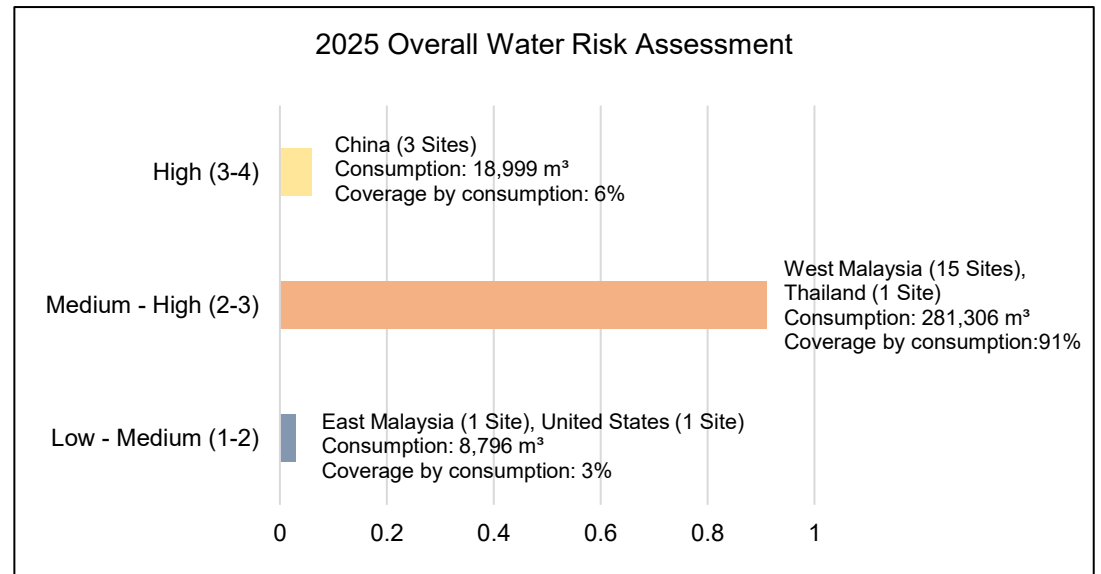
We initiate our water management strategy by responsibly utilizing water from municipal pipelines, which currently serve as our primary water source. Our objective is to decrease our reliance on municipal water sources by minimizing water wastage throughout our operations. For instance, we implement practices such as continuous recirculation and reuse of water in cooling towers to diminish evaporation and limit wastage. Additionally, we conduct regular monitoring of our water usage to detect any irregularities and pinpoint areas for enhancement, all while ensuring there are no leakages that could contribute to water wastage.

Additionally, we conduct periodic monitoring of the effluent quality from our plastic packaging manufacturing plants. Samples are collected and dispatched to third-party laboratories for analysis. Over the past three years, we have complied with regulations concerning both water consumption and quality, with zero incidents of non-compliance reported.

To optimise water resource utilization at our operational sites and alleviate strain on water-stressed environments, we implement proactive measures and utilise predictive methods. We rely on the AQUEDUCT Water Risk Atlas, which employs 13 indicators to assess our water risk, stress levels, and forecast fluctuations in demand and supply at our sites. Senior management and the Risk Management Task Force utilise these results to formulate remediation strategies for water optimization.

Location	Overall Water Risk	Water Stress
East Malaysia (1 Site)	Low - Medium (1-2)	Low (<10%)
West Malaysia (15 Sites)	Medium - High (2-3)	Low - Medium (10-20%)
Thailand (1 Site)	Medium - High (2-3)	Medium - High (20-40%)
China (3 Sites)	High (3-4)	Extremely High (>80%)
United States (1 Site)	Low - Medium (1-2)	High (40-80%)

Source of Water Withdrawal (m³)	2022	2023	2024	2025
<b>Plastic Packaging Division</b>				
Surface water from rivers, lakes, natural ponds	0	0	0	0
Groundwater from wells, boreholes	0	0	0	0
Used quarry water collected in the quarry	0	0	0	0
Municipal potable water	245,549	235,919	250,439	282,457
External wastewater	0	0	0	0
Harvested rainwater	0	0	0	0
Sea water, water extracted from the sea or the ocean	0	0	0	0
<b>Food &amp; Beverage Division</b>				
Surface water from rivers, lakes, natural ponds	0	0	0	0
Groundwater from wells, boreholes	0	0	0	0
Used quarry water collected in the quarry	0	0	0	0
Municipal potable water	17,444	17,193	20,674	26,644
External wastewater	0	0	0	0
Harvested rainwater	0	0	0	0
Sea water, water extracted from the sea or the ocean	0	0	0	0
<b>Total</b>	<b>262,993</b>	<b>253,112</b>	<b>271,113</b>	<b>309,101</b>



## Water Management

Operation Clean Sweep (OCS): Safeguarding Water Quality & Environment

### Operation Clean Sweep<sup>1</sup> (OCS)

Thong Guan pledges to OCS, ensuring zero pellet loss. We are committed to preventing resin spills with 6 actions:

- Improve our worksites set-up to prevent spills;
- Have in place internal procedures towards zero pellet loss goals;
- Provide employees training and accountability for spill prevention, containment, clean-up and disposal;
- Audit our performance regularly;
- Comply with all applicable local and national regulations governing pellet containment; and
- Encourage our partners (contractors, transporter, distributors, etc) to join the OCS.



<sup>1</sup>Operation Clean Sweep is an international programme designed to prevent the loss of plastic granules (pellets, flakes, and powders) during handling by the various entities in the plastics' value chain and their release into the environment..

Thong Guan has strengthened its commitment to environmental stewardship through the Operation Clean Sweep (OCS) initiative, recognising its critical role in protecting water systems and preventing plastic pollution.

Plastic pellets, flakes, and powders—if not properly managed—can enter drainage systems and waterways, ultimately impacting rivers, marine ecosystems, and water quality. In FY2025, we intensified our OCS efforts to ensure that no resin loss reaches the environment, reinforcing our responsibility to safeguard natural resources.

#### Key Enhancements

- Advanced containment measures: Continued use and optimisation of automated debagging systems to minimise spillage during material handling
- Improved housekeeping & response protocols: Strengthened cleaning, washing, and drying processes to prevent resin discharge into drains
- Employee engagement & accountability: Ongoing training programmes and operational controls to ensure strict compliance with pellet loss prevention practices
- Digital coordination: Enhanced communication channels for rapid response and continuous monitoring of site conditions

These efforts directly contribute to protecting water quality, reducing the risk of microplastic contamination, and supporting broader environmental sustainability goals.

#### Milestone Achievement in FY2025

A major highlight of the year was receiving recognition from the Malaysian Plastics Manufacturers Association (MPMA) for our commitment to preventing plastic loss to the environment through OCS implementation.

This recognition:

- Validates the effectiveness of our OCS practices
- Reinforces our leadership in responsible resin management
- Demonstrates that sustainability is embedded in our daily operations

Our OCS journey reflects a holistic approach—integrating environmental protection, operational efficiency, and employee responsibility. By prioritising pellet containment and water protection, we are actively contributing to a cleaner environment and healthier ecosystems.



1. **EQUITABLE USE OF RESOURCES**

**Material Management**

Manufacturing responsibly

The Group is committed to responsible material usage by embedding sustainability considerations across the entire material lifecycle, from sourcing and production to post-consumer recovery. Our approach focuses on enhancing material efficiency, reducing dependency on virgin polymers and advancing circularity through the increased use of recycled materials, while also supporting the use of renewable resource-based materials where appropriate.

As part of our Recycling and Circular Economy strategy, we actively promote the utilisation of both post-industrial recycled (“PIR”) and post-consumer recycled (“PCR”) materials.

PIR materials, derived from internal manufacturing waste such as rework, regrind and scrap generated during production processes, are systematically recovered and reintegrated into our operations. This enables the Group to minimise waste generation, improve resource efficiency and support our aspiration towards zero plastic production waste.

In parallel, the Group is expanding the use of PCR materials, which are sourced from post-consumer plastic waste that has fulfilled its intended purpose and is recovered for recycling. The Group sources PCR materials from plastic packaging such as resin bags, shrink covers, stretch hoods and stretch films, as well as through collaboration initiatives with customers aimed at collecting post-use plastic packaging.

The Group utilises renewable resource-based materials, such as corn starch and sugarcane-based inputs, primarily in response to specific customer requirements and product applications.

In FY2025, the Group continued to make progress in integrating recycled materials, while maintaining flexibility to meet product specifications and customer requirements. However, the Group remains below its target of incorporating 10% PCR content into total plastic production output by 2030. This gap reflects ongoing challenges in securing sufficient volumes of high-quality, certified recycled materials that meet the Group’s product specifications and customer requirements.

Nevertheless, the Group has undertaken various initiatives to progressively increase PCR utilisation, including strengthening supplier engagement, investing in recycling capabilities and enhancing internal waste recovery processes.

Total Materials Used (MT)								
Type	FY2022		FY2023		FY2024		FY2025	
Virgin material	130,864	93.3%	138,351	93%	134,791	92%	138,803	93%
Recycled resin	9,143	6.5%	10,071	6.8%	11,598	7.9%	10,200	6.8%
Materials from renewable resources	292	0.2%	264	0.2%	188	0.1%	227	0.2%
<b>Total</b>	<b>140,299</b>	<b>100%</b>	<b>148,686</b>	<b>100%</b>	<b>146,577</b>	<b>100%</b>	<b>149,230</b>	<b>100%</b>
% of Recycled resin + materials from renewable resources	-	6.7%	-	7.0%	-	8.0%	-	7.0%

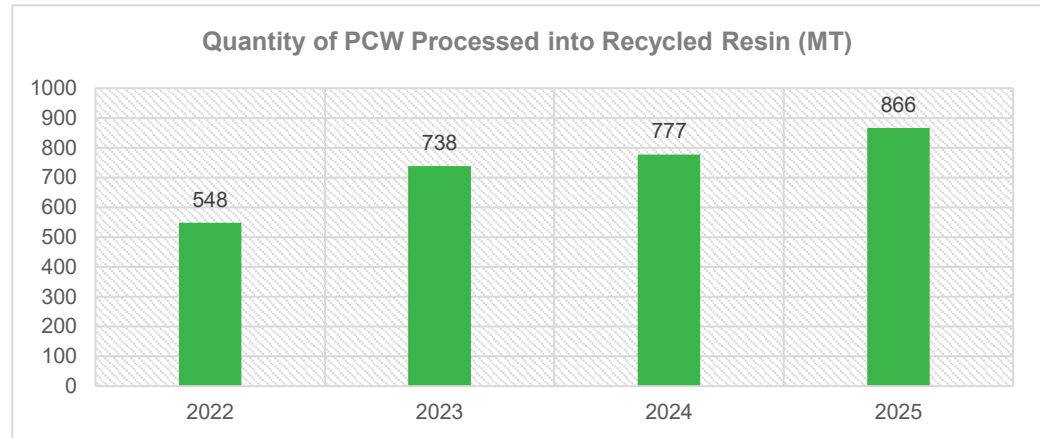
**Strengthening Recycling Capabilities**

To support the scaling of recycled material usage, the Group has undertaken investments to enhance its recycling capabilities and supply chain resilience.

The Group has invested approximately RM4.91 million over the past five years to strengthen its recycling infrastructure, including machinery and equipment designed to improve the processing and quality of recycled materials. These investments are aimed at enhancing our ability to process and utilise recycled resins more efficiently while maintaining product quality standards.

In addition, the Group continues to collaborate with external collectors and suppliers to secure a reliable and consistent supply of recycled materials. Internal waste segregation initiatives have also been implemented across operations to improve the recovery of reusable materials, contributing to increased volumes of recycled resin processed internally.

Internal waste segregation campaign was successfully launched in within TG. In FY2025, total PCW from internal post-use processed into recycled resin increased by 89MT to 866MT.



**Balancing Environmental Ambitions and Operational Efficiency**

While the increased adoption of recycled materials supports the Group’s environmental objectives, particularly in reducing reliance on virgin polymers and advancing circularity, it also introduces operational and financial considerations.

## Material Management

Manufacturing responsibly

### Balancing Environmental Ambitions and Operational Efficiency

While the increased adoption of recycled materials supports the Group's environmental objectives, particularly in reducing reliance on virgin polymers and advancing circularity, it also introduces operational and financial considerations.

The use of high-quality, certified PCR materials typically involves a cost premium compared to virgin materials. In addition, variability in material quality — influenced by the source and composition of waste inputs — may lead to increased production complexity, including more frequent mesh changes during manufacturing. This has a direct impact on production efficiency and operational performance.

Accordingly, the Group faces a strategic trade-off between:

- advancing its environmental ambitions, including increasing recycled content and supporting circular economy outcomes; and
- maintaining cost competitiveness, production efficiency and profitability, which underpin the Group's broader Prosperity objectives.

The Group actively evaluates these trade-offs within its decision-making processes to ensure that sustainability-related initiatives are implemented in a balanced and financially responsible manner, taking into account their potential impact across the short, medium and long term.

### Managing Trade-offs Through Targeted Interventions

To address these challenges while continuing to progress towards its sustainability targets, the Group has implemented several mitigation measures:

- **Enhancing Supplier Engagement and Material Quality Management**

The Group works closely with suppliers to improve the consistency and quality of recycled polymers. Particular focus is placed on monitoring the source of waste inputs and strengthening transparency across the recycling process, as these factors directly influence material performance.

- **Investment in Advanced Production Technology**

The Group has invested approximately RM1.2 million in advanced Optical Control Systems, a high-precision technology designed to detect gel contaminants in stretch film production. This enables the Group to maintain product quality, reduce inefficiencies and support the increased adoption of PCR materials without compromising customer requirements.

The Group remains committed to progressively increasing the use of recycled materials while enhancing operational resilience, product quality and cost efficiency. While challenges remain in achieving its PCR adoption targets, ongoing investments in technology, supplier collaboration and process optimisation are expected to support gradual progress towards its circular economy objectives and long-term sustainable value creation.



2. WASTE MANAGEMENT & REDUCTION

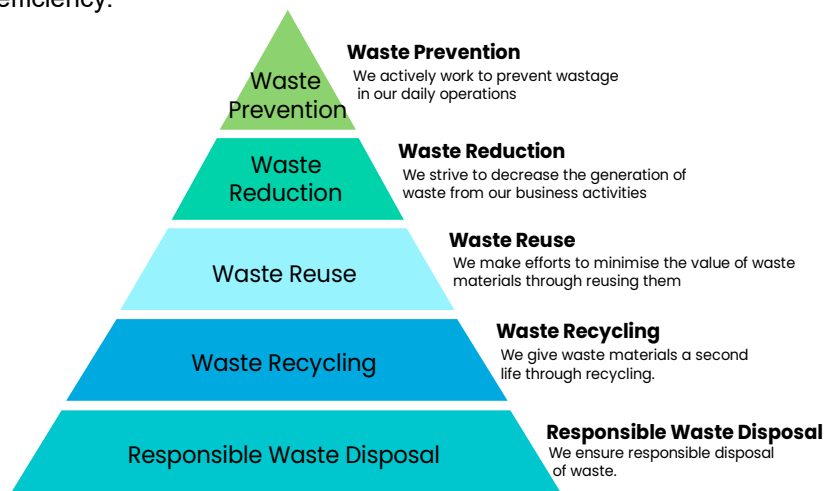
**Waste Management**

Managing & reducing our production waste

The Group adopts a responsible approach to industrial waste management, prioritising compliance with applicable laws and regulations. Waste management practices include proper handling, segregation and disposal of waste, aligned with health and safety requirements and environmental protection standards.

The Group continues to implement waste minimisation initiatives across its operations, including waste segregation programmes, recycling efforts and employee awareness initiatives to promote responsible waste handling practices.

Production scraps generated from manufacturing processes such as plastic trimmings and rejected plastic packaging products are largely recycled internally or repurposed as raw materials, supported by advanced recycling capabilities within the Group’s facilities. This approach contributes to minimising waste generation and improving resource efficiency.



