

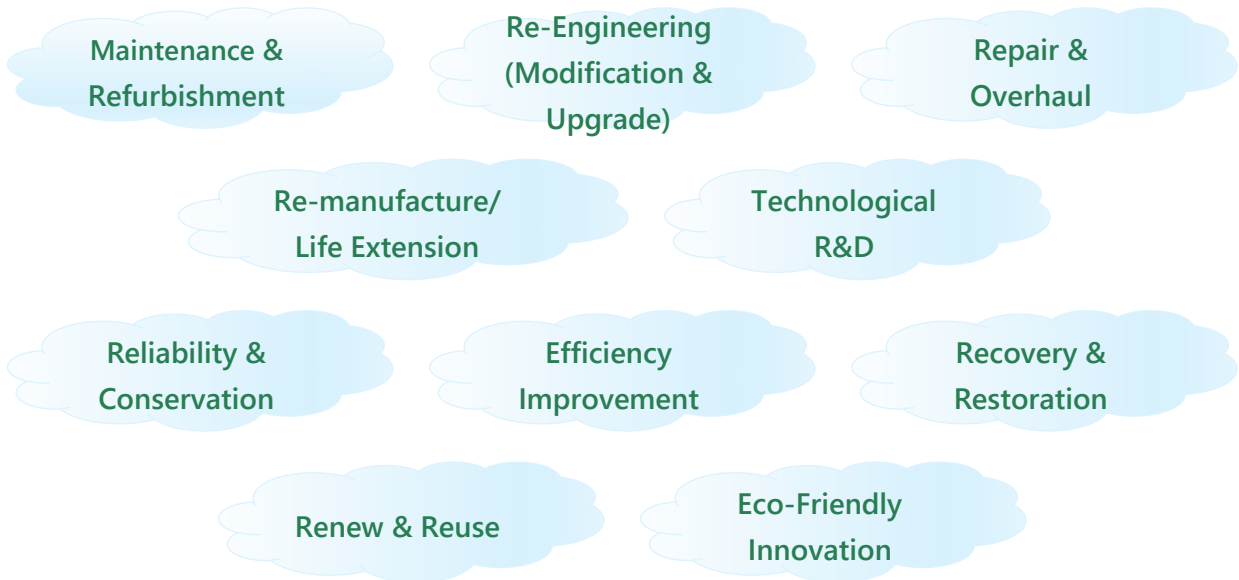


**F R O N T K E N**

FRONTKEN CORPORATION BHD

[IR@FRONTKEN.COM](mailto:IR@FRONTKEN.COM)

© FY2025.0318B



# FRONTKEN

FRONTKEN CORPORATION BERHAD (651020-T)

Level 6, Uptown 5, Tower D, No.5, Jalan SS21/39,

Damansara Uptown, 47400 Petaling Jaya

Tel : +603 7625 1381 / +603 7625 1598

Website : [www.frontken.com](http://www.frontken.com)

Email : [ir@frontken.com](mailto:ir@frontken.com)



## TABLE OF CONTENT

<b>1 Introduction</b>	<b>5</b>		
<i>About Frontken Group</i>	5		
<i>Message From Sustainability Committee</i>	7		
<b>2 Frontken Sustainability Development: Progress &amp; Performance</b>	<b>19</b>		
<i>Frontken Awards and Recognitions</i>	19		
<i>Milestones in Net Zero Transformation Journey</i>	22		
<i>Sustainability Report Data Coverage</i>	23		
<i>7 Aspects of Sustainability Goal Performance</i>	24		
<b>3 Frontken Sustainability Reporting Guideline</b>	<b>76</b>		
<i>Global Reporting Initiative (GRI) Guideline</i>	76		
<i>FTSE Russell's ESG Ratings Guideline</i>	81		
<i>Task force on Climate-Related Financial Disclosures (TCFD)</i>	82		
<i>Science-Based Targets Initiatives (SBTi)</i>	83		
<b>4 Frontken Commitment to Sustainability</b>	<b>84</b>		
<i>Global Risks Vs International Framework</i>	84		
<i>Frontken Sustainability Governance</i>	92		
<i>Engaging Stakeholders</i>	93		
<i>Frontken Sustainability Development Plan</i>	98		
<b>5 Frontken Sustainability Pillars/Themes/Indicators</b>	<b>104</b>		
<i>ESG Issues are Material Risks to Business</i>	104		
<i>Sustainability Development Goals (SDGs 17)</i>	105		
<i>Responsible Business Alliance (RBA) Framework</i>	106		
<i>FTSE4GOOD Bursa Malaysia Index Framework</i>	110		
<b>6 Frontken Sustainability Materiality Analysis and Assessment</b>	<b>112</b>		
<i>Understanding Stakeholder Concerns And Impacts</i>	112		
<i>Materiality Analysis And Assessment</i>	113		
<i>15 Core Dimensional Foundations</i>	120		
		<i>Continually Assess Relevant Issues and Opportunities</i>	124
<b>7 Frontken Sustainability Development: Environment</b>	<b>125</b>		
<i>Managing Environment Risks</i>	126		
<i>Our Climate Change Management</i>	128		
<b>8 Frontken Sustainability Development: People &amp; Society</b>	<b>157</b>		
<i>People is Our Key Asset</i>	157		
<i>Frontken Group's Health, Safety, and Environmental (HSE) operation management system</i>	158		
<i>People – Indicators, Targets &amp; Status</i>	183		
<b>9 Frontken Sustainability Development: Governance</b>	<b>192</b>		
<i>Frontken Corporate Governance</i>	192		
<i>Sustainable Climate Governance</i>	193		
<i>Governance Reports &amp; Policies List</i>	199		
<i>Governance – Indicators, Target &amp; Status</i>	270		
<b>10 Frontken Sustainability Development: Supply Chain</b>	<b>274</b>		
<i>Responsible Supply Chain</i>	274		
<i>Supply Chain Risk Management Framework</i>	279		
<i>Supplier Management Framework</i>	279		
<i>Supply Chain – Indicators, Targets &amp; Status</i>	287		
<b>11 Frontken Sustainability Development: R&amp;D, Innovations, Technology &amp; Services</b>	<b>289</b>		
<i>Technology Innovations:</i>	290		
<i>Service Innovations</i>	291		
<i>R&amp;D, Innovations, Technology &amp; Services – Indicators, Targets &amp; Status</i>	295		
<b>12 About This Report</b>	<b>297</b>		

# 1 INTRODUCTION

## ABOUT FRONTKEN GROUP

We build technology and provide services that enable our customers to be more sustainable and do more for our environment, community, and society. We integrate our technology, business practices, partnerships, supply chain and production processes around a single mission - to build sustainability through actionable technology and make more positive impact towards the environment and society together with our customers, employees and shareholders and stakeholders.

Our foundation is built on our core values, which distinguish us and guide our actions and the way we conduct our business in a socially responsible and ethical manner. We are committed to delivering value to all our stakeholders including customers, employees and shareholders through sustaining growth in our businesses, protecting the environment, empowering lives of people and nurturing communities where we operate. We will also continue to build the company on the foundation of:

(a) Responsible Management;

(b) Responsible Innovation and Service;

(c) Responsible Green Production;

(d) Responsible Workplace;

(e) Responsible Inclusion and Diversity;

(f) Responsible Supply Chain;

(g) Responsible Climate Change;

(h) Responsible IFRS (International Financial Reporting Standards);

We want to make it easy to be more sustainable, by building technology and providing services including training to help people to better understand their impact and actions.

## FRONTKEN SUSTAINABILITY DEVELOPMENT

Frontken Group sustainable development can be defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Frontken Group has been providing innovative solutions, services, and products to our customers. We enable new technologies to solve challenges in the industry. The creation of a sustainable positive impact and value for all our stakeholders is fundamental to us. We have always strived to create long-term growth, deliver great customer experience, embrace responsible business practices, be an employer of choice, manage our environmental footprint, and invest in the communities where we operate.



MESSAGE FROM SUSTAINABILITY COMMITTEE



SUSTAINABILITY IN A GLANCE



SUSTAINABILITY GOVERNANCE



ENGAGING STAKEHOLDERS

Frontken Sustainability	Progress Status	Sustainability Data
<ul style="list-style-type: none"> <li>• Sustainability Development</li> <li>• Materiality Assessment</li> <li>• International Framework</li> <li>• GRI Index Mapping</li> <li>• Bursa FTSE4GOOD ESG Index Mapping</li> <li>• RBA Code Mapping</li> <li>• CDP Disclosures</li> <li>• IFRS (International Financial Reporting Standards)</li> </ul>	<ul style="list-style-type: none"> <li>• Responsible Management</li> <li>• Responsible Innovation and Service</li> <li>• Responsible Green Production</li> <li>• Responsible Workplace</li> <li>• Responsible Inclusion and Diversity</li> <li>• Responsible Supply Chain</li> <li>• Responsible Climate Change</li> <li>• Responsible IFRS (International Financial Reporting Standards);</li> </ul>	<ul style="list-style-type: none"> <li>• Data Dashboard</li> <li>• Environment Data</li> <li>• Social Data</li> <li>• Governance Data</li> <li>• Supply Chain Management Data</li> <li>• Research and Development, Innovation Data</li> <li>• Economic Performance Data</li> </ul>

# MESSAGE FROM SUSTAINABILITY COMMITTEE

DEAR STAKEHOLDERS,



## INTRODUCTION

Since 1996, for nearly three decades, Frontken Group has been committed to building technology and providing services that empower our customers to embrace sustainability, fostering a positive impact on our environment, communities, and society at large. Our mission is anchored in integrating innovation, best practices, strategic partnerships, and streamlined processes—all united by a singular goal: advancing sustainability through actionable technology. Together with our customers, employees, and stakeholders, we strive to create measurable contributions that safeguard the planet and strengthen society.

At Frontken Group, sustainability is not an afterthought—it is embedded in everything we do. Our unwavering commitment extends to: (a) Health & Safety: Protecting people and communities; (b) Environmental Responsibility: Reducing carbon footprints and conserving resources; (c) Corporate Accountability: Operating with transparency and integrity; (d) Sustainable Development: Aligning our efforts with the United Nations Sustainable Development Goals.

We deliver products, services, and technologies that not only enhance sustainable business practices but also directly address global challenges such as climate change, resource efficiency, and social equity. We believe in the power of collaboration and collective action. By working hand-in-hand with our partners, we continue to drive innovation that supports a greener economy and a more resilient society. Our journey is ongoing, and our vision remains steadfast: to make a lasting, positive difference for generations to come.

In fiscal year 2025 (“FY2025”), our journey was defined by both formidable challenges and meaningful opportunities. The global economy faced persistent fluctuations, with inflationary pressures, recessionary risks, and volatile interest rates shaping the business landscape. Supply chain disruptions—intensified by geopolitical tensions, natural disasters, and the imposition of sweeping tariffs that disrupted global trade—continued to test resilience across industries. At the same time, a tight labour market made attracting and retaining top talent increasingly difficult. Businesses also grappled with evolving regulatory frameworks, particularly those operating across multiple jurisdictions, while rising expectations for sustainability and climate action demanded significant investment and innovation.

Collectively, the world confronted prolonged conflicts, diverse natural disasters, heightened political tensions, and widespread supply chain disruptions, alongside the realities of high inflation and economic slowdown. Yet, within these challenges lie opportunities for innovation, transformation, and growth. Frontken Group has responded proactively, adapting to these shifting realities to strengthen our position for long-term success.

As we navigate this new era, our focus extends beyond immediate challenges to encompass critical priorities such as responsible innovation, climate change mitigation, environmental stewardship, and shared prosperity. It is clear that the global business community must undergo profound industrial transformation—fostering collaboration, embracing responsible technologies, and re-shaping operations to meet the demands of a complex future. Key imperatives include accelerating innovation, embedding sustainability into business models, reducing carbon emissions, and transitioning toward renewable energy sources.

To succeed, businesses must uphold compliance with laws and regulations, maintain the highest ethical standards, and integrate sustainability into their core strategies. At Frontken Group, we are

committed to contributing to this transformation—championing responsible practices, driving innovation, and making a positive impact on the global stage. Together, through sustainable operations and responsible innovation, we can build a more resilient, equitable, and prosperous future.



## FRONTKEN GROUP: DRIVING SUSTAINABLE VALUE CREATION

At Frontken Group, we continuously evolve our business operations, focusing on our innovation efforts on areas where our technologies, processes, systems, and capabilities can drive meaningful change and accelerate progress. We understand the dynamic nature of our stakeholders, customers, and supply chains, and we are dedicated to addressing climate change risks, clean water challenges, circular economy principles, and fostering green innovation and sustainable production practices.

During the fiscal year 2025 meetings of the Sustainability Committee, members engaged in ongoing discussions to enhance our specific business materiality assessment, refine enterprise risk management (ERM) processes, and strengthen internal control systems (ICS). These endeavours are part of our commitment to fine-tune sustainability development priorities and management strategies in response to the evolving risk landscape and challenges confronting our employees, customers and stakeholders.

A notable aspect of our deliberations involved exploring the incorporation of circular economy principles into our business models. This includes a comprehensive consideration of life cycle impacts in the markets we serve. The group recognizes the importance of aligning our operations with sustainability principles and strives to implement circular economy concepts that promote resource efficiency, reduce waste, and contribute to a more sustainable future.

Frontken Group’s sustainability agenda is not only about responsible operations—it is a strategic pathway to long-term value creation, resilience, and industry leadership. Our commitments are designed to strengthen trust, mitigate risks, and unlock opportunities in a rapidly evolving global landscape:

**(a) Enhanced Materiality Assessment**

We continuously refine our materiality assessment to ensure our priorities reflect the most pressing sustainability issues. By aligning with stakeholder expectations and global ESG standards, we position ourselves to capture emerging opportunities while addressing risks that could impact long-term performance.

**(b) Strengthened Enterprise Risk Management**

Our enterprise risk management framework is evolving to anticipate and respond to emerging risks, from climate change to supply chain disruptions. This proactive approach safeguards operational resilience and ensures sustainable growth, reinforcing investor confidence in our ability to adapt and thrive.

**(c) Effective Internal Control Systems**

We are elevating governance and internal controls to uphold transparency, accountability, and ethical conduct. This commitment strengthens our reputation, fosters stakeholder trust, and ensures that sustainability is embedded into every decision-making process.

**(d) Circular Economy Integration**

By embedding circular economy principles into our business models, we are driving resource efficiency, reducing waste, and creating regenerative value chains. This not only contributes to environmental sustainability but also enhances cost efficiency and positions Frontken as a leader in sustainable innovation.

By actively pursuing these objectives, Frontken Group aims to reinforce its commitment to sustainability, resilience, and responsible business practices, creating enduring value for both the organization and its broader ecosystem.

The Group has set ambitious targets to be achieved by 2050, reflecting our commitment to sustainability and environmental responsibility. These objectives are as follows:

- a) **Environmental Vision 2050:** By 2050, our goal is to neutralize 100% of our greenhouse gas emissions, aligning with our Environmental Vision 2050 and contributing to a carbon-neutral future.
- b) **Innovation Portfolio:** By 2050, we aim to generate 100% of our innovation portfolio, ensuring that it significantly addresses sustainability challenges and creates substantial value for our employees, customers and stakeholders.
- c) **Sustainable Products and Processes:** By 2050, our aim is to create 100% of our products and processes with strict adherence to sustainability development criteria, incorporating green chemistry, green production practices, and embracing circular economy principles to minimize climate impact.

These ambitious targets underscore our commitment to long-term sustainability, innovation, and responsible business practices. By setting clear milestones for greenhouse gas emissions, innovation generation, and sustainable product development, we are dedicated to making a positive and lasting impact on the environment, society, and the markets we serve. These objectives reflect our proactive approach to sustainability, aligning with global goals for a more sustainable and resilient future.



## SIGNIFICANT MILESTONES

In fiscal year 2025, Frontken Group achieved significant milestones across several key areas, demonstrating our commitment to innovation, sustainability, and responsible business practices. Some of our key accomplishments include:

### (a) Strengthened Innovation Platform

We successfully enhanced our innovation platform, fostering increased value creation through innovative solutions. By prioritizing research and development initiatives, we have expanded our capabilities to address emerging challenges and meet the evolving needs of our customers and stakeholders.

### (b) Updated Greener Products and Production Processes

We made substantial progress in updating our product offerings and production processes to be more environmentally friendly. Through specialized capabilities and investments in sustainable technologies, we have advanced towards greener practices, reducing our environmental footprint and promoting resource efficiency. These efforts support a transition toward a low-carbon, circular economy, while delivering products that meet evolving customer expectations for sustainability.

### (c) Greener and Safer Chemical Usage and Management Policy

We have implemented a holistic chemical usage and management policy that prioritizes human health, ecological safety, and regulatory compliance. By adopting green chemistry principles and stringent monitoring, we safeguard employees, communities, and ecosystems. This initiative reflects our commitment to pollution prevention and responsible stewardship of natural resources.

### (d) Increased Transparency and Risk Reduction

We have strengthened governance and disclosure practices to enhance accountability and reduce sustainability risks. We enhanced transparency in our operations, reducing risks and taking proactive measures to address sustainability challenges. Our initiatives, including those related to climate change and pollution control, have resulted in tangible actions aimed at mitigating environmental impact and promoting sustainable practices throughout our value chain.

### (e) Proactive Risk Management & Regulatory Compliance

We systematically assess the impacts of our business activities on climate change, water usage, and other environmental factors. Our approaches emphasized transparency and accountability regarding our performance and data by committing to third-party platforms such as the International Financial Reporting Standards (IFRS) and the Carbon Disclosure Project (CDP). By engaging with these platforms, we are better positioned to focus on optimising our activities, ultimately reducing the environmental impact of our operations.

### (f) Promote Net Zero Goals through Continuous Sustainable Production.

We consistently advocate for low-carbon solutions by continuously advancing technologies and projects related to part recovery, cleaning, and refurbishment. Through our comprehensive assessments, we are able to quantify the greenhouse gas emissions that have been avoided within the value chain as a result of our business activities, which are reported as Scope 4 Emissions. We believe that by disclosing these avoided greenhouse gas emissions, we can effectively promote a Circular Economy and sustainable sourcing within the supply chain.

These accomplishments underscore our ongoing commitment to driving positive change and creating value for all stakeholders. By prioritizing innovation, sustainability, and transparency, we are positioned to contribute meaningfully to addressing global challenges and building a more resilient and sustainable future.



## CONTINUOUS ACHIEVEMENTS

Frontken Group's commitment to sustainability is evident through our proactive efforts to transform and mitigate carbon emissions while embracing sustainable energy practices. Over the years, we have made strategic investments and transitions to lower greenhouse gas designs for both our production processes and overall operations. As part of our commitment to renewable energy, we are pleased to share the following achievements from 2018 to 2025:

<p>Adoption of Solar Energy</p>	<p>We have invested significantly in solar energy systems, leading to the adoption of renewable energy practices. As of <b>2018 to 2025</b>, we have successfully integrated the equivalent of <b>6,226,682 kilowatt-hours (kWh)</b> of electricity using solar energy for our operations. This transition to sustainable energy sources reflects our dedication to reducing our carbon footprint and contributing to a greener, more sustainable future.</p>
<p>DI-Water Recycling</p>	<p>Since <b>2018 - 2025</b>, we have implemented a robust DI-Water recycling system, resulting in an accumulative savings of <b>577,495 tons</b> of recycled DI-Water. This initiative not only showcases our commitment to resource efficiency but also contributes to the conservation of water resources, a critical aspect of sustainable operations.</p>
<p>Waste Recycling</p>	<p>Our commitment to waste reduction is evident in the accumulative savings of <b>585,483 kilograms</b> of recycled waste since <b>2018 - 2025</b>. By implementing effective waste recycling programs, we aim to minimize our environmental impact, promote circular economy principles, and contribute to a more sustainable waste management system.</p>

These achievements underscore our dedication to environmental stewardship, sustainability, and responsible resource management. By adopting renewable energy sources, recycling initiatives, and efficient water management, Frontken Group is actively contributing to the global effort to combat climate change and build a more sustainable and resilient future.

## CLIMATE CHANGE CHALLENGES

The Sustainability Committee, in alignment with various references and standards—including the recommendations of the Climate-related Financial Disclosures (TCFD), the Carbon Disclosure Project (CDP), and the International Financial Reporting Standards (IFRS) on greenhouse gas emissions—diligently evaluated and identified risks and opportunities pertaining to the environment, specifically in relation to climate change. This comprehensive assessment guided discussions on the direction of the Company's environmental initiatives, emphasizing waste recovery, recycling practices, and efforts toward establishing a circular economy.

Frontken Group is committed to navigating the challenges associated with reducing greenhouse gas emissions, with a particular focus on Scope 1 (direct emissions from owned or controlled sources) and Scope 2 (indirect emissions from purchased energy). By systematically measuring, managing, and disclosing these emissions in accordance with CDP and IFRS standards, we aim to strengthen transparency and accountability while concurrently enhancing our positive impact on the environment and society.

Our continuous exploration of innovative approaches to business growth is grounded in the development of technologies, products, and services that actively contribute to environmental protection, energy conservation, and the mitigation of global warming. By actively working towards reducing global greenhouse gas emissions, we aspire to play a meaningful role in addressing climate challenges while advancing our business endeavours.

As part of our commitment to transparency and accountability, we will concentrate on disclosing comprehensive environmental, social, and governance (ESG) information. This includes detailed insights into our initiatives related to climate change, pollution control, and Scope 1 and 2 emissions reporting, reinforcing our dedication to responsible business practices and contributing to a sustainable and resilient global future.



## CONTINUOUS IMPROVEMENT

### Frontken Group FY2025: Sustainability as a Driver of Long-Term Value

In FY2025, Frontken Group has reaffirmed its commitment to sustainability as a strategic enabler of growth, profitability, and resilience. We recognize that sustainability is not only about responsibility—it is about creating enduring value for shareholders, customers, employees, and society.

Our focus areas include governance excellence, employee health and safety, environmental stewardship, emissions reduction, climate resilience, pollution control, and sustainable supply chain management. These pillars form the foundation of our FY2025 Sustainability Report, which details both achievements and forward-looking strategies to embed sustainability into our long-term vision.

### **Sustainability as a Value-Creation Strategy**

We have dedicated significant resources to digitization, integration, and full control of sustainability initiatives, ensuring measurable outcomes and accountability. These investments deliver tangible benefits:

- (a) Profitability through efficiency: Reducing waste and optimizing resource use lowers costs and enhances margins.
- (b) Risk mitigation: Proactive climate and pollution control strategies safeguard operations against regulatory, reputational, and environmental risks.
- (c) Enterprise value growth: Sustainability strengthens brand equity, investor confidence, and customer loyalty.
- (d) Integrity and reputation: Transparent governance and ethical practices protect shareholder interests and reinforce trust.

At the core of our strategy is the belief that sustainability is inseparable from long-term business success.

### **Technology as a Competitive Advantage**

Frontken Group's advanced technologies empower customers to create sustainable products and services. By extending the lifespan, performance, and appeal of critical parts used in production processes, we enable customers to:

- (a) PROTECT surfaces against wear, reducing replacement costs.
- (b) PRESERVE materials for longer lifespans, minimizing resource consumption.
- (c) PROVIDE sustainable solutions through recycling, repairing, refurbishment, re-engineering, and re-coating.

These innovations not only reduce environmental impact but also unlock new revenue streams by transforming sustainability challenges into market opportunities.

### **Aligned with Global Standards**

Guided by the United Nations Sustainable Development Goals (SDGs), we actively pursue opportunities to re-engineer shared value from fewer resources. Our approach transforms societal and environmental challenges into innovative solutions, positioning Frontken Group as a trusted partner for global customers seeking sustainable growth.

We believe that excellent corporate governance amplifies sustainability impact, ensuring transparency, accountability, and ethical leadership. This alignment fosters long-term resilience, strengthens investor confidence, and contributes positively to society and the environment.

### **Investments in Sustainable Operations**

Frontken Group has invested significant time and resources in transitioning toward sustainable, digital, and automated business models. Our success is evident in:

- (a) Digitization of advanced production systems.
- (b) Expanded production capacity.
- (c) Re-engineering efforts in water usage, conservation systems, renewable energy, and waste treatment/discharge systems.

These initiatives have positioned us as leaders in semiconductor parts processing support technology and environmental sustainability, reinforcing our competitive advantage in global markets.

### **Stakeholder Engagement and Risk Management**

We place strong emphasis on stakeholder engagement for comprehensive risk management and materiality assessment. By involving stakeholders in discussions on critical trends—such as emissions reduction, energy efficiency, waste minimization, inclusivity, governance, and business continuity—we transform risks into opportunities that fortify resilience and create enduring value.

### **Long-Term Vision: Governance and Oversight**

The Board of Directors, supported by the Sustainability Management Committee and Risk Management Committee, plays a pivotal role in providing oversight. These committees rigorously review and implement ESG initiatives, ensuring alignment with the highest standards of transparency, accountability, and responsible business practices.

The assessment and enhancement of operational sustainability are seamlessly integrated into the strategic formulation of the Group. Key issues identified have paved the way for the development of strategies and the establishment of medium-term and long-term goals. In our long-term vision, we aspire to benchmark our sustainability development against recognized frameworks, including the GRI Framework, United Nations Sustainable Development Goals, Responsible Business Alliance Framework (RBA), and Bursa Malaysia FTSE Russell ESG Model Framework. By continuously focusing on the economic and ESG dimensions of our business, we aim to contribute meaningfully to resolving environmental and social challenges.

The Board, supported by the Sustainability Management Committee and Risk Management Committee, plays a pivotal role in providing oversight. These committees rigorously review and

implement initiatives related to Environment, Social, Governance (ESG), and more. This collaborative approach ensures that our sustainability initiatives align with the highest standards, promoting transparency, accountability, and responsible business practices throughout the organization. Through these ongoing efforts, Frontken Group is committed to delivering positive outcomes not only for the business but also for the broader community and the environment.



### **Employee Commitment and Achievement**

Moving forward, Frontken Group recognizes that the health and safety of our employees, their families, and our business partners are paramount priorities. In FY2025, we continued our unwavering commitment to the eight Core Areas for Action on Sustainability, which form the foundation of our development strategy. Our employees remain dedicated to this mission, with skills and knowledge continuously enhanced to align with sustainability goals.

Their contributions are directly linked to operational requirements and progress toward our sustainability targets, reinforcing our culture of accountability and innovation.

Encouragingly, our dedicated employees at Frontken Group remain committed to our mission and core values. The Group consistently invests in enhancing the skills and knowledge of our workforce, ensuring they contribute effectively to our sustainability development vision. As we undergo transformations in our business practices and operations, we express gratitude for our on-site employees who safeguard our facilities, production output, and innovation creation on a daily basis. Their actions align with our employee roles and responsibilities, integrated into their personal objectives and incentives program, directly linked to our business operational requirements and progress toward Frontken Sustainability Goals.

- (a) **Continuous Innovation and Value Creation:** Strengthening our innovation and production platform to provide tangible benefits to customers, ensuring a competitive advantage, and delivering positive social and environmental impact for sustainability development.
- (b) **Maximizing Resources and Productivity:** Strengthening productivity and optimizing resources in production, operations, and the supply chain. This includes managing critical materials, eliminating waste, and reducing costs to become a more sustainable and competitive company.

For more detailed information, the Frontken FY2025 Sustainability Report is available, providing a comprehensive update on our sustainability strategy.

This report builds upon the detailed information shared in our FY2025 Environmental Climate Change and Pollution Control reporting. Covering the 2025 fiscal year, the report includes data, performance highlights, progress against targets, and outlines notable targets set for the medium-term and long-term. This transparent reporting underscores our commitment to accountability, transparency, and the pursuit of sustainable practices.

## CONCLUSION

As we move forward, we anticipate a business environment characterized by volatility, uncertainty, and complexity, with emerging threats and challenges. Yet within these challenges lie significant opportunities for Frontken Group to drive meaningful change – for our business, our stakeholders, and the planet.

We are inspired by the collaboration and dedication of our customers and partners across our value chain. Frontken Group remains steadfast in its commitment to transform into an exceptional organization, delivering long-term value by fostering sustainable growth, profitability, and strong return on equity (ROE). Our vision is to preserve the environment, enrich lives, and support communities where we operate, while ensuring resilient financial performance.

In our pursuit of technological advancements, we continuously reshape our products, services, and technology portfolio with sustainability as a guiding principle. Our focus is on driving growth while addressing global challenges such as climate change, resource scarcity, and circularity. By embedding sustainability into innovation, we aim to deliver resilient returns, enhanced ROE, and measurable impact for all stakeholders.

Frontken Group builds upon a strong foundation rooted in responsible management, environmental stewardship, and innovative practices. Our core values—integrity, commitment, innovation, and customer trust—guide us in upholding the highest standards of corporate governance. We recognize our employees as invaluable assets and actively foster a collaborative culture that champions sustainability, inclusivity, and shared purpose.

Our commitment extends to providing customers with cutting-edge process technologies and services that enable greener outcomes. Through continuous innovation, low-carbon production methods, and sustainable supply chains, we contribute to an environmentally responsible future. We take affirmative action to give back to society, aligning our business practices with the UN Sustainable Development Goals (SDGs) and broader social responsibility commitments.

This report highlights our dedication to supporting customers' sustainability objectives through precision recycled cleaning, refurbishment, and re-coatings for critical parts—significantly extending their lifespan and reducing waste. Our offerings also include solutions that prevent corrosion, conserve natural resources, and enhance efficiency, thereby reducing environmental footprints across industries while strengthening profitability.

We emphasize sustainability across our entire value chain—from responsible procurement to ethical production methods—ensuring that our operations minimize environmental impact while creating positive outcomes for communities.

Our employees play a pivotal role in advancing sustainability through innovation and collaboration with customers. Recognizing their central role in our success, we detail measures taken to safeguard their health, safety, and well-being, while empowering them to contribute to our sustainability journey.

Beyond the workplace, we uphold stringent environmental standards in our facilities, safeguarding the well-being of surrounding communities. By prioritizing climate responsibility, employee welfare, and environmentally conscious practices, we aim to create shared value both internally and externally.

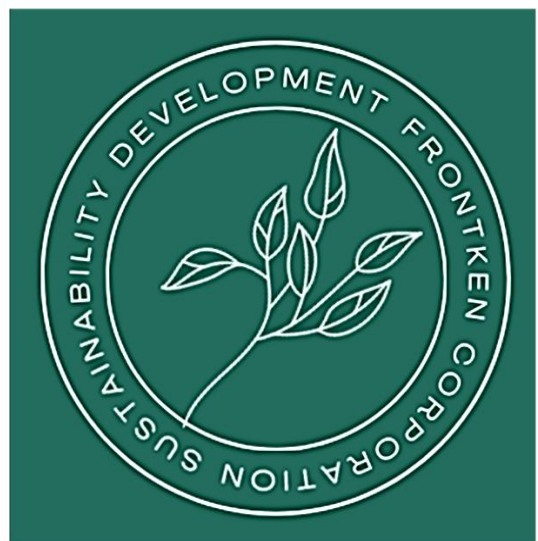
On behalf of the Board and Management, we extend heartfelt gratitude to our employees, partners, and stakeholders who have accompanied us on this sustainability journey. Your dedication and collaboration are invaluable as we collectively navigate the path toward a greener economy.

This report provides insights into how we integrate sustainability into every aspect of our operations. Our commitment extends beyond compliance: we aim to lead in addressing climate change, advancing circular economy practices, and fostering industry-wide collaboration for a sustainable future. Importantly, we remain focused on delivering sustainable growth, profitability, and strong ROE—ensuring that our sustainability journey translates into enduring financial strength and stakeholder value.

For a comprehensive overview of our corporate responsibility initiatives, please visit the Frontken Sustainability website, which includes additional sustainability-related information. To learn more about our business, refer to the "About Frontken" section in Investor Relations on our website.

**FROM SUSTAINABILITY DEVELOPMENT COMMITTEE**

FRONTKEN SUSTAINABILITY DEVELOPMENT IS CONTRIBUTING TO THE FOLLOWING SUSTAINABLE DEVELOPMENT GOALS. (12/17)



# 2 FRONTKEN SUSTAINABILITY DEVELOPMENT: PROGRESS & PERFORMANCE

## FRONTKEN AWARDS AND RECOGNITIONS

### Pushing Boundaries: Advancing Towards Breakthrough Innovations



### Responsible Growth: Balancing Business and Community Needs



**Beyond Business: Creating Positive Social Impact**

The collage features four '感謝狀' (Thank You Certificates) from Frontken Corporation Bhd. The certificates acknowledge the company's participation in blood donation events, highlighting the number of donors and the volume of blood collected. For example, one certificate mentions 200 donors and 305 units of blood collected on July 23-24, 2022. Another mentions 738 units collected in March and May 2022.

Accompanying the certificates is a promotional poster for a '捐血活動' (Blood Donation Activity) on June 15, 2023, at the Sun Yat-sen Memorial Hospital. The poster lists the time as 8:00 AM to 17:00 and offers a 7-11 gift card as an incentive for donors.

Three photographs show individuals in a clinical setting donating blood. One photo shows a woman in a hijab donating, while others show men and women at the donation station.

Blood Donation Events Participation

**The Extra Mile: Delivering More Than Expected**

This collage showcases several awards received by Frontken Corporation Bhd. Key awards include:

- THE EDGE BILLION RINGGIT Club 2021**: Recognized for 'TECHNOLOGY' with the highest growth in profit after tax over three years.
- THE EDGE BILLION RINGGIT Club 2022**: Named 'COMPANY OF THE YEAR'.
- MOST IMPROVED PERFORMANCE OVER 3 YEARS**: Awarded for increasing market capitalization from RM800M to RM5B.
- FORBES ASIA UNDER A BEST BILLION**: Ranked as 'THE REGION'S TOP 200 SMALL AND MEDIUM COMPANIES' in 2023.
- THE EDGE MALAYSIA ESG AWARDS 2022**: Received 'GOLD' for 'Most Improved Performance Over Three Years'.

Photographs show company executives receiving these awards on stage, often accompanied by dignitaries from awarding organizations like The Edge and Forbes.

Company Performance Awards

## Sustaining Excellence: The Key to Consistent Performance & Service



## Consistently Providing Top Performances & Services



## MILESTONES IN NET ZERO TRANSFORMATION JOURNEY

As we continue our mission to achieve net zero emissions, we are proud to highlight the significant milestones we have accomplished along the way. Each step represents our unwavering commitment to sustainability, innovation, and creating a greener future for generations to come.

- a) One of our most transformative achievements is the integration of cutting-edge refurbishment/ recovering technology. By extending the lifecycle of critical precision metal components and enhancing their performance, we have:
- ✓ Avoided over 58% of GHG emissions compared to manufacturing new components;
  - ✓ Achieved a zero-waste process, reducing material waste across all operations;
  - ✓ Delivered substantial cost savings and energy efficiency to our customers.
- b) Implement various projects to reduce energy use, thereby lowering our utility costs and reducing our environmental footprint.
- ✓ We installed solar photovoltaic systems on the roof of the plant to generate electricity and achieve an average monthly power generation of up to 124,897 kWh.
  - ✓ To improve our energy conservation transformation of the chiller system, office air conditioning system, dust-collecting and exhaust system and lighting system, including the adoption of frequency conversion technology, the installation of flow monitoring and control system and the replacement of energy-saving lightings. To that end, we achieved considerable good results.
- c) Transparency and accountability have been cornerstones of our transformation process. We are proud to have:
- ✓ Published our Annual Sustainability Development Report and TCFD Report, detailing our progress and challenges;
  - ✓ Regularly communicated progress to stakeholders, ensuring alignment with global standards and best practices;
  - ✓ In FY2025, we achieved a fairly good FTSE Russell ESG score of 4.5 out of 5; In addition, we also achieved an overall score of B in the climate aspect of CDP.

2017

- Energy-saving Program
- ROR Discharge Water Recovery Program

2018

- Sustainability Development Committee
- Building solar photovoltaic systems

2019

- Environment Management Policy issued
- FCB Energy Management Policy issued

2020

- FCB Sustainability Development Report
- FCB Climate Change Policy issued

2021

- Support TCFD's recommendations
- FCB joined FTSE Russell ESG platform

2022

- Sustainability Climate Change Report
- Declaring Net Zero Emissions by 2050

2023

- Linking corporate executives' compensation to ESG performance

2024

- FCB joined CDP disclosure platform
- FCB Annual TCFD Report issued

2025

- FCB Annual IFRS S1 & S2 Report issued
- FCB maintains B for CDP disclosure

## SUSTAINABILITY REPORT DATA COVERAGE

The data reported in this document are for Frontken Group. This report only covers Frontken Semiconductor related business in Singapore, Malaysia and Taiwan (Unless otherwise specified, for example, 'in all 100% coverage of Frontken Group' indicates that the data covers the entire group).