Environment Progress Against Targets

Focus Area	Metrics	Progress			Target	
		FY2023	FY2024	FY2025	FY2023	FY2030
Waste	Reduction in waste (Based on FY2022 baseline)	37%	21.5%	21.4%	30%	60%

Our solid waste includes:

- Post-use industrial plastic waste, including packaging like resin bags, shrink covers, stretch hoods, and films from our suppliers
- Post-use industrial non-plastic waste, such as used wooden pallets, paper, and metal.
- Post-consumer waste from in-house segregation program, including PET bottles, clean flexible packaging, and paper.

Type	Total waste generated (MT)							
	FY2022		FY 2023		FY 2024		FY 2025	
	Plastic Packaging	Food & Beverage	Plastic Packaging	Food & Beverage	Plastic Packaging	Food & Beverage	Plastic Packaging	Food & Beverage
Total waste diverted from disposal	Information not available	Information not available	5,485	35	7,130	60	6,695	67
Total waste directed to disposal	1,983	540	1,169	414	1,226	754	1,209	774
<b>Total</b>	<b>1,983</b>	<b>540</b>	<b>6,654</b>	<b>449</b>	<b>8,356</b>	<b>814</b>	<b>7,904</b>	<b>841</b>

Note: FY2022 & FY2023 refers to waste of facilities in West Malaysia only. FY2024 & FY2025 refers to all waste of facilities of Thong Guan Group

**Waste Performance and Progress**

In FY2025, the Group’s waste management performance remained broadly consistent with FY2024, reflecting ongoing waste reduction and recycling efforts across its operations. While progress has been achieved in maintaining stable waste levels, the Group did not meet its short-term waste reduction target during the year.

This was primarily influenced by operational and business factors, including variations in production mix and increased packaging-related waste arising from F&B business activities.

Recognising these challenges, the Group has recalibrated its waste reduction target, extending the timeline to achieve a 60% reduction in waste by FY2030, to allow for a more realistic and structured implementation of waste reduction initiatives.

**Scheduled (Hazardous) Waste**

Thong Guan collaborates with licensed collectors from the Department of Environment (DOE) to manage schedule waste. This waste is either sent to landfills, incinerated, or recycled. We transparently report and disclose our scheduled waste generation on the government portal.

Over the past three years, we have complied with regulations concerning scheduled waste disposal, with zero incidents of non-compliance reported.

## Circular Materials and Wooden Pallet Programmes

Managing & reducing our production waste

The Group continues to strengthen its commitment to circular economy practices through the responsible use of materials and the reduction of waste across its operations.

The Group has consistently utilised recycled and recyclable materials for carton packaging and paper cores, reflecting its commitment to sustainable sourcing and reducing reliance on virgin materials. This remains an important component of the Group’s approach to embedding circularity within its packaging value chain.

In addition, the Group continues to advance its Wooden Pallet Recycling Programme, which focuses on the reuse and repurposing of used, worn and broken pallets in collaboration with suppliers. This initiative supports waste reduction and promotes sustainable material usage.

Building on the strong momentum achieved in previous years, the Group recorded a significant increase in the utilisation of recycled wooden pallets in FY2025. The average monthly consumption increased to 5,673 pieces, compared to 2,133 pieces in FY2024 and 165 pieces in FY2023, reflecting the continued scaling of the programme across operations.

This progress was driven by closer collaboration with suppliers, improvements in collection and refurbishment processes, and increased integration of recycled pallets into operational workflows. The initiative supports the Group’s efforts to reduce reliance on new timber resources, minimise waste sent to landfill and contribute to broader environmental sustainability objectives.

Based on internal estimates, each recycled pallet contributes to approximately 28 kg of CO<sub>2</sub> equivalent (CO<sub>2</sub>e) savings. At the current utilisation level, this translates to an estimated annual avoidance of approximately 1,906 MT of CO<sub>2</sub>e, demonstrating the tangible environmental benefits of the programme in reducing carbon emissions and supporting climate-related objectives.

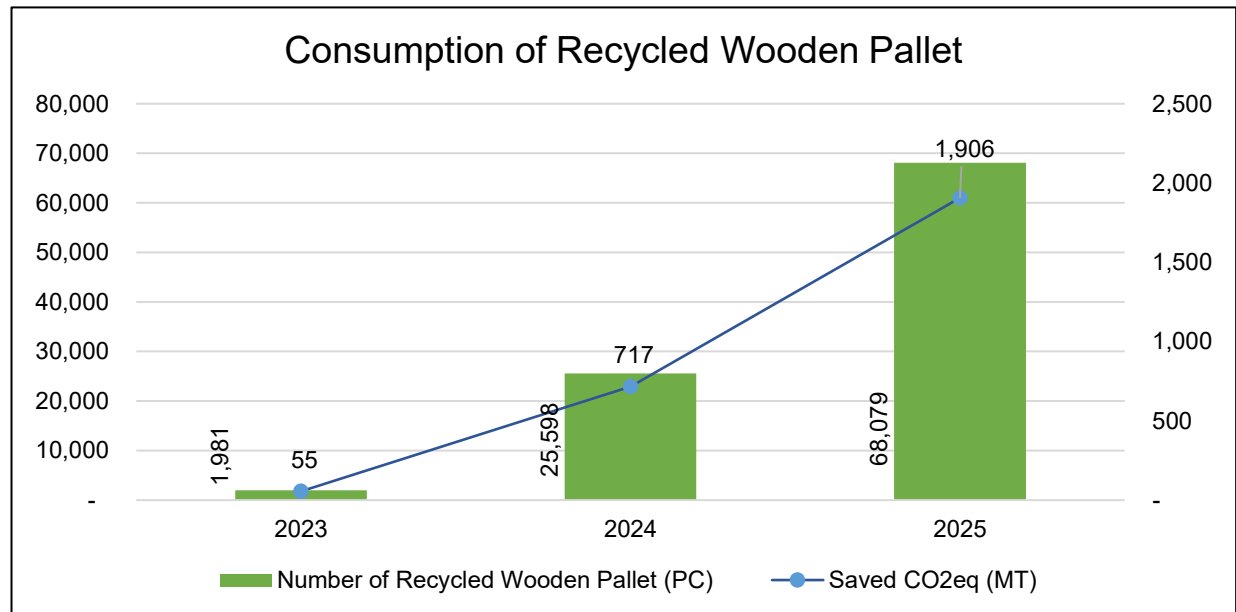
The Group remains committed to further enhancing its circularity initiatives by expanding the use of recycled materials across its operations and strengthening partnerships across the value chain. These efforts contribute to improved resource efficiency while supporting long-term cost optimisation and environmental performance.



Used, worn and broken pallets sent to vendor



Thong Guan is committed to build a sustainable supply chain with our stakeholders and contribute to both CO<sub>2</sub>e and landfill avoidance. Every recycled wooden pallet saves 28KG of CO<sub>2</sub>e.



## Circular Materials and Wooden Pallet Programmes

Managing & reducing our production waste

### Reducing Pallet Dependency through Slip Sheet Adoption

As part of the Group's ongoing efforts to enhance material efficiency and reduce reliance on conventional packaging materials, one of its subsidiaries has begun adopting slip sheets as an alternative to wooden pallets.

Slip sheets provide a more resource-efficient load handling solution by reducing the need for timber-based pallets, thereby supporting the Group's broader circular economy objectives. In FY2025, the subsidiary utilised approximately 1,000 slip sheets in its operations.

To ensure that the use of slip sheets meets operational and safety requirements, the Group conducted testing in accordance with the EUMOS 40509 standard, a recognised European guideline for evaluating load stability during transport. This test assesses the ability of palletised or unitised goods to withstand dynamic forces encountered during transportation, such as braking and cornering, ensuring that goods remain stable and secure throughout the logistics process.

The successful validation under this standard provides assurance that slip sheets can deliver adequate load stability and transport safety, supporting their adoption without compromising product integrity.

This initiative contributes to reducing the consumption of raw materials, lowering transportation weight and improving space utilisation during storage and shipment. In addition, the adoption of slip sheets supports the reduction of deforestation-related impacts and enhances overall supply chain efficiency.

While still at an early stage, the Group will continue to evaluate the operational feasibility and scalability of slip sheet usage across its operations. This initiative forms part of the Group's broader strategy to explore innovative solutions that improve resource efficiency while maintaining operational performance and cost effectiveness.



- ✓ Reduce deforestation
- ✓ Reduction of 25.2 kg CO<sub>2</sub>e (90%) per piece of HDPE slip sheet versus one wooden pallet
- ✓ Saving space for both storage and shipment

## Recyclability and Recycling

Driving plastic circularity

### Product Recyclability

Promoting recyclability plays a pivotal role in reducing the environmental impact of a product by minimizing its carbon footprint. Thong Guan is committed to enhancing the recyclability of our products post-consumption, thereby steering them away from conventional disposal routes like landfills or incinerators. Instead, our focus is on maintaining their presence within the material cycle, thus bolstering circularity within the system. This objective is pursued through various initiatives, such as advancing process technologies and innovating the design of plastic products to optimise their recyclability potential.

Our products are designed with recyclability in mind, ensuring that they can be efficiently repurposed at the end of their lifecycle. This holistic approach not only aligns with our sustainability goals but also underscores our dedication to fostering a more environmentally responsible manufacturing process.

Thong Guan defines recyclable products as those that are deemed recyclable in polyethylene (PE) upon receipt from our company. However, it is important to note that certain products designed for specific uses may become contaminated in a manner that renders mechanical recycling unfeasible. Examples of such applications include medical products and hygiene laminations, which are therefore excluded from our recyclability definition.

### Recycling Capacity

TGSH Plastic Industries Sdn. Bhd. has served as our internal recycling plant since 2011. As of December 31, 2025, TGSH owns 5 recycling lines and has the capacity to convert 6,000 MT of plastic waste into recycled resin. TGSH specialise in recycling of post-consumer waste (PCW). Managing PCW requires specialised knowledge and expertise in feedstock management to ensure effective processing. Our investment in recycling facilities has been substantial, totalling RM6.6 million since 2016.

To our customers, we:

- Increase awareness among customers regarding their role in minimizing environmental impact by supporting environmentally friendly products and offer an after-use collection program.
- Provide data and evidence-based test results from the Newton R&D Centre to assure customers of the quality performance of our recycled packaging.
- Quantify our sustainability commitment through green certificates such as ISCC Plus, GRS and EN15343 to ensure traceability of certified material (recycled resin) and third-party confirmation on recycled content.

### Risk management in relation to recycling

As of the present day, Thong Guan's impact on end-of-life plastic recycling is somewhat constrained, given that the actual recycling process hinges on several factors including product usage, as well as the collection and management of waste post-consumption. Waste collection procedures are predominantly governed by national and local authorities, thereby limiting the standardization of recycling regulations. Furthermore, the perception of recycling among both local authorities and the public plays a significant role in shaping our expansion plans for recycling facilities.

To enhance the recycling rate, it is imperative to establish efficient conditions that encourage the collection of used plastics and create a predictable regulatory framework conducive to investments in circular plastics. In response to this need, Thong Guan has initiated the RE:USE program, aimed at providing after-use waste collection services to our customers. Additionally, we are actively exploring collaboration opportunities with waste collectors to scale up the recycling of post-consumer plastic waste (PCW), thereby enabling a greater volume of plastic waste to be recycled.

### Life Cycle Assessment (LCA)

In collaboration with SIRIM, we successfully completed our first life cycle assessment (LCA) of our nano stretch film product in FY2023. This assessment was conducted in accordance with ISO14044 (Environmental Management – Life Cycle Assessment) to comprehensively evaluate the environmental impact of our products.

This assessment was conducted to carefully evaluate the environmental impacts of our products, with a specific focus on our core offerings, such as nano stretch film. Throughout this process, we actively solicited feedback and input from both our suppliers and customers, seeking valuable insights to enhance various facets of our product lifecycle.



2. GREEN CERTIFICATIONS

**Justifiable Sustainability**

Quantifying & qualifying our green competency

**Green Certifications**

Through the application of globally recognised standards and the validation of our sustainability efforts by external entities, we secure an additional layer of assurance for both ourselves and our stakeholders, affirming our trajectory towards becoming the preeminent leader in sustainability within our industry. Our emphasis on obtaining globally recognised certifications such as ISO14001, ISCC Plus, GRS and EN15343 enables us to stay updated with industry best practices and enhance our reputation by showcasing our commitment to be transparent in supply chain.

We meticulously choose our certificates, and when applicable, seek assistance from external parties to ensure that we engage with certifications that yield the greatest impact and establish the most stringent standards for sustainability. Thong Guan's subsidiaries, where relevant, are certified in accordance with a range of international and national standards and certifications, including but not limited to the following:

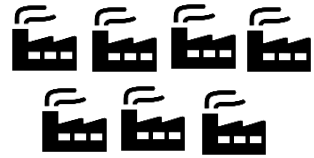
**ISO 14001**



ISO 14001 is a globally recognised standard for establishing and maintaining effective environmental management systems (EMS). It provides organisations with a structured framework to identify, manage, monitor, and improve environmental performance, ensuring compliance with regulatory requirements and supporting continuous improvement.

By adhering to this standard, we are taking proactive measures to minimise our environmental footprint and comply with relevant legal requirements. The certification promotes ongoing assessment of resource usage and waste management, enabling improved environmental performance and reinforcing our commitment to operational excellence and sustainability.

**7 Factories**



Coverage: 7 out of 14 plastic factories are certified to ISO 14001 (50%)

**ISCC Plus**



The International Sustainability and Carbon Certification (ISCC) stands out as a premier solution provider for fostering sustainable international supply chains. Recognised for its comprehensive approach, ISCC encompasses the entirety of the supply chain, including diverse bio-based feedstocks and renewable, low-carbon technologies, ensuring traceability, traceable tracking of greenhouse gas emissions, and maintaining accountability across the entire supply chain.

The ISCC certification serves as a testament to our commitment to sustainability, ensuring that materials sourced are sustainably produced and traceable throughout global supply chains. By opting for ISCC Plus certification, Thong Guan demonstrates its dedication to sustainable practices, particularly in the conversion of circular materials into mass-balanced products, reinforcing our responsibility in driving positive change within the industry.

**4 Factories**



ISCC Plus certification is implemented at selected factories based on production requirements and operational considerations

**GRS**



The Global Recycled Standard (GRS) sets criteria for third-party verification of recycled materials and chain of custody. Certifiable products must contain at least 20% recycled content, with a minimum of 50% required for product-specific GRS labelling. The standard also includes strict requirements on environmental management, chemical restrictions, and social responsibility throughout the production process.

GRS certification ensures that recycled materials used in our products are verified and responsibly sourced, while maintaining high standards for environmental and social practices. It strengthens transparency and credibility in our recycled product offerings and supports our commitment to sustainable material use.

**2 Factories**



GRS certification is implemented at selected factories based on production requirements and operational considerations

**EN 15343**

The EN 15343 certification focuses on the traceability and verification of recycled plastics content, ensuring transparency and credibility in the use of recycled materials. It establishes robust methodologies for tracking recycled material from input through production to final products, enabling accurate calculation and declaration of recycled content.

By obtaining EN 15343 certification in FY2025, Thong Guan strengthens its commitment to circular economy practices and responsible resource management. The certification also supports alignment with the EU Packaging and Packaging Waste Regulation (PPWR) by providing a recognised framework for traceability and verification of recycled content, enhancing stakeholder confidence and ensuring readiness for evolving regulatory requirements.

**2 Factories**



EN15343 certification is implemented at selected factories based on production requirements and operational considerations



## 3. PRODUCT DEVELOPMENT AND INNOVATION

**# LoopClosers**

Closing the loop with product development and innovation

**Advancing circular Packaging Solutions**

Thong Guan has been actively promoting downgauging initiatives since 2016, focusing on reducing material consumption while maintaining product performance. While downgauging remains a key strategy, the Group recognises that thickness reduction alone has its technical limitations, particularly in ensuring load stability and packaging integrity.

To address these challenges, the Group strengthened its innovation capabilities through Newton R&D, focusing on developing advanced packaging solutions that optimise performance while reducing environmental impact.

**Development of PCR Stretch Film**

Since 2021, the Group has progressively incorporated recycled materials into its products, primarily using post-industrial recycled (PIR) materials. Building on this foundation, the Group intensified its research and development efforts to incorporate post-consumer recycled (PCR) materials, which present greater technical complexity.

In FY2025, following extensive testing and process optimisation, the Group successfully launched its PCR Series, comprising:

- PCR Hand Film
- PCR Machine Film
- PCR Bundling Film

These products are engineered with up to 35% recycled content, delivering reliable performance while supporting more sustainable material usage across applications.

**PCR Machine Film**

Engineered for high-speed, efficient wrapping while maintaining consistent gel characteristics.

**PCR Hand Film**

Lightweight, durable, user-friendly, and optimized with ideal gel count and gel size control.

**PCR Bundling Film**

Compact, secure, and sustainably designed with precise gel count and gel size management.

**Overcoming Technical Challenges**

Incorporating PCR materials into stretch film particularly high-speed machine film requires stringent quality control to ensure consistent performance. PCR materials are inherently variable and may contain contaminants, which can impact film strength, clarity and wrapping efficiency.

To address these challenges, the Group implemented advanced quality control measures, including the installation of an Optical Control System to monitor and manage material quality. In addition, strict sourcing and selection processes are applied to minimise contamination risks and ensure product consistency.

These efforts enable the Group to maintain key product characteristics such as high clarity, controlled gel count and stable wrapping performance, even with the inclusion of recycled content.

**Supporting Climate and Circularity Goals**

The introduction of the PCR Series supports the Group's broader climate and circular economy strategy. By incorporating recycled materials into its products, the Group reduces reliance on virgin plastic resins, contributing to:

- lower lifecycle greenhouse gas (GHG) emissions, particularly Scope 3 emissions associated with raw material sourcing;
- reduced resource consumption, supporting material efficiency initiatives; and
- advancement of circular economy practices, by promoting the reuse of post-consumer plastic waste.

This initiative is also aligned with evolving regulatory developments, including the Packaging and Packaging Waste Regulation (PPWR), as well as increasing customer demand for sustainable packaging solutions.

3. PRODUCT DEVELOPMENT AND INNOVATION

# LoopClosers

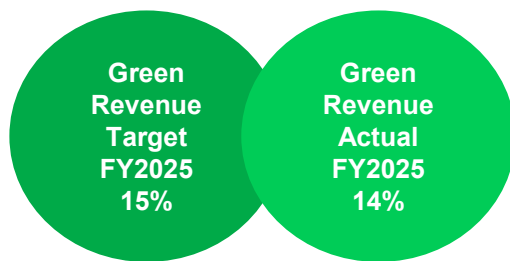
Closing the loop with product development and innovation

**Driving Market Adoption of Recycled content**

To support the transition towards more sustainable packaging, the Group established a target for 15% of its plastic packaging revenue to be derived from products containing at least 30% recycled content (including both post-industrial recycled (PIR) and post-consumer recycled (PCR) materials) by FY2025 (Green Revenue). This target was set to promote greater awareness among customers on the benefits of adopting packaging solutions with recycled content and to accelerate market adoption.

In FY2025, the Group achieved 14% of total plastic packaging revenue from such products, contributing approximately RM132 million to total revenue, reflecting strong progress in scaling recycled-content solutions.

The results demonstrate increasing customer acceptance of recycled-content packaging and reinforce the Group’s commitment to advancing circular economy practices through both product innovation and market engagement.



**Delivering Sustainable Value**

The PCR Series reflects the Group’s commitment to delivering high-performance packaging solutions without compromising sustainability. By integrating recycled content into stretch films, the Group supports customers in achieving their sustainability goals while maintaining operational efficiency.

The Group will continue to invest in research and development to enhance the performance and sustainability of its products. Through innovation in materials and process technologies, Thong Guan aims to deliver solutions that balance performance, cost efficiency and environmental responsibility, supporting the transition towards a low-carbon and circular economy.

**Newton R&D** continues to play a central role in translating material science into measurable packaging performance—where data replaces assumption, and engineering insight drives measurable outcomes.

Beyond testing, Newton functions as an engineering partner—helping customers validate decisions, reduce risk, and optimise real-world outcomes across diverse industries and regions.

**INSIGHTS, TESTING & CUSTOMER WINS**

**Local Testing, Global Relevance**

Newton’s laboratories provide customers with access to scientific, application-based testing that reflects real transport and handling conditions.

By simulating actual load movements, forces, and environmental stresses, Newton enables customers to make informed decisions before full-scale deployment, reducing damage, inefficiency, and downstream cost.

What differentiates Newton is not equipment alone, but how testing data is interpreted and applied, connecting film behaviour, load characteristics, and wrapping methods into actionable recommendations.

Newton’s value lies not in telling customers *what* to use, but in proving *why* a solution works.



4. PRODUCT SAFETY AND CONSUMER RESPONSIBILITY

# LoopClosers

Validating Sustainable Packaging Performance in Practice

In FY2025, the Group actively engaged with customers and industry stakeholders through platforms such as Pack Expo Las Vegas 2025 and Newton Academy, providing valuable insights into evolving expectations across the packaging value chain. These engagements enabled the Group to better understand market trends in sustainability, regulatory compliance and product performance, while demonstrating the real-world application of its solutions.

At Pack Expo Las Vegas 2025, the Group showcased its packaging solutions under TG Packaging Solutions, focusing on achieving a balance between performance optimisation and sustainability requirements. Key observations from the event highlighted increasing industry focus on:

- material efficiency beyond stretch percentage metrics;
- containment force and downgauging optimisation;
- adoption of recycled content, particularly post-consumer recycled (“PCR”) materials; and
- alignment with evolving regulatory requirements, especially in EU-bound markets.

These insights reinforce the Group’s strategic direction in developing solutions that address both operational efficiency and sustainability expectations.

**Translating Innovation into Real-World Performance**

Building on its innovation capabilities, the Group continues to leverage Newton Academy as a platform for testing, validation and collaboration with customers. Through controlled testing environments, live demonstrations and technical engagements, customers are able to evaluate product performance under actual operating conditions.

This approach enables the Group to:

- validate load stability and containment performance;
- optimise film usage and material efficiency; and
- ensure consistency and reliability across different applications.

Such collaborations provide a deeper understanding of how packaging solutions perform in practice, supporting customers in making informed, data-driven decisions.

**Supporting Product Safety, Efficiency and Sustainability**

These initiatives reflect the Group’s commitment to ensuring that its packaging solutions meet high standards of product safety, performance and sustainability. By validating solutions through real-world testing and customer collaboration, the Group supports:

- safe and secure load handling across supply chains;
- reduction in material usage through optimised film performance; and
- increased adoption of sustainable materials, including PCR content.

This integrated approach strengthens customer confidence while contributing to the Group’s broader environmental and circularity objectives.

**Customer Insights and Performance Validation**

Feedback from customers demonstrates the effectiveness of the Group’s solutions in delivering consistent performance and reliability.

Through Newton Academy engagements, customers highlighted the value of:

- data-driven testing and measurable results, enabling clearer comparison of performance;
- improved load stability and wrapping consistency, particularly under controlled stretch conditions; and
- collaborative technical discussions, which help align expectations and enhance trust.

Customers also noted that the ability to validate performance in real-world scenarios—rather than relying solely on theoretical metrics—provides greater confidence in adopting optimised and more sustainable packaging solutions.



The Velocity film really stands out for its high stretch capability and film consistency.

– Liam Bland  
Castle Industrial



We were impressed regarding the culture, which was the passion of the people and how they are combining different scenarios and perspectives on the load stability and customers needs.

– Alin Miheșan  
CEO, SmartWrap Romannia

✓ The Group did not record any product recalls or product safety incidents during FY2025, reflecting its commitment to maintaining high product quality and safety standards.

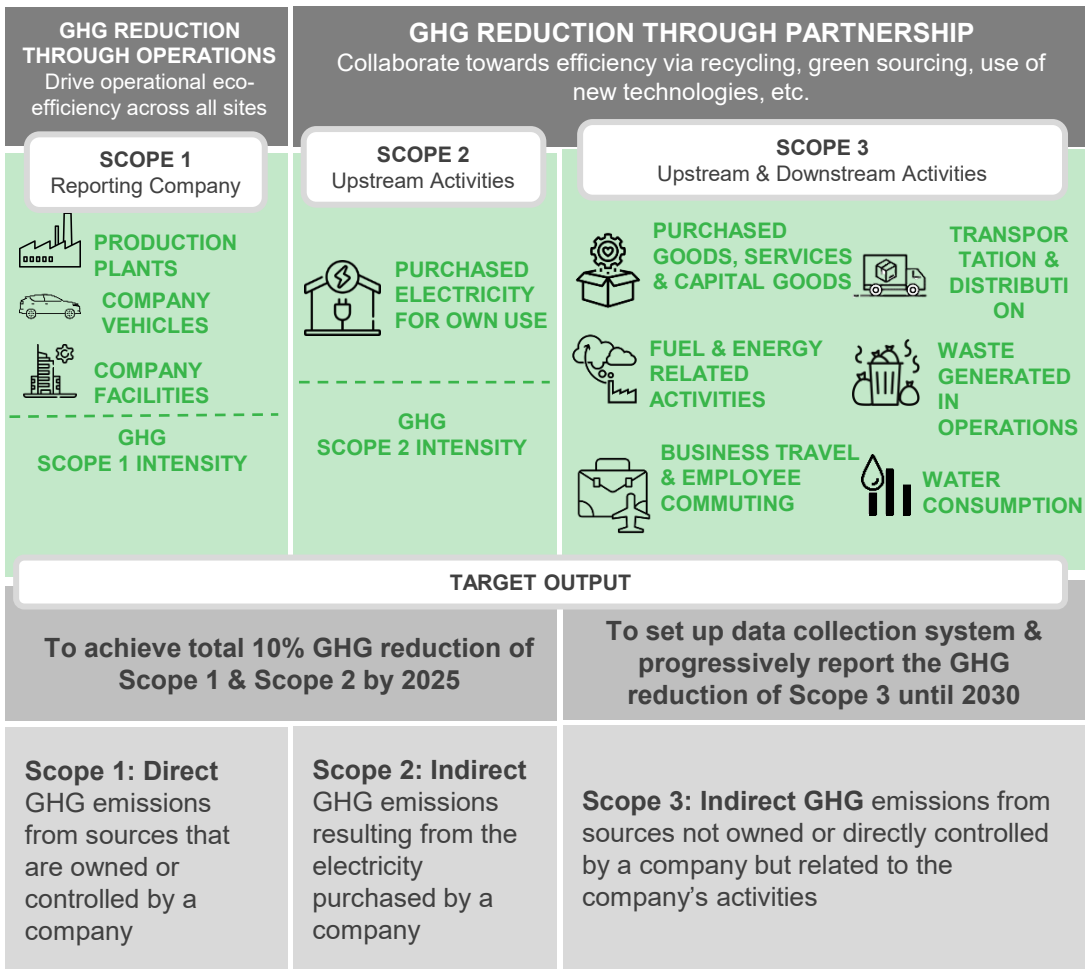


1. CARBON FOOTPRINT REDUCTION & BALANCING

**GHG Emissions Reduction**

Keeping our environmental impact in check

**GHG EMISSIONS ACROSS OUR VALUE CHAIN**



**GHG Emissions Reduction**

As a producer of plastic packaging, the Group contributes to climate change through both direct and indirect greenhouse gas (“GHG”) emissions. The Group remains committed to strengthening its climate-related disclosures and managing emissions across its operations in line with evolving reporting expectations.

The Group commenced the reporting of Scope 1 and Scope 2 GHG emissions in FY2022, and subsequently expanded its disclosures to include selected Scope 3 emissions categories in FY2023, specifically business travel and employee commuting. This reflects the Group’s progressive approach in enhancing transparency over its emissions profile across the value chain.

The Group has set a target to achieve a 10% reduction in Scope 1 and Scope 2 GHG emissions intensity by FY2025, based on a FY2021 baseline. In FY2025, the Group reported a 7% reduction in Scope 2 emissions intensity, as disclosed in this report, reflecting progress in managing energy-related emissions.

Scope 1 emissions reduction is currently not reported against the FY2021 baseline, as the baseline data is incomplete and may not provide a reliable basis for comparison. Nevertheless, based on historical records, Scope 1 emissions represent approximately 2% of Scope 2 emissions, and are therefore not considered material to the overall achievement of the Group’s emissions reduction target.

In FY2025, Scope 1 emissions comprise primarily diesel and petrol consumption from the Group’s facilities and operational assets, including mobile equipment. The Group continues to monitor these emissions and explore opportunities for improvement where relevant.

The Group’s emissions reduction efforts are primarily driven by initiatives to improve energy efficiency, increase the use of renewable energy and optimise operational processes. These efforts are supported by ongoing investments in solar energy systems, electrification of equipment and process improvements.

Looking ahead, the Group remains committed to enhancing its GHG emissions management practices, including improving data quality, expanding Scope 3 disclosures and aligning its reporting with evolving regulatory and sustainability reporting requirements.

## Air Pollution Management

Minimising environmental pollution

The Group is committed to managing air emissions arising from its operations in compliance with applicable environmental laws and regulations in all operating jurisdictions. Effective air pollution management is essential to mitigate environmental and health risks, ensure regulatory compliance and maintain operational continuity.

Air emissions from manufacturing activities may arise from process operations, combustion sources and material handling. Inadequate management of air emissions may result in regulatory non-compliance, financial penalties, operational disruptions and reputational risks, including impacts on surrounding communities.

To address these risks, the Group has implemented air emission control measures across its operations, including:

- regular monitoring of air emissions to ensure compliance with regulatory limits;
- installation and maintenance of emission control systems for production processes;
- prohibition of open burning to minimise uncontrolled emissions; and
- progressive transition from diesel-powered to electric forklifts to reduce air pollutants and improve workplace air quality.

In addition, air quality management is integrated into the Group's occupational health and safety practices, including monitoring workplace exposure to airborne contaminants to safeguard employee well-being.

These initiatives support the reduction and prevention of air pollutant emissions, while enhancing operational efficiency through improved process controls and the adoption of cleaner technologies. The transition towards more energy-efficient and electrified equipment contributes to lowering emission intensity and improving resource utilisation across the Group's operations.

From a broader sustainability perspective, these efforts align with the Group's commitment to reduce environmental impact and improve operational efficiency.

In FY2025, the Group recorded no instances of non-compliance related to air emissions. The Group also did not receive any complaints from surrounding communities relating to air pollution, reflecting the effectiveness of its control measures and ongoing monitoring practices.

The Group will continue to strengthen its air pollution management practices by enhancing monitoring capabilities, improving process efficiency and adopting cleaner technologies, in support of its broader environmental and climate-related objectives.



## Chemical Substances Management

Minimising environmental pollution

### Chemical Substances Management

Thong Guan places paramount importance on the responsible handling of its raw materials, particularly those classified as chemical substances. Thong Guan diligently adheres to the regulations outlined REACH<sup>1</sup> framework, ensuring ongoing compliance. Additionally, in cases where relevant, Thong Guan strictly follows legislation governing food contact materials to guarantee the safety and quality of its products.

At the heart of our commitment to compliance is the meticulous selection of substances that have been either registered or pre-registered in accordance with the rigorous standards set forth by REACH. Furthermore, fostering transparent communication and collaboration, we engage in continuous dialogue with our network of raw material suppliers, ensuring that they too uphold the stringent requirements of REACH. Our dedication to transparency extends to providing access to our REACH statement via our official website, affirming our unwavering commitment to regulatory adherence and responsible business practices.

We are committed to effective chemical management through our Chemical Health Risk Assessment (CHRA) conducted every five years, in accordance with the Occupational Safety and Health Act 1994 and the Occupational Safety and Health (Use and Standards of Exposure of Chemical Hazardous to Health) Regulations 2000.

The primary aim of the CHRA is to identify significant health risks and recommend measures to eliminate or minimise exposure to hazardous chemicals. We conducts thorough walkthrough inspections to assess chemical usage and exposure levels.

This proactive approach enables Thong Guan to implement targeted strategies like substituting hazardous chemicals, enhancing ventilation, and providing comprehensive training for employees. By prioritizing chemical safety and continuously improving its practices, we demonstrates our unwavering commitment to safeguarding the health of its workforce and promoting a sustainable working environment.



<sup>1</sup>Regulation for Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) is a regulation of the European Union, adopted to improve the protection of human health and the environment from risks that can be posed by chemicals.