### *Sustainability Report Data Coverage by Site*

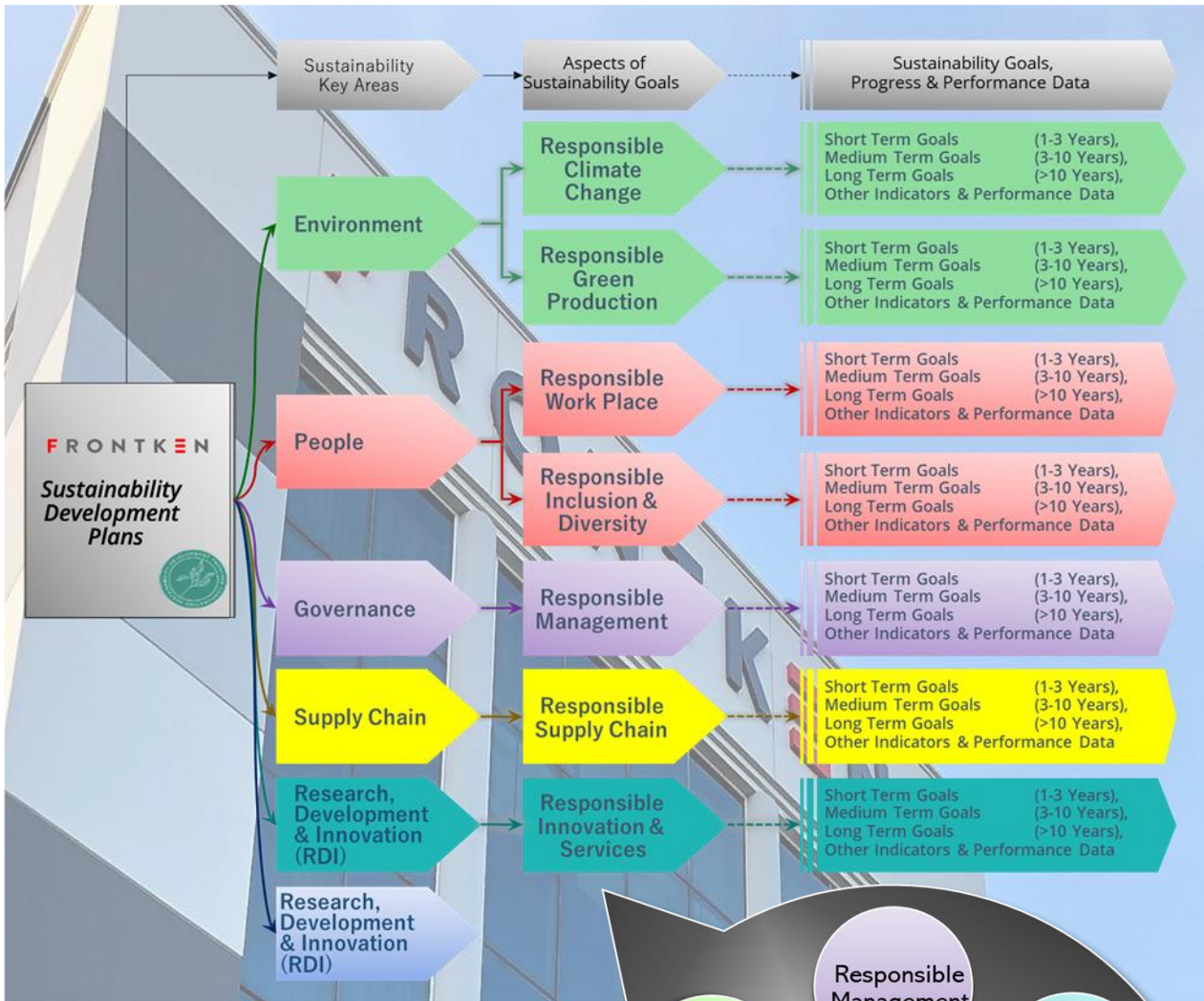


SUSTAINABILITY REPORT DATA COVERAGE	UNIT	FY2023	FY2024	FY2025
Coverage by Revenue (%)	%	76.61%	76.81%	83.47%
Coverage by Site (%)	%	76.92%	76.92%	76.92%

**Coverage by Revenue (%):** Ratio of Frontken semiconductor related business revenue in Singapore, Malaysia and Taiwan to the whole revenue of 100% coverage of Frontken Group.

**Coverage by Site (%):** Ratio of Data Covered Frontken Sites to All Sites in Frontken Group.

# 7 ASPECTS OF SUSTAINABILITY GOAL PERFORMANCE



## RESPONSIBLE CLIMATE CHANGE

The climate change challenges we are currently grappling with represent a global threat to humanity. Tackling these challenges requires an extraordinary level of understanding, sacrifice, and execution. Carbon dioxide (CO<sub>2</sub>), a global pollutant, defies containment within specific locations, making it a pervasive reality. The consequences of global indecision in the face of climate change will inevitably lead to dangerously elevated heat levels, widespread droughts, floods, and severe hardships for millions of people worldwide.

The impacts of climate change are far-reaching and have extensive, disastrous effects on our environment. These include, but are not limited to, the increasing frequency and intensity of extreme weather events, such as floods and famines. Additionally, climate change contributes to alterations in sea temperature, ocean acidity, and the eventual rise in sea levels. These changes collectively pose significant threats to the delicate balance of our ecosystems and the well-being of communities across the globe.

## THREE STRATEGIC PILLARS IN RESPONSIBLE CLIMATE CHANGE

Addressing climate change requires a united global effort, where nations, industries, and individuals must come together to implement sustainable practices, reduce carbon emissions, and develop innovative solutions. The urgency of this issue demands a commitment to understanding, adapting, and mitigating the impact of climate change to ensure a sustainable and secure future for generations to come.

Frontken Group is responding to the urgent challenge of climate change with a strong commitment and a comprehensive approach. Our strategy centres around a meticulous climate change materiality assessment, which identifies critical issues and assesses the greatest impact. This assessment serves as a foundational framework for our initiatives across three strategic pillars: climate resilience, resources resilience, and production resilience.

- (a) **Climate Resilience:** We prioritize building climate resilience within our operations and processes. This involves adopting measures to mitigate and adapt to the impacts of climate change. This may include investments in renewable energy sources, energy efficiency improvements, and other initiatives to reduce our carbon footprint.
- (b) **Resources Resilience:** Ensuring the resilience of resources is a key focus. This entails responsible management of resources, including water, raw materials, and energy. We work towards optimizing resource usage, minimizing waste, and promoting circular economy principles to contribute to the sustainability of resources.
- (c) **Production Resilience:** Our commitment extends to building resilience in our production systems. We strive to enhance the efficiency of our production processes while minimizing environmental impact. This involves incorporating sustainable practices, adopting green innovation, and aligning production with circular economy principles.



By addressing these three pillars, we aim to execute meaningful changes that contribute to a reduction in our environmental footprint. We understand the importance of aligning our business operations with sustainable practices to actively contribute to global efforts in mitigating climate change. Through a combination of strategic planning, innovative solutions, and continuous improvement, we are dedicated to making a positive impact on the environment and ensuring the long-term sustainability of our business.

## KEY COMMITMENTS IN RESPONSIBLE CLIMATE CHANGE

Frontken Group is committed to a comprehensive set of measures outlined in our environmental policy to address and combat climate change. Our dedicated efforts align with sustainability goals and prioritize reducing environmental impact across various operational aspects. The key commitments include:

- (a) **Energy Efficiency:** Frontken Group is dedicated to reducing energy consumption in our operations. This involves implementing measures to enhance energy efficiency in buildings, facilities, equipment, and tooling, ensuring responsible and sustainable energy practices.
- (b) **Water Impact Reduction:** We actively work towards minimizing water impacts associated with manufacturing operations, services, and overall facility management. Our commitment extends to adopting water-efficient technologies and practices to reduce our water footprint.
- (c) **Renewable Energy Technologies:** Frontken Group explores and implements alternative or renewable energy technologies, such as solar panels, wherever practical. This initiative contributes to the generation of sustainable energy for our facilities, promoting a shift towards cleaner and more environmentally friendly energy sources.

- (d) **Stakeholder Engagement:** Engagement with stakeholders, including supply chain partners, is a priority. We collaborate with all stakeholders to collectively combat climate change, fostering a shared commitment to sustainability across the entire value chain.
- (e) **Carbon Reduction in Supply Chain:** Frontken Group actively collaborates with suppliers and partners to minimize carbon emissions embedded in consumables like chemicals and packaging materials. Additionally, efforts are directed towards reducing the carbon footprint of equipment and supply chain suppliers to mitigate overall carbon impacts.
- (f) **Green Chemistry Innovation:** The integration of green chemistry innovation into process design and production is a core aspect of our environmental strategy. This includes the removal of harmful chemicals that pose risks to human health or the environment, ensuring responsible and sustainable practices.
- (g) **Carbon Emission Targets:** Frontken Group sets specific targets to reduce carbon emissions across all scopes, including scope 1, scope 2, and scope 3. These targets serve as benchmarks for our ongoing efforts to mitigate climate impact.
- (h) **Transparent Reporting:** Our commitment to transparency is demonstrated through the reporting of greenhouse gas emissions, targets, results, and activities. We adhere to the Greenhouse Gas Protocol, providing open and accountable reporting on our environmental initiatives.

Through these commitments, Frontken Group strives to be at the forefront of sustainable and responsible business practices, actively contributing to global efforts in combatting climate change.

## KEY OBJECTIVES OF SUSTAINABILITY REPORT

Frontken Group's commitment to climate change responsibility is reinforced through annual reporting in the Sustainability Report. This comprehensive report serves as a platform to communicate progress and achievements in the ongoing efforts to enhance transparency, set ambitious targets, and integrate climate change responsibility across all business units. The Sustainability Report highlights a steadfast commitment to the following key objectives:

- (a) **Transparency:** Frontken Group emphasizes transparency in reporting on climate change initiatives. By providing detailed insights into the progress made, challenges faced, and achievements unlocked, the Sustainability Report serves as a valuable resource for stakeholders seeking a comprehensive understanding of the organization's climate change strategies.
- (b) **Ambitious Targets:** The organization sets ambitious targets to continuously reduce its carbon footprint and mitigate the impact on climate change. These targets serve as benchmarks that drive ongoing efforts to improve performance, drive innovation, and achieve measurable results in reducing greenhouse gas (GHG) emissions.

- (c) **Integration Across Business Units:** Climate change responsibility is not confined to a specific department but is seamlessly integrated across all business units. This holistic approach ensures that every facet of Frontken Group contributes to the overarching goal of minimizing environmental impact and fostering sustainability.
- (d) **Specific Initiatives:** Frontken Group pledges to introduce specific initiatives aimed at significantly reducing GHG emissions. These initiatives are carefully designed and implemented to address key areas of impact, embracing innovation and sustainable practices to drive meaningful change.
- (e) **Continuous Improvement:** The organization is committed to a continuous improvement mindset, acknowledging the dynamic nature of sustainability challenges. By consistently evaluating and refining strategies, Frontken Group remains agile in adapting to evolving climate change dynamics and emerging best practices.
- (f) **Decreasing GHG Emissions and Improving Energy Efficiency:** Frontken Group's overarching target is to decrease GHG emissions while concurrently enhancing energy efficiency. This dual-focus strategy aligns with global sustainability goals and positions the organization as a responsible steward in the fight against climate change.

Frontken Group's commitment to reducing its environmental footprint and combatting climate change is evident through its proactive reporting, ambitious targets, and strategic initiatives. This dedication reinforces the organization's role as a leader in sustainable business practices and contributes positively to global environmental stewardship.



## FRONTKEN'S COMPLIANCE WITH TCFD FRAMEWORK

Frontken's compliance with the Task Force on Climate-related Financial Disclosures (TCFD) framework underscores its commitment to understanding, assessing, and mitigating climate change risks and leveraging climate opportunities across its operations. The corporation has systematically categorized potential financial impacts associated with climate change into distinct categories:

- (a) **Transition Risks:** Transition risks encompass the financial impacts arising from Frontken's initiatives to reduce carbon emissions and transition towards achieving Net Zero Emissions by 2050. These risks may include significant costs associated with the development and implementation of energy-saving and carbon reduction technologies, expenses related to application projects, investments in green energy sources, and the procurement of carbon credits to offset emissions. Understanding and mitigating this transition risks are crucial for Frontken to navigate the evolving regulatory landscape and transition towards a low-carbon economy effectively.

- (b) **Physical Risks:** Physical risks refer to the financial impacts stemming from the direct consequences of climate change on Frontken's operations and infrastructure. These risks may manifest as increased electricity costs due to higher energy consumption for air conditioning as global temperatures rise gradually. Additionally, Frontken may incur expenses related to adapting to climate-related changes and mitigating the impacts of climate-related disasters. Assessing and addressing physical risks are imperative for Frontken to enhance its resilience and adaptability in the face of changing climate patterns and extreme weather events.
- (c) **Regulatory Risks:** Regulatory risks pertain to the financial implications associated with compliance with evolving climate-related regulations and policies imposed by local governments. These risks may include estimating potential future carbon fees or taxes imposed by regulatory authorities as part of efforts to mitigate climate change. Frontken must stay abreast of regulatory developments and proactively engage with policymakers to navigate regulatory risks effectively and ensure compliance with emerging climate-related mandates.
- (d) **Climate Opportunities:** Climate opportunities represent potential financial benefits arising from Frontken's proactive engagement in climate-related initiatives and the transition to a low-carbon economy. These opportunities may include investments in renewable energy sources, the development of innovative climate solutions, and the expansion of environmentally sustainable products and services. Embracing climate opportunities allows Frontken to unlock new revenue streams, enhance its competitive position, and contribute positively to environmental sustainability.

By systematically identifying and assessing climate change risks and opportunities in alignment with the TCFD framework, Frontken demonstrates its commitment to proactively managing climate-related financial impacts, fostering resilience, and capitalizing on emerging opportunities in a rapidly evolving global landscape shaped by climate change.

<b>Specific actions:</b>	Strongly support the initiatives of the international organizations on climate change, and abide by public policies and local laws and regulations;
	Improve energy efficiency to reduce the energy used in our operations;
	Work with related associations and government agencies to implement green energy technologies such as solar panels and purchase green energy;
	Engage with all the stakeholders including the supply chain to minimise the carbon impacts;
	Continue carrying out GHG reduction actions and set targets to reduce our carbon emissions;
	Continue investing in R&D for sustainable innovation;
	Insist on responsible green production and green innovations and use transparent disclosure to enhance the company's green reputation;
	Each business unit evaluates the risk level for drought and flood every year and come out risk mitigation measures accordingly;
	Implement FCB business continuity plan and update it regularly.

## RESPONSIBLE CLIMATE CHANGE COMMITMENT

Frontken Group will in accordance with our environmental policy and measures committed to:

- i. **Reduce the energy used in our operations;** including improved energy efficiency in our buildings, facilities, equipment and tooling;
- ii. **Reduce water impacts in the manufacturing of our operations,** including the use of our services, and operation of all our facilities;
- iii. **Implement alternative or renewable energy technologies** such as solar panels, where practical to provide additional sustainable energy for our facilities;
- iv. **Engage with all the stakeholders including the supply chain** to combat climate change;
- v. **Work with suppliers/partners** to reduce the carbon embedded in all consumables such as chemicals, packaging materials, and the carbon footprint of our equipment and supply chain suppliers to minimise their carbon impacts;
- vi. **Integrate green chemistry innovation into our processes design and green production,** including removal of harmful chemicals that detriment to human health or the environment;
- vii. Set **targets to reduce our carbon emissions** including Scope 1, Scope 2 and Scope 3;
- viii. Report our **greenhouse gas emissions, targets, results and activities openly** and in accordance with the **Greenhouse Gas Protocol**.



Frontken Group is committed to addressing the urgent challenges of climate change with a high level of urgency and dedication. Our approach involves conducting a thorough materiality assessment to identify critical issues and areas of greatest impact related to climate change. This assessment serves as a framework for our work across strategic pillars focused on climate resilience, resource resilience, and production resilience. It guides us in executing initiatives to reduce our environmental footprint effectively.

Annually, we publish our progress on climate change in our Sustainability Report, which highlights our long-term efforts to enhance transparency, set ambitious targets, and embed climate change responsibility throughout our business units. We continuously introduce targeted initiatives aimed at significantly reducing our greenhouse gas (GHG) emissions. Our overarching goal is to steadily decrease our carbon footprint and mitigate our impact on climate change by enhancing energy efficiency and reducing GHG emissions across our operations.

This approach underscores our firm commitment to sustainability and responsible environmental stewardship, aligning with global efforts to address the pressing challenges posed by climate change.

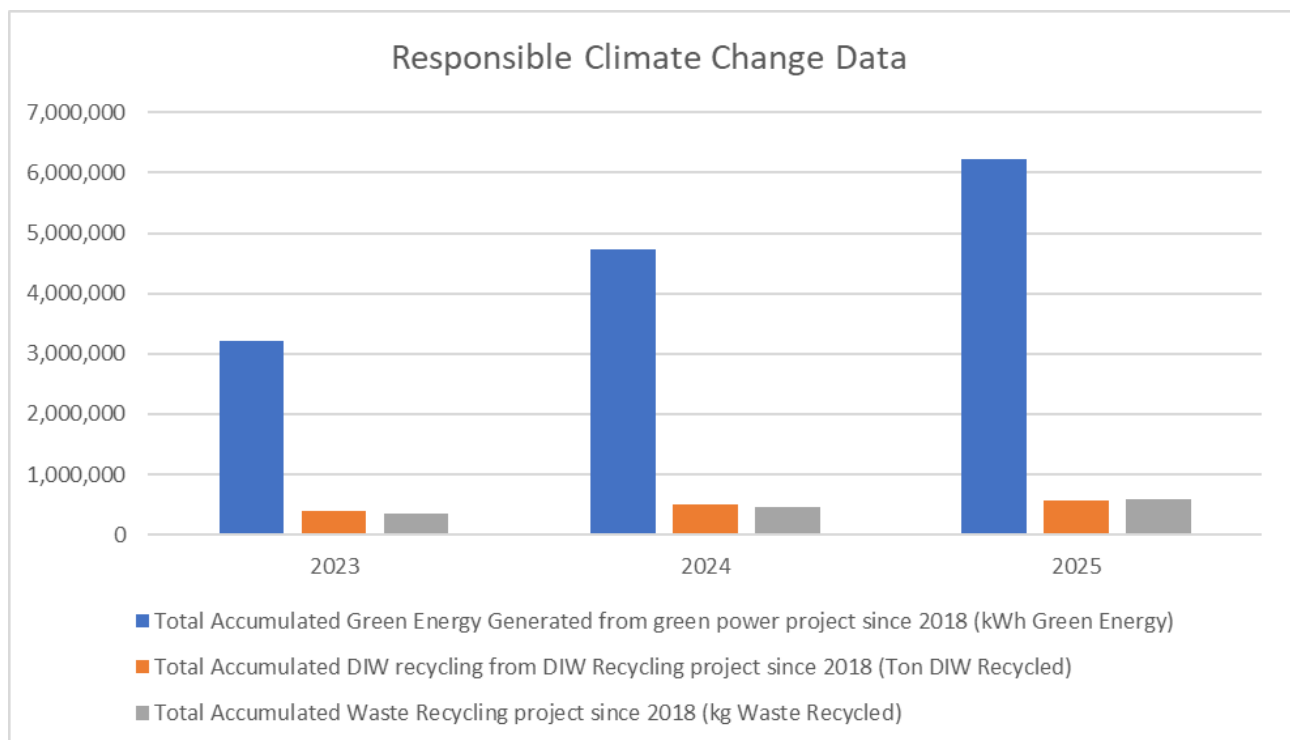
In compliance with the TCFD framework, Frontken has identified and assessed climate change risks and response measures across the corporation. We categorized the potential financial impacts of

climate change into transition risks, physical risks, regulatory risks, and climate opportunities. Transition risks are comprised of major carbon reduction costs from Frontken pathways to achieve Net Zero Emissions by 2050. For example, developing energy-saving and carbon reduction technologies, expenses for application projects, paying a premium for green energy, and purchasing carbon credits. Regulatory risks include risks from estimating potential future carbon fees according to local government's policies. Physical risks primarily consist of growing electricity costs from air conditioner use because of slowly rising global temperatures and the cost of responding to climate changes and disasters.

### CONTRIBUTION TO THE SDGS (RESPONSIBLE CLIMATE CHANGE)



### RESPONSIBLE CLIMATE CHANGE ACHIEVEMENT DATA



## CLIMATE CHANGE PROJECTS FOR SUSTAINABILITY DEVELOPMENT

No.	SUSTAINABILITY DEVELOPMENT INDEX ESG RATINGS DATA	UNIT	FY2023	FY2024	FY2025
1.	Total Accumulated Green Energy Generated from green power project since 2018.	kWh Green Energy	3,215,908	4,727,922	6,226,682
2.	Total Accumulated DIW recycling from DIW Recycling project since 2018.	Tonnes DIW recycled	394,517	492,699	577,495
3.	Total Accumulated Waste Recycling project since 2018 (kg Waste Recycled)	kg Waste Recycled	360,807	462,518	585,483

## RESPONSIBLE GREEN PRODUCTION

Frontken Group has made significant strides in enhancing its green production methods to address operational challenges posed by global warming. In FY2023, the establishment of an advanced new production plant in Taiwan and a cutting-edge production line in Singapore reflects the company's commitment to innovation-driven progress. As chip processes become increasingly complex, the advanced production capacity has expanded.

With this growth, efforts to maintain sustainability have been evident, with decreases observed in unit production average power and water usage, attributed to product and process optimizations and the qualification stage of new facilities. Through our continuous efforts, the unit production average power usage was decreased to **11.79 kWh (FY2024 = 13.00 kWh)** per unit production; and the unit production average water usage was also slightly decreased to **0.15 (FY2024 = 0.16)** cubic metre per part; this is due to (a) a change and optimization in our product and processes mixed and (b) the qualification stage of the new plant in Taiwan and new production line in Singapore; the unit production average waste produced was slightly decreased to **0.41 kg (FY2024= 0.42 kg)** per part. Moving forward, these increases will be offset by the continuous increase expansion in our renewable energy and water recycling system and future innovations.

The company has maintained consistency in managing waste production, demonstrating a commitment to environmental stewardship. Moving forward, these incremental increases will be mitigated by the ongoing expansion of renewable energy and water recycling systems, alongside future innovations.

Frontken Group takes proactive measures to assess and mitigate its environmental impact, monitoring Scopes 1, 2, and 3 greenhouse gas emissions according to the GHG Protocol standards. Notably, electricity consumption, particularly in production operations, stands out as a focal point for reducing energy usage and emissions. Optimizing energy efficiency remains central to the sustainability strategy, with ongoing efforts aimed at reducing utility costs and environmental footprint.

In alignment with its commitment to a low-carbon future, Frontken Group has increased its reliance on renewable energy sources, including on-site generation such as solar power. Initiatives like scrubber overhaul, energy-efficient lighting systems, and chiller system enhancements further contribute to energy conservation and emissions reduction. The installation of solar photovoltaic systems has significantly bolstered the company's renewable energy capacity, generating substantial power since inception. Notably, the group has generated an average yearly green energy output of up to **778,335 kWh**, accumulating approximately **6,226,682 kWh** of green power since 2018.

Continued investment in energy conservation technologies, including frequency conversion and flow monitoring systems, has yielded tangible results, resulting in substantial electricity savings annually. Frontken Group's proactive approach to sustainability underscores its dedication to environmental responsibility and sets a benchmark for industry-leading practices in energy conservation and emissions reduction.

## GHG EMISSION DATA

To assess the environmental impact of the Group's business activities, including its value chain, the Group implemented and monitored Scopes 1, 2, and 3 of the greenhouse gas ("GHG") emissions. The calculation is based on the GHG Protocol, which is the most widely used international accounting and reporting tool.

## FRONTKEN SCOPE 1, 2, AND 3 GHG EMISSION

We have identified Scope 2 electricity consumption as having the greatest potential impact on achieving our stated energy and emissions targets. Most of our energy use is associated with our production. Optimizing energy efficiency in our operations is a key component of company's overall sustainability strategy. We committed to continue to cut energy use to lower our utility costs and reduce our environmental footprint. We are committed to doing our part to achieve a low-carbon future. We've already boosted the share of renewable power in our energy mix. Our sources of renewable energy include On-Site Generation: Renewable power generated by renewable energy sources (i.e. solar).

We continue to enjoy savings from our scrubber overhaul and replacement and energy saving lighting system projects implemented:

- We continue to improve on the **optimisation of energy conservation for our scrubbers**, which are our single biggest user of electricity. It is important that our scrubbers operate in the most efficient manner. We achieve this through our scrubber overhaul and replacement program.
- We also continue to explore the use of **energy conservation Performance Enhancement Lighting Management System**, allowing lighting levels to be automatically managed based on motion detection.
- We continue to enhance the energy conservation initiative by using **energy savings lightings at our offices**.
- We continue **to implement and expand renewable power in our energy mix**. In both our Taiwan plant and Singapore Plant, we installed solar photovoltaic systems on the roof of the plant to generate electricity and achieve an average monthly power generation of up to 124,897 kWh; and we accumulatively generated approximately **6,226,682 kWh of green power since 2018**.
- We continue to improve our **energy conservation transformation of the chiller system, office air conditioning system, dust-collecting and exhaust system and lighting system**, including the adoption of frequency conversion technology, the installation of flow monitoring and control system and the replacement of energy-saving lightings. To that end, we achieved considerable good results. Consequently, we have continued to save lots of electricity energy every year since the implementation of these projects.

## CONTRIBUTION TO THE SDGS (RESPONSIBLE GREEN PRODUCTION)



## RESPONSIBLE GREEN PRODUCTION TARGET & ACHIEVEMENT DATA

### GHG EMISSION TARGET AND DATA

GHG EMISSION & INTENSITY	UNIT	FY2023	FY2024	FY2025
<b>Scope 1</b> GHG Emission	tCO <sub>2</sub> e	1,619	1,708	1,690
<b>Scope 2</b> GHG Emission Location-based — grid average emission factors	tCO <sub>2</sub> e	11,517	12,496	12,445
<b>Scope 2</b> GHG Emission Market-based — adjusted for verified RECs	tCO <sub>2</sub> e	11,517	12,496	12,445
<b>Scope 3</b> GHG Emission	tCO <sub>2</sub> e	41,348	39,130	48,152
<b>Scope 1 and 2</b> GHG Emissions	tCO <sub>2</sub> e	13,136	14,204	14,135
<b>Scope 1, 2, and 3</b> GHG Emissions	tCO <sub>2</sub> e	54,484	53,334	62,286
<b>Scope 1 GHG Emission Intensity</b> <b>Target by 2028:</b> Reduce 10% EI <b>Target by 2035:</b> Reduce 25% EI <b>Target by 2050:</b> Reduce 50% EI	kgCO <sub>2</sub> e per revenue in Million RM	3,237	3,001	2,781
<b>Scope 1 GHG Emission Intensity per unit Revenue (Baseline 2020: 3,609)</b> <b>Scope 1 GHG Emission Intensity per unit Production (Baseline 2020:0.68)</b>	kgCO <sub>2</sub> e per unit production	0.82	0.89	0.75
<b>Scope 2 GHG Emission Intensity</b> <b>Target by 2028:</b> Reduce 10% EI <b>Target by 2035:</b> Reduce 20% EI <b>Target by 2050:</b> Reduce 50% EI	kgCO <sub>2</sub> e per revenue in Million RM	23,026	21,954	20,476
<b>Scope 2 GHG Emission Intensity per unit Revenue (Baseline 2020: 29,815)</b> <b>Scope 2 GHG Emission Intensity per unit Production (Baseline 2020: 5.59)</b>	kgCO <sub>2</sub> e per unit production	5.81	6.48	5.49
<b>Scope 4</b> Avoided GHG Emissions: Emissions prevented by the adoption of innovative technologies, and minimize the carbon footprint.	tCO <sub>2</sub> e per revenue in Million RM	192.51	182.92	170.47
	kgCO <sub>2</sub> e per unit production	48.58	54.02	45.73

	tCO <sub>2</sub> e	96,284	104,118	103,608
--	--------------------	--------	---------	---------

**Scope 1:** Direct Emissions from company facilities, fleets, & etc.

**Scope 2:** Indirect Emissions from electricity purchased and used by the company.

**Scope 3:** Other Indirect Emissions from company activities via entities beyond its ownership or control.

**Scope 4:** The Prevented CO<sub>2</sub> Emission from Frontken Operation (Calculated based on Scope 1 & Scope 2).

Note on FY2024 Restated Figures:

The FY2024 comparative figures in this table differ from those published in the Frontken FY2024 Sustainability Development Report and FY2024 TCFD Report. During the preparation of this FY2025 report, errors were identified in the grid electricity emission factors and fuel combustion emission factors applied in the FY2024 GHG inventory. Specifically: (1) the Scope 2 grid emission factor for Taiwan used an incorrect year's coefficient, not applying the required one-year publication lag under Taiwan MOEA practice; (2) the Malaysia grid emission factor was sourced from an outdated publication rather than the Suruhanjaya Tenaga provisional figure; and (3) certain Scope 1 fuel combustion emission factors for diesel and gasoline applied incorrect regional values. As a result, the FY2024 figures have been restated as follows:

- Scope 1: restated from 1,637 tCO<sub>2</sub>e to 1,708 tCO<sub>2</sub>e (+71 tCO<sub>2</sub>e, +4.3%)
- Scope 2 (location-based and market-based): restated from 12,219 tCO<sub>2</sub>e to 12,496 tCO<sub>2</sub>e (+277 tCO<sub>2</sub>e, +2.3%)

The restatement does not affect progress against Scope 1 and Scope 2 emission intensity targets, which remain on track. Frontken has implemented an enhanced annual emission factor review process to prevent recurrence. Full details are disclosed in the Frontken FY2025 IFRS S1/S2 Sustainability-Related Financial Disclosures Report, Section 1.5.

## GHG SUPPORTING TARGET AND DATA

GHG EMISSION & INTENSITY SUPPORTING DATA	UNIT	FY2023	FY2024	FY2025
<b>Total Energy Consumption Data</b>	MWh	23,150	25,371	26,718
	MWh per unit Revenue in Million RM	46.29	44.57	43.96
	MWh per unit Production	0.012	0.013	0.012
<b>Internal Carbon Price per tonne of GHG Emissions</b>	USD per tCO <sub>2</sub> e	20	20	20
<b>Scope 3 GHG Emission (Total)</b>	tCO <sub>2</sub>	41,348	39,130	48,152
Purchased Goods and Services	tCO <sub>2</sub>	6,486	7,823	7,110
Capital Goods	tCO <sub>2</sub>	28,951	29,072	31,090
Fuel-and-energy-related activities (not included in scope 1 or 2)	tCO <sub>2</sub>	3	145	28

Upstream transportation and distribution	tCO <sub>2</sub>	0	0	0
Waste generated in operations	tCO <sub>2</sub>	215	249	316
Business travel	tCO <sub>2</sub>	290	261	301
Employee commuting	tCO <sub>2</sub>	257	303	351
Downstream transportation and distribution	tCO <sub>2</sub>	5,146	1,277	8,957
Investments	tCO <sub>2</sub>	0	0	0
Processing of sold products	tCO <sub>2</sub>	0	0	0
Use of sold products	tCO <sub>2</sub>	0	0	0
End of life treatment of sold products	tCO <sub>2</sub>	0	0	0
Downstream leased assets	tCO <sub>2</sub>	0	0	0
Franchises	tCO <sub>2</sub>	0	0	0
Other (upstream)	tCO <sub>2</sub>	0	0	0
Other (downstream)	tCO <sub>2</sub>	0	0	0
Upstream leased assets	tCO <sub>2</sub>	0	0	0

**WATER DISCHARGE & WITHDRAWAL TARGET AND DATA**

WATER DISCHARGE & WITHDRAWAL DATA	UNIT	FY2023	FY2024	FY2025
<b>Reduce Water Consumption per activities</b> <b>Target by 2028:</b> Reduce 10% <b>Target by 2035:</b> Reduce 20% <b>Target by 2050:</b> Reduce 50%  Water Consumption per unit Revenue Target: <b>(Baseline 2019: 799.61)</b> Water Consumption per unit Production Target: <b>(Baseline 2019: 0.14)</b>	m <sup>3</sup> per revenue in Million RM	557.81	554.17	573.98
	m <sup>3</sup> per unit production	0.14	0.16	0.15
<b>Number of Incidents of non-compliance with Water Quality/Quantity Permits, Standards and Regulations.</b>  <b>Target by 2028:</b> < 1 Reporting Case <b>Target by 2035:</b> 0 Reporting Case <b>Target by 2050:</b> 0 Reporting Case	number of incidents	0	0	0
<b>Water Management Plan (including Water Recycling System)</b>	Kilo Tonnes	87	98	85
<b>No. of Water-Stressed Region sites</b>	Number	0	0	0
<b>Total Amount of Water Withdrawal in Facilities</b>	m <sup>3</sup> Water	278,989	315,438	348,841
Surface water from rivers, lakes, natural ponds	m <sup>3</sup> Water	0	183,675	0
Groundwater from wells, boreholes	m <sup>3</sup> Water	0	69,371	0
Used quarry water collected in the quarry	m <sup>3</sup> Water	0	0	0
Municipal potable water	m <sup>3</sup> Water	278,989	60,026	348,841
External wastewater	m <sup>3</sup> Water	0	1,020	0
Harvested rainwater	m <sup>3</sup> Water	0	0	0
Sea water, water extracted from the sea or the ocean	m <sup>3</sup> Water	0	1,345	0
<b>Total Amount of Water (Effluent) Discharged from Facilities</b>	m <sup>3</sup> Water	278,989	315,438	348,841
Ocean total discharge	m <sup>3</sup> Water	0	2,770	0
Surface Water total discharge	m <sup>3</sup> Water	0	0	0
Subsurface / well total discharge	m <sup>3</sup> Water	0	0	0
Off-site water treatment total discharge	m <sup>3</sup> Water	278,989	221,368	348,841
Beneficial / other use total discharge	m <sup>3</sup> Water	0	91,300	0

## WASTE &amp; AIR POLLUTANTS TARGET AND DATA

WASTE & AIR POLLUTANTS DATA	UNIT	FY2023	FY2024	FY2025
Total amount of <b>Waste Recycled</b> .	Tonnes	86,968	98,279	84,944
Total amount of <b>Hazardous Waste Generated</b>	Tonnes	641	804	937
Total amount of <b>Non-recycled Waste Generated</b>	Tonnes	816	1,062	1,286
<b>Reduce Waste Generated</b> per activities <b>Target by 2028:</b> Reduce 10% <b>Target by 2035:</b> Reduce 20% <b>Target by 2050:</b> Reduce 50%	Tonnes per revenue in Million RM	1,282	1,412	1,542
<b>Waste Generated</b> per unit Revenue (Baseline 2019: 1,698)	kg waste per unit production	0.32	0.42	0.41
<b>Waste Generated</b> per unit of production (Baseline 2019: 0.31)				
<b>Reduce Air Pollutant Emissions</b> per activity <b>Target by 2028:</b> Reduce 10% <b>Target by 2035:</b> Reduce 25% <b>Target by 2050:</b> Reduce 50%	Tonnes per revenue in Million RM	17	15	15
<b>Air Pollutant Emissions</b> per unit Revenue (Baseline 2020: 16)	tonnes per unit production	0.0043	0.0043	0.0041
<b>Air Pollutant Emissions</b> per unit production (Baseline 2020: 0.0030)				
Total No. Case of Abnormal Occurrences to supervising authorities. <b>Target by 2028:</b> < 1 Reporting Case <b>Target by 2035:</b> 0 Reporting Case <b>Target by 2050:</b> 0 Reporting Case	Number of abnormal occurrences	0	0	0
Total costs of <b>Environmental Fines and Penalties</b> during financial year	\$ USD	0	153	0

## RAW MATERIAL &amp; CHEMICAL TARGET AND DATA

RAW MATERIAL & CHEMICAL DATA	UNIT	FY2023	FY2024	FY2025
<b>Total raw material used</b>	Tonnes	38.8	44.6	54.9
Total twin aluminium wire used	Tonnes	37.5	43.7	54.0
Total powders used for thermal spraying	Tonnes	1.3	0.9	0.9
Increase the usage of <b>Environmentally Friendly Chemical</b> per unit Production. <b>Target by 2028:</b> Increase by 10% <b>Target by 2035:</b> Increase by 30% <b>Target by 2050:</b> Increase by 50%	kg per unit Revenue in RM millions	925	1,585	1,345
Usage of <b>Environmentally Friendly Chemical</b> per Revenue	kg per unit production	0.23	0.47	0.36
Usage of <b>Environmentally Friendly Chemical</b> per unit Production.				
Committed compliance to Proper Handling, Usage, Storage and Disposal of used chemicals in an Environmentally Friendly Manner.	Compliance (%)	100%	100%	100%

## RESPONSIBLE WORKPLACE

## NEW NORMAL WORKPLACE

Frontken Group has been dedicated to improving and implementing robust Work Safety and Health Hazard Prevention Programs in the workplace. These programs involve comprehensive hazard assessments, the identification of measures to limit safety and health hazards, and the adoption of measures to ensure the protection of workers. Embracing the "new normal" work practices, the group has diversified working approaches to enhance productivity and empower employees to utilize their abilities to the fullest. Furthermore, ongoing initiatives such as job redesign, performance management, and other systems aim to expand the role and expectations for each employee, fostering a pivot to job-based and skill-based human capital management.