## Collaboration Helps Growth

Optimising synergy for greater positive green impact

### Our Membership In Associations

As active member in a variety of industry associations, we unlock greater value through collaboration, develop closer relationship with various stakeholders and contribute to the uplifting of standard across the Malaysian business community. Our membership also enable us to stay abreast of the latest industry innovations and trends.

Association	Business Division	Our Role
Malaysian Plastic Manufacturers Association (MPMA)	Packaging	Member in Central Committee Northern Branch Chairman
Federation of Malaysian Manufacturers (FMM)	Packaging	Member in Northern Committee
International Safe Transit Association (ISTA)	Packaging	Member
European Safe Logistics Association (EUMOS)	Packaging	Member
ASTM International (American Society for Testing and Materials)	Packaging	Member

### Support Green Initiatives

The call for climate action continue to grow louder. At Thong Guan, we support organisation/agencies who share the same value to same value to develop and implement sustainable environment practices to effectively manage climate and environmental risk.

We are a member of the Climate Governance Malaysia, the Malaysian chapter of the World Economic Forum (WEF) climate governance initiative



3. LOAD STABILITY

## Driving ESG Through Data & Engineering

Optimising performance to achieve greener impact

Newton Research & Development Centre Sdn. Bhd. (Newton) plays a critical role in advancing Thong Guan’s ESG agenda by translating material science into measurable sustainability outcomes. Through data-driven testing and engineering validation, Newton ensures that packaging solutions not only meet performance requirements but also contribute to environmental efficiency, safety, and resource optimization.

### Enhancing Load Stability, Reducing Environmental Impact

A key focus of Newton is ensuring load stability, particularly as the industry transitions towards thinner films and higher recycled content. While these innovations support material reduction and circularity, they may introduce risks to packaging integrity if not properly validated.

Newton’s advanced simulation and real-world testing capabilities enable customers to:

- Optimise film formulations and thickness without compromising load stability
- Reduce product damage caused by shifting or collapsing loads
- Minimise repacking and reverse logistics, lowering additional material use and transportation emissions
- Prevent workplace and road accidents, contributing to safer supply chains and reducing the risk of injuries and fatalities

By addressing these factors, Newton helps customers achieve a balance between sustainability and operational reliability, ensuring that environmental gains are not offset by downstream inefficiencies.

### Supporting ESG Through Data-Driven Validation

Newton’s laboratories replicate real transport conditions—including road, rail, sea, and air—allowing customers to make informed decisions before full-scale deployment. This reduces trial-and-error in the field and enables:

- Lower carbon footprint through reduced waste and rework
- Improved supply chain efficiency
- Greater confidence in adopting sustainable packaging solutions

Newton’s value lies not only in testing, but in interpreting data into actionable insights, helping customers understand *why* a solution works and how it can be optimised.

### Collaborative Innovation & Global Engagement

In FY2025, Newton strengthened its ESG impact through strategic collaborations and global engagement:

- *Partnership with our major customer in Spain*  
Through the deployment of a mobile testing centre (SOTM – Sustainability on the Move), Newton brings on-site diagnostics directly to customer facilities. This enables real-time validation of thin film solutions, ensuring product protection, load stability, and sustainability performance under actual operating conditions.
- *Engagement with ISTA China*  
testing standards and best practices in load stability and packaging performance. These collaborations Visits and technical exchanges with ISTA China reinforce Newton’s commitment to international enhance Newton’s capabilities in delivering globally recognised and validated solutions.

By combining engineering expertise, data analytics, and customer collaboration, Newton continues to drive sustainable innovation—ensuring that every improvement in packaging performance delivers meaningful environmental and social impact.



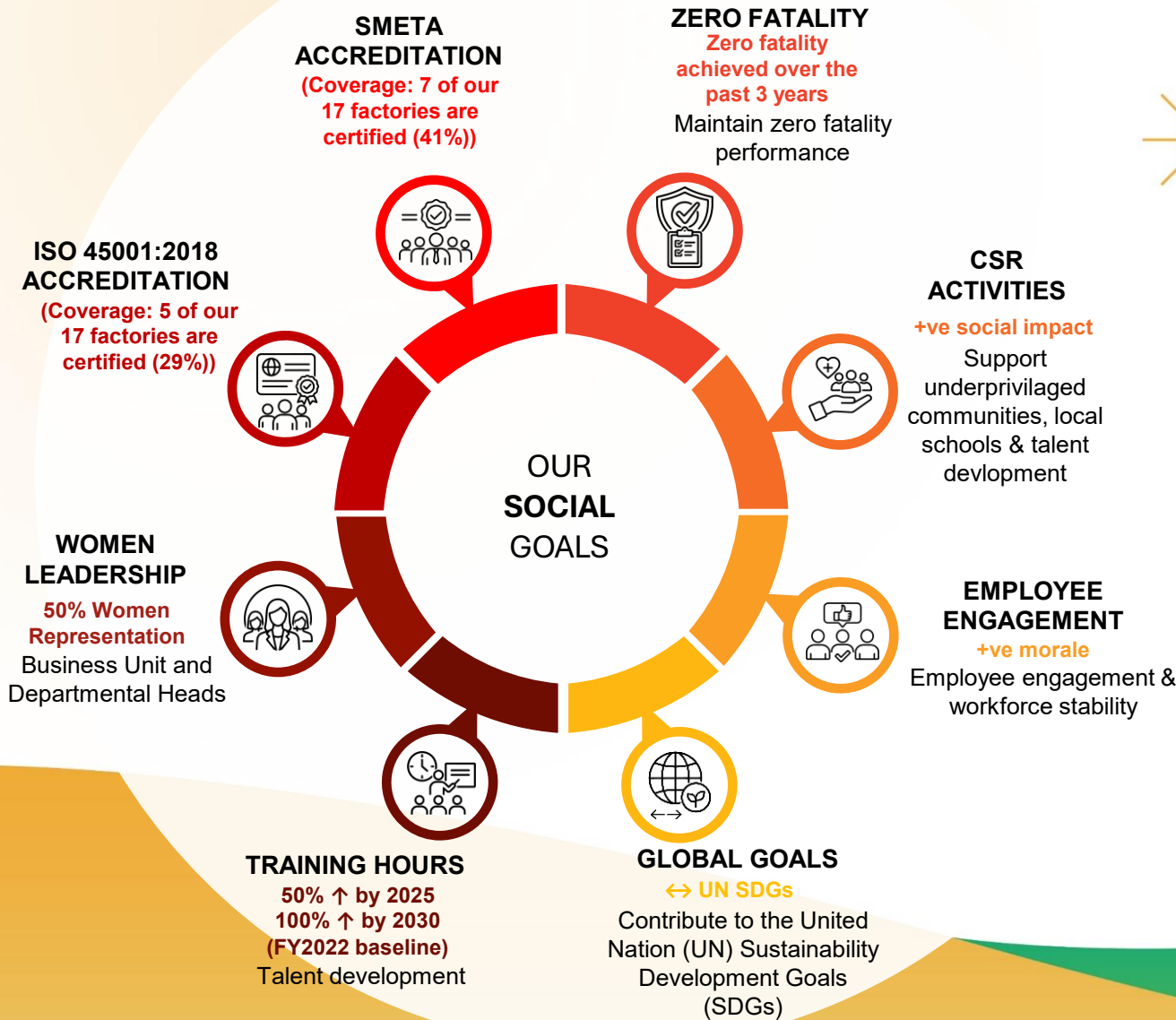
Visits from ISTA China and the China Packaging Research & Testing Centre



Partnership with our major customer in Spain to launch mobile testing centre

# Social

Empowering our people & the communities



# Social

- Health, Safety & Well Being
- Corporate Social Responsibilities & Collaboration

## Social Progress:

### 2025 SOCIAL HIGHLIGHTS

**Zero complaint on incident of unfair employment, violation of labour law and human rights, unfair harassment and unlawful discrimination practices in the past three years.**

**Donated goods and money worth RM118,713 to 77 beneficiaries.**

**Zero fatality in FY2025. To continue to achieve zero fatality in coming years.**

**All our hostels are approved Centralised Labour Quarters (CLQ).**

**Average training hour per employee increased by 52% compared to FY2022 baseline**

**We employed 27 interns during FY2025, and as at 31 Dec 2025, there were 5 employees with disabilities.**

**Commenced the living wages assessment across major manufacturing sites.**

**Long Service and Employee Contribution Awards were given inclusively to all employees, regardless of race, ethnicity or nationality.**

## OUR APPROACH TO SOCIAL MANAGEMENT

Thong Guan is committed to fostering a safe, inclusive and responsible workplace, where the well-being, development and rights of employees are prioritised. The Group integrates human rights, labour standards and employee welfare into its human capital management approach, ensuring that all employees are treated with dignity, fairness and respect.

As a manufacturing organisation with a diverse workforce, including foreign workers, the Group emphasises fair employment practices, equal opportunities and inclusive engagement across all levels of the organisation. Employment decisions are based on merit, skills and performance, while ensuring that employees, regardless of nationality or background, have access to appropriate benefits, training and career development opportunities.

The Group also promotes a culture of continuous learning, employee engagement and recognition, supporting workforce capability development and long-term retention. Initiatives such as training programmes, employee engagement activities and inclusive recognition practices reinforce a positive and supportive working environment.

In addition, the Group remains committed to upholding human rights and ethical employment practices, including the prohibition of forced labour, child labour and discrimination. These principles are embedded in the Group's policies and practices, supported by ongoing monitoring and continuous improvement efforts.

## RISK MANGEMENT THROUGH KEY STRATEGIES

The Group recognises that reliance on foreign labour and a diverse workforce presents certain operational and regulatory risks, including changes in immigration policies, evolving labour regulations and workforce cost pressures. To manage these risks effectively, the Group adopts a structured and proactive approach to workforce planning and labour management.

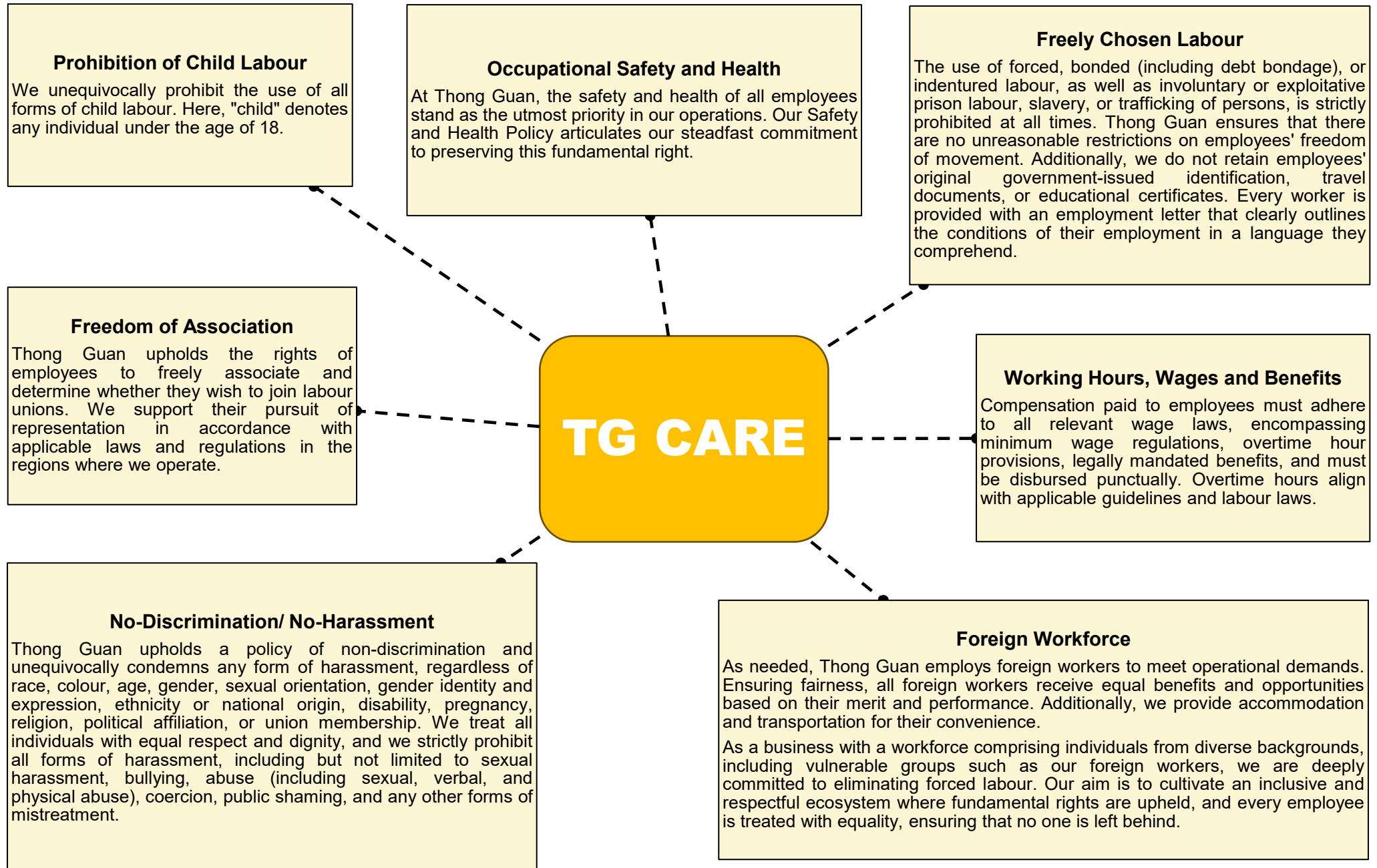
Key strategies implemented by the Group include:

- **Regulatory Monitoring and Compliance:** The Group closely monitors developments in labour laws and regulatory requirements across jurisdictions, ensuring timely updates and compliance with applicable standards.
- **Strengthening Labour Practices and Human Rights Protection:** The Group continuously reviews and enhances its employment practices to align with recognised standards, including fair wages, working conditions and employee welfare, supported by initiatives such as SMETA certification and living wage assessments.
- **Workforce Planning and Localisation Strategy:** The Group adopts a structured manpower planning approach, including efforts to optimise workforce composition and reduce reliance on foreign labour through local talent development where feasible.
- **Adoption of Technology and Operational Efficiency:** The Group leverages automation and digitalisation to improve productivity and reduce dependency on manual labour, enhancing operational resilience.
- **Employee Engagement and Inclusive Workplace Practices:** Ongoing engagement initiatives and inclusive workplace policies help strengthen workforce stability, promote retention and reduce operational disruptions.

These measures enable the Group to effectively manage workforce-related risks while supporting sustainable operations, employee well-being and long-term business resilience.

# Our People

Our commitment to human rights and labour standards are seamlessly integrated into our human capital management principle



## Equal Opportunities

Protecting our people on their rights

### Workplace human rights

Thong Guan remains committed to upholding human rights across its operations and value chain. The Group has established policies and practices to ensure fair and equitable treatment of all employees, regardless of gender, age, nationality, ethnicity or background.

Foreign workers form an important part of the Group's workforce and the Group is committed to ensuring fair treatment, equal access to benefits and safe living conditions in line with human rights principles.

In FY2025, the Group continued to maintain its SMETA audit certification across selected facilities, with 41% of our sites certified, demonstrating adherence to recognised standards on labour practices, health and safety, environmental management and business ethics. This reflects the Group's ongoing commitment to responsible business conduct and continuous improvement in workplace standards.

### Sedex Member Ethical Trade Audit (SMETA)



Sedex is a global platform that supports companies in managing responsible sourcing practices across supply chains. The SMETA audit is a widely recognised social audit framework used to assess working conditions, including labour standards, health and safety, environmental practices and business ethics.

The Group continues to leverage SMETA as part of its broader approach to strengthen transparency and accountability within its operations and supply chain.

### Equal rights to work & education

The Group practices a merit-based approach to recruitment, training and career advancement, ensuring equal opportunities for all employees, regardless of language, culture, age, gender, ethnicity and nationality. This includes fair treatment of migrant workers and efforts to promote inclusivity across all levels of the organisation.

In FY2025, the Group continued to strengthen workforce development initiatives, including training programmes aimed at enhancing employees' skills and competencies. The Group also maintained its commitment to providing equal access to career progression opportunities, supporting a diverse and capable workforce.

## Welcoming Workplace

Embracing differences for the greater good

The Group is committed to fostering a diverse and inclusive workplace where all employees are respected and valued. Diversity within the workforce is recognised as a key driver of innovation, collaboration and long-term business sustainability.

The Group promotes an inclusive working environment where individuals from different backgrounds, cultures and perspectives can contribute meaningfully. Employees are encouraged to share ideas, collaborate across teams and support one another in achieving shared goals.

### Diverse & Inclusive Workplace

The Group does not tolerate discrimination in any form and is committed to equal opportunity practices in recruitment, remuneration and career advancement. Employment decisions are based on merit, skills and performance.

Diversity considerations are integrated into recruitment and succession planning processes, ensuring a balanced and inclusive workforce. The Group continues to support diversity at all levels, including leadership positions.

### Our Diversity & Inclusion Framework

The Group's Diversity & Inclusion framework is guided by the following principles:



In FY2025, the Group continued to strengthen these practices through ongoing employee engagement initiatives and awareness programmes aimed at fostering an inclusive workplace culture

There were no substantiated complaints relating to human rights violations from FY2023 to FY2025.

2. DIVERSITY & INCLUSION

Women Leadership

Advancing gender justice & equality for furthering economic, social and environmental progress

The power of women leadership

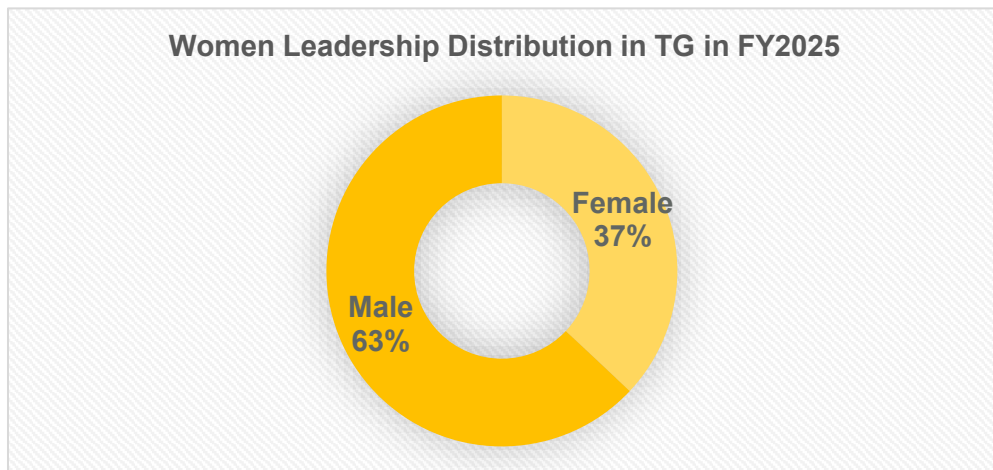
The Group recognises that women’s participation in leadership and decision-making plays an important role in driving organisational performance and fostering a diverse and inclusive workplace. Gender diversity remains a key focus area, supported by the Group’s commitment to equal opportunity and merit-based advancement.

In FY2025, women held 37% of leadership positions, comprising business unit and department heads (FY2024: 40%). The decrease in representation during the year was primarily due to the addition of two male department heads in the Property Development and Pre-Stretch divisions, as part of the Group’s business expansion and organisational needs.

As leadership appointments are based on merit, experience and suitability, changes in business structure and operational requirements may result in fluctuations in gender representation from time to time.

The Group maintains an aspiration to achieve 50% women representation in leadership roles over time, while continuing to uphold a merit-based approach to talent selection and development.

Despite the change in leadership composition, women continue to represent a significant proportion of the workforce, providing a strong pipeline for future leadership development.



3. ETHICAL EMPLOYMENT PRACTICES

Fair Remuneration

Recognising Value, Rewarding Effort

Competitive and dynamic remuneration and benefits

At the heart of the Group’s human resource strategy is the recognition that competitive and fair remuneration and benefits are essential in attracting and retaining top talent. The Group remains committed to providing employees with appropriate compensation packages that support employee well-being and foster a motivated and engaged workforce.

The Group’s remuneration practices are guided by compliance with applicable labour laws and regulations in Malaysia and other countries where it operates. This includes adherence to requirements relating to minimum wage, overtime pay and other employment-related financial obligations.

To maintain its competitive edge, the Group conducts periodic reviews of remuneration levels, including benchmarking against industry standards and country-specific guidelines. These reviews ensure that compensation remains aligned with market practices and supports the Group’s ability to attract, retain and develop talent.

The Group adopts a merit-based approach to remuneration, where compensation and rewards are determined based on individual performance, skills, experience and responsibilities. This approach ensures fairness, promotes equal opportunities and supports a high-performance culture across the organisation.

The Group’s commitment to employee well-being is further reflected in its comprehensive suite of employee benefits, which includes:

OUR SUITE OF EMPLOYEE BENEFITS

<p style="font-weight: bold; margin-top: 10px;">Leave Entitlement</p> <ul style="list-style-type: none"> <li>Annual Leave</li> <li>Compassionate Leave</li> <li>Medical and Sick Leave</li> <li>Paternity and Maternity Leave</li> <li>Hospitalisation Leave</li> <li>Unpaid Leave</li> </ul>	<p style="font-weight: bold; margin-top: 10px;">Health and Medical Benefits</p> <ul style="list-style-type: none"> <li>Personal Accident Insurance</li> <li>Term life and Critical Illness Insurance</li> <li>Group Hospitalisation and Surgical Insurance</li> <li>Outpatient Medical Claims</li> <li>Specialist Treatment</li> </ul>	<p style="font-weight: bold; margin-top: 10px;">Special Benefits</p> <ul style="list-style-type: none"> <li>Company Car</li> <li>Fixed Allowance</li> <li>Travelling and Handphone Expenses</li> <li>Education Assistance</li> <li>Retirement and Service Benefits</li> </ul>
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## Fair Remuneration

Recognising Value, Rewarding Effort

### Living Wages Assessment

The Group recognises that fair remuneration is a fundamental component of responsible employment practices and human rights. In line with this, the Group is taking steps to enhance its understanding of wage adequacy across its operations.

In FY2025, the Group commenced a living wages assessment exercise across its major manufacturing sites, involving data collection and analysis of employee wage levels against relevant benchmarks and cost-of-living considerations.

This assessment aims to:

- evaluate the extent to which current wages meet basic living needs;
- identify potential gaps between statutory wages and living wage benchmarks; and
- support the development of a structured approach towards fair and responsible remuneration practices.

The Group expects to establish an initial living wage benchmark in FY2026, which will serve as a reference point for future review of remuneration practices.

This initiative forms part of the Group's broader commitment to upholding human rights, enhancing employee well-being and aligning with evolving ESG expectations.

### Supportive and Communicative Culture

The Group promotes open communication and employee engagement through established channels, including regular meetings and feedback mechanisms. Employees are encouraged to raise concerns without fear of reprisal, and all feedback is reviewed and addressed appropriately.

There were zero incidents of non-compliance relating to employment practices during the reporting year.

We are dedicated to keeping our employees informed about our business strategies, opportunities, and challenges, highlighting their essential role in creating value for the Group. This is achieved through internal management meetings held every four months.

✓ Zero incidents of non-compliance with regard to our employment practices in FY2025

## OHS System for the people

Ensuring our workplace is safe & conducive

### Occupational Health & Safety Management

The Group is committed to providing a safe and conducive workplace for all employees, recognising that occupational health and safety ("OHS") is fundamental to operational excellence and workforce well-being. The Group's OHS management approach is guided by established policies and procedures, supported by compliance with applicable regulatory requirements and industry standards.

Health and safety risks are systematically identified, assessed and managed across operations through structured processes, regular inspections, preventive maintenance and safety monitoring. The Group's occupational health and safety management practices are further strengthened through the adoption of recognised standards, with major operating subsidiaries implementing ISO 45001 Occupational Health and Safety Management Systems, reinforcing a structured and systematic approach to managing workplace risks.

### Hazard Identification, Risk Assessment and Incident Investigation

The Group adopts a structured approach to hazard identification and risk assessment through the implementation of Hazard Identification, Risk Assessment and Risk Control (HIRARC) practices across its operations. In FY2023, the Group conducted comprehensive HIRARC exercises to identify workplace hazards, assess associated risks and implement appropriate control measures to mitigate potential incidents and HIRARC is updated on annual basis.

These assessments form a key part of the Group's safety management system and are periodically reviewed to ensure continued relevance and effectiveness in addressing evolving operational risks.

Investigations are carried out for all major workplace incidents, particularly those resulting in medical leave exceeding two days, to determine root causes and implement corrective and preventive actions. Key findings are communicated to employees through internal channels to reinforce awareness and promote a culture of safety and accountability.

## OHS System for the people

Ensuring our workplace is safe & conducive

### Occupational Health Services

The Group provides access to occupational health services to safeguard employee well-being. These include periodic medical surveillance, audiometric testing and health monitoring programmes, supported by qualified external service providers where necessary.

In addition, the Group has designated patient care areas within selected facilities, equipped with basic medical beds and first aid support, to provide immediate assistance to employees in the event of illness or injury at the workplace.

### Worker Participation, Consultation and Communication

The Group promotes active employee participation in health and safety through regular communication, awareness programmes and engagement initiatives. Employees are encouraged to contribute to safety improvements and report potential hazards.

Initiatives such as Safety Week are conducted annually to enhance safety awareness and reinforce safe work practices. Workplace safety risk assessments are also carried out to identify areas for improvement and strengthen preventive measures.

### Worker Training on Occupational Health and Safety

The Group provides ongoing training and awareness programmes to ensure employees are equipped with the necessary knowledge and skills to perform their duties safely. Safety training is integrated into operational processes and reinforced through regular briefings and awareness initiatives.

### Promotion of Worker Health

The Group promotes employee health and well-being through structured programmes, including medical check-ups, health monitoring and workplace wellness initiatives, supporting a healthy and productive workforce.

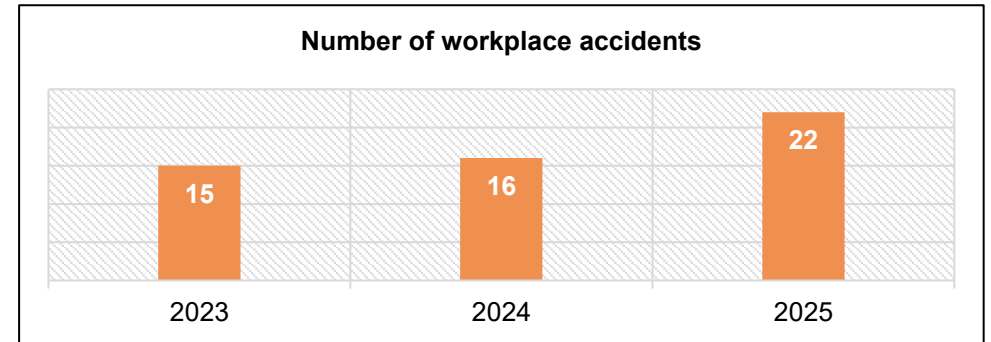
### Prevention and Mitigation of Occupational Health and Safety Impacts

The Group ensures that its facilities, infrastructure and equipment are regularly maintained and tested to meet applicable health and safety standards. These measures reduce the risk of workplace incidents, improve operational efficiency and mitigate potential social and environmental impacts.

### Work-related Injuries

In FY2025, the Group recorded 22 workplace accidents compared to 16 cases in FY2024 and 15 cases in FY2023. All incidents were investigated, and corrective actions were implemented to prevent recurrence.

The increase in workplace accidents highlights the need for continued strengthening of safety practices, and the Group remains committed to enhancing its safety management systems, including the ongoing review of HIRARC assessments and reinforcement of employee awareness programmes.



### Continuous Improvement in Workplace Safety

The Group continues to enhance its safety management practices through ongoing initiatives, including:

- installation of Automated External Defibrillators (AEDs) at factory premises to improve emergency response capabilities;
- provision of patient care areas within selected facilities for immediate medical support;
- implementation and periodic review of HIRARC assessments;
- regular safety inspections and risk assessments; and
- continuous employee engagement and awareness programmes to foster a strong safety culture.

Through these efforts, the Group remains committed to maintaining a safe working environment and achieving continuous improvement in occupational health and safety performance.

# Employee Engagement Model

Investing in our people

## Benefits of highly engaged employees

Highly engaged employees are essential for our business success and help us achieve and sustain our vision. We have an open door policy of which the staffs are encouraged to share their issues with superiors. Weekly meetings are held between executive directors and leaders to discuss on operational matters and to provide solutions and guidance.

## Our Employee Engagement Framework

Our people are our most valuable assets. As such we invest heavily in our workforce. In our focus on employee engagement, we follow the guideline of our framework. The focus areas are on these six areas.

Our people are our most valuable asset, and we invest heavily in our workforce. We focused on creating a strong leadership team with the right capabilities and experiences to drive our ambitions and achievements. We develop our people and reward strong performance through our career management strategies, learning and development opportunities, and access to resources.



## Building Culture Beyond the Workplace

The Group continues to foster a positive and inclusive workplace culture by promoting employee engagement beyond day-to-day operations. In FY2025, a series of initiatives were organised to strengthen teamwork, enhance employee well-being and reinforce a sense of belonging across the organisation.

Key engagement activities during the year included:

- **Merdeka Sustainability Decoration Contest**, which encouraged creativity and sustainability awareness through the use of recycled and repurposed materials;
- **Hari Raya Open House and Appreciation Award Ceremony**, providing an opportunity for employees to celebrate together while recognising outstanding contributions;
- **Long Service Awards**, honouring employees for their dedication and long-term commitment to the Group;
- **Bowling and Badminton Tournaments**, aimed at promoting teamwork, camaraderie and a healthy work-life balance; and
- **Team-building programmes for supervisory-level staff**, designed to strengthen leadership capabilities, collaboration and communication across departments.

These initiatives reflect the Group's commitment to nurturing a supportive and engaging work environment, where employees feel valued and connected. By encouraging participation across all levels of the organisation, the Group continues to strengthen its organisational culture and employee morale.



## Organisational Success

Future-proofing our workforce

### Developing strong leadership

Leaders play a critical role in shaping the culture and long-term success of the Group.

Our corporate values and philosophy are centred on:

- Driving excellence through innovation
- Fostering trust and confidence
- Cultivating a safe and better working environment

The Group continues to ensure that its leaders are aligned with these values and are able to effectively promote and embed them across the organisation.

### Succession planning

A strong leadership pipeline is essential to support sustainable growth and organisational resilience. The Group adopts a structured approach to succession planning to identify and develop potential leaders, ensuring continuity in key roles and mitigating talent risks.

In FY2025, the Group conducted various team-building and engagement activities for production employees, including migrant workers, to strengthen collaboration, improve communication and foster a more inclusive workplace environment. These initiatives support workforce integration and contribute to building a cohesive and engaged workforce across all levels of the organisation.

The Group will continue to enhance its talent development and succession planning efforts to prepare its workforce for future challenges and opportunities.



In FY2025, we conducted various team-building activities to strengthen the bond between production employees, enhancing their understanding of each other as part of our succession plan.

## Opportunities & Growth

Training & developing our people for progression

### Attract, develop and engage

The Group continues to attract skilled and talented individuals and supports their seamless integration into the organisation. We aim to create an environment where employees are empowered to take on new challenges and grow within the organisation.

#### Developing Talent

We promote a culture of continuous learning, encouraging employees to adopt a growth mindset and enhance their capabilities. Training and development programmes are tailored to meet the evolving needs of the business and individual learning preferences.

The Group adopts a structured approach to learning through:

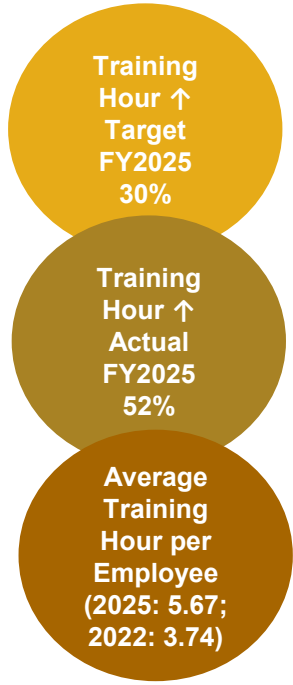
- **On-the-job training and learning**, including exposure to new responsibilities and stretch assignments;
- **Collaborative learning**, through interaction with peers, supervisors and cross-functional teams; and
- **Formal training**, including structured programmes, workshops and online learning. Each business unit develops an annual training plan to ensure alignment with operational needs, while employees are encouraged to pursue additional learning and development opportunities. The Group also supports professional development through education sponsorship programmes where applicable.