The commitment to providing a safe and injury-free working environment is articulated in Frontken's Health, Safety, and Environment policy statement, aligning with Workplace Safety and Health (WSH) regulations across various jurisdictions. The group actively promotes awareness of workplace occupational health and safety and strives to elevate safety standards for stakeholders through the implementation of a comprehensive WSH work plan. This plan includes measures such as training and education, fire safety improvements, and onsite safety inspections.



## ENSURE SAFE WORK ENVIRONMENT AND EMPLOYEES HEALTH

Frontken Group believes in the preventability of all workplace injuries, **setting an ultimate goal of achieving zero injuries** through continued investment in core safety programs and injury reduction initiatives. The implementation of a mandatory WSH training program for operational employees equips them with essential knowledge, covering safety responsibilities and specific job-related topics such as electrical safety, ergonomics, control of hazardous materials, and chemical safety.

The group maintains 100% compliance with all regulatory requirements relevant to the health and safety performance of its operations and processes. A robust health and safety system is in place to identify and evaluate hazards and risks, with regular internal and third-party audits conducted to review and qualify the safety system. The Environment, Safety, and Health (ESH) and Sustainability team developed detailed Health and Safety Protocols for all sites and operations, supporting and safeguarding employees in challenging times. Frontken Group remains committed in its commitment to prioritizing the health, safety, and well-being of its workforce.



Our approach aligns with the Sustainable Development Goals (SDGs), specifically Goal 3: Good Health and Well-being. We understand that promoting good health and well-being among our employees not only contributes to their personal welfare but also fosters a more resilient and productive workforce. This commitment is reflected in our policies, programs, and initiatives designed to support and enhance the health and well-being of our employees.

We believe that by investing in our employees' health and well-being, we are investing in the long-term success and sustainability of our company.



We are 100% compliance with all regulatory requirements relevant and applicable to the health and safety performance of our operations and processes. We have a health and safety system to identify and evaluate health and safety hazards and risks on work tasks, work areas, equipment, and operations, and to identify the controls needed to prevent or minimize worker exposure to health and safety risks. We continuously implement regular internal audits and third-party audits to review and qualify our safety system. During the COVID-19 pandemic, the ESH and Sustainability team developed detailed Health and Safety Protocols for all our sites and operations and to support our employees. For more information, please refer to our COVID-19 Protocol.

We see it as our responsibility to provide a safe and injury-free working environment which is set out in our Health, Safety and Environment policy statement. This policy supports the Workplace Safety and Health (WSH) Act in Singapore. We actively promote awareness on workplace occupational health and safety. We aim to elevate the safety standards for our stakeholders through our Workplace Safety and Health (WSH) work plan.



We expand our WSH measures such as training and education, fire safety improvements as well as onsite safety inspections. We believe that all workplace injuries are preventable, and our ultimate goal is to achieve zero injuries through continued investment in and focus on our core safety programs and injury reduction initiatives. To raise staff awareness, we institute a WSH mandatory training programme for our operation employees to equip them with the knowledge (such as understanding safety responsibilities and covering materials needed for specific jobs – electrical safety, ergonomics, control of hazardous materials and chemical safety) to perform their assigned roles that are compliant.

**CONTRIBUTION TO THE SDGS (RESPONSIBLE WORKPLACE)**



**RESPONSIBLE WORKPLACE TARGET & ACHIEVEMENT DATA**

In the reporting period of FY2025, we achieved the following:

## HEALTH &amp; SAFETY TARGET &amp; DATA

No.	HEALTH & SAFETY DATA	UNIT	FY2023	FY2024	FY2025
1.	<p><b>Achieve Zero Fatal Incidents from Global Fatal Health Issue (e.g. COVID-19).</b>  <i>Implemented protocol and programme to prevent and control of global fatal health issue which applies to Employees and the related Community.</i></p> <p><b>Target by 2028:</b> 0 incident  <b>Target by 2035:</b> 0 incident  <b>Target by 2050:</b> 0 incident</p>	Number of Incidents	0	0	0
2.	<p>i) Achieve Zero fatal incidents of <b>employees'</b> health and safety fatalities in all 100% coverage of Frontken Group;</p> <p><b>Target by 2028:</b> 0 incident  <b>Target by 2035:</b> 0 incident  <b>Target by 2050:</b> 0 incident</p>	Number of Incidents	0	0	0
3.	<p>ii) Achieve Zero incidents of work-related <b>contractor</b> fatalities in all 100% coverage of Frontken Group;</p> <p><b>Target by 2028:</b> 0 incident  <b>Target by 2035:</b> 0 incident  <b>Target by 2050:</b> 0 incident</p>	Number of Incidents	0	0	0
4.	<p>iii) Achieve Zero incidents of ESH-Related notices of violation in all 100% coverage of Frontken Group.</p> <p><b>Target by 2028:</b> &lt;3 incidents  <b>Target by 2035:</b> 0 incident  <b>Target by 2050:</b> 0 incident</p>	Number of incidents/ NoVs	0	0	0
5.	<p>iv) Improve the work safety by reduce our health and safety recordable injury rate in all 100% coverage of Frontken Group.  <i>(Lost-time incident rate = lost hours per 100 emp.)</i></p> <p><b>Target by 2028:</b> &lt;0.09 hour/ 100 emp.  <b>Target by 2035:</b> &lt;0.03 hour/ 100 emp.  <b>Target by 2050:</b> &lt;0.01 hour/ 100 emp.</p>	Lost hour per 100 employees	0.019%	0.009%	0.016%

**HEALTH & SAFETY COMPLIANCE AND CERTIFICATIONS  
TARGET & DATA**

No.	HEALTH & SAFETY COMPLIANCE AND CERTIFICATIONS DATA	UNIT	FY2023	FY2024	FY2025
1.	Established board committee, safety committees', safety teams' oversight of management and control of health and safety risks in all 100% compliance and coverage of Frontken Group.	Commitment/ Compliance	Yes	Yes	Yes
2.	Achieve 100% percentage of production sites licensed and certified by the local regulatory authority within each country/site.	Percentage	100%	100%	100%
3.	Achieve 100% percentage of production sites with <b>ISO 45001:2018 and/or OHSAS 18001 certification and or equivalent</b> international assurance standard certification; and/or qualification by customers.	Percentage	100%	100%	100%
4.	Achieve 100% percentage of monitoring of safety indicators; and monthly/weekly safety training and awareness.	Percentage	100%	100%	100%
5.	Achieve all staff trained on <b>health and safety protocol/standards/policy.</b>  <b>On-going Target:</b> Achieve 100% percentage of employees trained on health and safety protocols/standards/policy.	Number	994	1,055	1,113
		Percentage	100%	100%	100%
6.	Number of staff received <b>general training which includes safety.</b>  <b>On-going Target:</b> Achieve 100% percentage of staff received the training	Number	1,055	1,113	1,055
		Percentage	100%	100%	100%

## RESPONSIBLE INCLUSION AND DIVERSITY

Our employees are fundamental assets driving the success of our Group, demonstrating daily commitment, team cohesion, and problem-solving prowess. We are steadfast in supporting their talents, knowledge, experiences, and skill sets through continuous training and educational processes, fostering their development and growth within the Group.

Frontken Group recruits and employs individuals based solely on their talents, without bias towards nationality or race, in a fair, open, and just manner. We are dedicated to cultivating and retaining a diverse and robust talent pool, driving growth through continuous training and development while instilling a culture of safety, excellence, and work-life balance. Our initiatives encompass talent development, leadership grooming, knowledge exchange, health and safety, and employee wellness, among others. We provide competitive compensation, above-industry-average benefits, paid leaves, and a variety of training courses, striving to create a safe, healthy, and joyful working environment.

We firmly believe that the continuous improvement, learning, development, and growth of our employees are pivotal to our sustainability, competitiveness, and resilience in business operations. Encouraging continuous improvement and learning, we prepare our workforce for the future, particularly in the "new normal" environment, by inspiring passion and providing opportunities to strengthen domain expertise and personal growth. Our focus on training and education aims to build a knowledgeable, future-ready, and responsive workforce, equipped with essential soft and hard skills, domain knowledge, and the ability to support sustainability development and transformation initiatives.

Employee engagement is of utmost importance to us, as engaged employees perform better, are happier at work, and are more motivated to succeed, ultimately contributing to improved business performance. We actively engage in discussions with our employees on labour issues, such as staff development and reskilling, fostering stronger relationships and enabling career growth. We maintain open communication channels to ensure employees feel comfortable sharing their views and questions directly with senior management, fostering a culture of transparency and accountability.

Frontken Group is committed to creating a better world through our services and the passion of our employees. We believe in fostering inclusive communities and actively participate in public welfare activities to contribute positively to society. Empowering our employees to extend their values into local communities, we engage in corporate social responsibility initiatives, including overseas internships for students and hiring disabled individuals. Additionally, our employees actively participate in social impact activities such as blood donation drives and support for vulnerable and less privileged groups, demonstrating our commitment to making a difference beyond our business operations.



## DIVERSITY, INCLUSION AND EQUAL OPPORTUNITY

Frontken aims to be proactive in corporate social responsibility to create a total inclusive society and communities. Through the caring for education of the underprivileged, providing education opportunities, and promoting sports, arts, and culture, we encourage employees to participate in public service in guiding, ecology and conservation, and caring for the underprivileged and elderly.



A diverse and inclusive culture plays a key role in the sustained success of Frontken as it provides fresh perspectives and fosters innovation. Frontken foster a multicultural environment and always treat fellow colleagues with respect and consideration, regardless of gender, age, ethnicity, language, cultural background, physical ability, religious belief and lifestyle choice. These multicultural principles including human rights are applied in our daily business interactions - internally and externally with our people, community and in the marketplace with our customers and supply chain. We are committed to paying our employees fairly and equitably at all levels of organization.

Our Human Resources (HR) organization has primary responsibility for the management of our workforce and talent development activities. We track and analyse HR data to help managers and leaders improve our workplace performance.

## ENGAGING AND COMMUNICATING WITH OUR PEOPLE

At Frontken, we prioritize employee engagement as a key factor in our success. We understand that engaged employees are not only happier but also more productive and motivated, leading to improved overall business performance. Therefore, we are committed to fostering strong relationships among our teams, developing talent, and providing opportunities for career growth within our organization.

We actively engage with our employees through regular discussions and feedback sessions to address important labour-related topics such as staff development and re-skilling. We value their input and ideas, and we strive to create a work environment where everyone feels heard, valued, and supported in their professional journey.

Our approach to employee engagement includes various initiatives such as training programs, career development opportunities, mentorship programs, and recognition schemes to acknowledge and

celebrate employee achievements. We believe that investing in our employees' growth and well-being not only benefits them individually but also contributes to the overall success and sustainability of our organization.

By fostering a culture of engagement, collaboration, and continuous learning, Frontken aims to create a positive and fulfilling work experience for all our employees, driving mutual success and growth for both individuals and the company as a whole.



At Frontken, we prioritize open and direct communication channels to ensure that our employees feel comfortable asking questions and sharing their views directly with senior management. This commitment to transparent communication is deeply ingrained in our corporate culture, serving as a hallmark of how we operate.

We firmly believe that the success of our company hinges on every employee's understanding of how their work contributes to our overall business strategy. By fostering an environment where everyone is aligned with our goals and mission, we empower our employees to deliver their best work every day. This not only drives individual performance but also contributes significantly to our company's overall success.

Our communication channels are designed to encourage collaboration, feedback, and idea-sharing across all levels of the organization. We value diverse perspectives and actively seek input from employees at all levels, recognizing that every individual has valuable insights to contribute.

Moreover, our commitment to open communication extends beyond internal channels. We also engage with external stakeholders, including customers, suppliers, and partners, to ensure transparency and alignment in our business relationships.

Overall, our goal is to create a culture of transparency, trust, and accountability, where communication is not just a process but a fundamental pillar of how we operate as a company.

## TALENT DEVELOPMENT WITH HEALTH AND SAFETY

Frontken Group is committed to recruiting and employing individuals based on their talents and abilities, without discrimination based on nationality. Our recruitment processes are fair, open, and just, ensuring equal opportunities for all candidates around the world.

We place a strong emphasis on cultivating a diverse and robust talent pool to drive our growth and success. Through continuous training and development initiatives, we empower our employees to reach their full potential and contribute effectively to our organization. Our focus on talent development includes grooming leaders, promoting knowledge sharing and exchange, and fostering a culture of safety and excellence.

At Frontken, we prioritize the well-being of our employees by providing competitive compensation packages that exceed industry standards. We offer comprehensive leave and benefits packages tailored to meet our employees' needs. Additionally, we provide a wide range of training courses to enhance skills and knowledge across various areas of expertise.

Our commitment to creating a safe and healthy work environment is evident in our health and safety programs, which prioritize employee wellness and promote a culture of safety awareness. We believe that by investing in our people and providing them with the necessary support and resources, we can create a workplace where everyone can thrive and contribute to our collective success.

## TALENT ATTRACTION AND RETENTION

In today's competitive labour market, the ability to attract individuals with the right skills and aptitude is crucial for our organization. We recognize the importance of building a strong and sustainable pool of technical and business leadership talents both for the present and the future. To achieve this, we actively engage in talent acquisition efforts, nurture employees early in their careers, and focus on developing the next generation of leaders across all levels of our organization to keep pace with rapid technological advancements.



We prioritize creating a workforce that values continuous learning and growth, providing every employee with ample opportunities to enhance their skills and develop professionally. Our commitment extends to fostering strong relationships with our employees and supporting their career progression within our company. We firmly believe that our success hinges on recruiting and nurturing

talented individuals, and we are dedicated to helping our employees maximize their potential and achieve both their personal and professional goals.

Apart from providing competitive remuneration, we offer a variety of benefits to help our workforce stay healthy and manage both work and family demands. This includes insurance and medical coverage. We strive to provide tools and benefits that support the many varied needs of our diverse employees.



## EMPLOYMENT BENEFITS

- |                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none"> <li>1) Long Service Award</li> <li>2) Medical Free Award</li> <li>3) Medical And Specialist Treatment</li> <li>4) Medical/Health Screening Test</li> <li>5) Workmen's Compensation Insurance</li> <li>6) Travel Insurance</li> <li>7) Personal Accident Insurance and Major Medical Insurance</li> <li>8) Implement Flexible Working Hours System</li> </ol> | <ol style="list-style-type: none"> <li>9) Establishment Of Welfare Committee for Staff in Taiwan to Provide Various Benefits</li> <li>10) Festival Consolation Cash or Gift (Such as Labour Day, Dragon Boat Festival, Mid-Autumn Festival);</li> <li>11) Birthday Cash Gift and Wedding Cash Gift;</li> <li>12) A Marriage Allowance and Funeral Subsidy;</li> <li>13) And more &gt;&gt;</li> </ol> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

With the help of the information platform provided by the government and in cooperation with local institutions, we also actively promote the 2.0 policy of caring for the elderly, so that employees can work in peace of mind.

## TALENT GROWTH AND DEVELOPMENT

Frontken Group prioritizes investing substantial resources in developing the talent necessary to maintain our position at the forefront of innovation. We view career development as an ongoing dialogue between employees and their managers, recognizing that growth at Frontken happens through continuous learning—whether it's on the job, in formal classroom settings, or through collaborative experiences with others in non-traditional development opportunities.

Our objective is to actively engage employees, fostering an environment where they feel empowered to take risks, acquire new skills, and perform at their best. We aspire to make Frontken a place where individuals can thrive, grow their capabilities, and contribute meaningfully to our collective success.



## TRAINING AND EDUCATION

Frontken Group recognizes that success in the ever-evolving industry requires not only building critical domain capabilities but also fostering dynamism, adaptability, and continuous learning among our workforce. In addition to attracting and retaining top talent, our focus is on developing our people to their fullest potential and offering them a fulfilling career path.

Learning and career development are central to our approach to staff engagement. We are dedicated to providing ample opportunities for our employees to enhance their job, technical, and managerial skills. Through regular talks, mini-lectures, workshops, and other learning initiatives that cover various aspects of our business operations, we ensure that our people stay updated on emerging trends and industry developments.

These continuous dialogues also serve as platforms for clarifying expectations, providing timely feedback on performance, and fostering individual growth and career advancement. By aligning individual development with our overall business objectives, we aim to collectively achieve sustainable growth and success.

## CONTRIBUTION TO THE SDGS (RESPONSIBLE INCLUSION AND DIVERSITY)



## RESPONSIBLE INCLUSION & DIVERSITY TARGET AND ACHIEVEMENT DATA

### LABOUR PRACTICE TARGET & DATA

No.	LABOUR PRACTICE DATA	UNIT	FY2023	FY2024	FY2025
1.	Achieve Zero incidents of unfair employment practices.  <b>Target by 2028:</b> 0 incident <b>Target by 2035:</b> 0 incident <b>Target by 2050:</b> 0 incident	number of incidents	0	0	0
2.	Achieve Zero incidents of violation of labour laws.  <b>Target by 2028:</b> 0 incident <b>Target by 2035:</b> 0 incident <b>Target by 2050:</b> 0 incident	number of incidents	0	0	0
3.	Achieve high employee retention rate.  <b>Target by 2028:</b> > 95 % <b>Target by 2035:</b> > 98 % <b>Target by 2050:</b> > 99 %	percentage of retention	97.73%	98.20%	98.23%
4.	Committed compliance to local employment and/or sourcing.	Commitment/ Compliance	Yes	Yes	Yes
	a)The proportion of local employees to the total number employees in the company.	percentage	69.11%	69.67%	68.28%

## HUMAN RIGHTS TARGET &amp; DATA

No.	HUMAN RIGHTS DATA	UNIT	FY2023	FY2024	FY2025
1.	<p>Achieve Zero incidents of unfair harassment, bullying and/or unlawful discrimination practices including gender-based violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, public shaming, or verbal abuse of workers, etc.</p> <p><b>Target by 2028:</b> 0 incident  <b>Target by 2035:</b> 0 incident  <b>Target by 2050:</b> 0 incident</p>	Number of incidents	0	0	0
2.	<p>Committed compliance to enforce Zero tolerance approach to any child labour and/or modern slavery and/or forced labour of any kind within Frontken operations.</p> <p><b>Target by 2028:</b> 100 % Enforced  <b>Target by 2035:</b> 100 % Enforced  <b>Target by 2050:</b> 100 % Enforced</p>	Commitment/ Compliance	Yes	Yes	Yes
3.	<p>Committed compliance to meet and/or exceed the minimum wage/meet living wage in each country of operations.</p> <p><b>Target by 2028:</b> 100 % Compliance  <b>Target by 2035:</b> 100 % Compliance  <b>Target by 2050:</b> 100 % Compliance</p>	Commitment/ Compliance	Yes	Yes	Yes

## INCLUSION &amp; DIVERSITY TARGET &amp; DATA

No.	INCLUSION & DIVERSITY DATA	UNIT	FY2023	FY2024	FY2025
1.	Committed compliance to achieve a balance diverse and inclusive workplace; inclusive of race, nationality, gender, age, disabilities.  <b>Target by 2028:</b> 100 % Committed <b>Target by 2035:</b> 100 % Achieved <b>Target by 2050:</b> 100 % Achieved	Commitment/ Compliance	Yes	Yes	Yes
	i) Number of nationalities in the Frontken workforce.  <i>e.g. Malaysian, Singaporean, Taiwanese, Burmese, Filipino, Indian, PRC Chinese, Vietnamese, ...</i>	Number	10	9	9
	ii) Percentage of women in the Frontken workforce.	Percentage	16.30%	17.25%	16.08%
	iii) Percentage of Frontken staff with a disability per 100 employees;	Percentage	2.01%	1.18%	0.99%
2.	Committed compliance to hire, develop, reward, promote and retain any employee purely based on their talents, commitment, potential and the results their achievement.	Commitment/ Compliance	Yes	Yes	Yes
	i) the Percentage of employees that are contractors or temporary staff.	Percentage	0%	0%	0%
3.	Committed to achieve Zero incidents of unfair discrimination or harassment practices;  <i>based on race, colour, age, gender, sexual orientation, gender identity, ethnicity or national origin, disability, pregnancy, religion, political affiliation, marital status in hiring and employment practices such as wages, promotions, rewards, and access to training.</i>  <b>Target by 2028:</b> Committed to 0 Incident <b>Target by 2035:</b> Achieved 0 Incident <b>Target by 2050:</b> Achieved 0 Incident	number of incidents	Yes	Yes	Yes

## TALENT DEVELOPMENT &amp; TRAINING TARGET &amp; DATA

No.	TALENT DEVELOPMENT & TRAINING DATA	UNIT	FY2023	FY2024	FY2025
1.	Achieve 100% coverage of annual staff appraisal practices to develop talent.  <b>Target by 2028:</b> 100% Coverage <b>Target by 2035:</b> 100% Coverage <b>Target by 2050:</b> 100% Coverage	Percentage	100%	100%	100%
2.	Committed compliance to employee development programs to enhance knowledge and skills for specific talent and succession planning.  <b>Target by 2028:</b> 100% Compliance <b>Target by 2035:</b> 100% Compliance <b>Target by 2050:</b> 100% Compliance	Compliance	100%	100%	100%
3.	Committed to increase the amount of training hours invested on employee talent development training to enhance knowledge or individual skills. <i>(Baseline date from FY 2019)</i>  <b>Baseline 2019:</b> Total hour for all employee: 12,011 Total days for all employee: 1,848 Average hours per employee: 2.42 Average days per employee: 0.37  <b>Target by 2028:</b> 10% Increment <b>Target by 2035:</b> 20% Increment <b>Target by 2050:</b> 30% Increment	Total hour for all employee	19,086	21,650	19,817
		Total days for all employee	2,936	3,331	3,049
		Average hours per employee	3.20	3.35	2.90
		Average days per employee	0.49	0.52	0.45
4.	Achieve 95% all employees are trained and educated in their respective work scope.	percentage	92%	94%	94%

## SOCIAL PARTICIPATION &amp; SOCIAL IMPACT TARGET &amp; DATA

No.	SOCIAL PARTICIPATION & SOCIAL IMPACT DATA	UNIT	FY2023	FY2024	FY2025
1.	Increase the total number of Social Participation Activities  <b>Baseline 2019: 0</b> <b>Target by 2028: &gt; 8 Activities</b> <b>Target by 2035: &gt; 10 Activities</b> <b>Target by 2050: &gt; 15 Activities</b>	Number	28	21	27
2.	Achieve high participation of all employees for social participation activities.  <b>Target by 2028: &gt; 70%</b> <b>Target by 2035: &gt; 80%</b> <b>Target by 2050: Achieve 100%</b>	percentage	54.09%	68.92%	68.04%
3.	Achieve high number of volunteerism hours invested by 10% by employees.  <b>Baseline 2019: 5,504</b> <b>Target by 2028: increase by 10%</b> <b>Target by 2035: increase by 35%</b> <b>Target by 2050: increase by 50%</b>	hour	12,649	13,146	17,240
4.	Total equivalent amount of donations/community investments made to registered not-for-profit organisations; and/or for the community.	SGD	2,200	0	26,400
5.	Achieve high the total number of persons got the benefit through our supporting schools and non-profit organizations; and/or the community via social projects.  <b>Baseline 2019: 44</b> <b>Target by 2028: increase by 10%</b> <b>Target by 2035: increase by 35%</b> <b>Target by 2050: increase by 50%</b>	person	179	48	73

## RESPONSIBLE MANAGEMENT

The Board of Frontken Group recognizes the paramount importance of upholding high standards of corporate governance to safeguard the interests of stakeholders and the assets of the Group. With a clear understanding of its responsibilities, the Board oversees the Group's business performance and affairs, providing guidance to management on strategic direction, digitalization, technology, and innovation. It reviews and approves annual budgets, financial plans, monitors performance, and ensures compliance with all laws and regulations. Major acquisitions and corporate exercises also receive Board approval.

The sustainable development of our management team's characters and capabilities is integral to our corporate social responsibility. We prioritize financial prudence, discipline, integrity, and strong risk management. Commitment to high standards of corporate governance sustains growth, safeguards stakeholders' interests, and maximizes long-term shareholders' value.

At Frontken Group, we hold ourselves to the highest standards of corporate governance, viewing employees as our most valuable asset. We actively foster a collaborative team culture with shared vision and positive values. Through continuous responsible innovation, green production, and sustainable supply chains, we provide customers with advanced and comprehensive process technologies and services, promoting environmental friendliness and societal contribution.

Our commitment extends to delivering sustainable growth, protecting the environment, empowering lives, and nurturing communities where we operate. Responsible management, innovation, employees, green production, supply chain, and inclusive society define the core values that guide our corporate ethics and culture. We prioritize employee growth, recognizing that their development contributes to corporate growth.

Frontken Group maintains a zero-tolerance policy towards fraud, corruption, and unethical actions. Our anti-bribery and corruption policies, fraud investigation procedures, and whistleblower mechanisms underscore our commitment to fraud risk management. We conduct regular fraud and control awareness programs to educate and update employees. Whistleblower hotlines ensure that individuals can report misconduct without fear of reprisals, fostering transparency and accountability throughout the organization.

Our adherence to these principles has enabled us to build trustworthy relationships globally, instill pride in our employees' work, foster innovation, and continually enhance productivity. At Frontken Group, ethical conduct, transparency, and accountability are foundational to our operations, ensuring sustainable growth and value creation for all stakeholders.

## OUR RESPONSIBILITY

Frontken Group places a strong emphasis on sustainable development, particularly in nurturing the characters and capabilities of its management team. We prioritize financial prudence, discipline, integrity, and robust risk management as integral components of our corporate social responsibility. Our commitment to high standards of corporate governance is aimed at sustaining growth, enhancing performance, and safeguarding the interests of our stakeholders while maximizing long-term shareholder value.

At Frontken, we uphold the highest standards of corporate governance, recognizing that our employees are our most valuable asset. We actively foster a collaborative team environment

characterized by a shared vision, a balanced culture, and positive values. Through continuous responsible innovation, green production practices, and sustainable supply chains that are friendly to the environment, we strive to provide customers with advanced and comprehensive process technologies and services. Additionally, we take proactive measures to give back to society, contributing to positive social impact.

Moving forward, Frontken Group remains steadfast in delivering value to all our shareholders by sustaining growth in our businesses, prioritizing environmental protection, enhancing the lives of people, and nurturing the communities where we operate. Our foundation is built on responsible management, innovative practices, engaged employees, sustainable production methods, responsible supply chain management, and a commitment to creating inclusive societies and communities.

We are dedicated to continually improving our sustainability efforts, ensuring that our operations align with ethical and responsible practices while driving positive outcomes for all stakeholders.

## FRONTKEN CORE VALUES

Frontken Group's core values define the fundamental corporate ethics and culture that guide every officer and employee within our organization. We prioritize our people and strive to optimize their talents to the fullest, recognizing that employee growth leads to corporate growth. These core values have been instrumental in fostering trustworthy relationships with our global customers and suppliers/partners.

We take pride in nurturing a work environment where employees worldwide can excel and feel a sense of pride in their contributions. Our commitment to core values empowers everyone within our Group to innovate and continuously improve our productivity, driving sustainable success and positive impact across the organization.

<p><b>Ensure Compliance With The Laws and Regulations</b></p>	<p>We are committed to observe and in compliance with all business laws, labour laws, environmental laws and regulations of each country and region applicable to our business activities.</p>
<p><b>Ensure Accuracy of Financial Data</b></p>	<p>We are committed to comply with all accounting standards and tax laws of each country and region as well as internal rules and to ensure that all financial data and procedures are conducted accurately</p>
<p><b>Establish Friendly Partnership with All Stakeholders</b></p>	<p>We are committed to establish friendly relationship with our employees, contractors, customers, partners in order to mitigate the potential risks and increase value across all stakeholders to achieve balanced and mutual benefits.</p>
<p><b>Provide Safe, High-quality Products and Services</b></p>	<p>We are committed to take every priority effort to ensure that our products and services are compliance to the highest safety and quality for our stakeholders.</p>
<p><b>Protect Health and Safety</b></p>	<p>We are committed to protect the health and safety of our employees, our contractors, our customers, and the communities in the regions which we operate. We are committed to take every precautionary measure to ensure for the safe business operations and the safety of the workplace.</p>

**Support Research and Innovation**

We are committed to support and encourage research and development to ensure that today's innovation is tomorrow's conventional solution that embrace the latest technological and environmental advances. This is to ensure that we can create new value by anticipating the future needs of our customers and also to contribute to the society with new advanced technology.

**Ensure Proper Data Management and Protection**

We are committed to properly manage and protect all confidential information of our company, the confidential information obtained from other companies, and the personal data and information of our customers and employees.

**Respect & Protect Intellectual Property Rights and Company Assets**

We are committed to properly protect all the tangible and intangible assets. We are committed to protect and maintain our intellectual property rights and effectively utilize them. We are also committed to respect and make every effort not to infringe upon the intellectual property rights of other companies.

**Ensure Compliance to Free Competition and Fair Trading**

We are committed to ensure every compliance to all applicable laws and regulations relating to fair competition and fair trade of each country and region, including antimonopoly laws, based on proper corporate ethics and in accordance with sound business practices and social norms.

**Protect the Environment**

We are committed to manage our business to protect the environment; and in compliance with all applicable environmental laws and regulations of each country and region and practice initiatives that protect the environment in all aspects of our business operations, including product development, production, sales, distribution, and services.

**Eliminate Any Modern Slavery, Human Trafficking, and Child Labour**

We are committed to eradicating cases of modern slavery, human trafficking, and child labour as it is a crime and a violation of fundamental human rights.

**Promote Social and Inclusion and Diversity**

We are committed to promote open, fair and equal employment rights regardless of race, religion, age or sex; and make contribution to local communities. We are committed to respect every human right, inclusion and diversity of every employee and shall not engage in conduct that discriminates on the basis of nationality, race, ethnicity, religion, colour of skin, age, gender, sexual orientation, or disability

**Ensure Compliance to Trade Control Law**

We are committed to act in compliance with all applicable export- and import-related laws and regulations of each country and region, which relates to foreign trade control.

**Prohibit Insider Trading**

We are committed not use non-public information about the Frontken Group or other companies to buy or sell stocks or other securities (insider trading).

**Practice Moderation in Entertainment and Gift Exchanges**

We are committed to exercise moderation and perform within the acceptable range of social norms and obey the laws and regulations of each country and region in regard to entertainment, the exchange of presents, and invitations relating to the development of our global business.

We ensure that the Group's zero tolerance policy towards fraud, corruption and unethical actions is strictly adhered to. Our Group policies on Fraud Investigation and Whistle-blower help with our fraud risk management. We conduct fraud and control awareness program throughout the year to constantly refresh and update our people in this area. Our Whistle-blower hotlines allow staff and any external party at any location to report any incident of misconduct.

## FRONTKEN CORPORATE GOVERNANCE

The Board of Directors ("Board") of Frontken Corporation Berhad (the "Frontken Group") is cognizant of the importance of deploying high standards of corporate governance in the Company for the purposes of safeguarding the interest of its shareholders and other stakeholders as well as the assets of the Group, comprising the Company and all its subsidiaries.

The board of directors oversees the business performance and affairs of the Company, and provides general guidance to the management, including charting strategic direction, guiding management on digitalisation, technology and innovation, reviewing and approving annual budgets, financial plans and monitoring the Group's performance, approving major acquisitions and fundraising exercises, as well as ensuring the Group's compliance with all laws and regulations.

The Board, acting on the recommendation of its Audit and Remuneration, Nominating and Governance committee, Risk management committee, and Sustainability Development Committee, has adopted these corporate governance principles (the "Guidelines") to promote the effective functioning of the Board and its committees, to promote the interests of stakeholders, and to ensure a common set of expectations as to how the Board, its various committees, individual directors and management should perform their functions. Our directors come from diverse backgrounds bringing strong and varied domain expertise across the fields of business, technology, engineering, finance, legal, management and marketing.

In adopting corporate governance practices, the Board is mindful that such practices should reflect and take into consideration transparency, accountability, ethical culture, sustainability and financial performance. These Guidelines are in addition to and are not intended to change or interpret any state law or regulation, including the Company Law, or the Constitution of the Company. The Board believes these Guidelines should be an evolving set of corporate governance principles, subject to alteration and modifications as circumstances changes.