#### Training Performance

In FY2025, the Group recorded 13,976 structured training hours (FY2024: 19,076). The decrease compared to FY2024 was primarily due to the completion of extensive production-related training programmes conducted in China in FY2024, which were implemented to update and reinforce compliance with local laws and regulatory requirements.

Despite the lower training hours in FY2025, the Group has successfully achieved its training target, recording an overall 52% increase in training hours compared to the FY2022 baseline, exceeding the Group's target of 30% growth. This reflects the Group's continued commitment to investing in employee development and enhancing workforce capabilities.

In FY2025, the Group recorded an average of 5.67 training hours per employee, and remains committed to further strengthening workforce development, with a target to achieve an average of 8 training hours per employee by FY2030.



## CSR Projects

Helping others during hard times

### Contribution to society

In FY2025, the Group remained committed to supporting communities through a range of corporate social responsibility (“CSR”) initiatives focused on community engagement, education, environmental awareness and social well-being. These initiatives reflect the Group’s dedication to creating a positive and lasting impact beyond its business operations.

### Empowering Future Talent

The Group continues to support young talents by recognising and encouraging excellence. In FY2025, we celebrated the achievement of Whitney Isabella Wilson, who attained commendable results in international chess competitions. Through such recognition, the Group aims to inspire young Malaysians to pursue excellence and realise their full potential.



Looking forward to cheering her on as she continues to make Malaysia proud.

As her main sponsor, we are honoured to support her growth on the global stage, empowering young Malaysians to pursue excellence with confidence.

### Community Engagement and Social Support

The Group actively engaged with local communities through various initiatives during the year. These included:

- **Festive outreach programmes**, such as *Berbuka with Rumah Anak Yatim & Factory Education Visit*, providing support to underprivileged children while promoting awareness of our operations;
- **Hari Raya Open House and appreciation initiatives**, fostering inclusivity and strengthening relationships with employees and communities; and
- **Support for local schools and community groups**, including educational visits and engagement activities.

These efforts aim to strengthen community relationships and contribute to social well-being.



## CSR Projects

Creating Positive Community Impact

### Promoting Culture and National Identity

In conjunction with national celebrations, the Group organised the Merdeka Sustainability Decoration Contest, encouraging employees to express creativity using recycled materials while promoting environmental awareness.

The Keretapi Sarong 2025 participation and the launch of 888 Teh Tarik Malaysia further reflected the Group's commitment to celebrating Malaysian culture and heritage.



Rooted in Malaysian heritage, we proudly celebrated local culture by participating in **Keretapi Sarong 2025** and the launch of the new and improved 888 the Tarik Malaysia at Sungai Petani, Malaysia

### Environmental Awareness and Recycling activities

The Group continued to promote environmental responsibility through initiatives such as the Earth Day Waste Collection Campaign, where employees participated in collecting and segregating recyclable materials for donation to charitable organisations. This marks the continuation of the Group's campaign, reflecting our ongoing commitment to sustainable practices and community engagement. These efforts reinforce responsible waste management practices and encourage employee participation in environmental stewardship.



# Governance

Effective, Accountable & Transparent



# Governance

- Effective, Accountable & Transparent Organisational Structure & Culture

## Governance Progress:

### 2025 GOVERNANCE HIGHLIGHTS

Improvement in FTSE4Good rating from 3-star to 4-star.

Annual Board Effectiveness Evaluation conducted internally, facilitated by the Company Secretary.

Enhance Sustainability Data Quality and Disclosure (IFRS S1 & S2).

Strengthened Whistleblowing framework

95% board meeting attendance.

100% independent directors on audit, nominating & remuneration committee.

The Board consists of 43% independent directors.

Continuously improving operation and production efficiency.

## OUR APPROACH TO GOVERNANCE MANAGEMENT

Thong Guan's reputation is firmly rooted in its core values of integrity, transparency and accountability, which guide decision-making across all levels of the organisation. The Group is committed to upholding high standards of corporate governance, recognising that strong governance practices are essential to sustaining stakeholder trust and long-term business success.

The Board plays an active role in overseeing the Group's strategic direction, including sustainability and climate-related matters. An Executive Director has been designated to oversee climate-related issues, ensuring that climate risks and opportunities are integrated into the Group's strategy and operations. The Board also strengthens its competencies through ongoing updates and engagements with external bodies such as Climate Governance Malaysia, enhancing its understanding of evolving ESG and climate-related developments.

In addition, the Group adopts a disciplined and responsible approach to capital allocation, ensuring that financial resources are deployed in a manner that supports both business growth and sustainability objectives. This includes investments in areas such as renewable energy, resource efficiency and environmental initiatives, reinforcing the Group's commitment to long-term value creation.

The Group is also progressing towards aligning management incentives with sustainability priorities, through the ongoing review of its remuneration framework to incorporate ESG-related key performance indicators (KPIs) for heads of departments and business units.

## RISK MANGEMENT THROUGH COMPREHENSIVE FRAMEWORK

Thong Guan's risk management system is established in accordance with the principles of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management Framework and ISO 31000, both of which are internationally recognised frameworks. This enables the Group to systematically identify, assess and manage risks in alignment with its corporate strategy, business direction and sustainability objectives.

Guided by the Group's Enterprise Risk Management ("ERM") framework, which is reviewed on a regular basis, the Group strives to maintain a balanced approach between risk appetite and business opportunities to achieve sustainable growth and competitive advantage. This includes the integration of climate-related and sustainability risks into the ERM framework, supporting more informed and forward-looking decision-making.

In May 2024, the Group undertook a comprehensive review of its ERM framework in collaboration with its internal auditor, PKF, including an enterprise-wide risk assessment. The Risk Management Task Force reviewed and updated the Group's risk profile and risk register, which were subsequently presented to the Board for discussion and approval. The Group has formalised a policy to review its risk profile and risk register at least once every three years, ensuring responsiveness to evolving business and sustainability-related risks. This structured approach strengthens governance oversight, enhances risk transparency and supports the Group's commitment to sustainable and resilient long-term value creation.

## Board of Directors

Leveraging on the invaluable assets of a strong & effective Board of Directors

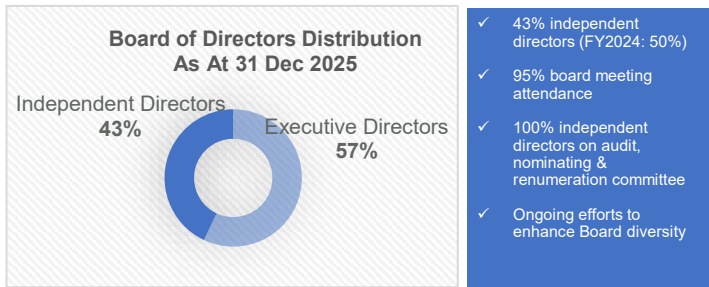
### Board of Directors

In FY2025, the Board met on four occasions during the year, maintaining strong oversight of the Group’s strategic direction and operations. The Board continues to review financial performance and key matters of importance, supported by both internal and external insights.

As at 31 December 2025, independent directors represented 43% of the Board (FY2024: 50%). The reduction was primarily due to the resignation of the Chairman upon completion of his nine-year tenure, in line with good governance practices. The Group is in the process of identifying and appointing a suitable candidate to strengthen Board independence.

The Board continues to enhance its competencies in overseeing sustainability and climate-related matters. An Executive Director, Dato’ Ang Poon Khim, has been designated to oversee climate-related issues at the Group level. The Board also receives periodic updates on climate developments, including participation in programmes and briefings organised by Climate Governance Malaysia, to strengthen directors’ understanding of climate-related risks and opportunities.

In addition, the Group is currently reviewing its remuneration framework with the intention of progressively linking the performance of heads of departments and business units to relevant ESG-related key performance indicators (KPIs). This initiative aims to further align management incentives with the Group’s sustainability objectives and long-term value creation.



### Board Diversity

The Group recognises the importance of diversity in enhancing Board effectiveness and decision-making. While the Malaysian Code on Corporate Governance recommends at least 30% women representation on boards, the Group’s current female Board representation stands at 14%. The Group remains committed to improving Board diversity and will continue to identify and appoint qualified female candidates, taking into consideration skills, experience and overall Board composition.

## Business Code of Conduct

Building deep trust among stakeholders of the company

### Ethics & transparency

Thong Guan strives to uphold high ethical standards in all aspects of its business. Our **Business Ethics and Code of Conduct** set the expected standards of behaviour for employees, stakeholders and business partners.

The Group encourages employees and contractors to raise concerns, ask questions and report any alleged violations of company policies. In addition to our open-door communication culture, we have established whistleblowing channels to facilitate confidential reporting of unethical conduct, including corruption, fraud and misconduct.

### Enhanced Whistleblowing Accessibility

In FY2025, the Group strengthened its whistleblowing framework by enhancing accessibility and inclusivity of reporting channels. QR codes were introduced across departments and production areas, allowing employees to easily access reporting platforms.

To support a diverse workforce, these channels are made available in multiple languages, ensuring that employees at all levels, including foreign workers, can report concerns in a clear and accessible manner.

These enhancements aim to:

- improve awareness and utilisation of whistleblowing mechanisms;
- promote a speak-up culture across the organisation; and
- ensure timely reporting and resolution of potential issues.

### Anti bribery and corruption

In FY2025, we continue to review and update our risk analysis in relation to anti-bribery and corruption. Anti-corruption training was carried out in previous years, and refresher sessions are provided where necessary. We maintained zero reported incidents of corruption and bribery, reflecting the effectiveness of our policies and internal controls.

Financial year	2023	2024	2025
Number of corruption and bribery case	0	0	0
Political contribution made (RM)	0	0	0
Facilities payment made (RM)	0	0	0
Fines imposed in relation to corruption, bribery (RM)	0	0	0
Percentage of operations assessed for corruption-related risks	100	100	100

## Data Security

Protecting data assets

### Data Security

Thong Guan's commitment to data security extends beyond technological safeguards. Within the organisation, we actively prioritise ethical standards in data handling, as outlined in our Security Policy and Procedures. These guidelines dictate responsible utilisation of information, ensuring the protection of data assets and network infrastructure. An essential aspect of this approach involves the implementation of Non-Disclosure Agreements (NDAs), serving as a legal safeguard to shield our intellectual property from unauthorised access.

Our dedication to cybersecurity compliance not only enhances daily operations but also fosters trust among stakeholders. Employees are trained to remain vigilant against potential threats, supported by ongoing awareness programmes and security practices. This includes adhering to data protection protocols and promptly identifying and reporting suspicious activities.

To ensure that employees only access necessary data for their roles, the Group implements access controls within its business processes. Our technological solutions, including endpoint protection, secure cloud storage and communication systems, work seamlessly to establish a robust defence against unauthorised access attempts.

In FY2025, the Group strengthened its data security framework through the implementation of immutable data backup solutions at selected locations. Immutable backups are designed to ensure that stored data cannot be altered, deleted or overwritten for a defined period, providing an additional layer of protection against cyber threats.

This enhancement offers several key benefits:

- Protection against ransomware attacks, as critical data cannot be tampered with even if systems are compromised;
- Improved data integrity and reliability, ensuring that backup data remains accurate and unchanged;
- Faster recovery and business continuity, enabling the Group to restore systems efficiently in the event of data loss or cyber incidents; and
- Enhanced resilience against internal and external threats, strengthening overall cybersecurity posture.

These measures reinforce the Group's commitment to safeguarding sensitive information and ensuring operational resilience. To proactively address emerging risks, the Group continues to invest in advanced technologies and strengthen its cybersecurity capabilities to uphold data security standards.

✓ There were no complaints concerning breaches of customer privacy and losses of customer data in 2025.

## Responsible Sourcing

Ethically Sourced, Sustainably Yours

### Responsible Sourcing Policy

In FY2024, Thong Guan formally adopting a responsible sourcing policy. This initiative is not merely a response to growing consumer demands for sustainability; it is a moral imperative that reflects the company's commitment to ethical sourcing, responsible consumption, and long-term business viability. By prioritizing responsible sourcing, Thong Guan aims to ensure that the products it manufactures are not only high-quality but also sustainable and ethically produced.

Adopting a responsible sourcing policy is essential for:



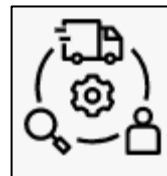
**Ethical Considerations:** In an era where consumers are increasingly aware of the origins of the products they purchase. It is imperative for companies to ensure that the materials they utilise are sourced ethically. This means avoiding practices that exploit labour, harm communities, or contribute to human rights abuses.



**Environmental Impact:** The environmental impact of sourcing practices cannot be overstated. Responsible sourcing policies prioritise sustainable practices that reduce the negative effects of resource extraction, manufacturing processes, and transportation. Thong Guan's commitment to responsible sourcing includes measures aimed at mitigating climate change, preserving biodiversity, and protecting ecosystems.



**Legal Compliance:** Compliance with sourcing-related laws is more critical than ever. Many jurisdictions have enacted regulations governing sourcing practices, particularly regarding labour rights and environmental standards. Our responsible sourcing policy is designed to help ensure compliance with these laws, thereby reducing the risk of legal issues and potential penalties.



**Supply Chain Resilience:** A robust responsible sourcing policy also promotes supply chain resilience. Through our responsible sourcing policy, Thong Guan aims to engage with suppliers who share the similar values and commitment to sustainability. By working closely with these suppliers, the company can create a more resilient supply chain that is better equipped to navigate challenges and uncertainties.

## Responsible Sourcing

Ethically Sourced, Sustainably Yours



**Business Continuity:** By securing access to vital resources and reducing dependency on finite or environmentally damaging materials, Thong Guan enhances its ability to mitigate risks associated with resource scarcity. This strategic approach is crucial for maintaining operational stability and fostering long-term success.

## Enhanced Vendor Assessments

### Strengthening Supply Chain Management

To reinforce its commitment to responsible sourcing, Thong Guan has enhanced its vendor assessment documentation. The company has implemented a system that conducts assessments on suppliers with annual purchases exceeding RM1 million at least once every three years. Additionally, this assessment is compulsory for new suppliers with estimated annual purchases exceeding RM1 million.

These assessments provide a platform for communicating the Group's expectations on sustainable sourcing while facilitating engagement with suppliers to address challenges and improve practices across the supply chain.

In FY2025, the Group maintained its vendor assessment processes, with no significant changes to the assessment approach. The Group continues to monitor supplier performance and identify opportunities to strengthen sustainability practices across its supply chain.

## Supporting SME Suppliers: Training and Development

The Group remains committed to supporting small and medium-sized enterprises ("SMEs") in enhancing their sustainability practices. The Group continues to engage with suppliers through ongoing communication and collaboration, promoting responsible sourcing practices and raising awareness of sustainability expectations across the supply chain.

## Automation & Digitalisation

Improving efficiency, transparency & speed

## Automation & digitalisation transformation

Automation and digitalisation continue to play a key role in enhancing manufacturing efficiency, precision and agility across the Group's operations. These technologies streamline processes, reduce human error and optimise resource allocation through real-time data analytics, contributing to improved operational performance and workplace safety.

From FY2021 to FY2024, the Group focused on enhancing efficiency and sustainability through key digitalisation and automation initiatives, including the implementation of a Manufacturing Execution System (MES), robotic process automation (RPA), supplier relationship management (SRM) systems, and automation of production processes.

In FY2025, the Group continued to leverage and optimise these established systems and automation solutions, focusing on enhancing operational stability, efficiency and data-driven decision-making across its manufacturing processes. The ongoing utilisation of these technologies has contributed to improved process control, reduced manual intervention and enhanced workplace safety.

The Group remains committed to advancing its automation and digitalisation journey and will continue to explore opportunities to further enhance operational efficiency and sustainability through technological innovation.