*Please refer to Frontken Policies and Statements and Reports.*

## GOVERNANCE REPORTS LIST

GR30: FCB CORPORATE GOVERNANCE REPORT

GR40: FCB RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

GR50: ANNUAL NOMCOM TERM OF REFERENCE

GR60: ANNUAL AUDITCOM TERM OF REFERENCE

GR80: RESPONSIBLE CLIMATE CHANGE REPORT

**ENVIRONMENT POLICIES**

- E-01 FCB Environment Management Policy
- E-02 FCB Climate Change Policy
- E-03 FCB Energy Management Policy
- E-04 FCB Water Management Policy
- E-05 FCB Waste Management Policy
- E-06 FCB Chemical Use Management Policy

**SOCIAL POLICIES**

- S-01 FCB Human Resource and Labour Policy
- S-02 FCB Diversity, Inclusion and Equal Opportunities Policy
- S-03 FCB Health and Safety Policy
- S-04 FCB Workplace COVID-19 Related Protocol
- S-05 FCB Supply Chain Management Policy
- S-06 FCB Engagement with Stakeholders
- S-07 FCB Human Rights Policy

**GOVERNANCE POLICIES**

- G-01 FCB Board of Directors' Profile (FCB Annual report)
- G-02 FCB Board Charter
- G-03 FCB Code of Conduct
- G-04 FCB Group Anti-Bribery and Corruption Policy
- G-05 FCB Whistle Blowing Policy
- G-06 FCB NOMCOM Term of Reference
- G-07 FCB AUDITCOM Term of Reference
- G-08 FCB Enterprise Risk Management Policy
- G-09 FCB Business Continuity Plan
- G-10 FCB Infotech And Data Policy
- G-11 FCB Tax Compliance policy
- G-12 FCB Sustainability Development Policy
- G-13 FCB Global Antitrust Fair Competition Policy
- G-14 FCB Research and Development, Product and Process Innovation Policy
- G-15 FCB Total Quality Policy

**CONTRIBUTION TO THE SDGS (RESPONSIBLE MANAGEMENT)**



## RESPONSIBLE MANAGEMENT TARGET & ACHIEVEMENT DATA

### ENTERPRISE RISK MANAGEMENT & TAX COMPLIANCE TARGET AND DATA

No.	ENTERPRISE RISK MANAGEMENT & TAX COMPLIANCE DATA	UNIT	FY2023	FY2024	FY2025
1.	Committed to assessment of all potential business risks in all business units; enforce full business recovery policy planning with complete procedures and rehearsals to address any potential risk in all operational business units;  <b>Target by 2028:</b> 100% Compliance <b>Target by 2035:</b> 100% Compliance <b>Target by 2050:</b> 100% Compliance	Percentage Compliance (%)	100%	100%	100%
2.	The board has oversight of risk management policy that are 100% committed to enforce corruption risk assessment; with complete procedures to address corruption in operations that are assessed to be "high risk"; including confidential or anonymous whistleblowing mechanism for all staff and suppliers.  <b>Target by 2028:</b> 100% Compliance <b>Target by 2035:</b> 100% Compliance <b>Target by 2050:</b> 100% Compliance	Percentage Compliance (%)	100%	100%	100%
3.	Committed to 100% training for all employees on the anti-corruption policy and risk management; Including communication and disclosures of anti-corruption policy to all employees covering all possible enterprise risks and data;	Percentage Compliance (%)	100%	100%	100%
4.	Committed 100% communications for all related suppliers and customers on the anti-corruption policy and potential risk areas;	Percentage of Communicated Suppliers & Customers (%)	100%	100%	100%
5.	Zero incident of material losses for each period;  <b>Target by 2028:</b> Zero Incident <b>Target by 2035:</b> Zero Incident <b>Target by 2050:</b> Zero Incident	Number of Incident	0	0	0

No.	ENTERPRISE RISK MANAGEMENT & TAX COMPLIANCE DATA	UNIT	FY2023	FY2024	FY2025
6.	Zero incident of corruption and bribery for each period.  <b>Target by 2028:</b> Zero Corruption Incident <b>Target by 2035:</b> Zero Corruption Incident <b>Target by 2050:</b> Zero Corruption Incident	Number of Incident	0	0	0
	i) Full disclosure of number of staff disciplined or dismissed due to non-compliance with anti-corruption policy/policies.  <b>Target by 2028:</b> 0 Corruption Incident <b>Target by 2035:</b> 0 Corruption Incident <b>Target by 2050:</b> 0 Corruption Incident	Number of Staff	0	0	0
	ii) Full disclosure of cost of fines, penalties or settlements in relation to corruption.  <b>Target by 2028:</b> 0 Corruption Incident <b>Target by 2035:</b> 0 Corruption Incident <b>Target by 2050:</b> 0 Corruption Incident	\$ USD	0.00	0.00	0.00
7.	Achieve Zero incidents of <b>Tax Non-compliance</b> for each period  <b>Target by 2028:</b> 0 incident <b>Target by 2035:</b> 0 incident <b>Target by 2050:</b> 0 incident	Number of Incident	0	0	0





## DATA SECURITY TARGET AND DATA

No.	ENTERPRISE RISK MANAGEMENT & TAX COMPLIANCE DATA	UNIT	FY2023	FY2024	FY2025
1.	Achieve Zero incident of <b>Data Loses</b> for each period;  <b>Target by 2028:</b> 0 incident <b>Target by 2035:</b> 0 incident <b>Target by 2050:</b> 0 incident	Number of Incident	0	0	0
2.	Achieve zero incident of <b>Security Breaches</b> for each period;  <b>Target by 2028:</b> 0 incident <b>Target by 2035:</b> 0 incident <b>Target by 2050:</b> 0 incident	Number of Incident	0	0	0

## CORPORATE GOVERNANCE TARGET AND DATA

No.	CORPORATE GOVERNANCE DATA	UNIT	FY2023	FY2024	FY2025
1.	Committed compliance to 100% full disclosure of details about all the directors;  <b>Target by 2028:</b> 100% <b>Target by 2035:</b> 100% <b>Target by 2050:</b> 100%	Percentage Compliance (%)	100.00%	100.00%	100.00%
2.	Committed compliance to increase gender diversity on the board  <i>(including of women on the Executive committee or equivalent)</i>	Percentage of Female on the Board (%)	33.33%	33.33%	33.33%
		Commitment/ Compliance	Yes	Yes	Yes
3.	Committed to compliance towards a fully non-executive Audit Committee or Audit Board with all independent directors.  <b>Target by 2028:</b> 100% <b>Target by 2035:</b> 100% <b>Target by 2050:</b> 100%	Percentage Compliance (%)	Yes	Yes	Yes
4.	Committed compliance to full disclosures of all fixed and variable remuneration for: a) Senior executives included in the company's remuneration disclosures b) non-executive board members;	Commitment/ Compliance	Yes	Yes	Yes
5.	Committed compliance to allows all shareholders to have the right to vote on all director appointments and dismissals; and the full disclosure of voting results;	Commitment/ Compliance	Yes	Yes	Yes
6.	Committed compliance to conduct periodic full internal audits and evaluation on all operating business units to identify potential risks areas;	Risk Level	Extremely Low	Extremely Low	Extremely Low
7.	Committed compliance to full compliance of periodic evaluation of board effectiveness; <i>including disclosure of number of times the board/each committee have/has met per annum.</i>	Effectiveness Level	Extremely High	Extremely High	Extremely High

**CUSTOMER-CENTRIC DISCLOSURE, AUDITS & COMPLIANCE**

No.	CUSTOMER -CENTRIC DISCLOSURE & COMPLIANCE DATA	UNIT	FY2023	FY2024	FY2025
1.	<p>Achieve High Score in CDP Disclosure Score (Climate)</p> 	Disclosure Score	-	B	B
2.	<p>Achieve High Score in RBA Disclosure Score (Corporate SAQ)</p> 	Disclosure Score	-	94.90%	94.90%
3.	<p>Achieve High Score in FTSE4Good ESG Score</p> <p>Constituent of</p>  <p>Bursa Malaysia Index</p> 	Disclosure Score	4.3	4.5	4.5

## RESPONSIBLE SUPPLY CHAIN

In 2025, Frontken Group continued its focus on supporting suppliers in complying with local, national, and global guidelines and requirements outlined in our Supplier Code of Conduct framework.

Our business operations rely on a range of materials, chemicals, consumables, equipment, and services from suppliers. Recognizing the critical role of suppliers in our supply chain, we are committed to proactive collaboration to mitigate supply chain risks, optimize delivery efficiency, reduce costs, and enhance the sustainability of suppliers' businesses.

Our commitment to achieving a Sustainable Supply Chain is evident in our efforts to ensure that both our operations and key suppliers adhere to best practices in procurement and supply management. We have implemented a Sustainable Procurement and Supplier Management Policy that emphasizes transparency, fairness, and alignment with industry-leading standards of quality, integrity, and excellence. This policy is aligned with the Responsible Business Alliance (RBA) Code of Conduct framework.

Frontken Group places a high priority on environmental responsibility throughout our value chain. We recognize the critical importance of collaborating with environmentally responsible suppliers and are committed to sustainable sourcing, procurement practices, and responsible supply chain management. Our focus extends beyond environmental concerns to encompass labour practices, human rights, supplier diversity, data security, and material sourcing.

In line with our commitment to sustainability, we actively engage with our suppliers to advance our sustainable development efforts. This collaboration is grounded in a philosophy of co-success, where both Frontken Group and our suppliers work together to achieve a sustainable business ecosystem. We believe that by fostering strong and sustainable relationships with our suppliers, we can collectively contribute to positive environmental outcomes, promote ethical labour practices, ensure data security, and support diverse supplier networks.

Our dedication to responsible supply chain management extends to regular assessments and audits to ensure compliance with environmental standards, labour regulations, and ethical practices. By working closely with our suppliers and stakeholders, we aim to create a supply chain that prioritizes sustainability, transparency, and long-term success for all parties involved.

We are committed to grow together with our suppliers by carefully managing the risks and opportunities of our supply chain and considering sustainability at every stage of selecting, operating, and evaluating suppliers. We adopt a risk-based supply chain management practice to ensure that our supply chain is sustainable and resilient. We believe our competitive advantage can be improved by our supplier capabilities.

Frontken Group adopts a risk-based approach to supply chain management, ensuring sustainability and resilience at every stage of supplier engagement. Our Supplier Code of Conduct, aligned with the UN Global Compact Framework and RBA standards, sets stringent standards for ethical business conduct, mitigating social, economic, and environmental risks.

We help all suppliers to abide by our Supplier Code of Conduct and related guidelines, and to manage their work environment risks related to human rights, EHS and ethics in compliance with local regulations and global standards. Our supply chain is committed to our Supplier Code of Conduct and comply with applicable laws and regulations. The Supplier code of conduct is based on the UN Global

Compact Framework and RBA; and it is to mitigate any social, economic and environmental risks by setting the standards for our suppliers to conduct their business.

- I. **Assessment and Verification:** In order to verify prospective direct suppliers, we require all new direct materials suppliers, as part of the supplier screening process, to provide a completed written certification that addresses risks of human trafficking and slavery.
- II. **Auditing:** We periodically audit major direct product supplier operations, including to address the risks of human trafficking and slavery in our supply chain.
- III. **Qualification and Certification:** We request a written certification from major direct product suppliers that the materials incorporated into their products comply with applicable laws and regulations, including laws regarding slavery and human trafficking of the country or countries in which they are doing business.
- IV. **Training and Education:** During the fiscal year, we implemented required annual training of front-line employees and managers with direct responsibility for supply chain management and onsite audits on how to identify and mitigate risks of human trafficking and slavery and related criteria.

Frontken Group is committed to source from a diversity of suppliers who offer products and services that meet our standards, supplier selection criteria, and customer requirements. Our priority is to select partners that help us provide best-in-class products and services with the lowest total cost to our customers.

We are working towards ensuring that our products and services do not contain any Conflict Minerals that have been sourced from mines that support or fund conflict within the Democratic Republic of Congo or adjoining countries.

We are working towards ensuring that our products and services do not contain any Conflict Minerals that have been sourced from mines that support or fund conflict within the Democratic Republic of Congo or adjoining countries.

We seek partnerships with suppliers who share our values and commitment to ethical business practices. Our Supplier Supply Chain Sustainability Guidelines emphasize compliance with local regulations, fair employment practices, human rights, environmental protection, anti-corruption measures, workplace safety, product quality, and information disclosure.

Frontken Group upholds the principles of fairness, dignity, respect, and transparency in all supplier relationships. We prioritize employee welfare, environmental conservation, ethical business conduct, and intellectual property rights protection. Through mutual understanding and adherence to our Supplier Code of Conduct and sustainability guidelines, we foster enduring partnerships built on trust, integrity, and shared values.

Frontken Group places significant emphasis on developing relationships with suppliers that align with our values and uphold ethical business practices. We collaborate with our suppliers to ensure a clear understanding of and compliance with the requirements outlined in our Supplier Supply Chain Sustainability Guidelines:

- (a) **Compliance with Laws and Regulations:** Suppliers are expected to adhere to all laws and regulations in the countries where we operate, encompassing both business-related and non-business-related transactions.
- (b) **Fair Employment Practices:** We support fair employment practices consistent with our commitment to human rights. Suppliers are encouraged to establish strong and direct relationships with their employees, fostering open and honest communication with fairness, dignity, and respect.
- (c) **Respect for Human Rights:** Suppliers must uphold human rights without discrimination, harassment, abuse, or any inhumane treatment. This includes a commitment to eliminating child labour and forced labour, managing employees' work hours, breaks, and holidays responsibly, paying legally mandated minimum wages, and ensuring no inappropriate wage abatement. Additionally, suppliers should respect employees' rights and pay at least a living wage.
- (d) **Climate Change and Environmental Protection:** Recognition of climate change issues is essential, and suppliers are expected to actively contribute to the conservation and protection of the natural environment. This involves efforts to reduce negative environmental impacts and prevent pollution.
- (e) **Fair Business Transactions:** Suppliers are required to engage in fair business transactions, prohibiting all types of corruption. Bribes or illegal contributions are strictly forbidden.
- (f) **Safe and Healthy Workplaces:** Ensuring safe and healthy workplaces is a priority. Suppliers should maintain a good working environment that prioritizes the well-being of their employees.
- (g) **Quality and Safety of Products and Services:** Suppliers must commit to delivering products and services of high quality and safety standards.
- (h) **Accurate and Timely Disclosure of Information:** Transparency is crucial, and suppliers should provide accurate, timely, and appropriate disclosure of information.
- (i) **Respect for Intellectual Property Rights:** Intellectual property rights must be respected. The transfer of technology and know-how should be done in a manner that protects intellectual property rights. Confidential information of both customers and suppliers should be safeguarded.

By adhering to these guidelines, Frontken Group and its suppliers work together to foster a sustainable and ethical supply chain, promoting responsible business practices and contributing to positive social and environmental impact.

## RESPONSIBLE SUPPLY CHAIN COMMITMENT

We are committed to the following policy and we expect our supply chain to follow our commitment:

- a) Identifying which the products that are impacted and work with our suppliers to determine **the sources of any conflict minerals that are contained in our products.**
- b) Conducting due diligence with suppliers to ensure Responsible Supply Chains to **eliminate any sourcing and procurement of Minerals from Conflict Affected and High-Risk Areas.**
- c) Partnering with our suppliers to work towards ensuring that **any Conflict Minerals contained in the products and materials supplied to us originate from Conflict Free Sources.**
- d) Partnering with our suppliers to provide due diligence information that will **ensure responsible sourcing decisions and supply chain transparency;**
- e) Contributing to conflict-free trade by encouraging **our suppliers not to discriminate against legitimate sources of Conflict Minerals.**

Frontken Group upholds a strong commitment to ethical conduct and transparent communication in all aspects of our business operations. We actively encourage individuals at every level of our value chain to engage with us in addressing Ethics and Compliance-related issues. We welcome questions, concerns, disclosures, and reports through our Ethics Feedback platform or other designated channels.

Our goal is to create a culture of integrity, where employees, partners, suppliers, and stakeholders feel empowered to speak up and report any unethical behaviours or compliance breaches. We take all reports seriously and investigate them thoroughly, ensuring confidentiality and protection for whistleblowers.

By fostering an environment of open communication and accountability, we strengthen our commitment to ethical business practices and compliance with regulations and standards. We believe that transparency and ethical conduct are essential pillars for building trust and long-term success in the business community.

## CONTRIBUTION TO THE SDGS (RESPONSIBLE SUPPLY CHAIN)



## RESPONSIBLE SUPPLY CHAIN TARGET &amp; ACHIEVEMENT DATA

## SUPPLY CHAIN QUALIFICATION TARGET AND DATA

No.	SC QUALIFICATION DATA	UNIT	FY2023	FY2024	FY2025
1.	Achieve sustainability qualification of the top 10 critical suppliers based on total spend cost.  <b>Baseline 2020:</b> <b>Target by 2028:</b> > 10 suppliers <b>Target by 2035:</b> > 35 suppliers <b>Target by 2050:</b> > 50 suppliers	Number of Suppliers with Sustainability Qualification	27	34	30
2.	Committed to establish supply chain risk management;  <i>including quantification of suppliers; supply chain compliance monitoring or audit; and communicated to all key suppliers;</i>	Commitment/ Compliance	Yes	Yes	Yes
3.	Committed compliance to respect all party's intellectual property rights;  <i>including the transfer of technology and know-how;</i>	Commitment/ Compliance	Yes	Yes	Yes

## SUPPLY CHAIN HEALTH &amp; SAFETY TARGET AND DATA

No.	SC HEALTH & SAFETY DATA	UNIT	FY2023	FY2024	FY2025
1.	Achieve Zero incidents of <b>onsite Contractors and Suppliers</b> health and safety fatalities,  <i>including all occupational safety within the facilities of Frontken Group;</i>  <b>Baseline 2020:</b> <b>Target by 2028:</b> 0 incident <b>Target by 2035:</b> 0 incident <b>Target by 2050:</b> 0 incident	Number of Incidents	0	0	0

**SUPPLY CHAIN LABOUR PRACTICE TARGET AND DATA**

No.	SC LABOUR PRACTICE DATA	UNIT	FY2023	FY2024	FY2025
1.	Committed compliance to enforce critical suppliers within Frontken supply chain towards Zero tolerance approach to any child labour and/or modern slavery and/or forced labour of any kind;	Commitment/ Compliance	Yes	Yes	Yes
2.	Committed compliance to ensure critical suppliers within Frontken supply chain uphold the human rights of workers, and to treat them with dignity and respect as understood by the international community; including non-discrimination and non-harassment;	Commitment/ Compliance	Yes	Yes	Yes

**SUPPLY CHAIN RESPONSIBLE SOURCING TARGET AND DATA**

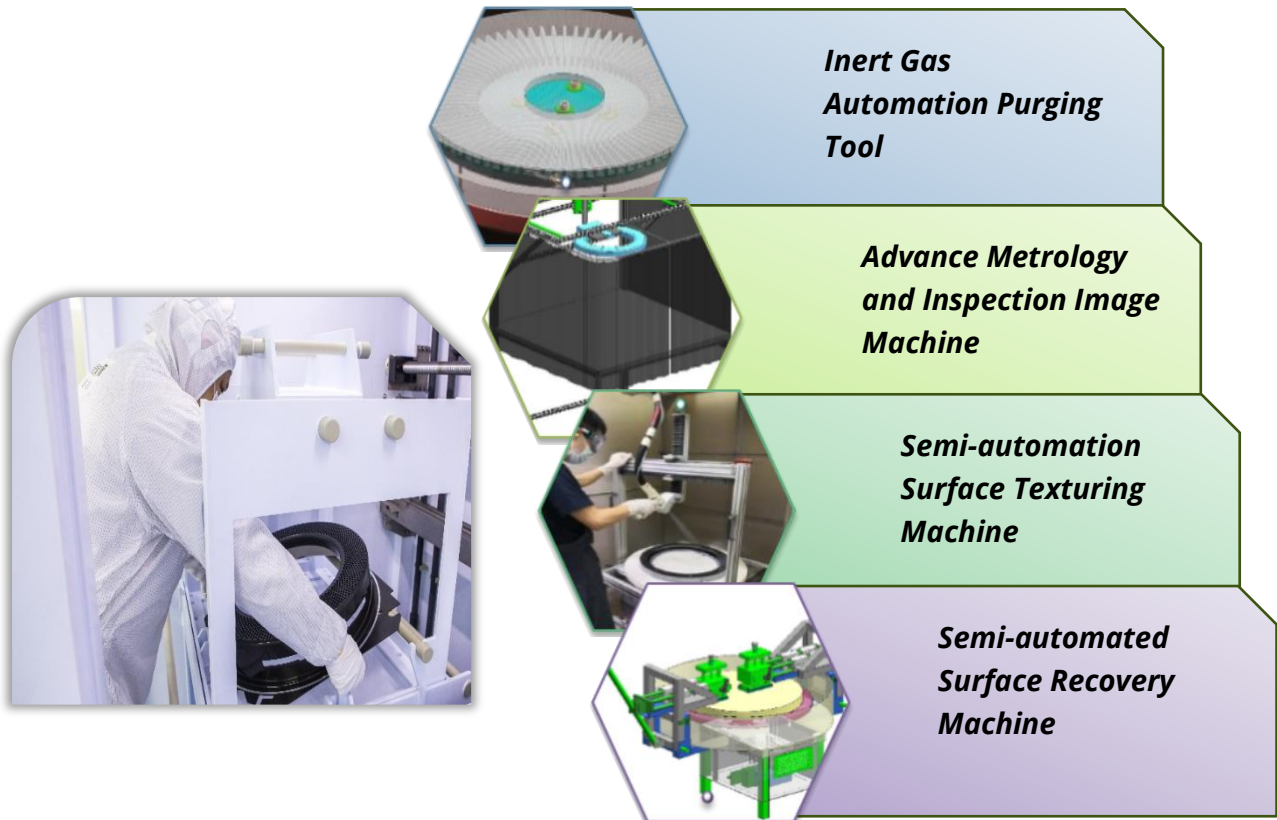
No.	SC RESPONSIBLE SOURCING DATA	UNIT	FY2023	FY2024	FY2025
1.	Committed to 100% compliance to adhere to all applicable laws, regulations, and customer requirements regarding the prohibition or restriction of specific substances in products and manufacturing, including labelling for recycling and disposal;	Commitment/ Compliance	Yes	Yes	Yes
2.	Committed to responsible sourcing of minerals with full compliance and adoption of a policy and exercise due diligence on the source and chain of custody consistent with the Organisation for Economic Co-operation and Development (OECD) Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas or an equivalent and recognized due diligence framework;	Commitment/ Compliance	Yes	Yes	Yes

## RESPONSIBLE INNOVATION AND SERVICES

### SUSTAINABLE INNOVATIONS

Frontken has long been the trusted technology partner and service provider to the global semiconductor industry. We are a leader in providing next generations of precision cleaning and coating technology to our customers. We help customers quickly enter production with our precision cleaning and coating capabilities and provide them with competitive advantage in their products and yield performance.

We innovate continuously and keep abreast of rapid technology advancement and changing customer needs. We bring the latest and the best services and experience to our customers. This is done through driving innovation at both our core businesses and new technology through partnerships and organic innovation. We are dedicated to continuous surface engineering research with emphasis on improvements of coatings' quality and application for specific industrial applications - through materials research, modification of micro-structural surface properties and process innovation to achieve new applications and markets. This is essential to the success and sustainability of our business.



In FY2025, Frontken continued its dedication to technological advancement by developing advanced precision cleaning and coating technologies for the 2nm process in Taiwan and the 8nm process in Singapore. Additionally, the company took a leadership role in advancing precision cleaning and coating for the next generation memory wafer processes in both Taiwan and Singapore.

The R&D team in FY2025 focused on strengthening the innovation platform, increasing research and development activities, and addressing sustainability challenges such as climate change and pollution control. The team also dedicated efforts to develop more specialized capabilities and environmentally friendly methods for chemical management, coating, and cleaning processes. Importantly, improvements were made in production process flow and productivity, with a particular emphasis on replacing hazardous steps and processes to ensure the safety and well-being of employees and the environment.

Frontken's sustainability development initiatives placed a strong emphasis on environmental safety management. Innovative projects were designed to effectively reduce occupational hygiene risks, enhance workplace environments, and improve employee health management. The successful implementation of an automated cleaning system significantly minimized employees' exposure to hazardous substances, leading to the recognition of our subsidiary, Ares Green Technology Corporation, with an award from a major customer for outstanding efforts in Supply Chain Environment, Safety, and Health.

Frontken's commitment to Environmental, Social, and Governance (ESG) practices has garnered high ratings and an excellent overall industry score. The company's inclusion in the FTSE4Good Bursa Malaysia Index and the Bursa Malaysia Shariah Index reflects its alignment with sustainable and responsible business practices. These achievements showcase Frontken's ongoing commitment to technological innovation, environmental sustainability, and responsible corporate citizenship.

Our ESG efforts have received a high rating and a high overall industry score. Frontken has been included in the FTSE4Good Bursa Malaysia Index and the Bursa Malaysia Shariah Index. In summary, FY2025 marks another year of Frontken Group significant progress and strong external recognition of its business practice and environmental, social and governance efforts. Some other highlights include:

- (a) Frontken won the gold awards in most improved performance over three years (RM 800M to RM 5B market Capitalisation) by the Edge Malaysia ESG (Environmental, Social and Governance) award 2023.
- (b) Frontken won the coveted The Edge Billion Ringgit Club (BRC) 2022 Company of the Year award.
- (c) Frontken has achieved the inclusion into the FTSE4Good Bursa Malaysia Index.
- (d) Frontken has achieved the inclusion into the FTSE4Good Bursa Malaysia Shariah Index.
- (e) Frontken has achieved top 25% (4 stars) by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell.

It's commendable to acknowledge and appreciate the efforts of Frontken's ESG team and all its dedicated employees, including domain experts from various business units. Their continuous innovation and guidance have played a crucial role in achieving the company's Environmental, Social, and Governance (ESG) goals.

The collective commitment of the team demonstrates Frontken's dedication to fostering a strong, profitable, and sustainable business practice, reinforces Frontken's position as a responsible corporate entity, dedicated to creating long-term value for all stakeholders. It's through such dedication and collaborative spirit that companies can continue to thrive and make meaningful contributions to the global business community.

Even amidst global uncertainties and complexity, the confidence expressed in Frontken's unwavering commitment to building a robust and sustainable business is noteworthy. This confidence reflects the resilience and determination of the entire Frontken community to navigate challenges, embrace innovation, and contribute positively to the broader business landscape.



CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOAL (RESPONSIBLE INNOVATION)



**RESPONSIBLE INNOVATION TARGET & ACHIEVEMENT DATA**  
**RESEARCH, DEVELOPMENT & INNOVATION (RDI) RATE AND**  
**CAPABILITY MATURITY MODEL (CMM) TARGET AND DATA**

No.	RDI Rate & CMM DATA	UNIT	FY2023	FY2024	FY2025
1.	Achieve high research and development and innovation rate;  <i>Computed based on per unit of dollar revenue/RND Cost for each period.</i>  <b>Baseline 2019: 68.00</b> <b>Target by 2025: &gt; 10% increment</b> <b>Target by 2035: &gt; 20% increment</b> <b>Target by 2050: &gt; 50% increment</b>	RDI Rate	83.35	94.87	98.66
2.	Achieve high Return of Investment in Research and Development and innovation activities;  <i>Computed based on per unit of dollar Operating Profit / RND Cost for each period.</i>  <b>Baseline 2019: 14.85</b> <b>Target by 2025: &gt; 10% increment</b> <b>Target by 2035: &gt; 20% increment</b> <b>Target by 2050: &gt; 50% increment</b>	ROI in RDI activities	20.72	25.18	27.36
3.	Achieve high number of RDI activities and IP generated per full-time equivalent (FTE) for each period;	Number of RDI activities per FTE	6.56	5.71	7.39
4.	Committed compliance to achieve <b>Level 5</b> in Research, Development & Innovation (RDI) Capability Maturity Model (CMM);	RDI CMM Level	4.10	4.10	4.10
5.	Committed compliance to achieve level 5 knowledge Competency Maturity Model (CMM) for all FTE in Research, Development and Innovation (RDI);	KCMM Level	4.0	4.0	4.0
6.	Committed compliance to full <b>Process of Records (POR) Internal Audits</b> without major critical discrepancies;	Commitment/ Compliance	Yes	Yes	Yes
7.	Committed compliance to full <b>Production System External Audits</b> without major critical discrepancies;	Commitment/ Compliance	Yes	Yes	Yes

## SUSTAINABILITY DEVELOPMENT INDEX ESG RATINGS TARGET AND DATA

No.	SUSTAINABILITY DEVELOPMENT INDEX ESG RATINGS DATA	UNIT	FY2023	FY2024	FY2025
1.	Committed compliance to achieve top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell.  <i>ESG Ratings of PLCs assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology;</i>	Score/ Inclusion	4 Stars	4 Stars	4 Stars
2.	Committed compliance to achieve the inclusion into the FTSE4Good Bursa Malaysia Index;	Commitment/ Compliance	Yes	Yes	Yes
3.	Committed compliance to achieve the inclusion into the Bursa Malaysia Shariah Index;	Commitment/ Compliance	Yes	Yes	Yes
4.	Achieve High Score in CDP Disclosure Score (Climate)	Disclosure Score	-	B	B
5.	Achieve High Score in RBA Disclosure Score (Corporate SAQ)	Disclosure Score	-	94.90%	94.90%
6.	Achieve High Score in FTSE4Good ESG Score	Disclosure Score	4.3	4.5	4.5

## INNOVATION PROJECTS FOR SUSTAINABILITY DEVELOPMENT TARGET AND DATA

No.	SUSTAINABILITY DEVELOPMENT INDEX ESG RATINGS DATA	UNIT	FY2023	FY2024	FY2025
1.	Total accumulative green power project (kWh) since 2018	kWh Green Energy	3,215,908	4,727,922	6,226,682
2.	Total accumulative DIW recycling project since 2018 (Ton)	Tonnes DIW recycled	394,517	492,699	577,495
3.	Total accumulative waste recycling project since 2018 (Kg)	kg Waste Recycled	360,807	462,518	585,483

# 3 FRONTKEN SUSTAINABILITY REPORTING GUIDELINE

## GLOBAL REPORTING INITIATIVE (GRI) GUIDELINE

The Global Reporting Initiative (known as GRI) is an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights and corruption.

The GRI Standards create a common language for organizations – large or small, private or public – to report on their sustainability impacts in a consistent and credible way. This enhances global comparability and enables organizations to be transparent and accountable.

The GRI content index makes your reported information traceable and increases its credibility and transparency. By using GRI's content index tool, you can create a complete and accurate GRI content index that helps stakeholders navigate your disclosures and information that your organization has reported at a glance.



## GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX GUIDELINE

No.	Disclosure Title	No.	Disclosure Title
GRI 102: General Disclosures		102-21	Consulting stakeholders on economic, environmental, and social topics
102-1	Name of the organization	102-22	Composition of the highest governance body and its committees
102-2	Activities, brands, products, and services	102-23	Chair of the highest governance body
102-3	Location of headquarters	102-24	Nominating and selecting the highest governance body
102-4	Location of operations	102-25	Conflicts of interest
102-5	Ownership and legal form	102-26	Role of highest governance body in setting purpose, values, and strategy
102-6	Markets served	102-27	Collective knowledge of highest governance body
102-7	Scale of the organization	102-28	Evaluating the highest governance body's performance
102-8	Information on employees and other workers	102-29	Identifying and managing economic, environmental, and social impacts
102-9	Supply chain	102-30	Effectiveness of risk management processes
102-10	Significant changes to the organization and its supply chain	102-31	Review of economic, environmental, and social topics
102-11	Precautionary Principle or approach	102-32	Highest governance body's role in sustainability reporting
102-12	External initiatives	102-33	Communicating critical concerns
102-13	Membership of associations	102-34	Nature and total number of critical concerns
102-14	Statement from senior decision-maker	102-35	Remuneration policies
102-15	Key impacts, risks, and opportunities	102-36	Process for determining remuneration
102-16	Values, principles, standards, and norms of behaviour	102-37	Stakeholders' involvement in remuneration
102-17	Mechanisms for advice and concerns about ethics	102-38	Annual total compensation ratio
102-18	Governance structure	102-39	Percentage increase in annual total compensation ratio
102-19	Delegating authority	102-40	List of stakeholder groups
102-20	Executive-level responsibility for economic, environmental, and social topics	102-41	Collective bargaining agreements

No.	Disclosure Title
102-42	Identifying and selecting stakeholders
102-43	Approach to stakeholder engagement
102-44	Key topics and concerns raised
102-45	Entities included in the consolidated financial statements
102-46	Defining report content and topic Boundaries
102-47	List of material topics
102-48	Restatements of information
102-49	Changes in reporting
102-50	Reporting period
102-51	Date of most recent report
102-52	Reporting cycle
102-53	Contact point for questions regarding the report
102-54	Claims of reporting in accordance with the GRI Standards
102-55	GRI content index
102-56	External assurance
GRI 103: Management Approach	
103-1	Explanation of the material topic and its Boundary
103-2	The management approach and its components
103-3	Evaluation of the management approach
GRI 201: Economic Performance	
201-1	Direct economic value generated and distributed
201-2	Financial implications and other risks and opportunities due to climate change
201-3	Defined benefit plan obligations and other retirement plans

No.	Disclosure Title
201-4	Financial assistance received from government
GRI 202: Market Presence	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage
202-2	Proportion of senior management hired from the local community
GRI 203: Indirect Economic Impacts	
203-1	Infrastructure investments and services supported
203-2	Significant indirect economic impacts
GRI 204: Procurement Practices	
204-1	Proportion of spending on local suppliers
GRI 205: Anti-corruption	
205-1	Operations assessed for risks related to corruption
205-2	Communication and training about anti-corruption policies and procedures
205-3	Confirmed incidents of corruption and actions taken
GRI 206: Anti-competitive Behaviour	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices
GRI 301: Materials	
301-1	Materials used by weight or volume
301-2	Recycled input materials used
301-3	Reclaimed products and their packaging materials

No.	Disclosure Title
GRI 302: Energy	
302-1	Energy consumption within the organization
302-2	Energy consumption outside of the organization
302-3	Energy intensity
302-4	Reduction of energy consumption
302-5	Reductions in energy requirements of products and services
GRI 303: Water and Effluents	
303-1	Interactions with water as a shared resource
303-2	Management of water discharge-related impacts
303-3	Water withdrawal
303-4	Water discharge
303-5	Water consumption
GRI 304: Biodiversity	
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
304-2	Significant impacts of activities, products, and services on biodiversity
304-3	Habitats protected or restored
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations
GRI 305: Emissions	
305-1	Direct (Scope 1) GHG emissions
305-2	Energy indirect (Scope 2) GHG emissions
305-3	Other indirect (Scope 3) GHG emissions
305-4	GHG emissions intensity
305-5	Reduction of GHG emissions

No.	Disclosure Title
305-6	Emissions of ozone-depleting substances (ODS)
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions
GRI 306: Effluents and Waste	
306-1	Water discharge by quality and destination
306-2	Waste by type and disposal method
306-3	Significant spills
306-4	Transport of hazardous waste
306-5	Water bodies affected by water discharges and/or runoff
GRI 307: Environmental Compliance	
307-1	Non-compliance with environmental laws and regulations
GRI 308: Supplier Environmental Assessment	
308-1	New suppliers that were screened using environmental criteria
308-2	Negative environmental impacts in the supply chain and actions taken
GRI 401: Employment	
401-1	New employee hires and employee turnover
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees
401-3	Parental leave
GRI 402: Labour/Management Relations	
402-1	Minimum notice periods regarding operational changes
GRI 403: Occupational Health and Safety	
403-1	Worker's representation in formal joint management-worker health and safety committees
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
403-3	Workers with high incidence or high risk of diseases related to their occupation

No.	Disclosure Title
403-4	Health and safety topics covered in formal agreements with trade unions
GRI 404: Training and Education	
404-1	Average hours of training per year per employee
404-2	Programs for upgrading employee skills and transition assistance programs
404-3	Percentage of employees receiving regular performance and career development reviews
GRI 405: Diversity and Equal Opportunity	
405-1	Diversity of governance bodies and employees
405-2	Ratio of basic salary and remuneration of women to men
GRI 406: Non-discrimination	
406-1	Incidents of discrimination and corrective actions taken
GRI 407: Freedom of Association and Collective Bargaining	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
GRI 408: Child Labour	
408-1	Operations and suppliers at significant risk for incidents of child labour
GRI 409: Forced or Compulsory Labour	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour
GRI 410: Security Practices	
410-1	Security personnel trained in human rights policies or procedures
GRI 411: Rights of Indigenous Peoples	
411-1	Incidents of violations involving rights of indigenous peoples
GRI 412: Human Rights Assessment	
412-1	Operations that have been subject to human rights reviews or impact assessments
412-2	Employee training on human rights policies or procedures

No.	Disclosure Title
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening
GRI 413: Local Communities	
413-1	Operations with local community engagement, impact assessments, and development programs
413-2	Operations with significant actual and potential negative impacts on local communities
GRI 414: Supplier Social Assessment	
414-1	New suppliers that were screened using social criteria
414-2	Negative social impacts in the supply chain and actions taken
GRI 415: Public Policy	
415-1	Political contributions
GRI 416: Customer Health and Safety	
416-1	Assessment of the health and safety impacts of product and service categories
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services
GRI 417: Marketing and Labelling	
417-1	Requirements for product and service information and labelling
417-2	Incidents of non-compliance concerning product and service information and labelling.
417-3	Incidents of non-compliance concerning marketing communications.
GRI 418: Customer Privacy	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data.
GRI 419: Socioeconomic Compliance	
419-1	Non-compliance with laws and regulations in the social and economic area

# FTSE RUSSELL'S ESG RATINGS GUIDELINE

## ABOUT FTSE RUSSELL'S ESG RATINGS



The FTSE4Good Index Series uses the overall Rating from FTSE Russell's ESG Ratings and data model to select companies for inclusion. The ESG Ratings include over 7,200 securities in 47 Developed and Emerging markets.

The ESG Ratings are comprised of an overall Rating, which is used to adjust stock weights in the FTSE4Good Index Series. The overall Rating breaks down into underlying Pillar and Theme Exposures and Scores. The Pillars and Themes are built on over 300 individual indicator assessments that are applied to each company's unique ESG risk exposures.

## FTSE4GOOD INDEX SERIES GUIDELINE

The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. Transparent management and clearly defined ESG criteria make FTSE4Good indexes suitable tools to be used by a wide variety of market participants when creating or assessing sustainable investment products. FTSE4Good indexes can be used in four main ways:

- a) **Financial products** - as tools in the creation of index-tracking investments, financial instruments or fund products focused on sustainable investment.
- b) **Research** - to identify environmentally and socially sustainable companies.
- c) **Reference** - as a transparent and evolving global ESG standard against which companies can assess their progress and achievement.
- d) **Benchmarking** - as a benchmark index to track the performance of sustainable investment portfolios.

## FTSE4GOOD BURSA MALAYSIA INDEX GUIDELINE

The FTSE4Good Bursa Malaysia Index constituents are selected from the constituents of the FTSE Bursa Malaysia EMAS Index, screened in accordance with the transparent and defined Environmental, Social and Governance (ESG) criteria. The index has been designed to identify Malaysian companies with recognised corporate responsibility practices, expanding the range of the benchmarks of the FTSE Bursa Malaysia Index Series for the Malaysian Markets.

The FTSE4Good Bursa Malaysia Index, which was launched in December 2014, has played an important role in recognising companies that have taken steps to improve their ESG practices and disclosures over time. The ESG index adopts a "best in class" positive screening approach and its framework is derived from key global initiatives such as the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and Taskforce for Climate Related Financial Disclosures (TCFD).

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)



The Task Force on Climate-Related Financial Disclosures (TCFD) was created by the international Financial Stability Board (FSB) to develop consistent climate-related financial risk disclosures for use by companies, banks, and investors. The main objective of TCFD reporting is to disclose the climate-related risks and opportunities of a company as well as the financial impact those might have on the company's business. TCFD reporting aims to provide consistent and transparent information to all financial actors and global markets. It is not a corporate reporting standard but a way of understanding how firms approach the financial risks and opportunities related to climate change.

The benefits of climate-related financial disclosure for companies:

No.	Internal benefits	External benefits
1	Cost savings through identify opportunities for resource and energy efficiency	Improved access to capital
2	Improved strategic resilience	Improved engagement with investors
3	Identification of potential climate-related financial opportunities	Ensure preparedness for emerging climate regulation
4	Improved robustness of risk management processes	Improved reputation with customers, employees and wider stakeholders
5	Improved communication between board and management on climate issues	Establishing a leadership position among industry peers

The TCFD's recommendations are based on four thematic areas: Governance, Strategy, Risk management, and Metrics and targets.

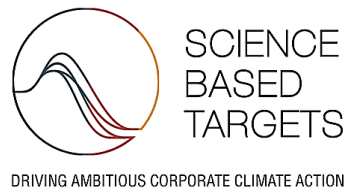
- **Governance:** The organization's governance around climate-related risks and opportunities.
- **Strategy:** The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.
- **Risk Management:** The process used by the organization to identify, assess, and manage climate-related risks.



**Metrics and Targets:** The metrics and targets used to assess and manage relevant climate-risks and opportunities.

This will be replaced as of FY2025 with IFRS S1 and S2 Framework in a separate report.

## SCIENCE-BASED TARGETS INITIATIVES (SBTI)



### ABOUT SCIENCE-BASED TARGETS INITIATIVES (SBTI)

The Paris Agreement is an international treaty adopted at the 21st Conference of the Parties (COP21) in Paris in December 2015 under the United Nations Framework Convention on Climate Change (UNFCCC). Its primary goal is to address climate change by limiting global warming to well below 2°C above pre-industrial levels, while striving to limit the increase to 1.5°C. The following are its key contents:

- a) Global Temperature Goals – Limit global warming to well below 2°C, with efforts to stay below 1.5°C.
- b) Nationally Determined Contributions (NDCs) – Each country must develop, communicate, and maintain successive NDCs, which outline their plans to reduce greenhouse gas (GHG) emissions.
- c) Global Stock take – Every five years, progress is assessed to ensure alignment with the goals.
- d) Transparency Framework – Countries must report their emissions and progress transparently.
- e) Adaptation and Resilience – Support for adaptation strategies to help countries cope with the impacts of climate change.

The Science Based Targets initiative (SBTi) is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis. SBTi is crucial because it provides organizations with a framework to align their climate goals with the latest climate science and the goals of the Paris Agreement. The functions of SBTi are as follows:

- a) Set Science-Based Targets – It guides companies in setting GHG reduction targets that align with limiting global warming to 1.5°C or 2°C and reaching net-zero by 2050 at latest.
- b) Validation of Targets – SBTi validates and approves corporate targets to ensure credibility and scientific integrity.
- c) Sector-Specific Guidance – Offers tailored guidance for various industries, including power, transportation, and manufacturing.
- d) Accountability and Transparency – Ensures that companies adhere to clear, measurable goals and regularly report on their progress.

In summary, the Paris Agreement and the SBTi are interconnected mechanisms driving global and corporate climate action. The SBTi enables enterprises to transition toward sustainability while benefiting from long-term resilience and competitiveness. The benefits of using the SBTi for enterprises: Aligns with Global Climate Goals; Demonstrates leadership in sustainability, boosting brand reputation and stakeholder trust; Aligning with climate science makes companies more appealing to ESG (Environmental, Social, and Governance)-focused investors; Encourages companies to adopt energy-efficient processes and sustainable technologies; Prepares businesses for future regulations and market changes driven by climate policies; Improves operational efficiency and early adoption of sustainable practices positions companies as industry leaders. We are currently exploring and adopting this framework and will apply for validation when ready.

# 4 FRONTKEN COMMITMENT TO SUSTAINABILITY

## GLOBAL RISKS VS INTERNATIONAL FRAMEWORK

### THE GLOBAL URGENCY OF CLIMATE CHANGE AND SUSTAINABLE DEVELOPMENT.

The last 50 years have seen a surge in human activities releasing substantial amounts of carbon dioxide and other greenhouse gases, leading to the trapping of additional heat in the lower atmosphere and significantly impacting the global climate. Over the past 130 years, the Earth has warmed by approximately 0.85°C, with each of the last three decades being successively warmer than any preceding decade since 1850. This rapid warming trend is unprecedented in history and has profound implications for our planet.

The consequences of this warming are multifaceted and alarming. Increased levels of greenhouse gases are causing global temperatures to rise, resulting in the extinction of species at an accelerated rate, degradation of renewable resources such as water, rising sea levels, melting glaciers, shifting precipitation patterns, and widespread negative impacts on natural systems due to the consumption of finite resources like fossil fuels. Moreover, extreme weather events are becoming more intense and frequent, posing significant challenges to human populations worldwide.

While all populations are vulnerable to these climate-related impacts, certain groups are particularly at risk. Rising temperatures heighten the threat of heatwaves across Asia, droughts in arid and semi-arid regions of West, Central, and South Asia, floods in monsoon areas of South, Southeast, and East Asia, and glacier melting in the Hindu Kush Himalaya region. Additionally, the risk of irreversible loss of biodiversity and habitats, including coral reefs, tidal marshes, seagrass meadows, plankton communities, and other marine ecosystems, continues to escalate with global warming.

Climate change also exacerbates health risks, leading to an increase in vector-borne and water-borne diseases, undernutrition, mental disorders, and allergy-related illnesses in Asia. This is due to the combination of rising hazards such as heatwaves, flooding, and drought, coupled with air pollutants and heightened exposure and vulnerability among populations.

In response to these critical global challenges, the United Nations (UN) has identified 17 Sustainable Development Goals (SDGs) to be achieved by 2030. These goals encompass the most pressing issues of our time, including climate action, biodiversity conservation, health equity, and sustainable development.

Frontken Group is committed to addressing these challenges by leveraging technology and sustainable practices. We integrate our technology, business strategies, partnerships, supply chain, and production processes around a singular mission: to build sustainability through actionable technology and make a positive impact on the environment and society. By collaborating with our

customers, employees, shareholders, and stakeholders, we aim to create real-world solutions that promote environmental stewardship, community well-being, and societal resilience.

Together, we can forge a path towards a more sustainable and equitable future, where the impacts of climate change are mitigated, ecosystems are preserved, and human well-being is prioritized. Join us in our journey towards a healthier planet and a brighter tomorrow for generations to come.

## INTERNATIONAL FRAMEWORK

(a) Paris Agreement to the UN Framework Convention on Climate Change: All major greenhouse-gas emitting countries, including emerging countries, shall reduce their emissions in order to limit global warming by less than 2°C compared to pre-industrial levels by the latter half of this century.

(b) Sustainable Development Goals (SDGs): Common goals to find solutions by 2030 for pressing world problems such as poverty, inequality, and climate change in order to realize a sustainable society.

(c) Kigali Amendment to the Montreal Protocol: The Kigali Amendment mandates to phase down the production and consumption of HFCs in CO<sub>2</sub>-equivalent in order to mitigate their impact on global warming.

(d) U.N. Global Compact: A worldwide framework for achieving sustainable growth by having member companies recognize universal values in relation to issues such as human rights, labour, environment, and corruption.

(e) Responsible Business Alliance Code of Conduct.

(f) Global Warming Potential Values. The IPCC website ([www.ipcc.ch](http://www.ipcc.ch)).

(g) Greenhouse Gas Protocol establishes comprehensive global standardized frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions.

(g) FINAL-2017-TCFD-Report-11052018. (This will be replaced with IFRS S1 and S2 as of FY2025).

(h) FTSE Russell ESG Index: Methodology and Trends. ([bursamalaysia.com](http://bursamalaysia.com))

(i) FTSE4Good Bursa Malaysia (F4GBM) Index.

(j) Science-Based Targets initiatives (SBTi). (<https://sciencebasedtargets.org/>)

(k) CDP.



## FRONTKEN COMMITMENT TO SUSTAINABILITY

Frontken Group has long been dedicated to sustainable development, striving to achieve positive outcomes while minimizing harm, fostering harmony with communities and the environment, and ensuring financial resilience to deliver long-term value and growth to stakeholders.

Our commitment extends to conducting business in a socially responsible and ethical manner. We adhere to legal requirements, uphold universal human rights, safeguard the environment, and contribute to the well-being of the communities where we operate. Furthermore, we embrace innovation and ensure that our endeavours yield financial rewards for all our employees, shareholders, and stakeholders.

As a responsible and innovative leader in our markets, our strategy revolves around delivering an exceptional customer experience, developing responsible and innovative products and services, and promoting responsible business practices throughout our supply chain.

Frontken Group is resolutely focused on maximizing stakeholder value by addressing environmental and societal challenges, and upholding strong corporate governance principles, with the SDGs (Sustainable Development Goals) and ESG (Environmental, Social & Governance) as the cornerstone values of our group.

Our aspiration is to be acknowledged as a trailblazer in sustainable development and operations, leaving behind a legacy of a business that contributes positively to future generations.

As a Group, we strive to foster a low-carbon and circular economy, empower our people and communities, and embed responsible business practices across our organization. These ambitions are aligned with the UN Sustainable Development Goals (SDGs), and we are steadfast in our commitment to contribute to their achievement for the betterment of the global community. We remain dedicated to meeting the expectations of our diverse stakeholders, including customers, shareholders, investors, suppliers, and local communities.



## FRONTKEN GUIDING PRINCIPLES



Our sustainability motto is

***“Our Future depends on***

***what we do Today”.***

Our guiding principles for sustainability focus on the following three areas.

### **(1) AN INCLUSIVE SOCIETY FOR OUR FUTURE**

- ✓ Inspiring the next generation; investing in communities; developing sustainability knowledge and skills; striving to be an employer of choice; and creating a healthy, safe and secure workplace.

### **(2) AN ENVIRONMENT WITH A FUTURE**

- ✓ Supporting a low carbon economy; demonstrating respect for the environment through resource optimization and efficiency and by preventing pollution; and protecting and improving ecosystems.

### **(3) A RESPONSIBLE BUSINESS OF THE FUTURE**

- ✓ Supporting sustainable economic growth with strong governance and accountability; being an international business whilst recognizing the importance of providing local services; and collaborating with key organizations to develop innovative solutions.

Frontken Group is dedicated to achieving its sustainability development goals while enhancing long-term stakeholder value by integrating economic, environmental, social, and governance opportunities into its strategies. Our approach to becoming a sustainable corporation involves a transformative journey that encompasses changes in mindset, organizational culture, behaviours, leadership, production, and innovation. We are committed to embedding sustainability development within the core values and culture of Frontken Group through active engagement and collaboration with our people, customers, suppliers, partners, and key stakeholders.

Our focus is on establishing a strong foundation for our sustainability development strategy and building momentum to increase the impact of our sustainability initiatives. These initiatives revolve around economic development, social progress, environmental protection, and corporate governance, which are the guiding pillars of our sustainability journey. We strive to create work environments, products, services, and solutions that promote safety, productivity, and efficient resource utilization as we work towards our sustainability development vision and mission. Innovation and technology play a crucial role in enhancing the sustainability performance of our offerings and operations.

We believe in sustainable progress achieved through the development of robust systems that maximize life cycle benefits while minimizing economic, social, and environmental costs. These principles guide our sustainability efforts and underscore our commitment to responsible business practices.

To improve our sustainability performance, we invest in enhancing the knowledge and skills of our workforce through appropriate training, awareness programs, and assurance measures. We maintain accountability by continuously monitoring our sustainability development performance, measuring progress against objectives, and reporting externally through sustainability development reviews. Our management team is fully accountable for implementing this sustainability development policy with the support of all employees and stakeholders.

Our strategy includes setting clear sustainability objectives and targets aligned with our key pillars/themes, working diligently to achieve our aspirational sustainability goals across short-, medium-, and long-term objectives. We fulfil our social responsibilities across all stakeholder relationships, enhancing corporate value and contributing to the sustainable development of society. Open communication with society ensures accountability and transparency in our actions.

Furthermore, we promote the suitability and effectiveness of our suppliers through collaborative partnerships aligned with our sustainability development policy and international frameworks. These requirements are integrated into our business management and operation systems, tailored to meet the needs of our stakeholders and businesses alike.

## FRONTKEN SUSTAINABILITY DEVELOPMENT POLICY

At Frontken Group, we are dedicated to conducting our business in a responsible manner and championing sustainability through the re-use and careful management of existing buildings, facilities, equipment, products, and services. Our efforts support government and local policies for sustainable development, and we have established the following sustainability principles to guide our operations and supply chain:

- a) **Environmental Sustainability:** We operate in an environmentally sustainable manner, striving to minimize our business operations' environmental impact, particularly concerning climate change.
- b) **Economic Efficiency:** Whenever feasible, we extend the economic useful lives of our assets, including buildings, facilities, equipment, products, and services, through changes of use and reconfiguration.
- c) **Legal Compliance:** We comply with all legal and regulatory requirements, aiming to exceed minimum compliance standards where feasible.
- d) **Continuous Improvement:** We establish annual targets and encourage continual improvement in our environmental, social, and governance performance.
- e) **Stakeholder Engagement:** We engage with advisors, suppliers, tenants, and stakeholders to communicate and disseminate our sustainability policies and requirements.
- f) **Community Investment:** We invest in and engage with our local community to foster positive relationships and contribute to community development.
- g) **Ethical Conduct:** We conduct our business with integrity, openness, and ethics, expecting the same standards throughout our supply chain.
- h) **Employee Welfare:** We invest in the welfare and development of our employees, recognizing their critical role in our sustainability journey.

We are committed to benchmarking our sustainability development against international standards and frameworks, including the UN Sustainability Development Goals, UN Global Compact principles on human rights, labour, environment, and anti-corruption, Responsible Business Alliance (RBA), Bursa Malaysia FTSE Russell ESG Model Framework, and the recommendations of the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD).

This sustainability policy is disseminated to all employees, advisors, and suppliers and is accessible on our website. We regularly engage with stakeholders to understand and respond to their expectations, ensuring that our sustainability policies are transparent and aligned with global best practices.

Our sustainability policies are updated annually, approved by the Board, and form the basis for establishing objectives and targets. We monitor and report publicly on our performance at the end of each financial year, with detailed reports and action plans available on our website in our annual Sustainability Development Report.

We remain committed to upholding these principles, fostering a culture of sustainability, and contributing positively to our environment and communities.



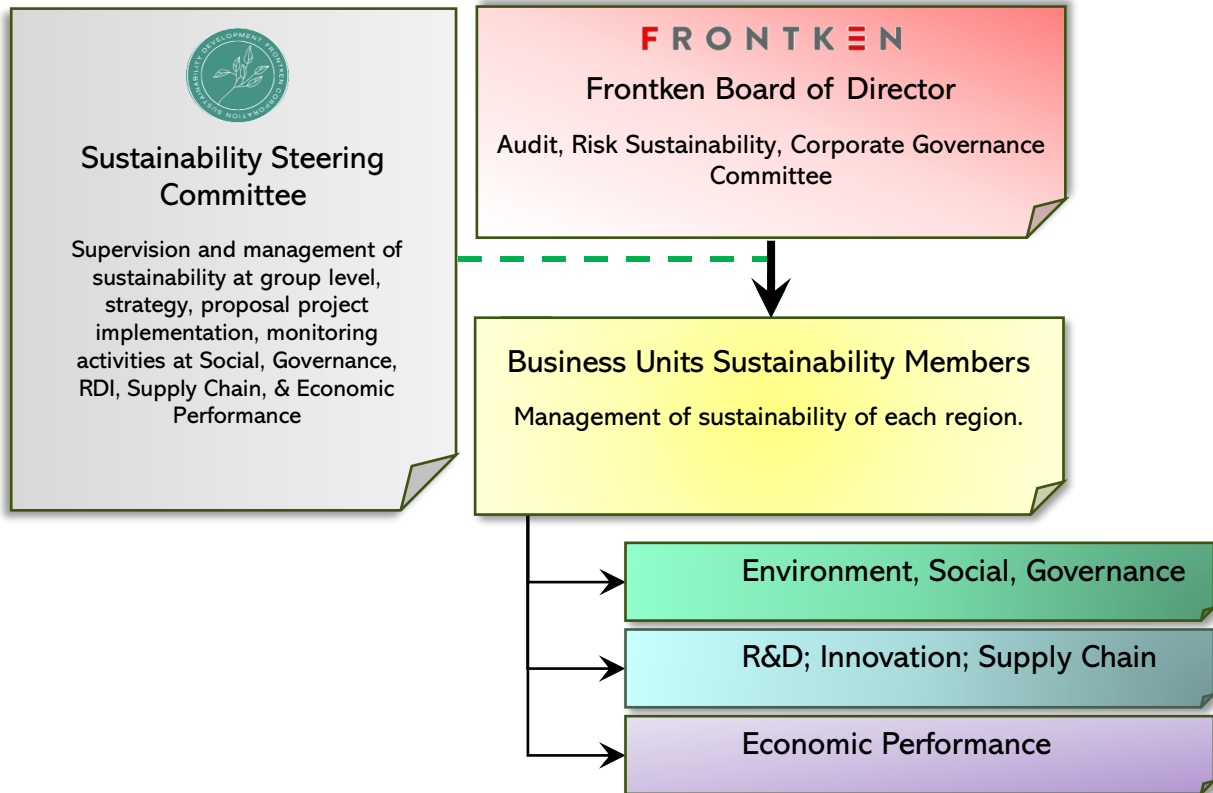
## BUILDING A SUSTAINABLE AND TRUSTWORTHY BUSINESS

- 1) **Responsible and Committed Management:** We are committed to upholding high standards of corporate governance and ensuring the continuous development of our management team. Our leadership values include financial prudence, discipline, integrity, and strong risk management practices.
- 2) **Responsible Innovation and Services:** As preferred and trusted technology partners, we prioritize responsible innovation in providing next-generation precision cleaning and coating technology for our customers. Our aim is to deliver reliable and sustainable solutions that meet their evolving needs.
- 3) **Responsible Green Production and Safety:** We proactively adopt green production methods to address operational challenges through responsible innovation. We strive for continual improvement in our environmental, health, and safety performance across our operations, processes, products, and services.
- 4) **Responsible Workplace:** We foster a responsible workplace culture that values diversity and nurtures a robust talent pool. Continuous training and development programs are integral to supporting and driving our growth while instilling a strong culture of safety, excellence, and work-life balance among our team.
- 5) **Inclusive Society and Communities:** Our commitment to corporate social responsibility extends to creating an inclusive society and communities. We actively engage in initiatives that promote social inclusion, community development, and environmental stewardship, aligning with our values and vision for a better world.

By adhering to these principles and integrating sustainability into our core business practices, we aim to build a sustainable and trustworthy business that delivers long-term value to all stakeholders while contributing positively to society and the environment.

# FRONTKEN SUSTAINABILITY GOVERNANCE

## BOARD STATEMENT AND GOVERNANCE TEAM



The Board of Directors at Frontken Group assumes responsibility for overseeing the business affairs of the company. A key aspect of their role is providing leadership in defining our overall strategy, which includes a deep consideration of our material sustainability issues. Recognizing the significance of sustainability, the Board integrates environmental, social, and governance (ESG) factors as guiding principles into Frontken Group's business operations to achieve long-term enterprise value creation.

To ensure a focused approach towards sustainability, Frontken has established a dedicated Sustainability Development Committee. This committee plays a pivotal role in providing strategic direction and monitoring the progress of sustainability development activities across the organization. It also leads comprehensive sustainability initiatives and assesses related risks and opportunities, reporting directly to the Board of Directors.

The Sustainability Development Committee comprises officers responsible for key themes and sites within the organization. They convene regularly to discuss and exchange ideas on emerging social trends, progress in addressing key sustainability themes, and any pertinent issues requiring attention. This collaborative approach ensures that Frontken remains proactive in addressing sustainability challenges and aligns with industry best practices.

By having a structured governance framework led by the Board of Directors and supported by the Sustainability Development Committee, Frontken Group demonstrates its commitment to integrating sustainability into core business strategies and operations, driving positive impact across environmental, social, and governance dimensions.

## ENGAGING STAKEHOLDERS

### Transparent Communication and Engagement with Stakeholders

At Frontken, we prioritize ensuring that our stakeholders have access to comprehensive information about our company and our sustainability development efforts. We deeply value our relationships with all stakeholders and are dedicated to fostering trust and transparency, particularly with our investors. Regular communication and engagement with diverse stakeholders are essential for us to fulfil our responsibilities as a responsible global corporation.

We are committed to timely disclosure of important and price-sensitive information, including financial results. Such information is disseminated through various communication platforms, including press releases on our website and disclosures on the Malaysia Stock Exchange. Our quarterly results announcements, news releases, annual reports, sustainability reports, and other key statistics about Frontken are accessible to all stakeholders.

In addition to formal disclosures, we actively engage in investor relations activities to build cooperative relationships and enhance mutual understanding of sustainability topics with our stakeholders. The Investor Relations department, along with our CEO and chairman, regularly meets with analysts and investors through investor conferences, roadshows, post-results luncheons, and ad hoc meetings or teleconferences. We maintain a dedicated investor relations email address and hotline for stakeholders to reach out to Frontken, ensuring accessibility and responsiveness to inquiries and feedback.

Through transparent communication, proactive engagement, and ongoing dialogue, we aim to strengthen trust, foster collaboration, and demonstrate our commitment to sustainable business practices and long-term value creation for all stakeholders.

#### Investor Relation

Contact: Ms Jolene Chay

Email : [ir@frontken.com](mailto:ir@frontken.com)

Hotline: (603) 7968 3312

## STAKEHOLDER ENGAGEMENT AND ALIGNMENT WITH INTERNATIONAL FRAMEWORKS

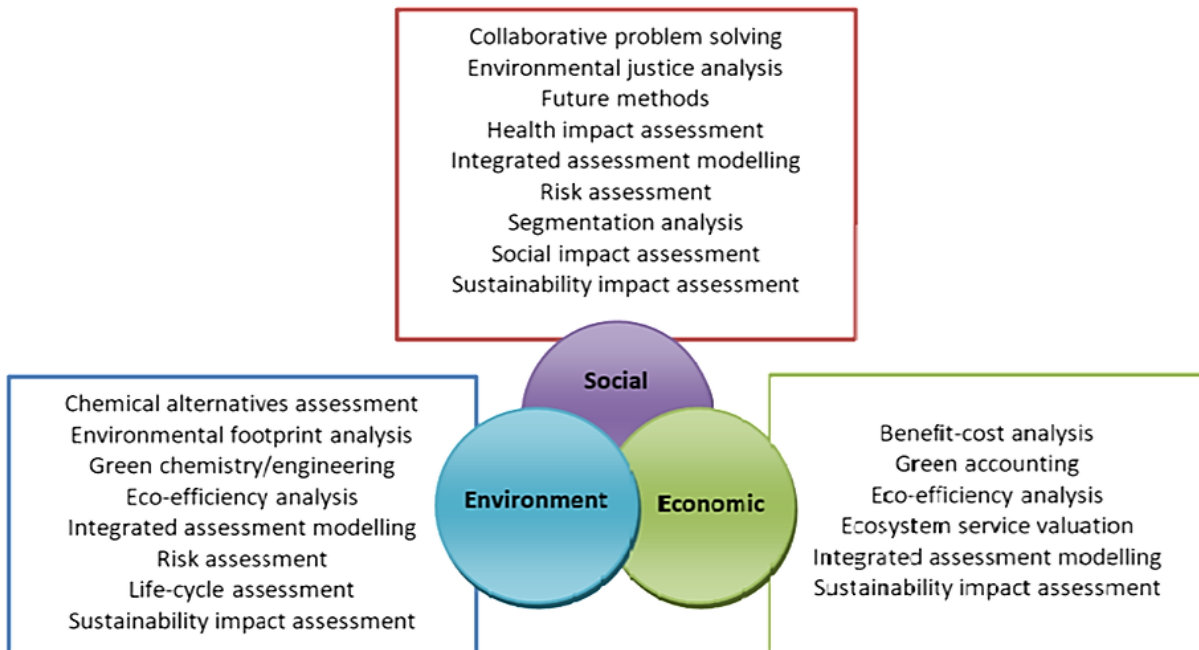
We are committed to actively engaging with our stakeholders to understand their concerns, gather feedback, and identify further opportunities for improvement within each of our three sustainability areas: environmental, social, and economic.

By collaborating closely with our stakeholders, including customers, employees, investors, suppliers, communities, and regulatory bodies, we aim to gain valuable insights, build trust, and foster mutually beneficial relationships. This engagement allows us to address stakeholder priorities, enhance transparency, and demonstrate accountability in our sustainability efforts.

Furthermore, our sustainability areas are strategically aligned with best practices outlined in international frameworks for sustainable development. These frameworks, such as the Global Reporting Initiative (GRI), United Nations Sustainable Development Goals (UNSDGs), FTSE Russell, Responsible Business Alliance (RBA), and others, provide guidance and benchmarks that inform our sustainability strategies, goals, and reporting practices.

By aligning with international best practices and engaging with stakeholders, we ensure that our sustainability initiatives are meaningful, impactful, and in line with global standards for sustainable business practices.

## FRONTKEN



## STAKEHOLDERS ENGAGEMENT

### A. CUSTOMERS ENGAGEMENT

Key Topics of Interest	Communication Channels	Frequency	Product/Service Quality
Product/Service Quality	Customer satisfaction surveys.		Enhance product and service quality and safety management system
Product/Service Quality	Collaboration with Customer sustainability development projects.		Enhance product and service quality and safety management system
Product/Service Quality	Customer continuous improvement programs to improve product quality	Throughout the year	Enhance product and service quality and safety management system
Product/Service Quality	Contact Window (Service Centres), Customer Service Centres		Provide product, and service information.
Accurate process information	Customer audits and qualification on processes and systems.		Customer on-site audits, qualification of products and processes.
Transparent communication	Daily and weekly meetings on services and delivery schedule.		master production planning and delivery, quality management.

### B. STAKEHOLDERS & INVESTORS ENGAGEMENT

Key Topics of Interest	Communication Channels	Frequency	Product/Service Quality
Economic performance	Investor relations (IR) meetings		Stable profit generation
Risk management	General shareholders' meetings		Enhance shareholder return policy
Information disclosure	Bursa Malaysia announcements.	Monthly, Quarterly and Annually	Governance committee under the board of directors
Sustainability Issues (Environmental, Social, Governance, etc.)	Public published reports		Reporting of ESG and SRE date

## C. EMPLOYEE ENGAGEMENT

Key Topics of Interest	Communication Channels	Frequency	Product/Service Quality
Workplace health and safety	Daily, weekly, and monthly environment, health, and safety meetings and briefing.	Throughout the year	Environment, Health and Safety management.
Diversity and inclusion	Employee recruitment, social participation, and community outreach.		Establish an inclusive working culture.
Training and career development	Employee training development and Satisfaction Surveys		Customised career development program
Employment stability and benefits	Reporting systems (compliance, ethics)		Employees and human resources management.
Labour relations	monthly meetings on human resources		Employees and human resources management.

## D. SUPPLIERS ENGAGEMENT

Key Topics of Interest	Communication Channels	Frequency	Product/Service Quality
Fair trade	Hotline, online reporting system	Throughout the year	Promote fair trade and shared growth
Shared growth	Suppliers conference		Support suppliers on their innovation initiatives
Labour & human rights protection	Partner collaboration day		Collaborations
Quality Control and Production Capacity	Supply chain management		Responsible management of suppliers' work environment

## E. LOCAL COMMUNITIES' ENGAGEMENT

Key Topics of Interest	Communication Channels	Frequency	Product/Service Quality
Local recruitment, local economy revitalization, and other indirect economic effects.	Local recruitment centres	Ongoing	Local support activities
Environmental protection	local community programs		Preservation activity for the environment
Financial contributions and volunteer work	Local community media		Corporate citizenship programs in education and employment
Social responsibility for local communities and the environment	Social Projects		Corporate conferences

## F. NGOS, CSR, INSTITUTIONS ENGAGEMENT

Key Topics of Interest	Communication Channels	Frequency	Product/Service Quality
Social responsibility for local communities and the environment	Corporate Conference	As and when	Gather Feedback from global NGOs
Contributions to the UN SDGs	Meeting with NGOs		RBA activities
Prompt and transparent disclosure of information	Public published reports		ESG and SRE Activities

## G. GOVERNMENTS ENGAGEMENT

Key Topics of Interest	Communication Channels	Frequency	Product/Service Quality
Indirect Economic Impacts	Policy meetings	As and when	Operate Support programs with government agencies
Fair Trade	National		Cooperate with the government to establish and operate venture investment system
Health and Safety	Policy consultative bodies		
Compliances	BURSA Malaysia listing rules		Corporate Governance

**H. MEDIA ENGAGEMENT**

Key Topics of Interest	Communication Channels	Frequency	Product/Service Quality
Prompt and transparent disclosure of information	Press Selection	Ongoing	Support News Coverage
	Company Website		Host Media Day

**I. BUSINESS PARTNERS: BANK AND FINANCIAL INSTITUTIONS ENGAGEMENT**

Key Topics of Interest	Communication Channels	Frequency	Product/Service Quality
Business Extensions	Meetings	Ongoing	Joint Ventures and Collaboration
Global Financial Protection	Meetings		Collaboration

**FRONTKEN SUSTAINABILITY DEVELOPMENT PLAN**



## SUSTAINABILITY DEVELOPMENT MASTERPLAN

Our master plan serves as the foundation for our Sustainability Policy, guiding our approach to sustainability development. It centralizes all sustainability activities, including planning, coordination, execution, oversight, and delivery, ensuring that our sustainability objectives are effectively communicated to all stakeholders.

By aligning our efforts with the master plan, we streamline our sustainability development activities, enhance coordination, and facilitate clear communication across the organization and with external stakeholders. This comprehensive approach ensures that our sustainability goals are integrated into all aspects of our operations and that progress towards these goals is monitored and reported transparently.

Our commitment to transmitting the master plan to all stakeholders underscores our dedication to transparency, accountability, and engagement in sustainability matters. We strive to keep our stakeholders informed and involved in our sustainability journey, fostering collaboration and mutual understanding of our objectives and actions.



**Sustainability Development Master Plan**



**ESG Sustainability Pillars/ Themes/ Indicators**



**Materiality Analysis & Assessment**



**Bursa FTSE-Russel FTSE4Good ESG Indicators**



**International Framework**



**UN SDG's 17 Sustainable Development Goals**



**Frontken Awards & Recognitions**



**Sustainability Data Targets & Performance**

## FRONTKEN SUSTAINABLE POLICIES

Our sustainability plan encompasses a diverse range of actions and goals that we aim to achieve over the short term, medium term, and long term. These initiatives are grouped into six key areas:

### GREEN PRODUCTION

- Commit to green production on our operations, products and processes so as to reduce the generation and use of hazardous chemicals and materials, and reducing pollution at its source.

### ENVIRONMENT FRIENDLY

- Integrate environment friendly variables into our business operations to reduce the impact to the environment.

### SOCIAL RESPONSIBILITY

- Recognize the importance of sustaining local economies by employing local expertise and selecting and developing local suppliers to achieve social progress. Inspire the next generation: Promote science, technology and engineering to local students. Encourage and support our people to realize their capability to contribute to the social, environment and economic health of our company and communities.

### PEOPLE CENTRIC

- Commit to create a healthy, safe and secure workplace for our employees. Promote and maintain the highest degree of physical, mental and social well-being in the workplace, including diversity and equality of opportunity in recruitment, development, recognition and reward.

### SUSTAINABLE INNOVATION

- Create and provide sustainable value and technical excellence for our customers. Collaborate to develop innovative solutions that meet complex sustainability challenges faced by society.

### STRONG GOVERNANCE

- Demonstrate strong governance, responsibility, integrity and ethics in our worldwide business.

By addressing these six areas comprehensively, we aim to create a sustainable business model that balances environmental stewardship, social responsibility, and economic viability.

## FRONTKEN PLAN SUSTAINABILITY KEY AREAS

## ENVIRONMENT

We are committed to **minimizing our environmental impact and promoting sustainable practices.**

This includes reducing waste, conserving resources, adopting renewable energy solutions, and implementing eco-friendly production processes.

## PEOPLE

*Our focus on people encompasses initiatives to ensure the well-being, safety, and development of our employees.*

We prioritize **diversity, equity, and inclusion, provide training and development opportunities, and foster a supportive work culture.**

## GOVERNANCE

We uphold **high standards of corporate governance, transparency, and ethics.**

This includes compliance with legal and regulatory requirements, risk management practices, and accountability to our stakeholders.

## SUPPLY CHAIN

We collaborate with our suppliers to **promote responsible sourcing, ethical practices, and sustainability throughout our supply chain.**

This includes initiatives to reduce carbon footprint, improve supply chain resilience, and support local communities

R&D  
INNOVATION

*Innovation is integral to our sustainability strategy.*

We **invest in research and development to drive innovation in products, services, and processes** that contribute to environmental conservation, social impact, and economic growth.

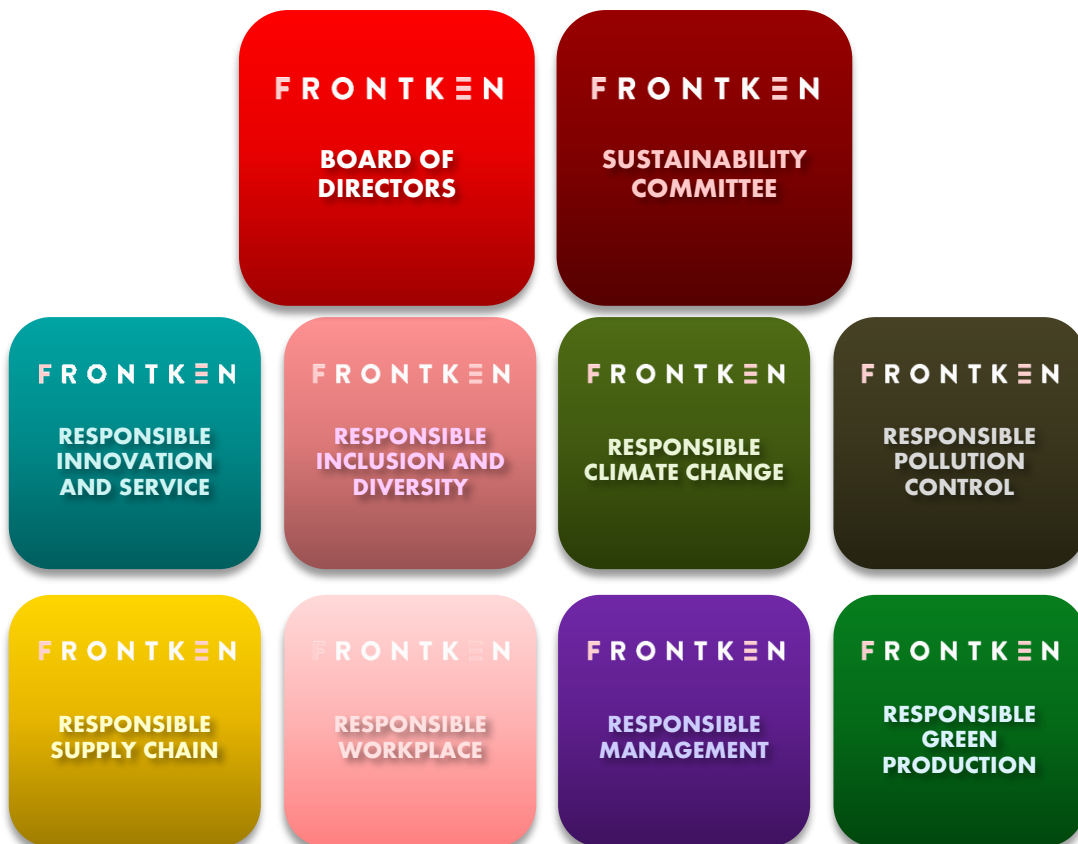
ECONOMIC  
PERFORMANCE

We strive for **sustainable economic growth and performance.**

This includes financial prudence, long-term value creation for shareholders, and contributing positively to the economy and society.