# Continuous Improvements

Ensuring our business thrive for the people, environment & economy

## Sustainable Operations Management & strategies

Thong Guan has been recognised as a constituent of the FTSE4Good Bursa Malaysia Index, reflecting the Group’s continued commitment to environmental, social and governance (“ESG”) excellence.

In FY2025, the Group achieved an improvement in its FTSE4Good rating from 3-star to 4-star, marking a significant milestone in strengthening its sustainability performance. This enhancement demonstrates the Group’s progress in integrating responsible practices across its operations and aligning with evolving ESG standards.

Inclusion in the FTSE4Good Index underscores Thong Guan’s commitment to adopting robust ESG practices and maintaining high standards of corporate governance. By aligning with the index’s rigorous criteria, the Group continues to enhance transparency, accountability and long-term value creation for stakeholders.

One of our subsidiary was awarded the EcoVadis Bronze Medal in FY2024. This recognition reflects the Group’s continued progress in strengthening its sustainability practices across key areas, including environment, labour and human rights, ethics and sustainable procurement. The EcoVadis assessment evaluates companies based on internationally recognised standards, providing an independent benchmark of ESG performance.

The achievement underscores Thong Guan’s commitment to integrating responsible practices across its operations and supply chain. The Group remains focused on further enhancing its sustainability performance and contributing positively to the advancement of sustainable business practices within the industry.



We have been included as a constituent of the FTSE4Good Bursa Malaysia (“F4GBM”) Index in FY2024



Our major subsidiary has been awarded the prestigious Bronze Medal by EcoVadis in FY2024

## Green Capital Investment and Responsible Growth

The Group recognises that sustained profitability is essential to support long-term business resilience, innovation and sustainability initiatives. A disciplined and responsible approach to capital allocation enables the Group to invest in projects that deliver both financial returns and positive environmental outcomes.

As part of its commitment to sustainable development, the Group has established an overall green capital investment target of RM30 million, comprising multiple investment phases. This includes approximately RM20 million invested in solar PV systems over the period from FY2018 to FY2025, reflecting the Group’s long-term commitment to renewable energy adoption. In addition, the Group earmarked a further RM10 million for green capital investments from FY2021 to FY2025, covering initiatives such as electric forklifts and recycling facilities. As at 31 December 2025, the Group has invested a total of RM27.2 million, demonstrating steady progress towards its overall green investment commitment.

While this is slightly below the initial commitment, the Group continues to prioritise investments that enhance environmental performance. It is important to note that this green capital investment excludes routine upgrades of production equipment and machinery, including those with energy efficiency improvements.

- Looking ahead, the Group plans to further strengthen its environmental initiatives in FY2026, including:the implementation of a digitalised energy monitoring system to enhance real-time tracking and efficiency;
- the introduction of a rainwater harvesting system to improve water resource management; and
- the evaluation of additional solar PV installations at selected facilities, including in Sabah and China.

These investments are aligned with the Group’s broader environmental and climate-related objectives, supporting ongoing efforts to improve energy efficiency, reduce emissions and enhance resource management across operations. Through prudent management and responsible allocation of resources, Thong Guan continues to uphold its role as a responsible corporate citizen, ensuring that business growth supports long-term environmental and societal value creation.

Investments	As at 31 Dec 2025 (RM'000)
Solar PV System (FY2018 – FY2025)	20,441
Electric Forklifts (FY2021 – FY2025)	1,565
Recycling Facilities (FY2021 – FY2025)	4,914
Electric Car	246
<b>Total</b>	<b>27,166</b>

- ✓ In 2025, Thong Guan paid 6.5 cents per share dividend to shareholders (total RM26.0 M).
- ✓ In 2025, Thong Guan paid RM15.1 M tax to support the development of the countries where we operates.

# GLOBAL REPORTING INITIATIVE CONTENT INDEX

Thong Guan Industries Berhad has reported the information cited in this GRI content index for the period 1 January 2025 to 31 December 2025 with reference to the GRI Standards.

GRI Standards	Disclosure Number	Disclosures	Page Reference
<b>GENERAL DISCLOSURE</b>			
GRI 2: General Disclosures 2021	<i>The organisation and its reporting practices</i>		
	2-1	Organisation details	(AR) Group Structure & Principal Activities, page 3; About Us, page 3
	2-2	Entities included in the organisation's sustainability reporting	About Our Sustainability Statement, page 7-8
	2-3	Reporting period, frequency and contact point	About Our Sustainability Statement, page 7-8
	2-4	Restatements of information	About Our Sustainability Statement, page 7-8
	2-5	External assurance	About Our Sustainability Statement, page 7-8
	<i>Activities and workers</i>		
	2-6	Activities, value chain and other business relationship	(AR) Group Structure & Principal Activities, page 3
	2-7	Employees	Social – Human Rights Protection, page 43-45; ESG Performance Data, page 65-70
	2-8	Workers who are not employees	Social – Human Rights Protection, page 43-45; ESG Performance Data, page 65-70

"AR" refer to FY2025 Thong Guan Annual Report

GRI Standards	Disclosure Number	Disclosures	Page Reference
<b>GENERAL DISCLOSURE</b>			
GRI 2: General Disclosures 2021	<i>Governance</i>		
	2-9	Governance structure and composition	Sustainability Governance, page 9; (AR) Corporate Governance Overview Statement, page 85-93
	2-10	Nomination and selection of the highest governance body	(AR) Corporate Governance Overview Statement, page 85-93
	2-11	Chair of the highest governance body	(AR) Corporate Governance Overview Statement, page 85-93
	2-12	Role of the highest governance body overseeing the management of impacts	(AR) Corporate Governance Overview Statement, page 85-93
	2-13	Delegation of responsibility for managing impacts	(AR) Corporate Governance Overview Statement, page 85-93
	2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance, page 9; (AR) Corporate Governance Overview Statement, page 85-93
	2-15	Conflict of interest	(AR) Profile of Directors, page 11-14; (AR) Audit Committee Report, page 99-100
	2-16	Communication of critical concerns	Governance – Ethics & Transparency, page 53

# GLOBAL REPORTING INITIATIVE CONTENT INDEX

Thong Guan Industries Berhad has reported the information cited in this GRI content index for the period 1 January 2025 to 31 December 2025 with reference to the GRI Standards.

GRI Standards	Disclosure Number	Disclosures	Page Reference
<b>GENERAL DISCLOSURE</b>			
GRI 2: General Disclosures 2021	<i>Governance</i>		
	2-17	Collective knowledge of the highest governance body	(AR) Profile of Directors, page 11-14; (AR) Audit Committee Report, page 99-100
	2-18	Evaluation of the performance of the highest governance body	(AR) Corporate Governance Overview Statement, page 85-93
	2-19	Remuneration policies	(AR) Corporate Governance Overview Statement, page 85-93
	2-20	Process to determine remuneration	(AR) Corporate Governance Overview Statement, page 85-93
	2-21	Annual total compensation ratio	(AR) Corporate Governance Overview Statement, page 85-93
	<i>Strategy, policies and practices</i>		
	2-22	Statement on sustainable development strategy	Our sustainability Commitment, page 2; Message from the Managing Director, page 4-5; Our ESG Framework, page 6; Our Core Strategies, page 6
	2-23	Policy commitments	Environmental, page 13,19; Social, page 40-42; Governance, page 51-52
	2-24	Embedding policy commitments	Environmental, page 13,19; Social, page 40-42; Governance, page 51-52; Business Code of conduct, page 53

GRI Standards	Disclosure Number	Disclosures	Page Reference
<b>GENERAL DISCLOSURE</b>			
GRI 2: General Disclosures 2021	<i>Strategy, policies and practices</i>		
	2-25	Process to remediate negative impacts	Sustainability Governance, page 9; (AR) Corporate Governance Overview Statement, page 85-93
	2-26	Mechanism for seeking advice and raising concerns	Sustainability Governance, page 9; (AR) Corporate Governance Overview Statement, page 85-93
	2-27	Compliance with laws and regulations	Environmental –Operational Eco Efficiency, page 20-30; Environment – Environment Positive, page 36-39; Social – Human Rights Protection, page 43-45, Health & Safety, page 45-46; Governance – Ethics & Transparency, page 53-55
	2-28	Membership associations	Environmental – Environment Positive, page 36-39
	2-29	Approach to stakeholder engagement	Stakeholder Engagement, page 12
	2-30	Collective bargaining agreement	Our People, page 42
<b>MATERIAL TOPIC</b>			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Materiality Assessment, page 10-12
	3-2	List of material topics	Materiality Assessment, page 10-12

“AR” refer to FY2025 Thong Guan Annual Report

# GLOBAL REPORTING INITIATIVE CONTENT INDEX

Thong Guan Industries Berhad has reported the information cited in this GRI content index for the period 1 January 2025 to 31 December 2025 with reference to the GRI Standards.

GRI Standards	Disclosure Number	Disclosures	Page Reference
<b>TOPIC-SPECIFIC DISCLOSURES: SUSTAINABILITY TOPICS</b>			
<b>CORPORATE GOVERNANCE AND ETHIC &amp; TRANSPARENCY</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Governance – Corporate Governance, Ethics & Transparency, page 53-55
	205-1	Operations assessed for risks related corruption	Business Code of Conduct, page 53
	205-2	Communication and training about anti-corruption policies and action taken	Business Code of Conduct, page 53; ESG Performance Data, page 65-70
	205-3	Confirmed incidents of corruption and action taken	Business Code of Conduct, page 53; ESG Performance Data, page 65-70
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Responsible Sourcing, page 54-55
GRI 308: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Responsible Sourcing, page 54-55

GRI Standards	Disclosure Number	Disclosures	Page Reference
<b>TOPIC-SPECIFIC DISCLOSURES: SUSTAINABILITY TOPICS</b>			
<b>SUSTAINABLE OPERATIONS</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainable Operations, page 56
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Sustainable Operations, page 56
<b>AUTOMATION &amp; DIGITALISATION</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Automation & Digitalisation, page 55
<b>OPERATIONAL ECO EFFICIENCY</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Operational Eco Efficiency, page 20-30
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Waste Management, page 28-30
	306-2	Management of significant waste-related impacts	Waste Management, page 28-30
	306-3	Waste generated	Waste Management, page 28-30

# GLOBAL REPORTING INITIATIVE CONTENT INDEX

Thong Guan Industries Berhad has reported the information cited in this GRI content index for the period 1 January 2025 to 31 December 2025 with reference to the GRI Standards.

GRI Standards	Disclosure Number	Disclosures	Page Reference
<b>TOPIC-SPECIFIC DISCLOSURES: SUSTAINABILITY TOPICS</b>			
<b>OPERATIONAL ECO EFFICIENCY</b>			
GRI 306: Waste 2020	306-4	Waste diverted from disposal	Waste Management, page 28-30
	306-5	Waste directed to disposal	Waste Management, page 28-30
GRI 303: Water and effluents	303-1	Interaction with water as a shared source	Water Management, page 23-25
	303-2	Management of water-discharged-related impacts	Water Management, page 23-25
	303-3	Water withdrawal	Water Management, page 23-25
	303-5	Water consumption	Water Management, page 23-25
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Material Management, page 26-27
	301-2	Recycled input material used	Material Management, page 26-27
GRI 301: Energy 2016	302-1	Energy consumption within the organization	Energy Management, page 20-22
	302-3	Energy intensity	Energy Management, page 20-22

GRI Standards	Disclosure Number	Disclosures	Page Reference
<b>TOPIC-SPECIFIC DISCLOSURES: SUSTAINABILITY TOPICS</b>			
<b>CIRCULARITY</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Recycling Capacity, page 31; Green Certifications, page 32; Sustainable Product Development and Innovation, page 33-34; Product Safety and Consumer Responsibility, page 35
<b>CLIMATE CHANGE &amp; DECARBONISATION (ENVIRONMENT POSITIVE)</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Climate-related Financial Disclosure, page 14-15; Climate-related Risks and Opportunities, page 16-18, GHG Emissions Reduction, page 36; Air Pollution Management, page 37; Chemical Substances Management; page 38; Collaboration Helps Growth, page 38; Driving ESG Through Data & Engineering, page 39
	305-1	Direct (Scope 1) GHG emissions	GHG Emissions Reduction, page 36; ESG Performance Data, page 65-70
	305-2	Energy indirect (Scope 2) GHG emissions	GHG Emissions Reduction, page 36; ESG Performance Data, page 65-70
	305-4	GHG emission intensity	GHG Emissions Reduction, page 36; ESG Performance Data, page 65-70
	307-1	Non-compliance with environmental laws and regulations	2025 Environmental Highlights, page 19; Water Management, page 23-25; Waste Management, page 28-29; Air Pollution, page 37

# GLOBAL REPORTING INITIATIVE CONTENT INDEX

Thong Guan Industries Berhad has reported the information cited in this GRI content index for the period 1 January 2025 to 31 December 2025 with reference to the GRI Standards.

GRI Standards	Disclosure Number	Disclosures	Page Reference
<b>TOPIC-SPECIFIC DISCLOSURES: SUSTAINABILITY TOPICS</b>			
<b>HUMAN RIGHTS PROTECTION</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Human Rights Protection, page 43-45
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Talent Development, page 48; ESG Performance Data, page 65-70
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Ethical Employment Practices, page 44-45
	401-3	Parental leave	Ethical Employment Practices, page 44-45
GRI 405: Diversity and Equal Opportunities 2016	405-1	Diversity of governance bodies and employees	Diversity and Inclusion, page 43-44; Board of Directors, page 53; ESG Performance Data, page 65-70
<b>HEALTH AND SAFETY</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Social, page 40-41; Our People, page 42; Safe & Conducive Workplace, page 45
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Social, page 40-41; Our People, page 42; Safe & Conducive Workplace, page 45
	403-2	Hazard identification, risk assessment, and incident investigation	Safe & Conducive Workplace, page 45-46
	403-3	Occupational health services	Safe & Conducive Workplace, page 45-46
	403-4	Worker participation, consultation, and communication on occupational health and safety	Safe & Conducive Workplace, page 45-46

GRI Standards	Disclosure Number	Disclosures	Page Reference
<b>TOPIC-SPECIFIC DISCLOSURES: SUSTAINABILITY TOPICS</b>			
<b>HEALTH AND SAFETY</b>			
	403-5	Worker training on occupational health	ESG Performance Data, page 65-70
	403-6	Promotion of worker health	Safe & Conducive Workplace, page 45-46
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safe & Conducive Workplace, page 45-46
	403-9	Work-related injuries	Safe & Conducive Workplace, page 45-46
	403-10	Work-related health	Safe & Conducive Workplace, page 45-46
<b>HUMAN CAPITAL DEVELOPMENT</b>			
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Human Capital Development, page 47-48; ESG Performance Data, page 65-70
	404-2	Programs for upgrading employee skills and transition assistance programs	Human Capital Development, page 47-48
<b>SOCIAL CONTRIBUTION</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Corporate Social Responsibilities, page 49-50
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments and development programs	Corporate Social Responsibilities, page 49-50; ESG Performance Data, page 65-70