**FRONTKEN ASPECTS OF SUSTAINABILITY GOALS**

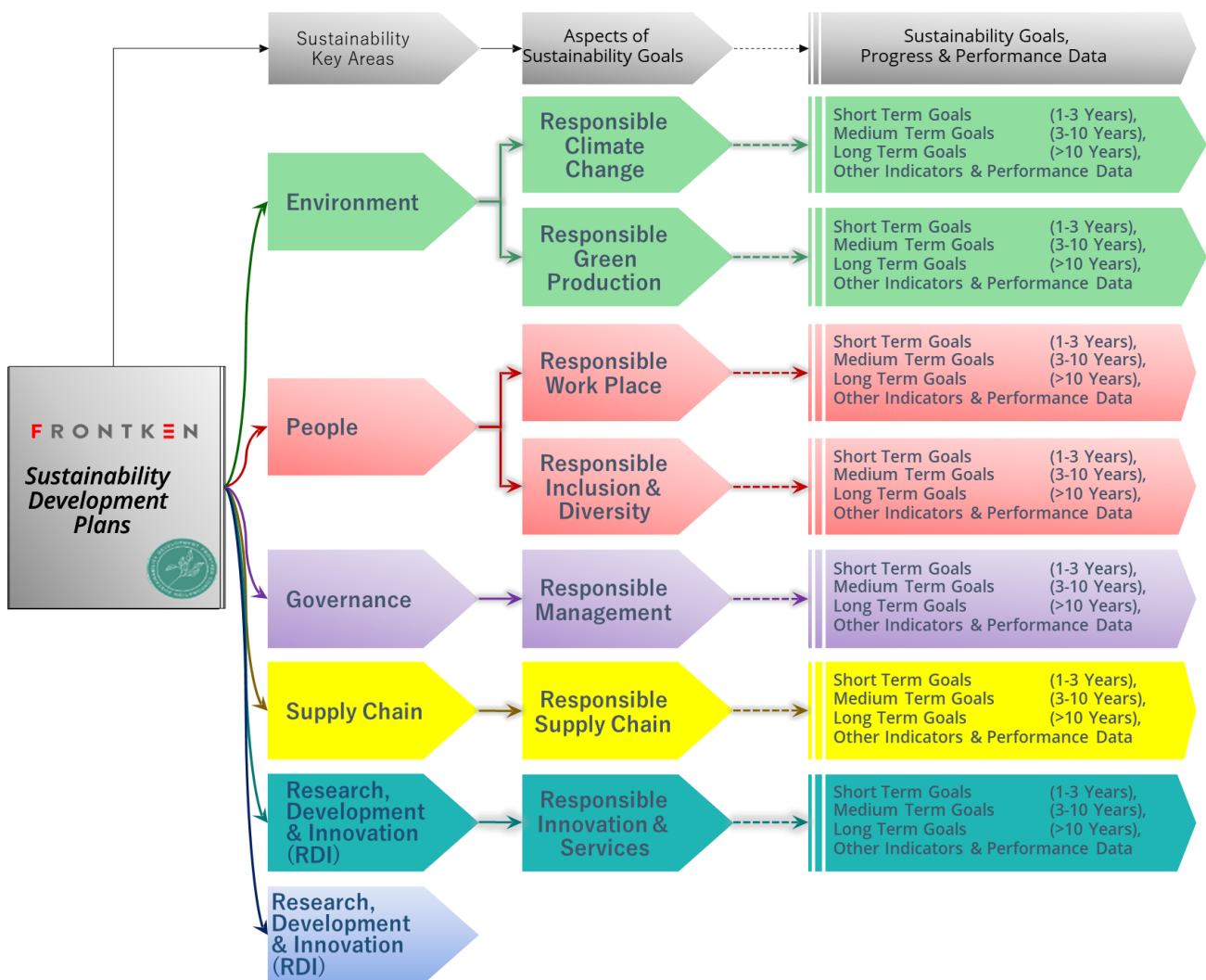


## SETTING GOALS ACROSS SUSTAINABILITY AREAS

In each of the six areas - Environment, People, Governance, Supply Chain, R&D Innovation, and Economic Performance - we have established short-term (5 years), medium-term (10 years), and long-term (30 years) goals. These goals are designed to guide our sustainability efforts and measure progress over time, ensuring a comprehensive and forward-looking approach to sustainability.

Additionally, we are committed to continually strengthening our overall sustainability approach in alignment with international frameworks. This includes adhering to guidelines and standards set by organizations such as the Global Reporting Initiative (GRI), United Nations Sustainable Development Goals (UNSDGs), FTSE Russell, Responsible Business Alliance (RBA), and others.

By aligning with these international frameworks, we enhance the credibility, transparency, and effectiveness of our sustainability initiatives. We remain dedicated to integrating best practices, benchmarks, and reporting mechanisms that enable us to track our performance, drive continuous improvement, and contribute positively to global sustainability objectives.



# 5 FRONTKEN SUSTAINABILITY

## PILLARS/THEMES/INDICATORS

### ESG ISSUES ARE MATERIAL RISKS TO BUSINESS

#### Understanding Challenges and Organizing Sustainability Efforts

Frontken undertakes periodic assessments to understand the environmental, business, and societal challenges and issues arising from its business activities. This includes identifying key challenges (materiality) from two perspectives: "stakeholder concerns and impacts" and "Critical to Frontken."

ESG vs CSR: While there can be overlap between ESG (Environmental, Social, and Governance) and CSR (Corporate Social Responsibility), they serve distinct purposes. CSR activities are typically voluntary initiatives led by companies, often linked to philanthropy and societal or environmental objectives. ESG, on the other hand, focuses on understanding and measuring the impact of relevant risks and disclosing how these risks are managed within the overall business strategy.

Frontken organizes these challenges using international frameworks, including:

- a) **Sustainable Development Goals (SDGs):** Aligning with global sustainability priorities set by the United Nations to address key environmental, social, and economic challenges.
- b) **Global Reporting Initiative (GRI):** Providing a comprehensive framework for sustainability reporting to enhance transparency and accountability.
- c) **United Nations Global Compact:** Promoting responsible business practices aligned with principles related to human rights, labour, environment, and anti-corruption.
- d) **Task Force on Climate-related Financial Disclosures (TCFD):** Addressing climate-related risks and opportunities and disclosing related financial information.
- e) **Responsible Business Alliance (RBA):** Focusing on responsible practices across the global supply chain, including labour rights and environmental sustainability.
- f) **ESG Models:** Utilizing industry-specific models to assess and manage environmental, social, and governance risks and opportunities.

Frontken has established Sustainability Pillars/Themes/Indicators fundamental to its business activities, organized into three pillars (Environment, Social, and Governance) and key themes. These themes include environment conservation, corporate governance practices, respect for human rights, efficient supply chain management, proactive stakeholder engagement, and community impact.

This structured approach ensures that Frontken's sustainability efforts are aligned with international best practices, transparently reported, and effectively managed to create long-term value for all stakeholders.

## SUSTAINABILITY DEVELOPMENT GOALS (SDGS 17)

The Sustainable Development Goals (SDGs) or Global Goals are a collection of 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all". The SDGs were set in 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030. They are included in a UN Resolution called the 2030 Agenda or what is colloquially known as Agenda 2030.

### The 17 SDGs are:

(1) No Poverty,  
 (2) Zero Hunger,  
 (3) Good Health and Well-being,  
 (4) Quality Education,  
 (5) Gender Equality,  
 (6) Clean Water and Sanitation,  
 (7) Affordable and Clean Energy,  
 (8) Decent Work and Economic Growth,  
 (9) Industry, Innovation and Infrastructure,

(10) Reducing Inequality,  
 (11) Sustainable Cities and Communities,  
 (12) Responsible Consumption and Production,  
 (13) Climate Action,  
 (14) Life Below Water,  
 (15) Life On Land,  
 (16) Peace, Justice, and Strong Institutions,  
 (17) Partnerships for the Goals.



These goals serve as a blueprint for governments, organizations, businesses, and individuals to work towards a more sustainable and inclusive future, addressing issues ranging from poverty and hunger to climate change and peace-building. Achieving the SDGs requires collaborative efforts and partnerships across sectors and regions to drive positive change on a global scale.

## MAPPING FRONTKEN SUSTAINABILITY DEVELOPMENT TO UNITED NATIONS SUSTAINABILITY DEVELOPMENT GOALS FRAMEWORK

We have mapped our Environmental, Social, and Governance (ESG) considerations into the Sustainable Development Goals (SDGs) that are relevant to our business.

**FRONTKEN SUSTAINABILITY DEVELOPMENT IS CONTRIBUTING TO THE FOLLOWING SUSTAINABLE DEVELOPMENT GOALS. (12/17).**



## RESPONSIBLE BUSINESS ALLIANCE (RBA)

### FRAMEWORK

We reference the Responsible Business Alliance (RBA) Code of Conduct to support continual improvement in the social, environmental, and ethical responsibility of our business operations and supply chains. We have benchmarked and mapped the RBA Code of Conduct to our Sustainability Development Index, ensuring alignment with industry standards and best practices. This integration allows us to track and measure our progress in key areas of responsibility, including labour rights, environmental sustainability, ethical business practices, and supply chain management. By adhering to the RBA Code of Conduct and incorporating it into our sustainability framework, we reinforce our commitment to responsible business practices and sustainable development.



## ENVIRONMENTAL COMMITMENT

Our Public Commitment (Environmental)	Code (Outline Standards)
<p>We recognise that environmental responsibility is integral to producing or providing world class products and service.</p> <p>In our operations, adverse effects on the community, environment and natural resources are to be minimised while safeguarding the health and safety of the public.</p> <p>Recognised management systems such as ISO 45001 and the Eco Management and Audit System (EMAS) were used as references in preparing the Code and may be a useful source of additional information.</p>	i. Environmental Permits and Reporting
	ii. Pollution Prevention and Resource Reduction
	iii. Hazardous Substances
	iv. Solid Waste
	v. Air Emissions
	vi. Materials Restrictions
	vii. Water Management
	viii. Energy Consumption and Greenhouse Gas Emission

## SOCIAL COMMITMENT: ETHICS

Our Public Commitment (Ethics)	Code (Outline Standards)
<p>To meet social responsibilities, to uphold the highest standards of ethics to achieve success in the marketplace.</p>	i. Business Integrity
	ii. No Improper Advantage
	iii. Disclosure of Information
	iv. Intellectual Property
	v. Fair Business, Advertising and Competition
	vi. Protection of Identity and Non-Retaliation
	vii. Responsible Sourcing of Minerals
	viii. Privacy

## SOCIAL COMMITMENT: HEALTH &amp; SAFETY

Our Public Commitment (Health & Safety)	Code (Outline Standards)
<p>We recognise that in addition to minimising the incidence of work-related injury and illness, a safe and healthy work environment enhances the quality of products and services, consistency of production and worker retention and morale.</p> <p>We also recognise that ongoing worker input and education is essential to identifying and solving health and safety issues in the workplace.</p> <p>Recognised management systems such as IO 45001 and ILO Guidelines on Occupational Safety and Health were used as references in preparing the Code and may be a useful source of additional information.</p>	i. Occupational Safety
	ii. Emergency Preparedness
	iii. Occupational Injury and Illness
	iv. Industrial Hygiene
	v. Physically Demanding Work
	vi. Machine Safeguarding
	vii. Sanitation, Food, and Housing
	viii. Health and Safety Communication
	ix. Natural Disaster Risk Mitigation

## SOCIAL COMMITMENT: LABOUR

Our Public Commitment (Labour)	Code (Outline Standards)
<p>We are committed to uphold the human rights of workers, and to treat them with dignity and respect as understood by the international community.</p> <p>This applies to all workers including temporary, migrant, student, contract, direct employees, and any other type of worker.</p>	i. Freely Chosen Employment
	ii. Young Workers
	iii. Working Hours
	iv. Wages and Benefits
	v. Humane Treatment
	vi. Non-Discrimination
	vii. Freedom of Association

## MANAGEMENT COMMITMENT

Our Public Commitment (Management)	Code (Outline Standards)
<p>We establish a management system whose scope is related to the content of this Code.</p> <p>The management system was designed to ensure:</p> <ul style="list-style-type: none"> <li>a) Compliance with applicable laws, regulations and customer requirements related to our operations and service;</li> <li>b) Conformance with this Code; and</li> <li>c) Identification and mitigation of operational risks related to this Code. We also make the system continual improvement.</li> </ul>	i. Company Commitment
	ii. Management Accountability and Responsibility
	iii. Legal and Customer Requirements
	iv. Risk Assessment and Risk Management
	v. Legal and Customer Requirement
	vi. Risk Assessment and Risk Management
	vii. Improvement Objectives
	viii. Training
	ix. Communication
	x. Worker Feedback, Participation, and Grievance
	xi. Audits and Assessment
	xii. Corrective Action Process
	xiii. Documentation and Records
	xiv. Supplier Responsibility

## FTSE4GOOD BURSA MALAYSIA INDEX FRAMEWORK

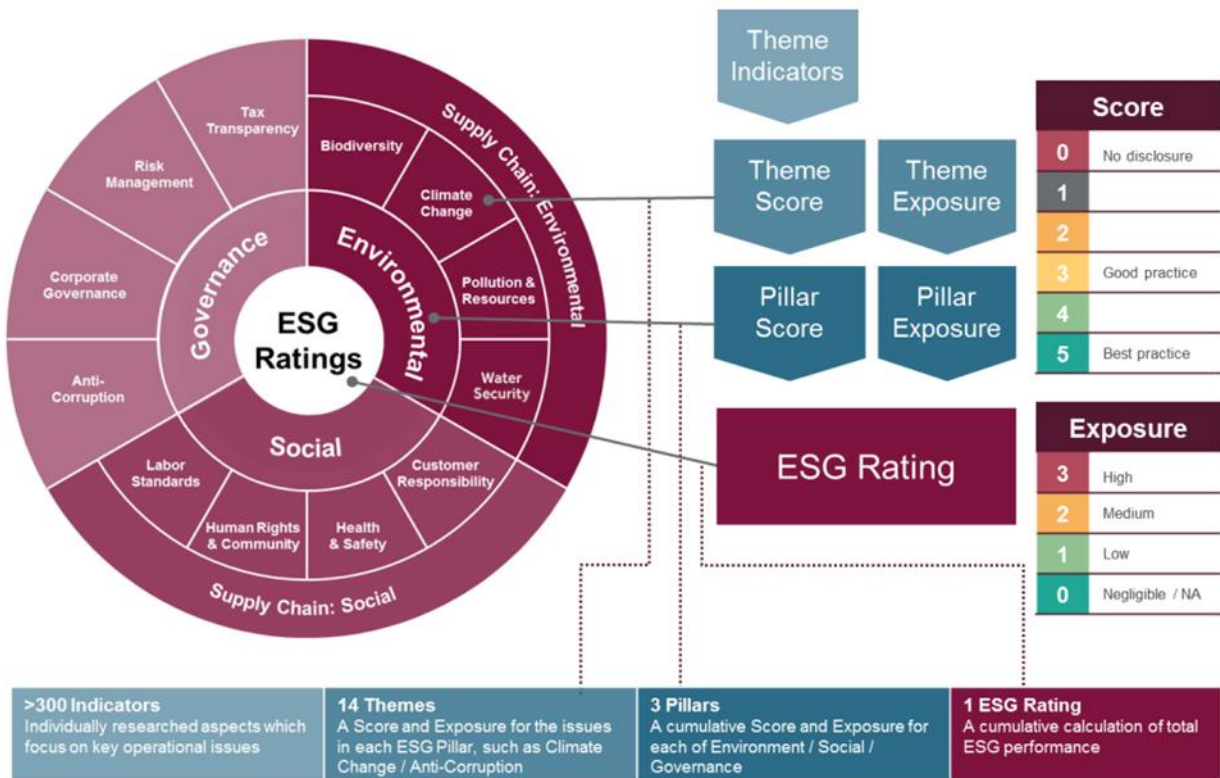
We identified the ESG applicable to our business operation based on FTSE4Good Bursa Malaysia Index.

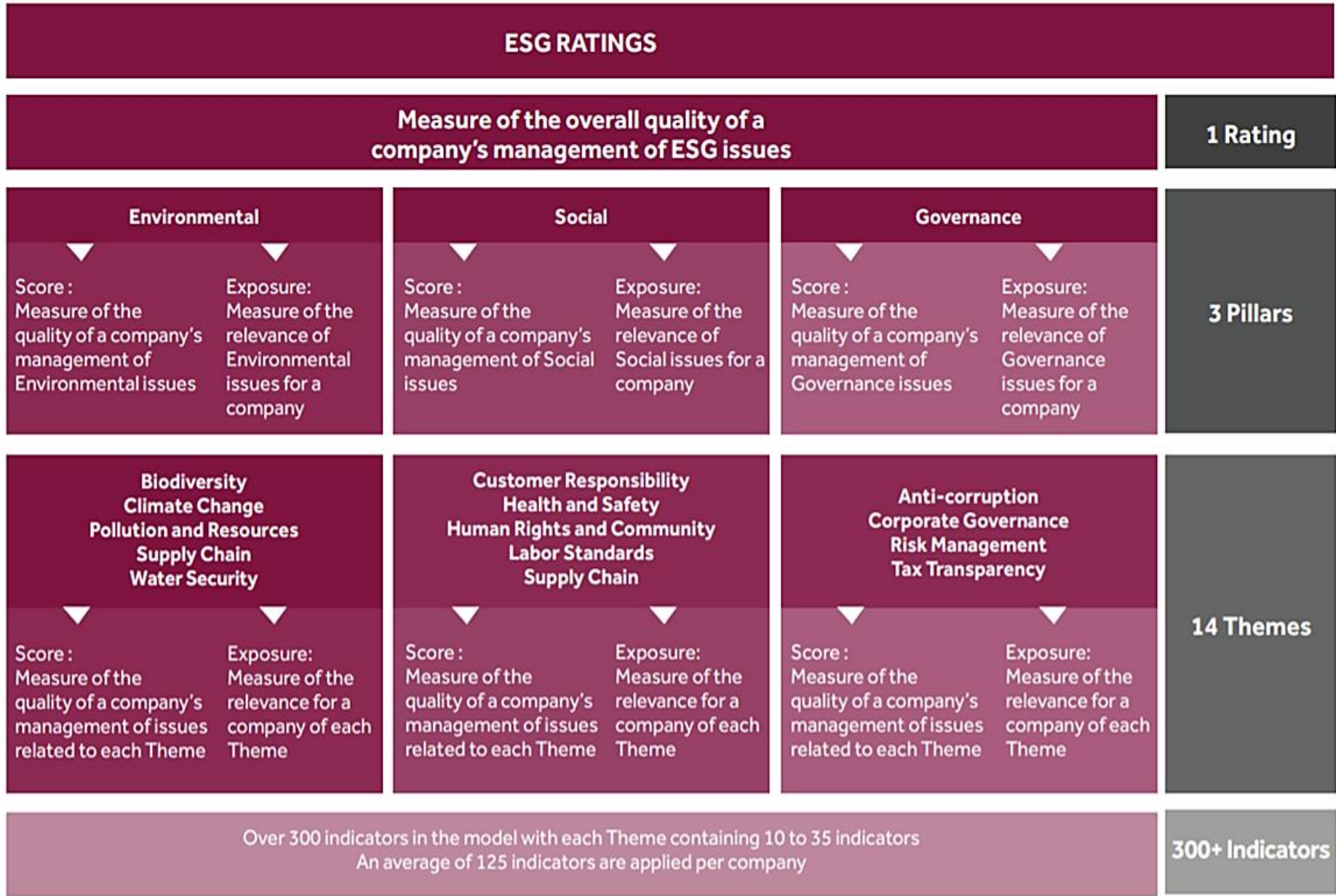
The FTSE4Good Bursa Malaysia Index constituents are selected from the constituents of the FTSE Bursa Malaysia EMAS Index, screened in accordance with the transparent and defined Environmental, Social and Governance (ESG) criteria.



The index has been designed to identify Malaysian companies with recognized corporate responsibility practices, expanding the range of the benchmarks of the FTSE Bursa Malaysia Index Series for the Malaysian Markets. The ESG model Ratings use a company's Theme Exposure and Theme score assessment to calculate a range of assessments that allow investors to understand a company's ESG practices in multiple dimensions.

## FTSE4GOOD BURSA MALAYSIA ESG SCORING MODEL





# 6 FRONTKEN SUSTAINABILITY MATERIALITY ANALYSIS AND ASSESSMENT

## UNDERSTANDING STAKEHOLDER CONCERNS AND IMPACTS

One crucial criterion in analysing materiality for Frontken is assessing stakeholder concerns and impacts. To gain a comprehensive understanding, we follow international frameworks that address society's challenges, also known as global risks. Additionally, we consider stakeholder assessments of Frontken and take into account their expressed wishes and opinions through ongoing dialogue.

These global risks and societal challenges include:

- (1) Society's challenges (Global risks)
- (2) Extreme weather events and temperatures
- (3) Natural disasters
- (4) Failures of climate change mitigation and adaptation
- (5) Water crises
- (6) Loss of biodiversity
- (7) Pandemics



By incorporating these factors into our materiality analysis, we ensure that our sustainability efforts are focused on addressing the most pressing issues as identified by stakeholders and international frameworks. This approach enables us to prioritize impactful actions that contribute to positive outcomes for both our business and society as a whole.

Note: Source: World Economic Forum Global Risks Perception Survey 2019-2020.

## MATERIALITY ANALYSIS AND ASSESSMENT

Frontken Group recognizes that the risks and opportunities facing our business and stakeholders evolve continuously due to rapid global economic, political trends, and technological developments. Therefore, we undertake regular reviews and assessments of our sustainability dimensions through materiality analysis to identify any shifts in priorities in alignment with our stakeholders.

Our Sustainability Development Roadmap provides an overview of the company’s products, services, and operations related to environmental, social, and economic performance. This roadmap is based on the Global Reporting Initiative (GRI) framework, which sets a globally relevant standard for reporting environmental, social, and economic performance.

To determine the content of our report and identify key issues and topics, we utilized the GRI materiality assessment process. This involved working closely with stakeholders to review material corporate responsibility issues that are of utmost importance to all stakeholders. Additionally, we referenced our materiality assessment to other international frameworks, including the Responsible Business Alliance, Bursa Malaysia FTSE-Russell ESG Model, UN Global Compact, and others, ensuring comprehensive coverage and alignment with industry standards.

By integrating these practices into our sustainability approach, we ensure that our roadmap reflects the most relevant and impactful sustainability initiatives, addressing key concerns of our stakeholders and contributing positively to sustainable development.

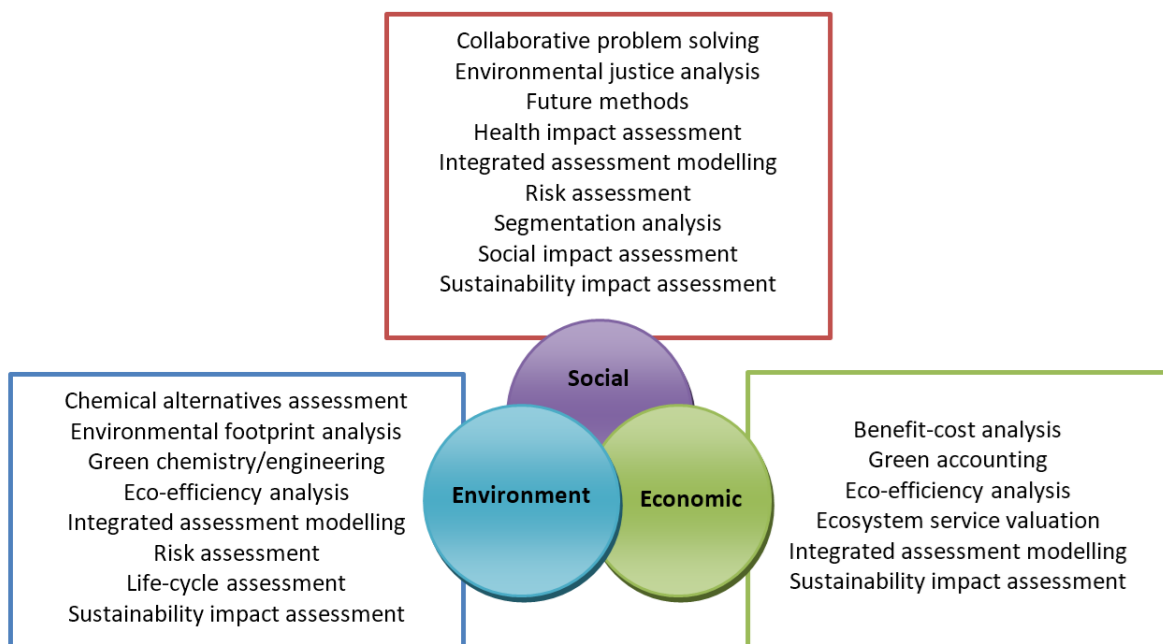
Category	Economic	Environmental		
Aspects <sup>III</sup>	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Market Presence</li> <li>Indirect Economic Impacts</li> <li>Procurement Practices</li> </ul>	<ul style="list-style-type: none"> <li>Materials</li> <li>Energy</li> <li>Water</li> <li>Biodiversity</li> <li>Emissions</li> <li>Effluents and Waste</li> <li>Products and Services</li> <li>Compliance</li> <li>Transport</li> <li>Overall</li> <li>Supplier Environmental Assessment</li> <li>Environmental Grievance Mechanisms</li> </ul>		
Category	Social			
Sub-Categories	Labor Practices and Decent Work	Human Rights	Society	Product Responsibility
Aspects <sup>III</sup>	<ul style="list-style-type: none"> <li>Employment</li> <li>Labor/Management Relations</li> <li>Occupational Health and Safety</li> <li>Training and Education</li> <li>Diversity and Equal Opportunity</li> <li>Equal Remuneration for Women and Men</li> <li>Supplier Assessment for Labor Practices</li> <li>Labor Practices Grievance Mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>Investment</li> <li>Non-discrimination</li> <li>Freedom of Association and Collective Bargaining</li> <li>Child Labor</li> <li>Forced or Compulsory Labor</li> <li>Security Practices</li> <li>Indigenous Rights</li> <li>Assessment</li> <li>Supplier Human Rights Assessment</li> <li>Human Rights Grievance Mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>Local Communities</li> <li>Anti-corruption</li> <li>Public Policy</li> <li>Anti-competitive Behavior</li> <li>Compliance</li> <li>Supplier Assessment for Impacts on Society</li> <li>Grievance Mechanisms for Impacts on Society</li> </ul>	<ul style="list-style-type: none"> <li>Customer Health and Safety</li> <li>Product and Service Labeling</li> <li>Marketing Communications</li> <li>Customer Privacy</li> <li>Compliance</li> </ul>

## REFERENCE MODEL

Our systematic reference model of materiality analysis and assessment is summarized in the figure below. This reference model enables us to evaluate the impact of sustainability issues on Frontken's operations and implement them effectively in sustainable development management.

Through this model, we assess the significance and relevance of various sustainability issues, considering their potential impact on our business, stakeholders, and the environment. This evaluation guides our decision-making processes and strategic initiatives, ensuring that we prioritize actions that address the most critical sustainability challenges.

By integrating materiality analysis and assessment into our sustainability approach, we enhance transparency, accountability, and effectiveness in managing sustainability issues, driving positive outcomes for our business and stakeholders alike.



## CONTINUOUS SUSTAINABILITY DEVELOPMENT

To prioritize key issues, we engaged with employees across our functional groups to understand their concerns, as well as those of our external stakeholders, including customers, shareholders, suppliers, policymakers, and communities. This information collection process involved leveraging meetings, operational and technical reviews, and other communication channels.

Using our reference model, we assessed and identified the level of stakeholder interest in our sustainability issues. This helped us monitor our progress in corporate sustainability and prioritize issues related to economic, environmental, and social dimensions.

As a result of these feedback mechanisms, we identified more than 20 material topics, from which a list of 10 priority topics emerged. We continue to use this iterative process to continuously improve our approach to sustainability development and the direct actions that we take.

A summary of the materiality analysis and assessment is translated into practice areas within the sustainability dimensions, guiding our strategic initiatives and operational activities in line with stakeholder interests and sustainability goals.



## FRONTKEN MATERIALITY AND ASSESSMENT

### ENVIRONMENTAL RESPONSIBILITY

Environmental Responsibility	Frontken Materiality Analysis and Assessment Dimensions
Support for Environmental Issues	On-going programs of staff training in environment;
	Working with local authorities to build capacity and enhance organizational ability to develop integrated approaches to environmental management;
	Research on renewable energy products and minimization of greenhouse gas (GHG) emissions from fossil fuels.
Environmental Risk Management	Prevention and mitigation (Environmental risk/hazard prediction and modelling, risk assessment, prevention actions);
	Risk monitoring and alertness;
	Environmental disaster responsiveness (scenarios development, emergency planning maps, communications, training);
	Sustainable disaster mitigation.
	Efficient use of materials;
Environment Performance	Energy management;
	Water impact management;
	Management of biodiversity;
	Waste / GHG emissions / effluents minimization; Waste management;
	Minimization of negative effects of products on environment.

## HUMAN RIGHTS AND LABOUR STANDARDS

Human Rights and Labour standards	Frontken Materiality Analysis and Assessment Dimensions
Employees Equal Opportunities	Equal opportunities for women, minorities and physically disabled;
	Written non-discrimination policy covering background, religion, sexual orientation;
	Policies and procedures on harassment;
	Equal opportunities management review.
Training and Professional Development	Corporate training addressing all employee levels with quantitative targets;
	programs to support the continued employability of employees;
	Courses available for lifelong learning, new skills, new technologies and professional development;
	Policy on educational leave and postgraduate courses;
	Leadership development;
	Training and communication programs on corporate responsibility and sustainability;
Good Internal Relations	Regular and full company information to employees;
	Providing open lines of communication;
	Supporting employees to balance work, family & personal commitments;
	Transparency on issues affecting security of employment, and work conditions;
	Good cooperation with unions/employee associations and employees to manage restructuring or crises;
Employee Remuneration	Fair appraisal and promotions;
	Profit sharing schemes (bonus / share options) excluding sales commission;
	Additional insurance/medical care /beyond the executive level;
	Company pension schemes; Disability policies;
	Overtime and abnormal hour's compensation;
	Other/additional benefits.
Safeguarding Against Forced or Child Labour	Safeguarding against all forms of forced or child labour;
	Supporting when possible, initiatives /actions for the elimination of forced labour.

**HEALTH PROMOTION AND COMMUNITIES SUPPORT**

<b>Health Promotion and Communities Support</b>	<b>Frontken Materiality Analysis and Assessment Dimensions</b>
Health and Safety in the Workplace	Promotion of positive health and safety at the workplace (information, seminars, training);
	Practice on recording and notification of Occupational Accidents and Diseases;
	Availability of skilled health and safety officers;
	Guidelines for dealing with work stress and lifestyle issues;
Support for Promoting Community Initiatives	Encouragement of employees to engage in voluntary action; Collaboration with local communities;
Support for Special Community Educational Needs	Support strategies for youth training; Supporting schools and education of students.
Support for Local Regeneration	Support for local regeneration schemes; Support for local business networking.
Sponsoring	Sponsoring (sports, art etc.); Philanthropy.
Support for Human Disaster Relief	Supporting humanitarian relief operations both in the wake of 'natural' disasters or during or after times of conflict;
	Support to reduce the vulnerability of communities.

## ECONOMIC RESPONSIBILITY AND GOVERNANCE

Economic Responsibility and Governance	Frontken Materiality Analysis & Assessment Dimensions
Safety and Impact of Products	Production Safety;
	Process safety;
	Minimization of the negative effects of products and services;
Issues Concerning the Customers	Price/value and quality of product;
	Responsible marketing and selling practices;
Responsible Supplier Management	Equal opportunities concerning suppliers;
	Supplier diversity management;
	Working with sub-contractors, agents and suppliers to ensure that they also adopt responsible business policies/practices;
	Responsible payments of bills;
Personal Data Privacy	Policy and practices on data privacy;
	Conformance to privacy standards;
	Practice reviews and complaints procedures.
Ethical Standards	Business ethics policies and supervision for price fixing, unfair competition, money laundering, tax fraud, bribes.
Corporate Governance	Compliance to applicable regulations;
	Transparency (accounting standards, financial disclosure);
	Corporate accountability;
	Safeguarding interests of stakeholders including minority and small shareholders;
	Guarding against conflicts of interest (audit, nomination, remuneration board committees);
	Risk management.

## 15 CORE DIMENSIONAL FOUNDATIONS

Based on the above reference model and using the materiality analysis and assessment, Frontken identified 15 core dimensional foundations in implementing the Frontken corporate sustainability development.

These 15 core dimensional foundations and its sustainability pillars and themes together with its measurement determine the economics, environmental, and social values creation, and governance for all our stakeholders.



The 15 core dimensional foundations and sustainability pillar’s/themes/ measurement for Frontken corporate sustainability development are summarized in the table as follows.

## ENVIRONMENTAL CORE DIMENSIONAL FOUNDATIONS

S/NO	FRONTKEN CORE SUSTAINABILITY PILLARS AND THEMERS	MEASUREMENT INDICATORS
1	<p><b>Emissions</b></p> <p>Emissions refer to the discharge of environmentally hazardous substances (e.g., dust, dark smoke, emissions with metallic compounds) into the atmosphere. Emissions also encompasses discharge of greenhouse gas (e.g., carbon dioxide (CO<sub>2</sub>), methane, nitrous oxide, etc.).</p>	<ol style="list-style-type: none"> <li>Emissions in tonnes of VOC</li> <li>Particulate emissions (mg) per operating hour.</li> </ol>

S/NO	FRONTKEN CORE SUSTAINABILITY PILLARS AND THEMERS	MEASUREMENT INDICATORS
2	<p><b>Waste and Effluent</b></p> <p>Waste is broken down into hazardous and non-hazardous waste, where hazardous waste is governed by local environmental regulations. Effluent is defined as any liquid that is disposed as waste or wastewater</p>	i. The total volume of effluent generated
		ii. Total weight or volume of hazardous waste generated
		iii. The ratio of waste/output
3	<p><b>Water Usage</b></p> <p>Considers consumption and efficiency of water usage for industrial processes and general purposes.</p>	i. Total volume of water used
		ii. Percentage of water recycled and reused
		iii. Water usage per product/output
4	<p><b>Energy</b></p> <p>Considers the efficient use and consumption of electricity as well Energy intensity-kWh/MWh per employee/man-hours/square as energy generated from renewable sources.</p>	i. Total energy consumed (kWh/MWh)
		ii. Amount of reduction in energy consumption achieved as a result of conservation and efficiency initiatives
		iii. Energy intensity – kWh/ MWh per employee/ man-hours/ square meter
		iv. Alternative energy research (e.g., wind, biomass, solar, clean fuels, other climate change-related matters) (investment amount and plans)
		v. Use of renewable energy (kWh/MWh)
5	<p><b>Compliance (Environmental)</b></p> <p>Compliance identifies the adherence of an organisation's activities to relevant laws and guidelines. It outlines an organisation's degree of observance of laws and guidelines governing its business, as well as efforts were undertaken to assess the anticipated environmental impact of its activities.</p>	i. The total monetary value of fines and the total number of nonmonetary sanctions for noncompliance with environmental laws and regulations

## SOCIAL CORE DIMENSIONAL FOUNDATIONS

S/NO	FRONTKEN CORE SUSTAINABILITY PILLARS AND THEMERS	MEASUREMENT INDICATORS
6	<p><b>Social Diversity</b></p> <p>Diversity, specifically in the workforce, management and the Board, is characterised by gender, age, etc.</p>	i. The percentage of <b>employees</b> per employee category in each of the following diversity categories: (a) gender; (b) age group; and (c) ethnicity.
		ii. The percentage of <b>directors</b> in each of the following diversity categories: (a) gender; (b) age group; and (c) ethnicity.
		iii. Employment arrangement-local and foreign
7	<p><b>Human Rights</b></p> <p>In accordance with the United Nations Universal Declaration on the Number of discrimination incidents Human Rights, this is defined as/to include: the right not to be discriminated against; not be enslaved; be treated with dignity; have the right to rest and leisure, including reasonable limitation Number of child labour incidents of working hours and periodic holidays with pay; and the right to freedom of opinion and expression.</p>	i. Percentage of employees trained in human rights policies or procedures concerning aspects of human rights that are relevant to operations
		ii. Number of Discrimination Incidents
		iii. Number of Child Labour Incidents
		iv. Number of grievances about human rights issues
		v. Number of forced or compulsory labour incidents
8	<p><b>Occupational Safety and Health</b></p> <p>In accordance with the International Labour Organization, occupational safety and health refers to the anticipation, recognition, evaluation and control of hazards arising in or from the workplace that could impair the health and well-being of workers.</p>	i. Percentage of workers undergoing safety and health training per annum
		ii. Number of work-related injuries per annum
		iii. Rate of work-related injuries per annum
		iv. Number of work-related fatalities (includes employees and contractors)
		v. Accident frequency rate
		vi. Severity rate
		vii. Number and percentage of workers undergoing health surveillance

S/NO	FRONTKEN CORE SUSTAINABILITY PILLARS AND THEMERS	MEASUREMENT INDICATORS
9	<p><b>Labour practices</b></p> <p>The fair treatment of employees regarding terms and conditions of employment and the development of employees' skills and knowledge.</p>	i. Average hours of training per annum per employee-by-employee category
		ii. Total number of employee turnover ( <i>broken down by employee type</i> ) during the reporting period, by: (a) age group; (b) gender.
		iii. Rate of employee turnover ( <i>broken down by employee type</i> ) during the reporting period, by: (a) age group; (b) gender.
		iv. Employee benefits
10	<p><b>Society</b></p> <p>This relates to the impact organizations have on society and local communities.</p>	i. Disclosure of social impact assessment (SIA) performed (if any) and current practices to mitigate negative impacts.
11	<p><b>Product and Services Responsibility (Social)</b></p> <p>i. The impact of products and services on the well-being of society, including privacy, health and safety.</p>	i. Number of complaints
	ii. Customer relationship management (grievance mechanism)	ii. Transparency in product information and labelling
12	<p><b>Compliance (Social)</b></p> <p>Compliance identifies the adherence of an organization's activities to relevant laws and guidelines.</p>	i. The total monetary value of fines and nonmonetary sanctions for noncompliance with laws and regulations.

## GOVERNANCE CORE DIMENSIONAL FOUNDATIONS

S/NO	FRONTKEN CORE SUSTAINABILITY PILLARS AND THEMERS	MEASUREMENT INDICATORS
13	<p><b>Anti-competitive Behaviour</b></p> <p>Concerning ethical business practices without affecting consumer choice, pricing, and market efficiency.</p>	i. Number of legal actions pending or completed regarding anti-competitive behaviour Indicator(s)
14	<p><b>Anti-corruption</b></p> <p>In accordance with Transparency International Malaysia, corruption is defined as the abuse of entrusted power for private gain. (e.g., bribery, extortion, fraud, undue pressure or influence, and collusion/anticompetitive behaviour).</p>	i. Percentage of employees that have received training on anticorruption by employee category  ii. Percentage of operations assessed for risks related to corruption

## SUPPLY CHAIN CORE DIMENSIONAL FOUNDATIONS

S/NO	FRONTKEN CORE SUSTAINABILITY PILLARS AND THEMERS	MEASUREMENT INDICATORS
15	<p><b>Supply Chain (Social)</b></p> <p>Relates to significant and potential social impacts on society in the supply chain.</p>	iii. Assessment of new and existing suppliers to identify existing or potential negative social impacts  iv. Results of supplier monitoring/auditing

## CONTINUALLY ASSESS RELEVANT ISSUES AND OPPORTUNITIES

Although we are relatively new to sustainability development, we have made commendable progress in our sustainability efforts. However, we acknowledge that there is still much more that can be done. We are committed to continually assessing relevant issues and opportunities because we believe we can play an instrumental role in creating a positive economic, social, and environmental impact.

Our journey in sustainability is an ongoing process of learning, improvement, and innovation. We are dedicated to embracing sustainable practices, addressing challenges, and seizing opportunities to contribute meaningfully to a more sustainable future. By staying proactive, responsive, and collaborative, we aim to make a lasting and positive difference for our stakeholders and the planet.

We are excited about the potential for growth, innovation, and positive impact that lies ahead as we continue to integrate sustainability into every aspect of our business operations and culture.

# 7 FRONTKEN SUSTAINABILITY DEVELOPMENT:

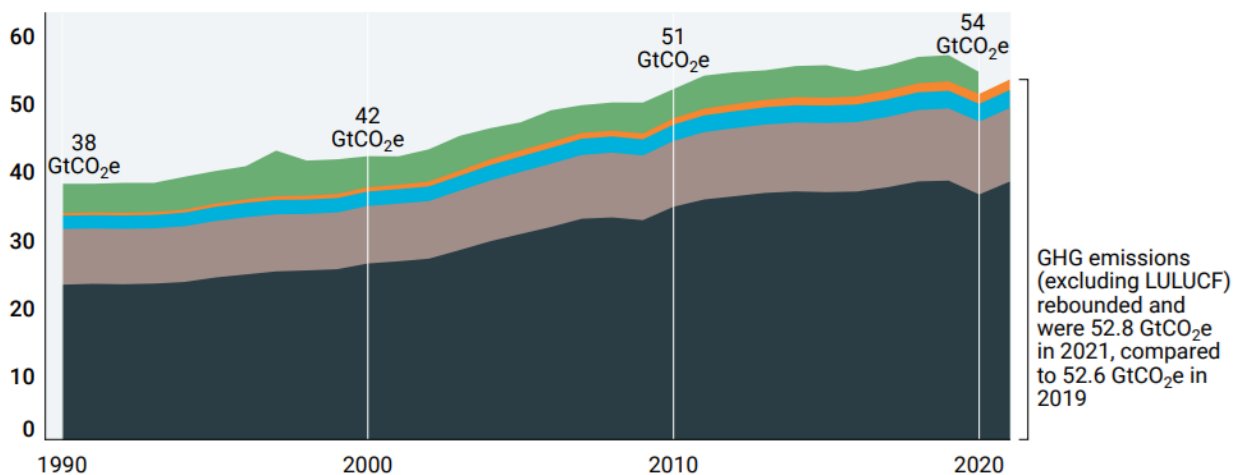
## ENVIRONMENT

Climate change represents a critical threat to the safety, well-being, and prosperity of our communities and the global economy. The current scale and pace of human-induced environmental changes are unprecedented in history, marked by increased levels of greenhouse gases (GHGs) that are warming the planet. This warming trend leads to a cascade of effects including accelerated species extinction rates, degradation of renewable resources like water, and negative impacts on interconnected natural systems reliant on finite resources such as fossil fuels.

The Global Risks Report 2022 identifies "Climate Action Failure" as the most severe risk facing the world in the next decade. We are deeply concerned about the potential impacts of climate change on our company operations and the broader societal issues it may engender.

The greenhouse effect, a natural phenomenon, is crucial for maintaining the Earth's temperature at levels conducive to life. The greenhouse effect occurs naturally when heat from the Earth's surface is absorbed by greenhouse gases (GHGs) such as carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), sulphur hexafluoride (SF<sub>6</sub>), hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs).

Total GHG emissions 1990–2021 (GtCO<sub>2</sub>e/year)



[Source: United Nations Environment Programme (2022). Emissions Gap Report 2022]

Greenhouse gases are naturally present in the air and allow the Earth's atmosphere to be warm enough to support life. However, human activities such as burning of fossil fuels for energy and industrial production, and clearing of forests to raise livestock, increases the amount of GHGs in the atmosphere. These additional GHGs trap even more heat in the atmosphere, making the Earth warmer. Global warming leads to long-term climate change.

Scientists worry that the accumulation of these gases in the atmosphere has changed and will continue to change the climate. The risk of climate change depends on the physical and socioeconomic implications of a changing climate. Potential climate change risks have several effects

including more severe weather patterns; damage to human-built environments, chaotic ecosystems, damage biodiversity; changes in patterns of drought and flood, with less potable water; inundation of coastal areas from rising sea levels; and more deaths from heat waves, storms, and contaminated water, and increased incidence of tropical diseases.

Scientists reach this conclusion by looking at two trends. First, global surface temperature data show that Earth has warmed 0.5 °C (1 °F) over the past 100 years. At the same time, atmospheric concentrations of GHGs such as CO<sub>2</sub> have increased by about 30% over the past 200 years.

The threat of climate change is being addressed globally by the United Nations Framework Convention on Climate Change (UNFCCC): the long-term objective is 'to stabilise atmospheric greenhouse gas concentrations at a level that would prevent dangerous anthropogenic interference with the climate system'.

According to the Intergovernmental Panel on Climate Change (IPCC), to keep global warming below 2 °C, emissions of carbon dioxide (CO<sub>2</sub>) and other greenhouse gases (GHGs) must be halved by 2050 (compared with 1990 levels). The world will see serious climate impacts at 1.5°C. But after that it gets much worse. The difference between 1.5°C and 2°C can be summarised as follows:

- a) the difference between 70% or 99% of coral reefs dying;
- b) double the likelihood that insects, vital pollinators, lose half their habitat;
- c) ice-less summers in The Arctic Ocean once per century or once per decade;
- d) one meter added in sea-level rise;
- e) million to 16 million affected by sea-level rise in coastal areas by the end of this century.

The resulting extremes in weather patterns are already causing significant disruption to people and economies across the world. This disruption will inevitably increase through the 21st century, as levels of greenhouse gases (GHGs) in the atmosphere continue to grow. Frontken acknowledges the scientific consensus, as set out clearly in the latest assessment report from the United Nations (UN) Intergovernmental Panel on Climate Change (IPCC), that emissions of carbon dioxide (CO<sub>2</sub>) and other GHGs from human activity are leading to changes in the global climate.

Our climate change management strategy is twofold: internal strengthening of our capabilities in both mitigation and adaptation, and external focus on supply chain carbon reduction and providing low-carbon services to our customers. Internally, we are enhancing our processes and technologies to reduce our carbon footprint and improve our resilience to climate impacts. Externally, we are working with our suppliers to reduce emissions throughout the supply chain and offering low-carbon solutions to our customers, aligning with global climate goals and contributing to a sustainable future.

## **MANAGING ENVIRONMENT RISKS**

Frontken Group recognizes the pervasive impact of climate change across its operations, from research and development to production processes, products and services, supply chain management, and sales activities. As a responsible corporate entity, we are deeply committed to understanding, mitigating, managing, and minimizing our environmental footprint across our entire value chain, including our business operations, suppliers, and customers.

We understand that the impact on process development and production is particularly significant. Therefore, we have proactively developed energy-efficient processes and implemented measures to reduce greenhouse gas (GHG) emissions. In the short-term, we are mindful of potential risks such as carbon prices (carbon credit prices), extreme weather conditions, and shifts in customer behaviour. However, we also view the development of energy-efficient processes as an opportunity to align with sustainability goals and enhance our operational efficiency.

We continuously monitor potential environment-related risks on an annual basis, with responsibility for identifying company-wide and site-specific risks resting with a core team of global emergency response, crisis management, and business continuity personnel, as well as local facilities teams. We continue to strengthen our environmental programs, focusing on strategic initiatives that we believe will yield greater impact over the long term. Our risk identification, mitigation, and management plans help ensure our ability to recover quickly from climate-related events and effectively support our customers' and suppliers' operations.



Frontken Group is dedicated to addressing environmental risks and climate change through a comprehensive approach that combines mitigation and adaptation strategies. Our environmental strategy focuses on key areas such as improving energy efficiency, reducing overall consumption, and decreasing reliance on non-renewable energy sources. We actively seek opportunities to integrate alternative forms of energy into our operations to further enhance sustainability.

Furthermore, we are committed to minimizing emissions of volatile organic compounds (VOCs), hazardous air pollutants (HAPs), nitrogen oxides (NO<sub>x</sub>), and carbon monoxide (CO) through the implementation of advanced technologies like wet scrubbers. These initiatives are part of our broader efforts to reduce our environmental footprint and contribute positively to environmental protection.

Our emphasis on environmental activities is evident in our Health Safety Environmental (HSE) Management System, which guides our actions and ensures compliance with environmental regulations. By prioritizing energy efficiency, reducing emissions, and adopting sustainable practices, Frontken Group aims to significantly decrease environmental risks and lessen our climate footprint across our products and services.

We believe we can maximize reducing the environment risk and climate footprint of our products and services through the following efforts.

**(a) Focus on maximizing energy efficiency and minimizing consumption**

- i. Scope 1, 2, and 3 GHG Emissions

**(b) Focus on conserving water resources**

- i. Responsible water management; and
- ii. Waste water recycling and reuse.

**(c) Focus on waste reduction**

- i. Engage our employee to reduce, reuse and recycle our non-hazardous waste;
- ii. To reduce hazardous waste to landfill through innovative applications by select green chemical and other alternative chemicals.

**(d) Ensure safe work environment and employees health**

- i. Engage and train our employee to achieve Zero fatal incidents of health and safety fatalities;
- ii. Reduce our ono-fatal health and safety recordable injury rate to 0.09 hour per 100 Employees

**(e) Ensure sustainable production processes and technological innovation**

- i. Continuously ensure supply chain responsible sourcing and sustainability qualification of our key suppliers;
- ii. Full compliance to full process of records internal audits without major critical discrepancies;
- iii. Continuously increase the number of RDI activities and IP generated for green production.

**(f) Chemical Management**

- i. Increase usage of environmental friendly chemical:
- ii. Full compliance to proper handling, usage, storage and disposal of used chemicals in an environmental friendly manner.

## OUR CLIMATE CHANGE MANAGEMENT

We have integrated oversight and management responsibility for environmental sustainability issues at multiple levels of the company, and across the countries where we operate. We support transparency related to the financial risks of climate change, to help investors, lenders, insurers, and other stakeholders better understand our climate risks. We are working towards the benchmarking and aligning our disclosures with reference to the IFRS, which has developed a framework for companies to report on their climate-related financial risk disclosure.

Our sustainability practices drive efficiency, lower costs and decrease negative impacts on the communities where we operate, and reduce resource use. Our goal is to enable us to grow our operations without correspondingly increasing our environmental footprint. We work to engage all of our employees in helping to reduce our environmental impact. We also work collaboratively with governments, environmental groups and other companies to broaden our impact in addressing environmental issues. We set up the management system to conduct self-assessments including reviews of environmental performance related to HSE compliance.



Frontken Group will in accordance with our environmental policy and measures committed to:

- a) Reduce the energy used in our operations; including improved energy efficiency in our buildings, facilities, equipment and tooling;
- b) Reduce water impacts in the manufacturing of our operations, including the use of our services, and operation of all our facilities;
- c) Implement alternative or renewable energy technologies such as solar panels, where practical to provide additional sustainable energy for our facilities;
- d) Engage with all the stakeholders including the supply chain to combat climate change;
- e) Work with suppliers/partners to reduce the carbon embedded in all consumables such as chemicals, packaging materials, and the carbon footprint of our equipment and supply chain suppliers to minimise their carbon impacts;
- f) Integrate green chemistry innovation into our processes design and green production, including removal of harmful chemicals that detriment to human health or the environment;
- g) Set targets to reduce our carbon emissions including scope 1, scope 2 and scope 3;
- h) Report our greenhouse gas emissions, targets, results and activities openly and in accordance with the Greenhouse Gas Protocol.

We pledged to reduce our Emissions Intensity (EI) – the amount of GHGs emitted per dollar revenue – by 50 per cent by 2050, and to stabilise emissions with the aim of peaking around 2050; and to achieve Net Zero Emissions by 2050.

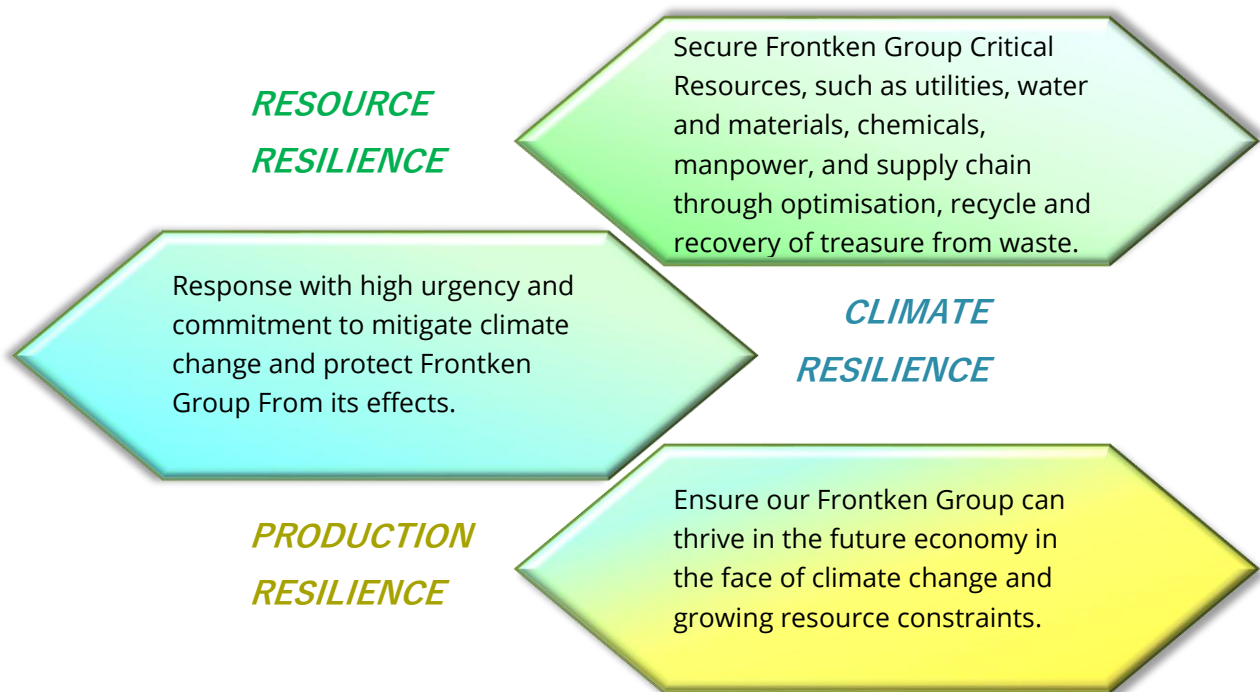
Frontken Group advocates for operational transparency and respects shareholder rights as foundational principles for successful corporate governance. They emphasize the importance of a sound and effective Board of Directors and link shareholders' interests with Environmental, Social, and Governance (ESG) achievements, including climate change management, through incentive and performance bonuses for corporate executives and employee restricted stock awards (RSAs) issued by the Board and approved by shareholders.

Annually, Frontken Group reports on climate change in its Sustainability Report, detailing progress on long-term initiatives aimed at improving transparency, setting ambitious targets, and integrating climate change responsibility across all business units. They are committed to introducing specific initiatives to significantly reduce greenhouse gas (GHG) emissions, aiming to continuously decrease their carbon footprint and impact on climate change by improving energy efficiency and reducing emissions.

## ENVIRONMENT - CLIMATE CHANGE

Frontken Group recognizes the urgent and significant threat posed by climate change to humanity and the environment. The global nature of CO2 as a pollutant necessitates a coordinated, international response to address its consequences, including dangerous heat levels, droughts, floods, and extreme hardships for millions of people worldwide. The effects of climate change extend to various aspects of the environment, from extreme weather events to changes in sea temperature, ocean acidity, and rising sea levels.

In response to these challenges, Frontken Group approaches climate change with high urgency and commitment. They focus on conducting materiality assessments to identify critical issues and determine where the greatest impact lies. This approach helps them develop strategies across their strategic pillars of climate resilience, resource resilience, and production resilience. By executing these strategies effectively, Frontken aims to reduce its environmental footprint and contribute to mitigating the effects of climate change.



## **FOCUS ON MAXIMIZING ENERGY EFFICIENCY AND MINIMIZING CONSUMPTION;**

Frontken Group is dedicated to minimizing the impact of climate change by taking proactive measures. This commitment includes identifying climate-related issues, conducting risk analysis, and developing and implementing sustainability strategies aimed at decoupling business growth from total carbon emissions. Regular discussions on environmental climate change occur within various management teams and sustainability development committees.

The management of Greenhouse Gas (GHG) emissions (Scope 1, Scope 2, and Scope 3) is a priority at all Frontken worksites. This is achieved through robust monitoring and reporting mechanisms embedded in the Health, Safety, and Environment (HSE) framework. The company is committed to embracing an efficient, clean-energy future, contributing to the transition toward a low-carbon economy.

Frontken Group focuses on maximizing energy performance and minimizing consumption across its operations. This involves initiatives such as optimized energy-use monitoring, energy conservation practices, and the purchase of the most energy-efficient equipment and emissions-control technologies available. Additionally, the company invests in improving facility infrastructure with more energy-efficient methods and equipment, further reducing its environmental footprint.

## **GHG EMISSIONS CLASSIFICATION (SCOPE 1, 2 & 3)**

- a) Scope 1 – Direct Emissions from company facilities, fleets, etc;
- b) Scope 2 – Indirect Emissions from electricity purchased and used by the company;
- c) Scope 3 – Other Indirect Emissions from company activities via entities beyond its ownership or control (procurement, shipping, distribution, waste, etc.), as well as business travel and employee commuting.

In accordance with the GHG Protocol Corporate Accounting Standard, we report Scope 1 and Scope 2 emissions separately. Our list of Scope 3 emissions is based on the GHG Protocol Scope 3 Standard (Corporate Value Chain Accounting and Reporting Standard). We have studied in details all 15 categories in this standard for relevance and report the emissions for the relevant categories.

## **SCOPE 2 ELECTRICITY CONSUMPTION**

We have identified Scope 2 electricity consumption as having the greatest potential impact on achieving our stated energy and emissions targets. Most of our energy use is associated with our production. Optimizing energy efficiency in our operations is a key component of company's overall sustainability strategy. We committed to continue to cut energy use to lower our utility costs and reduce our environmental footprint. We are committed to doing our part to achieve a low-carbon future.

We've already boosted the share of renewable power in our energy mix. Our sources of renewable energy include On-Site Generation: Renewable power generated by renewable energy sources (i.e. solar). Meanwhile we support to purchase green power and use solar, wind, fuel cell, and other alternative energy sources.

We continue to enjoy savings from our scrubber overhaul and replacement and energy saving lighting system projects implemented:

- a) We continue to improve on the optimization of energy conservation for our scrubbers, which are our single biggest user of electricity. It is important that our scrubbers operate in the most efficient manner. We achieve this through our scrubber overhaul and replacement program.
- b) We also continue to explore the use of energy conservation Performance Enhancement Lighting Management System, allowing lighting levels to be automatically managed based on motion detection.
- c) We continue to enhance the energy conservation initiative by using energy savings lightings at our offices.
- d) We continue to implement and expand renewable power in our energy mix. In both our Taiwan plant and Singapore Plant, we installed solar photovoltaic systems on the roof of the plant to generate electricity and achieve an average monthly power generation of up to **124,897** kWh; and we accumulatively generated approximately **6,226,682** kWh of green power since 2018.
- e) We continue to improve our energy conservation transformation of the chiller system, office air conditioning system, dust-collecting and exhaust system and lighting system, including the adoption of frequency conversion technology, the installation of flow monitoring and control system and the replacement of energy-saving lightings. To that end, we achieved considerable good results. Consequently, we have continued to save more than **1,498,764** kWh of electricity using solar energy every year since the implementation of these projects.

## ENVIRONMENTAL IMPACT OF THE FRONTKEN SEMICONDUCTOR VALUE CHAIN

Frontken Group employs a comprehensive approach to assess the environmental impact of its business activities, encompassing its entire value chain. This assessment includes monitoring Scope 1, 2, and 3 greenhouse gas (GHG) emissions, which are key indicators of environmental impact. The calculation methodology adheres to the GHG Protocol, recognized globally as the standard for GHG accounting and reporting.

Scope 1 emissions refer to direct GHG emissions from sources that are owned or controlled by the company, such as emissions from fuel combustion in owned vehicles or facilities. Scope 2 emissions are indirect emissions from the generation of purchased electricity, heat, or steam consumed by the company. Scope 3 emissions encompass all other indirect emissions that occur in the value chain of the company, including emissions from purchased goods and services, transportation, employee commuting, and waste disposal.

By monitoring and calculating emissions across all three scopes, Frontken Group gains a comprehensive understanding of its environmental impact and can identify areas for improvement and optimization. This approach aligns with international best practices and demonstrates the company's commitment to environmental sustainability and responsible business practices.

## FRONTKEN GHG EMISSIONS: SCOPE 1, 2, & 3

### SCOPE 1: DIRECT EMISSIONS, INCLUDING THOSE FROM INTERNAL FUEL COMBUSTION AND INDUSTRIAL PROCESSES

Multiplying quantity of fuels used, emissions of non-energy origin by the emission factors.

### SCOPE 2: INDIRECT EMISSIONS FROM CONSUMPTION OF PURCHASED ELECTRICITY, HEAT, OR STEAM

Multiplying quantity of electricity used by the emission factors

### SCOPE 3: OTHER INDIRECT EMISSIONS

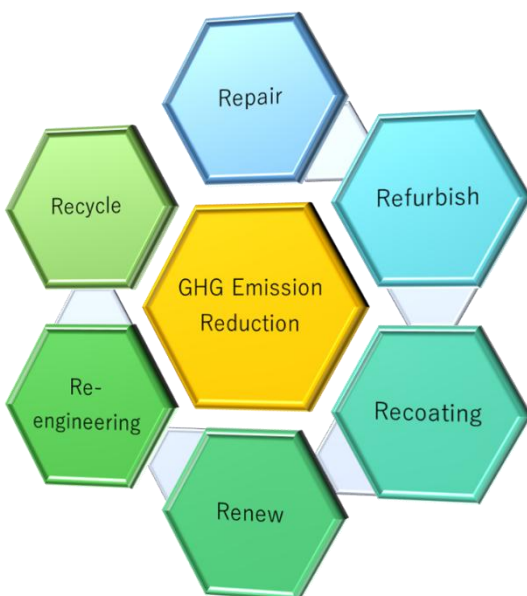
- (1) Purchased goods and services = Multiplying quantity of money spent of goods and services purchased by the emission factors.
- (2) Capital goods = Multiplying quantity and distance of transportation, distribution by the emission factors.
- (3) Fuel and energy related activities = Multiplying quantity of fuels, electricity used by the emission factors.
- (4) Upstream transportation and distribution = Multiplying quantity and distance of transportation, distribution by the emission factors.
- (5) Waste generated in operations = Multiplying quantity of waste generated by the emission factors.
- (6) Business travel = Multiplying quantity of money spent of business travel by the emission factors.
- (7) Employee commuting = Multiplying quantity of money spent of employee commuting by the emission factors.
- (8) Upstream leased assets = Multiplying quantity of energy used for upstream leased assets by the emission factors.
- (9) Downstream transportation and distribution = Estimation from category.
- (10) Processing of sold products: Excluded
- (11) Use of sold products = Multiplying quantity of annual energy consumption by end use of goods and services sold, service life, the shipping volume by the emission factors.
- (12) End-of-life treatment of sold products = Multiplying quantity of waste disposal and treatment of products sold by the emission factors.
- (13) Downstream leased assets: Excluded
- (14) Franchises: Excluded
- (15) Investments: Excluded

Frontken consistently monitors our carbon footprint, and have established 2020 as the Baseline year for our emission reduction targets. Our strategic approach on managing carbon emissions involves enhancing internal mechanisms, controls and reporting to ensure robustness of data to formulate its carbon reduction targets.

## FRONTKEN'S CARBON NEUTRALITY: SCOPE 4 IN AVOIDING GHG EMISSIONS

Frontken Corporation Berhad (FCB), listed on the Main Market of Bursa Malaysia Securities Berhad, has since its inception in 1996, established itself as a world leading service provider of advanced precision cleaning and surface treatment for semiconductor process chamber parts and repair and maintenance services for the oil and gas industry. We use cutting edge technology to extend the lifespan of the high precision tools/equipment used in the fabrication of wafers, while significantly improving its customer's process efficiency, operating and maintenance costs. Our mission is to serve our customers with complete satisfaction which includes not only the most competitive price and fastest delivery time but also the highest technical performance and reliability for all our services and products.

## RECYCLING AND REJUVENATION: APPROACHES TO LOWER GHG EMISSIONS COMPARED TO MANUFACTURING NEW COMPONENTS



In general, recycling a component usually produces significantly lower GHG emissions than manufacturing a new one because recycling requires less energy. For example: Recycling aluminum uses about 5% of the energy needed to produce aluminum from bauxite ore; recycling steel requires about 60-74% less energy than producing new steel from iron ore.

However, manufacturing a new component involves extracting raw materials, transporting them, and processing them into a finished product, which is energy-intensive and typically relies on fossil fuels. On average, recycling can reduce GHG emissions by 50% to 95%, depending on the material.

The following explains why parts recycling/refurbishment process is more effective:

- Energy Savings** – Recycling parts processes like metals and plastics requires less energy than processing raw materials.
- Avoided Extraction Emissions** – Recycling parts able to avoid the emission from the extracting of raw materials, such as mining and drilling, which emits significant GHGs.
- Transportation** – Recycling facilities are available locally and closer to production facilities, as compared to the source of raw materials, thus reducing emissions from transportation.
- Byproducts Management** – Recycling parts processing generate fewer byproducts compared to raw material extraction processing.

Hence, parts recycling results in lower GHG emissions compared to manufacturing new components. The percentage difference depends on the material and processes involved but is substantial, often exceeding 50% energy reduction, and in some cases, like aluminium material recycling, reaching up to 95% energy savings.

## FRONTKEN DRIVES CARBON NEUTRALITY WITH INNOVATIVE REFURBISHMENT TECHNOLOGY: SCOPE 4 EMISSION PERSPECTIVE

As global industries strive toward carbon neutrality, the focus has predominantly been on Scope 1, 2, and 3 emissions—direct emissions from operations, indirect emissions from purchased energy, and emissions across the value chain. However, a new concept, Scope 4 emissions, is gaining attention. Scope 4 emissions refer to avoided emissions, which are emissions prevented by the adoption of innovative technologies or solutions that improve efficiency, reduce waste, and minimize the carbon footprint.

At the forefront of Scope 4 innovation, our company leverages cutting-edge technology to refurbish and recycle critical precision metal components. This process not only extends the service life of these components but also enhances their performance, driving significant environmental and economic benefits. Below, we delve into the significance of our refurbishment technology in advancing carbon neutrality through the lens of avoided emissions.

Manufacturing precision metal components is highly resource-intensive, involving the extraction of raw materials, energy-demanding processes, and significant greenhouse gas (GHG) emissions. Traditional end-of-life practices for these components, such as disposal or complete replacement, exacerbate these environmental challenges and demanding further resource consumption. Refurbishment (the process of restoring and upgrading used components) emerges as a sustainable alternative. By adopting refurbishment instead of replacement, enterprise can avoid the carbon emissions associated with mining, transportation, and the full-scale manufacturing of new components.

### OUR TECHNOLOGY ACHIEVES SCOPE 4 EMISSIONS

- a) **Extending Component Lifespan:** Our refurbishment technology significantly extends the service life of precision metal components. This reduces the frequency of replacements, thereby preventing the emissions associated with the production of new components. Each refurbished component represents emissions avoided from material extraction, manufacturing, and logistical operations.
- b) **Enhanced Performance:** By improving the performance of refurbished components, our technology ensures greater operational efficiency. Enhanced efficiency often translates to reduced energy consumption during the component's use phase, further avoiding indirect emissions (Scope 2 and 3) for our clients.
- c) **Zero-Waste Innovation:** Our closed-loop process achieves zero waste by recycling all materials involved. This circular approach minimizes the need for raw material extraction, cutting emissions from resource-intensive mining and refining activities. Furthermore, waste elimination contributes to reducing methane emissions from landfills.
- d) **Enabling Downstream Carbon Savings:** Clients who adopt our refurbished components often realize significant energy and cost savings. For example, improved component performance in energy-intensive industries like semiconductor foundry reduces operational emissions, contributing to the broader reduction of GHG emissions across the value chain.

### BEYOND CARBON NEUTRALITY: INDUSTRY-WIDE SUSTAINABILITY

The broader adoption of refurbishment technologies can catalyse a paradigm shift in industrial sustainability. By demonstrating the viability of zero-waste, high-performance solutions, we aim to

continuously innovate and advance, leading the practice of circular economy. Our approach aligns with global sustainability goals, including the United Nations’ Sustainable Development Goals (SDGs), particularly Goal 12 (Responsible Consumption and Production) and Goal 13 (Climate Action).

In the journey toward carbon neutrality, recognizing and prioritizing Scope 4 emissions is essential. Our innovative refurbishment and recycling technology exemplifies how businesses can drive avoided emissions while delivering economic and performance benefits to their clients. By extending the lifecycle of precision metal components, achieving zero waste, and enhancing efficiency, we not only reduce GHG emissions but also pave the way for a more sustainable industrial future.

Together, through cutting-edge innovation and a commitment to sustainability, we can achieve lasting environmental impact and contribute meaningfully to the fight against climate change.

### SCOPE 4 ACHIEVEMENT IN CLIMATE CHANGE

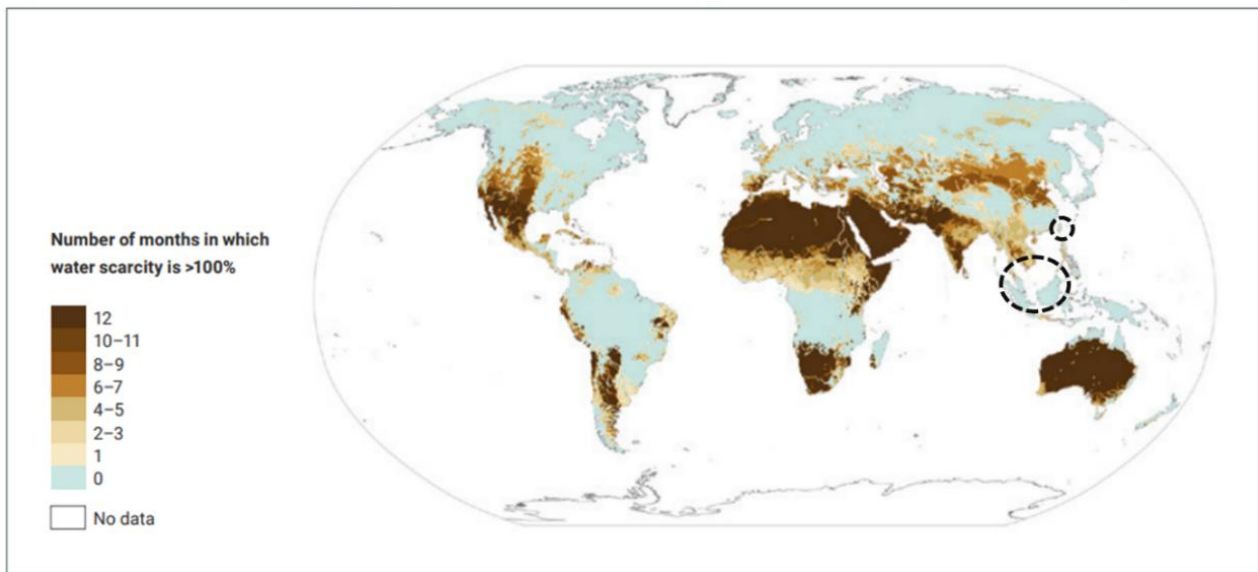
GHG EMISSION & INTENSITY DATA INDICATORS	UNIT OF MEASURE	STATUS IN FY2025
<b>Scope 4</b> Avoided GHG Emissions: Emissions prevented by the adoption of innovative technologies, and minimize the carbon footprint.	kgCO2e per unit production	Absolute value, in progress
	tCO2e per unit revenue in Million RM	Absolute value, in progress
	tCO2e	Absolute value, in progress

## FRONTKEN WATER CONSERVATION

### SECURING CONSISTENT SUPPLY OF CLEAN WATER SOURCE

Water scarcity is a phenomenon that varies significantly across different regions, influenced by factors such as climate, geography, and resource management practices. The Frontken Group operates sites in various countries, notably Malaysia, Singapore, and Taiwan, each facing distinct challenges in the management of their water resources.