# TCFD-ALIGNED DISCLOSURES

We apply the TCFD recommendations as recommended by IFRS S1 & S2

TCFD Recommendation	Thong Guan Disclosures	Reference
<b>Governance - Disclose the organization's governance around climate-related risks and opportunities</b>		
a) Describe the Board's oversight of climate-related risks and opportunities	The Board plays an active role in overseeing the Group's strategic direction, including sustainability and climate-related matters. An Executive Director has been designated to oversee climate-related issues, ensuring integration into strategy and operations. The Board is supported by the sustainability governance structure and receives periodic updates on climate developments to strengthen oversight and competencies.	• Governance
b) Describe management's role in assessing and managing climate-related risks and opportunities	Management, led by the Executive Director, is responsible for implementing climate-related strategies and initiatives. This is supported by the Risk Management Task Force, which plays a key role in identifying, assessing and monitoring climate-related risks as part of the Group's Enterprise Risk Management (ERM) framework. Climate-related matters are integrated into business operations and risk management processes, with regular updates provided to the Board.	• Governance • Environmental
<b>Strategy – Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material</b>		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	The Group recognises climate change presents both physical risks (e.g. extreme weather, flooding) and transition risks (e.g. regulatory changes, market expectations). Opportunities include improving energy efficiency, adopting renewable energy and developing sustainable products to enhance resilience and competitiveness.	• Climate-related Financial Disclosures • Climate-related Risk and Opportunities
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Climate considerations are embedded into business strategy through investments in solar PV systems, electrification, recycling facilities and process optimisation. These initiatives support emissions reduction, cost efficiency and long-term value creation while strengthening regulatory compliance.	• Climate-related Financial Disclosures • Climate-related Risk and Opportunities
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	The Group integrates climate considerations into its risk management processes and has implemented adaptation measures such as infrastructure improvements to mitigate physical risks (e.g. flood resilience). The Group is progressively enhancing its climate scenario analysis capabilities in line with IFRS S2 requirements.	• Climate-related Financial Disclosures • Climate-related Risk and Opportunities
<b>Risk management – Disclose how the organisation identifies, assesses and manages climate-related risks</b>		
a) Describe the organisation's processes for identifying and assessing climate-related risks	Climate-related risks are identified and assessed through the Group's Enterprise Risk Management (ERM) framework, aligned with COSO ERM and ISO 31000. Risks are evaluated based on likelihood and impact, including physical and transition risks.	• Environmental
b) Describe the organisation's processes for managing climate-related risks	Material climate-related risks are prioritised, with mitigation strategies including energy efficiency improvements, renewable energy adoption and operational enhancements to reduce emissions and strengthen resilience. Environmental performance is managed through the Group's Environmental Management System ("EMS"), which provides a structured framework for monitoring, reporting and continuous improvement across key environmental areas.	• Environmental
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Climate-related risks are integrated into the Group's overall ERM framework and risk register. The risk profile is periodically reviewed and presented to the Board, ensuring alignment with strategy and business objectives.	• Environmental
<b>Metrics and targets – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</b>		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	The Group monitors key metrics including energy consumption, GHG emissions (Scope 1 and Scope 2), emissions intensity and selected Scope 3 categories such as business travel and employee commuting.	• Material Topics • Environmental
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions and the related risks.	Scope 1 and Scope 2 emissions have been reported since FY2022, with selected Scope 3 disclosures introduced in FY2023. Scope 1 emissions relate to fuel use, while Scope 2 emissions relate to purchased electricity.	• Material Topics • Environmental
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	The Group targets a 10% reduction in Scope 1 and Scope 2 emissions intensity by FY2025 (baseline FY2021). In FY2025, a 7% reduction in Scope 2 emissions intensity was achieved, supported by energy efficiency and renewable energy initiatives.	• Material Topics • Environmental

# SASB Standards Index (Containers & Packaging)

This table presents the Sustainability Accounting Standards Board (SASB) Containers & Packaging industry standard disclosures relevant to Thong Guan Industries Berhad. The Group has referred to the IFRS S2 Industry-based Guidance derived from the SASB Standards for the Containers & Packaging industry to help ensure that its climate-related and sustainability disclosures remain relevant to its sector and investors. Some metrics are currently disclosed qualitatively or only partially, and the Group will continue to enhance data availability and reporting alignment over time.

Topics	Accounting metric	Unit	Code	Thong Guan Disclosures	Reference
Greenhouse gas emissions	Gross global Scope 1 emissions; percentage covered under emissions-limiting regulations	tonnes CO <sub>2</sub> e; %	RT-CP-110a.1	Gross global Scope 1 emissions are disclosed in the ESG Performance Data section. The Group operates manufacturing facilities in Malaysia, China and Thailand, where there are currently no emissions-limiting regulations applicable to its operations; accordingly, the percentage of emissions covered under such regulations is 0%.	<ul style="list-style-type: none"> <li>ESG Performance Data</li> </ul>
Greenhouse gas emissions	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and analysis	RT-CP-110a.2	Narrative disclosed. The Group has a FY2025 target to reduce Scope 1 and Scope 2 emissions intensity by 10% against FY2021 baseline. The Group achieved 7% reduction in Scope 2 intensity in FY2025 and continues to focus on renewable energy, electrification and process optimization.	<ul style="list-style-type: none"> <li>Climate-related Financial Disclosures;</li> <li>Climate-related Risks and Opportunities;</li> <li>GHG Emissions</li> </ul>
Air Quality	Air emissions of the following pollutants: (1) NOx (excluding N <sub>2</sub> O), (2) SOx, (3) VOCs, and (4) particulate matter (PM)	tonnes	RT-CP-120a.1	Quantitative disclosure in SASB format is not currently available. Air pollution management is addressed in the report, and there were no instances of non-compliance related to air emissions in FY2025.	<ul style="list-style-type: none"> <li>Air Pollution Management</li> </ul>
Energy management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy	MWh; %	RT-CP-130a.1	Partial disclosure available. FY2025 total electricity consumption: 114,687 MWh; renewable electricity: 7%; self-generated solar electricity: 7,864 MWh; fossil-based/grid electricity: 106,823 MWh. Total energy consumption across all fuels is not currently presented in full SASB format.	<ul style="list-style-type: none"> <li>Energy Management</li> </ul>
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	m <sup>3</sup> ; %	RT-CP-140a.1	Total water withdrawal and consumption are disclosed in the ESG Performance Data section (FY2025: 309,101 m <sup>3</sup> ). The Group also assesses water risk using the AQUEDUCT Water Risk Atlas and has disclosed the proportion of water consumption in regions with varying water stress levels, including high and extremely high stress areas, based on operational site locations.	<ul style="list-style-type: none"> <li>Water Management</li> </ul>
Water Management	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and analysis	RT-CP-140a.2	Narrative disclosed. The report discusses water-related risks, leakages, municipal water reliance, AQUEDUCT Water Risk Atlas, monitoring, leak rectification and future rainwater harvesting plans.	<ul style="list-style-type: none"> <li>Water Management;</li> <li>Climate-related Risks and Opportunities;</li> <li>Green Capital Investment and Responsible Growth</li> </ul>
Water Management	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	Number	RT-CP-150a.1	0. The Group complied with regulations concerning both water consumption and quality, with zero incidents of non-compliance reported in the past three years.	<ul style="list-style-type: none"> <li>Water Management</li> </ul>
Waste management	Amount of hazardous waste generated; percentage recycled	tonnes; %	RT-CP-250a.1	Not currently disclosed quantitatively in SASB format. The report discusses scheduled (hazardous) waste management and states zero incidents of non-compliance, but does not provide hazardous waste volume and recycling percentage.	<ul style="list-style-type: none"> <li>Waste Management</li> </ul>

# SASB Standards Index (Containers & Packaging)

This table presents the Sustainability Accounting Standards Board (SASB) Containers & Packaging industry standard disclosures relevant to Thong Guan Industries Berhad. The Group has referred to the IFRS S2 Industry-based Guidance derived from the SASB Standards for the Containers & Packaging industry to help ensure that its climate-related and sustainability disclosures remain relevant to its sector and investors. Some metrics are currently disclosed qualitatively or only partially, and the Group will continue to enhance data availability and reporting alignment over time.

Topics	Accounting metric	Unit	Code	Thong Guan Disclosures	Reference
Product safety	Number of recalls issued; total units recalled	Number	RT-CP-250a.1	The Group did not record any product recalls or product safety incidents during FY2025, reflecting its commitment to maintaining high product quality and safety standards.	<ul style="list-style-type: none"> <li>Product Safety &amp; Consumer Responsibility</li> </ul>
Product safety	Discussion of process to identify and manage emerging materials and chemicals of concern	Discussion and analysis	RT-CP-250a.2	Narrative disclosed. The report discusses REACH compliance, food-contact legislation where relevant, supplier engagement and chemical health risk assessment practices.	<ul style="list-style-type: none"> <li>Chemical Substances Management</li> </ul>
Product lifecycle management	Percentage of raw materials from: (1) recycled content, (2) renewable resources, and (3) renewable and recycled content	%	RT-CP-410a.1	The Group utilises both virgin and recycled plastic resins in its manufacturing processes. In FY2025, recycled materials accounted for approximately 6.8% of total materials used, while materials derived from renewable resources contributed approximately 0.2%. Accordingly, the combined percentage of renewable and recycled content was approximately 7.0%. Recycled content includes both post-industrial recycled (PIR) and post-consumer recycled (PCR) materials. The Group's 2030 target relates specifically to PCR content.	<ul style="list-style-type: none"> <li>Material Management</li> </ul>
Product lifecycle management	Revenue from products that are reusable, recyclable and/or compostable	MYR	RT-CP-410a.2	In FY2025, approximately 14% of total plastic packaging revenue, equivalent to RM132 million, was derived from products containing at least 30% recycled content. This reflects increasing market adoption of more sustainable packaging solutions.	<ul style="list-style-type: none"> <li>Product Development &amp; Innovation</li> </ul>
Product lifecycle management	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	Discussion and analysis	RT-CP-410a.3	Narrative disclosed. The report covers downgauging, Newton R&D, PCR stretch film, recycled content, OCS, wooden pallet recycling, slip sheet adoption, product testing and customer validation.	<ul style="list-style-type: none"> <li>Circularity;</li> <li>Product Development and Innovation;</li> <li>Product Safety and Consumer Responsibility</li> </ul>
Supply chain management	Total wood fibre procured; percentage from certified sources	tonnes; %	RT-CP-430a.1	Not applicable, as this metric is not material to the Group's operations, which are primarily focused on plastic packaging manufacturing.	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
Supply chain management	Total aluminium purchased; percentage from certified sources	tonnes; %	RT-CP-430a.2	The Group does not produce metallised film and does not utilise aluminium-related inputs. Accordingly, this metric is not material to the Group's operations.	Not applicable

Not all SASB metrics are currently disclosed in full quantitative format in the FY2025 Sustainability Statement. Where relevant, the table cross-refers to the closest available disclosure in the current report.

# ESG Performance Data

Thong Guan Industries Berhad  
IFRS S1

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FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Environmental	Total energy consumption	Megawatt	114,687	—	No assurance	
Environmental	Total volume of water used	Megalitres	309	10% reduction by FY2025;- 20% reduction by FY2030 (Baseline : FY2021)	No assurance	Water Management
Environmental	Total waste generated	Metric tonnes	8,745	—	No assurance	
Environmental	Total waste diverted from disposal	Metric tonnes	6,762	—	No assurance	
Environmental	Total waste directed to disposal	Metric tonnes	1,983	30% reduction by FY2023; 60% reduction by FY2030 (Baseline : FY2022)	No assurance	Waste Management
Social	Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	118,713	—	No assurance	
Social	Total number of beneficiaries of the investment in communities	Number	77	—	No assurance	
Social	Gender Group - Senior Management Female	Percentage	29	—	No assurance	
Social	Gender Group - Senior Management Male	Percentage	71	—	No assurance	
Social	Gender Group - Middle Management Female	Percentage	42	—	No assurance	
Social	Gender Group - Middle Management Male	Percentage	58	—	No assurance	
Social	Gender Group - Executive Female	Percentage	64	—	No assurance	
Social	Gender Group - Executive Male	Percentage	36	—	No assurance	

# ESG Performance Data

Thong Guan Industries Berhad  
IFRS S1

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FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Social	Gender Group - Non-Executive Female	Percentage	27	—	No assurance	
Social	Gender Group - Non-Executive Male	Percentage	73	—	No assurance	
Social	Age Group - Senior Management below 30 years old	Percentage	0	—	No assurance	
Social	Age Group - Senior Management 30-50 years old	Percentage	52	—	No assurance	
Social	Age Group - Senior Management above 50 years old	Percentage	48	—	No assurance	
Social	Age Group - Middle Management below 30 years old	Percentage	0	—	No assurance	
Social	Age Group - Middle Management 30-50 years old	Percentage	68	—	No assurance	
Social	Age Group - Middle Management above 50 years old	Percentage	32	—	No assurance	
Social	Age Group - Executive below 30 years old	Percentage	15	—	No assurance	
Social	Age Group - Executive 30-50 years old	Percentage	69	—	No assurance	
Social	Age Group - Executive above 50 years old	Percentage	16	—	No assurance	
Social	Age Group - Non-Executive below 30 years old	Percentage	36	—	No assurance	
Social	Age Group - Non-Executive 30-50 years old	Percentage	54	—	No assurance	

# ESG Performance Data

Thong Guan Industries Berhad  
IFRS S1

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FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Social	Age Group - Non-Executive above 50 years old	Percentage	10	—	No assurance	
Social	Female Directors	Percentage	10	—	No assurance	
Social	Male Directors	Percentage	90	—	No assurance	
Social	Directors below 30 years old	Percentage	0	—	No assurance	
Social	Directors 30-50 years old	Percentage	19	—	No assurance	
Social	Directors above 50 years old	Percentage	81	—	No assurance	
Social	Number of work-related fatalities	Number	0	—	No assurance	
Social	Lost time incident rate ("LTIR")	Rate	0.79	—	No assurance	
Social	Number of employees trained on health and safety standards	Number	865	—	No assurance	
Social	Total training hours - Senior Management	Hours	818	50% increase in average training hour per employee by FY2025; 100% increase in average training hour per employee by FY2030 (Baseline : FY2022)	No assurance	Talent Development
Social	Total training hours - Middle Management	Hours	1,807	50% increase in average training hour per employee by FY2025; 100% increase in average training hour per employee by FY2030 (Baseline : FY2022)	No assurance	Talent Development
Social	Total training hours - Executive	Hours	2,696	50% increase in average training hour per employee by FY2025; 100% increase in average training hour per employee by FY2030 (Baseline : FY2022)	No assurance	Talent Development

# ESG Performance Data

Thong Guan Industries Berhad  
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FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Social	Total training hours - Non-Executive	Hours	8,655	50% increase in average training hour per employee by FY2025; 100% increase in average training hour per employee by FY2030 (Baseline : FY2022)	No assurance	Talent Development
Social	Percentage of employees that are contractors or temporary staff	Percentage	30	—	No assurance	
Social	Total number of employee turnover - Senior Management	Number	2	—	No assurance	
Social	Total number of employee turnover - Middle Management	Number	13	—	No assurance	
Social	Total number of employee turnover - Executive	Number	29	—	No assurance	
Social	Total number of employee turnover - Non-Executive	Number	431	—	No assurance	
Social	Number of substantiated complaints concerning human rights violations	Number	0	—	No assurance	
Governance	Percentage of employees who have received training on anti-corruption by employee category - Senior Management	Percentage	89	—	No assurance	
Governance	Percentage of employees who have received training on anti-corruption by employee category - Middle Management	Percentage	76	—	No assurance	

# ESG Performance Data

Thong Guan Industries Berhad

IFRS S1

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FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Governance	Percentage of employees who have received training on anti-corruption by employee category - Executive	Percentage	69	—	No assurance	
Governance	Percentage of employees who have received training on anti-corruption by employee category - Non-executive	Percentage	72	—	No assurance	
Governance	Percentage of operations assessed for corruption-related risks	Percentage	100	—	No assurance	
Governance	Confirmed incidents of corruption and action taken	Number	0	—	No assurance	
Governance	Proportion of spending on local suppliers	Percentage	37	—	No assurance	
Governance	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	—	No assurance	

# ESG Performance Data

Thong Guan Industries Berhad  
IFRS S2

Date & Time: 2026-04-28\_10:29:38  
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
GHG emissions	Scope 1	Metric tonnes of carbon dioxide equivalents (tCO2e)	1,485	10% reduction by FY2025; 20% reduction by FY2030 (Baseline : FY2021)	No assurance	GHG Emission Reduction
GHG emissions	Scope 2 Location-based	Metric tonnes of carbon dioxide equivalents (tCO2e)	77,250	10% reduction by FY2025; 20% reduction by FY2030 (Baseline : FY2021)	No assurance	GHG Emission Reduction; Energy Management
GHG emissions	Scope 3 Cat.6: Business travel	Metric tonnes of carbon dioxide equivalents (tCO2e)	306	—	No assurance	
GHG emissions	Scope 3 Cat.7: Employee commuting	Metric tonnes of carbon dioxide equivalents (tCO2e)	1,321	—	No assurance	



**THONG GUAN**  
INDUSTRIES BERHAD  
Registration No. 199401038519 (324203-K)



**SUSTAINABILITY  
IS RESPONSIBILITY**