Fortunately, our operational sites are situated in regions with low risk of water scarcity, as indicated by data from the UNESCO World Water Development Report 2024. Malaysia, Singapore, and Taiwan reported no instances of water scarcity within the specified research timeframe.

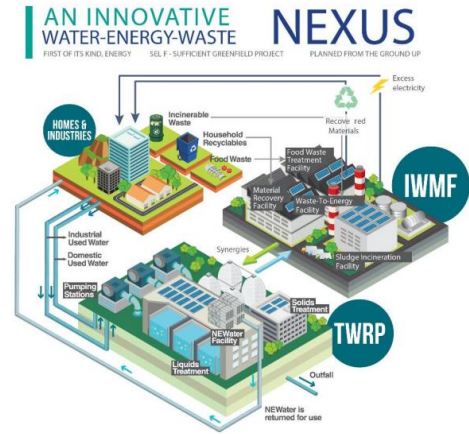
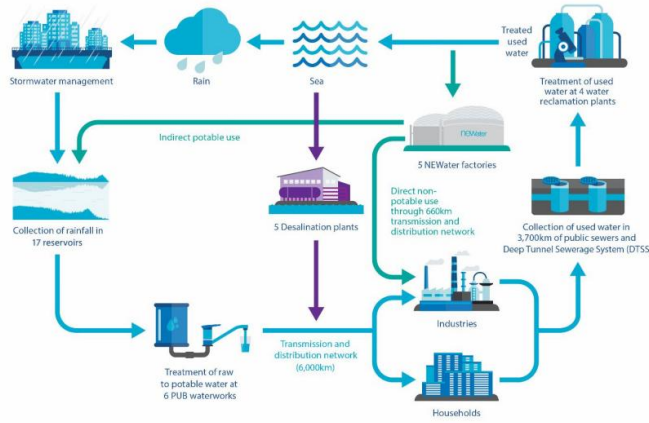


*[Source: the UNESCO World Water Development Report (2024)]*

While these countries confront various levels of water-related challenges, it is important to note that Singapore is inherently water-scarce due to its limited land area and scarcity of freshwater sources. In contrast, Malaysia and Taiwan benefit from abundant rainfall, averaging approximately 3,000 ml annually; however, both countries encounter difficulties related to water management and distribution. The implementation of effective policies and technological advancements is critical for ensuring sustained water security across all three regions.

Malaysia experiences substantial annual rainfall, averaging approximately 3,000 ml. This rainfall contributes to an estimated annual water resource of around 900 billion cubic meters. About 97% of the nation's raw water supply, utilized for agricultural, domestic, and industrial purposes, is sourced from surface water, primarily from rivers. Malaysia's abundant rainfall is often compromised by issues such as insufficient water catchment area, pollutions and uneven distribution, leading to localized shortages, particularly in urban centres, including Penang, Selangor, Kuala Lumpur, and Malacca which are distinct from our production sites.

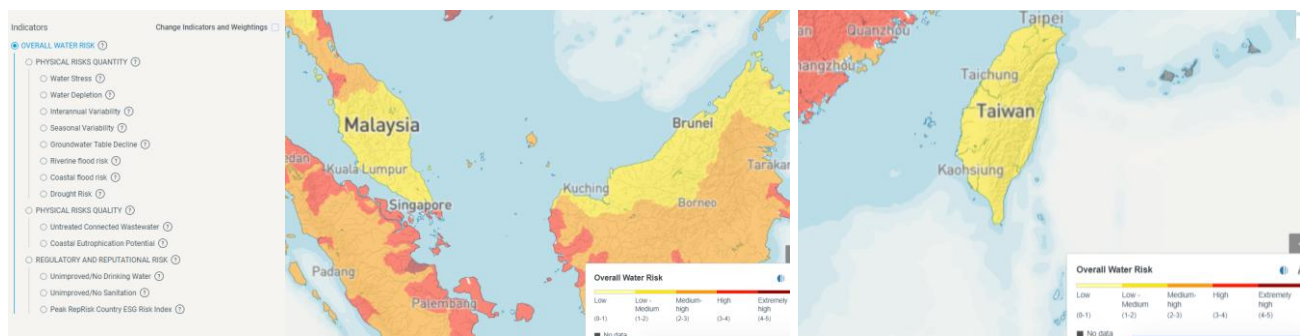
In Singapore, a comprehensive water management strategy termed the "Four National Taps" has been established to mitigate its natural water scarcity. This strategy encompasses imported water, local catchment water, NEWater (recycled wastewater), and desalinated water.



[Source: PUB SINGAPORE'S NATIONAL WATER AGENCY, PUB-Green-Bond-Report (2023)]

Conversely, Taiwan has a tropical to subtropical monsoon climate characterized by distinct rainfall patterns. Most of the rain falls during the monsoon season, which lasts from May to October. In the southern region, Taiwan receives considerable rainfall in this season, yet its steep topography and rapid runoff diminish water storage capacity. Seasonal typhoons contribute to heavy rainfall; however, prolonged dry spells can lead to drought conditions, adversely affecting agriculture and domestic consumption. The challenges of water shortages are further intensified by climate change and increasing industrial demand, particularly in the semiconductor manufacturing sector.

In summary, our organisation is situated within an industrial area that is not designated as a water-scarce area. According to publicly available data (WRI AQUEDUCT Water Risk Atlas) and our internal evaluations, we do not currently experience any immediate water shortages nor do we encounter significant competition for water resources. Although our facilities are not located in a water-stressed region, we are actively pursuing initiatives to enhance efficiency and optimize water utilization in order to prevent wastage. Concurrently, we have implemented measures to ensure that the quality of discharged water consistently complies with local water standards. This commitment is essential in fostering a sustainable supply of clean water.



[Source: World Resources Institute's AQUEDUCT WATER RISK ATLAS, (2024)]

## FOCUS ON CONSERVING WATER RESOURCES

Frontken Group is actively engaged in water conservation efforts to preserve water resources and maintain a sustainable water cycle across its operational regions. The company collaborates with stakeholders to ensure lasting water resources and implements water conservation activities. Frontken Group's focus areas for water conservation include:

- a) **Responsible water management;** Implementing measures to improve the efficiency of water usage in operations and processes.
- b) **Wastewater recycling and reuse;** Developing and implementing effective wastewater treatment systems to minimize water wastage and ensure responsible disposal of wastewater.
- c) **Recycling and Reuse:** Promoting recycling and reuse of water where feasible to reduce overall water consumption and minimize environmental impact.
- d) **Community Engagement:** Engaging with local communities and stakeholders to raise awareness about water conservation practices and encourage responsible water usage.
- e) **Compliance and Standards:** Adhering to regulatory requirements and industry standards related to water conservation and management.

We make efforts to conserve water resources by using water efficiently and preventing water pollution. In our environmental action plan, we are continuously working on reducing the water used in our production operations. Our HSE and Sustainability Development teams are responsible for ensuring that water-related risks are assessed and minimized.

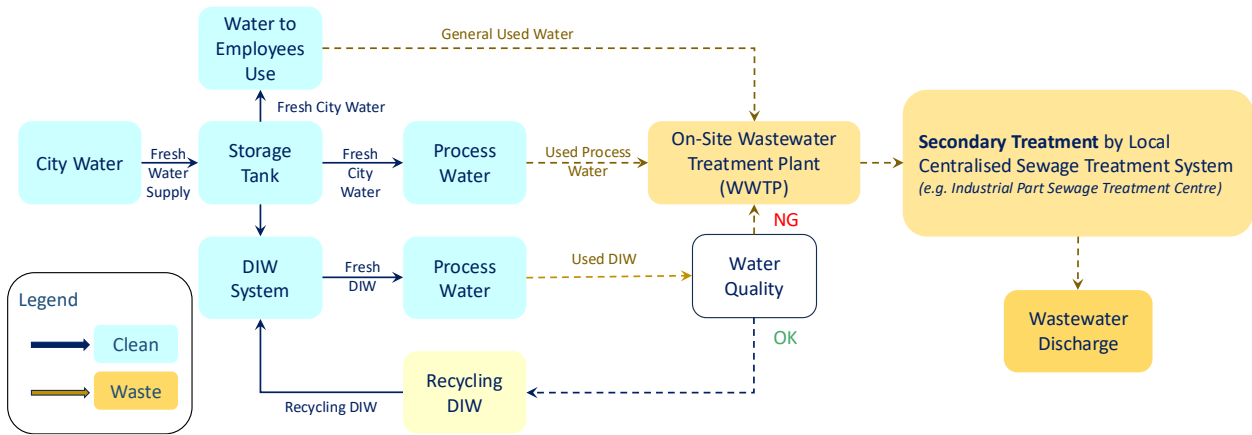
Water is a vital resource, and Frontken Group recognizes the critical importance of responsible water management across its operations. Our primary water usage is attributed to production activities, with a significant portion dedicated to producing ultra-pure water (UPW) for cleaning parts. Actively managing our water usage is paramount, not only to meet our business needs but also to contribute positively to our communities and reduce our environmental impact.

Our commitment to responsible water management is evident in our Water Policy, which outlines our strategies and initiatives for conserving water resources. By actively monitoring and optimizing our operational water use, we aim to achieve several important goals:

- a) **Environmental Impact Reduction:** Cutting water consumption directly reduces our environmental footprint, helping to conserve this precious resource for future generations. By implementing efficient water management practices, we minimize the strain on local water sources and ecosystems.
- b) **Utility Cost Savings:** Efficient water management not only benefits the environment but also contributes to cost savings. Reduced water consumption leads to lower utility costs, improving the overall economic sustainability of our operations.
- c) **Community Engagement:** Our water conservation efforts extend beyond internal operations. We engage with local communities and stakeholders to promote water conservation awareness and collaborate on sustainable water use initiatives.
- d) **Compliance and Sustainability:** Frontken Group adheres to regulatory standards and best practices related to water management. Our commitment to sustainability drives us to continually improve our water conservation strategies and performance.

In line with our broader sustainability goals, our Water Policy is part of a comprehensive approach to environmental responsibility. We continuously evaluate and enhance our water management practices, leveraging innovation and technology to achieve greater efficiency and environmental stewardship.

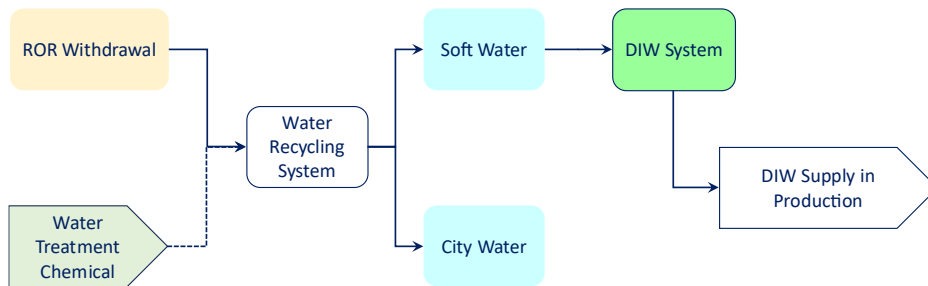
Through these efforts, Frontken Group aims to be a leader in responsible water management, contributing positively to environmental conservation and sustainable development.



## OUR OPERATIONAL WATER FOOTPRINT

We are committed to undertake the following actions, where appropriate, continuously: Conduct a comprehensive water-use assessment to understand the extent to which the company uses water in the direct production of goods and services. Set targets for our operations related to water conservation and waste-water treatment, framed in a corporate cleaner production and consumption strategy. Seek to invest in and use new technologies to achieve these goals. Raise awareness of water sustainability within corporate culture. Include water sustainability considerations in business decision-making – e.g., facility-siting, due diligence, and production processes.

## WASTEWATER RECYCLING AND REUSE



By continuously collecting and reusing wastewater from our production processes and systems, we are reducing the amount of water used and wastewater effluent. Through these recycling and reuse activities, we reduce environmental loads on water resources due to the intake and effluent of water in our production activities.

We continuously reuse DIW after the final cleaning process for other industrial purposes. Our ultimate vision is to continuously reuse water in our operations to reduce our discharged water. We currently discharge water from our operations in compliance with local permits. We established waste DIW collection system at Taiwan plant for recycling to reduce the waste of water resource. We conserved about 15% water annually.



## WASTEWATER DISCHARGE QUALITY

The wastewater that cannot be recycled or reused will go through a waste treatment system to remove any heavy metal contaminations, **with strict quality control and assurance according to the local laws, regulations, and requirements before being discharged out into the public system.** We are committed to protect the water sources in our communities where we operate, and we practice strong water discipline throughout our entire value chain.

## FRONTKEN WASTE REDUCTION

### FOCUS ON WASTE REDUCTION

Frontken group is committed to minimizing waste across our operations, focusing our waste reduction efforts on diverting waste from the landfill in order to reduce our environmental footprint, conserve valuable operational resources and help the communities that we serve.

We create and operate comprehensive waste management programs including waste reduction, reuse, and recycling and refurbish and separation programs, to minimize the amount of waste generated from our production and related activities. For the management of hazardous waste, we outsource to licensed third-party hazardous material disposal companies to manage the hazardous waste, consistent with applicable laws and regulations.

Key aspects of our waste management approach include:

- a) **Waste Reduction:** We prioritize waste reduction strategies to minimize the amount of waste generated from our production and related activities. This includes initiatives to optimize processes, reduce material usage, and implement efficient resource management practices.
- b) **Reuse and Recycling:** We promote a culture of reuse and recycling within our organization, encouraging employees to find innovative ways to reuse materials and participate actively in recycling programs. This helps us maximize resource efficiency and minimize waste disposal.
- c) **Refurbish and Separation Programs:** Our comprehensive waste management programs include refurbishment initiatives for reusable materials and effective separation programs to ensure proper disposal and recycling of different waste streams.
- d) **Hazardous Waste Management:** For hazardous waste generated in our operations, we adhere strictly to applicable laws and regulations. We collaborate with licensed third-party hazardous material disposal companies to manage hazardous waste disposal safely and responsibly.
- e) **Wastewater Treatment:** A significant portion of our waste is generated from our wastewater treatment plant (WWTP). We employ advanced technologies and best practices in wastewater treatment to minimize environmental impact and ensure compliance with regulatory standards.

By reducing, reusing, and recycling waste across our operations, Frontken Group not only lowers waste management costs but also significantly decreases our environmental impact. Additionally, these efforts can indirectly generate other income and revenue streams through innovative waste management solutions and resource optimization.

Our commitment to responsible waste management extends to continuous improvement and innovation, as we strive to set industry benchmarks and contribute positively to environmental sustainability.

Most of the waste generated from our wastewater treatment plant (WWTP). We have hazardous waste which disposal is under regulations and non-hazardous waste, include non-regulated wastes such as plastics, metal and paper. Reducing, reusing, and recycling this waste can reduce waste management costs, lower our environmental impact, and indirectly generate other income and revenue.

- a) Engage our employee to reduce, reuse and recycle our non-hazardous waste;
- b) To reduce hazardous waste to landfill through innovative applications by select green chemical and other alternative chemicals.

We reuse DIW in our process base on their condition. The accumulative waste DIW recycling has achieved **577,495** Tons since 2018. At the same time, through the general waste recycling project, we achieved the recycle amount **585,483** kg since 2018. They include waste PE bags, plastic-bottles, waste metal and paper.

- Maintenance & Refurbishment
- Re-Engineering (Modifications & Upgrade)
- Repair & Overhaul
- Re-manufacture/life extension
- Technological R&D



- Reliability & Conservation
- Efficiency Improvement
- Recovery & Restoration
- Renew & Reuse
- Eco-Friendly Innovations

We actively monitor our waste management practices both as part of doing business and in the corporate office environment. We continued to undertake initiatives to create awareness among employees and promote best practices in waste management. Our efforts in this space support the Sustainable Development Goal on Responsible Consumption and Production. We are in the process of conducting a thorough audit of our domestic waste to set a Baseline of our waste separation and disposal practices. We will be running a number of programmes to change people’s behaviours towards waste, and then further audits to measure the effect on our domestic waste. We encourage our customers and employees to reduce, reuse and recycle the waste items like e-waste, paper, chemical and cleanroom wipers through a number of initiatives.



## FRONTKEN CHEMICAL MANAGEMENT



Frontken Group uses substantial types of chemicals and related materials (both hazardous and non-hazardous) for our operations. There is a legal requirement for all who produce, keep or dispose of waste of any type to comply with the various regulations and the Duty of Care under Environmental Protection legislation. Frontken Group recognises the importance of meeting these legal requirements and to manage its chemicals responsibly, reduce to minimize or eliminate the use of certain environmentally sensitive materials in our operation and production processes.

Frontken Group recognise that the chemical management and disposal from our operation imposes environmental and societal issues and contributing to Climate Change. Frontken Group is committed to protection of the environment and employee's health and safety through the implementation of an effective and sustainable chemical management programme, which is regularly reviewed and updated to ensure that it continues to meet or exceed legislative and regulatory requirements as well as industry standard best practice.



## RESTRICTED MATERIALS

Substances subject to restrictions are hazardous chemicals, and therefore must be used under strictly controlled conditions since their manufacture, marketing or use represent unacceptable risks for human health or the environment.

The serious damages caused by exposure to restricted substances make the highly dangerous substances and their elimination/substitution shall be proposed as a preventive measure according with the first principle of preventive action expressed in the policy on safety and health of workers at work.

## RESTRICTED MATERIALS MAXIMUM PERMISSIBLE CONC. (PPM)

- The definition of the maximum permissible concentration (ppm)
- The denominator of the maximum permissible concentration is the mass of a homogeneous material (same material). Composite materials, however, should conform to the followings:
- Chemical compounds, alloys and metal alloys are defined as homogeneous materials.
- With respect to raw materials for paints, adhesives, inks and pastes, what is ultimately formed as a result of the expected usage of each material (example: for paints and adhesives, their state after drying and hardening) is defined as a homogeneous material.
- With respect to single or multiple layers in painting, printing and plating, each single layer is considered to be a homogeneous material.
- The numerator of the maximum permissible concentration is as follows:
- The mass of each metal element in case of Cd, Pb, Cr6+, and Hg.
- The mass of PBB or PBDE in case of PBB and PBDE.

RESTRICTED MATERIALS	Maximum permissible Concentration (ppm)
CADMIUM AND ITS COMPOUNDS METAL INCLUDES ITS ALLOYS	1000
HEXAVALENT CHROMIUM compounds metal includes its alloys	1000
LEAD, AND ITS COMPOUNDS METAL INCLUDE ITS ALLOYS	1000
MERCURY AND ITS COMPOUNDS METAL INCLUDE ITS ALLOYS	1000
POLYBROMINATED BIPHENYLS (PBBS)	1000
POLYBROMINATED DIPHENYL ETHERS (PBDES)	1000
TRI-SUBSTITUTED ORGANOSTANNIC COMPOUNDS - TRIBUTYL TIN COMPOUNDS (TBT) - TRIPHENYL TIN COMPOUNDS (TPT) - BIS(TRIBUTYL TIN) OXIDE (TBTO)	Intentional use is prohibited, however, 1000ppm or less as tin
POLYCHLORINATED BIPHENYLS (PCBS)	Intentional use is prohibited
POLYCHLORINATED TERPHENYLS (PCTS)	Intentional use is prohibited
POLYCHLORINATED NAPHTHALENE (with a Chlorine count of 2 or more)	Intentional use is prohibited
SHORT-CHAIN PARAFFIN CHLORIDE	Intentional use is prohibited
ASBESTOS	Intentional use is prohibited, however, 1000ppm or less
OZONE-DEPLETING SUBSTANCES (CLASS I) CLASS I SUBSTANCES, according to the Montreal protocol, on substances that deplete the Ozone Layer	Intentional use is prohibited
PFOS AND ITS ANALOGOUS COMPOUNDS	Intentional use is prohibited
2-(2H-1,2,3-BENZOTRIAZOLE-2-YL) -4,6-	Intentional use is prohibited
DI-TERT-BUTYLPHENOL	Intentional use is prohibited, however, 1000ppm or less as tin
HEXACHLOROBENZENE	Intentional use is prohibited
DIMETHYL FUMARATE (DMF)	Maximum permissible concentration (ppm)=0.1ppm or less
HEXABROMOCYCLODODECANE (HBCD OR HBCDD)	Intentional use is prohibited

## FRONTKEN BIODIVERSITY PROTECTION

Biodiversity refers to the **variety of life on Earth**, including different species of plants, animals, fungi, and microorganisms, as well as the ecosystems they form (forests, oceans, wetlands, etc.). It also includes **genetic diversity** within species and the **ecological interactions** that support life. Biodiversity is essential for maintaining a **stable and healthy environment**. In the current context, it plays a crucial role in:

### 1. Ecosystem Services & Human Well-being

- Provides **clean air, water, and food** (pollination, soil fertility, water purification).
- Regulates **climate** by storing carbon (forests, wetlands).
- Protects against **natural disasters** (mangroves prevent coastal erosion, forests reduce flood risks).

### 2. Economic Importance

- Many industries depend on biodiversity, such as **agriculture, forestry, fishing, and pharmaceuticals**.
- Loss of biodiversity leads to financial risks (e.g., reduced crop yields, disrupted supply chains).

### 3. Climate Change Resilience

- Biodiversity helps ecosystems **adapt to climate change** by maintaining natural balance.
- Loss of species makes ecosystems more vulnerable to extreme weather events.

### 4. Health & Disease Prevention

- Natural ecosystems **regulate diseases** by controlling pest populations.
- Biodiversity loss increases the risk of **zoonotic diseases** (e.g., COVID-19, which originated from wildlife).

### 5. Global Biodiversity Crisis

- The world is facing a **biodiversity crisis**, with species extinction rates **100–1,000 times higher** than natural levels.
- Deforestation, pollution, habitat destruction, and climate change are accelerating this loss.
- The **Global Biodiversity Framework (GBF)** aims to halt biodiversity loss by 2030.

## RISK ASSESSMENT OF THE POTENTIAL IMPACT OF FRONTKEN'S BUSINESS ACTIVITIES ON BIODIVERSITY

Our facilities are situated in industrial zones across various regions, and our business activities present a minimal risk of direct impact on biodiversity. Nevertheless, we take potential indirect impacts seriously. We conduct thorough assessments of our air emissions, wastewater discharges, and hazardous waste management to evaluate their effects on adjacent ecosystems.

1. Sustainable Sourcing to Secure the Resource for the future generation, reducing the impact risk from our business activity and/or our supply chain activity in affecting the local wildlife and significant habitat destruction. Following our company Policy and direction (e.g. Policy E-01):
  - a) We ensure that the emissions and discharges of pollutants and generation of waste are minimized or eliminated at the source or by practices such as adding pollution control equipment; modifying production, maintenance, and facility processes; or by other means.
  - b) We also ensure that the use of natural resources, including water, fossil fuels, minerals, and virgin forest products, are conserve by practices such as modifying production, maintenance and facility processes, materials substitution, re-use, conservation, recycling, or other means.
  - c) We also committed to 100% compliance to adhere to all applicable laws, regulations, and customer requirements regarding the prohibition or restriction of specific substances in products and manufacturing, including labelling for recycling and disposal.
2. Pollution Prevention and Resource Reduction for Achieving Corporate Sustainability Goals. We understand that waste products may poses risk of contamination to the local environment (etc. soil, water, and air pollutants) and must be properly treated and disposed.
  - a. We ensured that our wastewater discharged are fully comply with local government standards. We monitor the water quality of the water with sensors; and periodically conduct external audits/calibration to ensure our system operates smoothly.
  - b. We increased the usage of environmentally friendly chemicals to reduce the hazardous waste generated per unit production from our operations.
  - c. Through our process improvement and continuous improvement projects, we aim to reduce the waste generated and air pollutants generated.
  - d. Through our waste recycling projects, we continuously putting effort in reducing the total amount of waste from our production.
3. Improve Energy efficiency and reduce Carbon Footprint in Frontken Operations. Energy-intensive manufacturing processes significantly contribute to GHG impacting climate change.
  - a. Our innovative refurbishment and recycling technology exemplifies how businesses can drive avoided emissions while delivering economic and performance benefits to their clients. By extending the lifecycle of precision metal components, achieving zero waste, and enhancing efficiency, we not only reduce GHG emissions but also pave the way for a more sustainable industrial future with lower carbon emissions.
  - b. Through our green power project, we continuously generating green energy in our facility to help reduce the carbon footprint in our industry.
  - c. Through our process improvement and continuous improvement projects, we aim to improve energy efficiency and reduce the GHG Emission generated per business activity.

## ENVIRONMENT – GHG EMISSION & INTENSITY INDICATOR & STATUS

### GHG EMISSION & INTENSITY INDICATOR AND STATUS

GHG EMISSION & INTENSITY DATA INDICATORS	UNIT OF MEASURE	STATUS IN FY2025
<b>Total Scope 1</b> GHG Emissions	tCO2e	Absolute value, in progress
<b>Total Scope 2</b> GHG Emissions	tCO2e	Absolute value, in progress
<b>Total Scope 3</b> GHG Emissions	tCO2e	Absolute value, in progress
<b>Scope 1 and 2</b> GHG Emissions	tCO2e	Absolute value, in progress
<b>Total Scope 1, 2, and 3</b> GHG Emissions	tCO2e	Absolute value, in progress
<b>Scope 1</b> GHG Emission Intensity (EI) <i>Reduce 10% our Emissions Intensity (EI) – the amount of GHGs emitted per dollar revenue. (Baseline data FY2020).</i>  <b>Target by 2028:</b> Reduce 10% EI <b>Target by 2035:</b> Reduce 25% EI <b>Target by 2050:</b> Reduce 50% EI	kgCO2e per unit revenue in Million RM	On-Track
	kgCO2e per unit production	
<b>Scope 2</b> GHG Emission Intensity (EI) <i>Reduce 10% our greenhouse gas (GHG) emissions per unit of production. (Include: Energy consumption and GHG emissions) (Baseline data FY2020).</i>  <b>Target by 2028:</b> Reduce 10% EI <b>Target by 2035:</b> Reduce 20% EI <b>Target by 2050:</b> Reduce 50% EI	kgCO2e per unit revenue in Million RM	On-Track
	kgCO2e per unit production	
<b>Scope 4</b> Avoided GHG Emissions: Emissions prevented by the adoption of innovative technologies, and minimize the carbon footprint.	kgCO2e per unit revenue in Million RM	Absolute value, in progress
	kgCO2e per unit production	

	tCO2e	
--	-------	--

**Scope 1:** *Direct Emissions from company facilities, fleets, & etc.*

**Scope 2:** *Indirect Emissions from electricity purchased and used by the company.*

**Scope 3:** *Other Indirect Emissions from company activities via entities beyond its ownership or control.*

**Scope 4:** *The Avoided CO2 Emission from Frontken Operation (Calculated based on Scope 1 & Scope 2).*

## GHG SUPPORTING INDICATOR AND STATUS

GHG SUPPORTING DATA INDICATORS	UNIT OF MEASURE	STATUS IN FY2025
Total Energy Consumption Data	MWh	Absolute value, in progress
	MWh per unit Revenue	Absolute value, in progress
	kWh per unit Production	Absolute value, in progress
Internal Carbon Price per tonne of GHG Emissions	USD per tCO <sub>2e</sub>	Absolute value, in progress
Scope 3 GHG Emission (Total)	tCO <sub>2</sub>	Absolute value, in progress
Purchased Goods and Services	tCO <sub>2</sub>	Absolute value, in progress
Capital Goods	tCO <sub>2</sub>	Absolute value, in progress
Fuel-and-energy-related activities (not included in scope 1 or 2)	tCO <sub>2</sub>	Absolute value, in progress
Upstream transportation and distribution	tCO <sub>2</sub>	Absolute value, in progress
Waste generated in operations	tCO <sub>2</sub>	Absolute value, in progress
Business travel	tCO <sub>2</sub>	Absolute value, in progress
Employee commuting	tCO <sub>2</sub>	Absolute value, in progress

Downstream transportation and distribution	tCO <sub>2</sub>	Absolute value, in progress
Investments	tCO <sub>2</sub>	Absolute value, in progress
Processing of sold products	tCO <sub>2</sub>	Absolute value, in progress
Use of sold products	tCO <sub>2</sub>	Absolute value, in progress
End of life treatment of sold products	tCO <sub>2</sub>	Absolute value, in progress
Downstream leased assets	tCO <sub>2</sub>	Absolute value, in progress
Franchises	tCO <sub>2</sub>	Absolute value, in progress
Other (upstream)	tCO <sub>2</sub>	Absolute value, in progress
Other (downstream)	tCO <sub>2</sub>	Absolute value, in progress
Upstream leased assets	tCO <sub>2</sub>	Absolute value, in progress

**CONTRIBUTION TO THE SDG'S (ENVIRONMENT)**



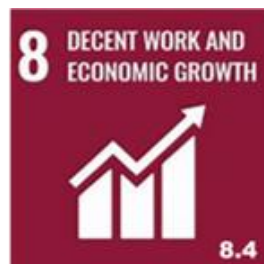
## WATER CONSERVATION – INDICATORS, TARGET & STATUS

### WATER CONSERVATION INDICATORS & STATUS

WATER DISCHARGE & WITHDRAWAL INDICATORS	UNIT OF MEASURE	STATUS IN FY2025
<b>Water Consumption per unit of Production</b> <i>Reduce 10% our water consumption per unit of production. (Baseline data FY2019).</i>  <b>Target by 2028:</b> Reduce 10% Water Consumption Intensity <b>Target by 2035:</b> Reduce 20% Water Consumption Intensity <b>Target by 2050:</b> Reduce 30% Water Consumption Intensity	m <sup>3</sup> per unit Revenue  m <sup>3</sup> per unit Production	On-Track
<b>Total No. Case of Abnormal Occurrences to Supervising Authorities</b>  <b>Ongoing Target:</b> < 1 case of abnormal occurrences	Number of abnormal occurrences	On-Track
<b>Number of Incidents of non-compliance with Water Quality/Quantity Permits, Standards and Regulations.</b>	number of incidents	Absolute value, in progress
<b>Water Management Plan (including Water Recycling System)</b>	Kilo Tonnes	Absolute value, in progress
<b>No. of Water-Stressed Region sites</b>	Number	Absolute value, in progress
<b>Total Amount of Water Withdrawal in Facilities</b>	m <sup>3</sup> Water	Absolute value, in progress
Surface water from rivers, lakes, natural ponds	m <sup>3</sup> Water	Absolute value, in progress
Groundwater from wells, boreholes	m <sup>3</sup> Water	Absolute value, in progress
Used quarry water collected in the quarry	m <sup>3</sup> Water	Absolute value, in progress
Municipal potable water	m <sup>3</sup> Water	Absolute value, in progress

External wastewater	m <sup>3</sup> Water	Absolute value, in progress
Harvested rainwater	m <sup>3</sup> Water	Absolute value, in progress
Sea water, water extracted from the sea or the ocean	m <sup>3</sup> Water	Absolute value, in progress
<b>Total Amount of Water (Effluent) Discharged from Facilities</b>	m <sup>3</sup> Water	Absolute value, in progress
Ocean total discharge	m <sup>3</sup> Water	Absolute value, in progress
Surface Water total discharge	m <sup>3</sup> Water	Absolute value, in progress
Subsurface / well total discharge	m <sup>3</sup> Water	Absolute value, in progress
Off-site water treatment total discharge	m <sup>3</sup> Water	Absolute value, in progress
Beneficial / other use total discharge	m <sup>3</sup> Water	Absolute value, in progress

**CONTRIBUTION TO THE SDGS (WATER CONSERVATION)**



## WASTE REDUCTION – INDICATORS, TARGET &amp; STATUS

## WASTE &amp; AIR POLLUTANTS INDICATORS AND STATUS

WASTE & AIR POLLUTANTS INDICATORS	UNIT OF MEASURE	STATUS IN FY2025
Total amount of <b>Waste Recycled</b> .	Tonnes	Absolute value, in progress
Total amount of <b>Hazardous Waste Generated</b>	Tonnes	Absolute value, in progress
Total amount of <b>Non-recycled Waste Generated</b>	Tonnes	Absolute value, in progress
<p><i>Reduce 10% our <b>Waste Generated</b> in kg per unit of production. (Baseline data FY2019)</i></p> <p><b>Target by 2028:</b> Reduce 10%  <b>Target by 2035:</b> Reduce 20%  <b>Target by 2050:</b> Reduce 50%</p>	kg waste per unit Revenue	On-Track
	kg waste per unit Production	
<p><i>Reduce 10% our unit <b>Air Pollutant Emissions</b> – the amount of air pollutant emissions in kg per unit of production. (Baseline data FY2020).</i></p> <p><b>Target by 2028:</b> Reduce 10% Air Pollutant Emissions  <b>Target by 2035:</b> Reduce 25% Air Pollutant Emissions  <b>Target by 2050:</b> Reduce 50% Air Pollutant Emissions</p>	kg Air Pollutant per unit Revenue	On-Track
	kg Air Pollutant per unit Production	
<p>Total No. Case of Abnormal Occurrences to supervising authorities.</p> <p><b>Ongoing Target:</b> &lt; 1 case of abnormal occurrences</p>	Number of abnormal occurrences	On-Track
Total costs of <b>Environmental Fines and Penalties</b> during financial year	\$ USD	Absolute value, in progress

CONTRIBUTION TO THE SDGS (WASTE REDUCTION)



CHEMICAL MANAGEMENT - INDICATORS, TARGET & STATUS

RAW MATERIAL & CHEMICAL INDICATORS AND STATUS

RAW MATERIAL & CHEMICAL INDICATORS	UNIT OF MEASURE	STATUS IN FY2024
Total raw material used	Tonnes	Absolute value, in progress
Total twin aluminium wire used	Tonnes	Absolute value, in progress
Total powders used for thermal spraying	Tonnes	Absolute value, in progress
Usage of <b>Environmentally Friendly Chemical</b> per unit Production.  <i>Increase usage of environmentally friendly chemical in kg per unit of production by 10%. (Baseline data FY2019).</i>  <b>Target by 2028:</b> Increase by 10% <b>Target by 2035:</b> Increase by 30% <b>Target by 2050:</b> Increase by 50%	kg per unit Revenue  kg per unit Production	On-Track
Committed compliance to Proper Handling, Usage, Storage and Disposal of used chemicals in an Environmentally Friendly Manner.	Compliance (%)	Absolute value, in progress

CONTRIBUTION TO THE SDGS (CHEMICAL MANAGEMENT)



# 8 FRONTKEN SUSTAINABILITY DEVELOPMENT: PEOPLE & SOCIETY

## PEOPLE IS OUR KEY ASSET

Frontken Group places paramount importance on its people, recognizing them as the cornerstone of the company's long-term growth and success. Our commitment extends to being an employer that fosters a sense of pride and belonging among our employees. We are dedicated to creating a vibrant, safe, and inclusive workplace where every individual is valued and has equal opportunities for growth and success.

Central to our approach is the cultivation of an open and trusting work environment that encourages collaboration, diversity, and continuous learning. We firmly believe in the power of a diverse and inclusive workforce, where different perspectives and experiences contribute to innovation and excellence. Our efforts extend beyond mere compliance to create a culture of respect, fairness, and empowerment.

Investing in our people is a strategic priority for Frontken Group. We provide comprehensive training, development opportunities, and resources to support employees in reaching their full potential, both personally and professionally. Our aim is not only to develop skills and expertise but also to nurture well-being, resilience, and a sense of fulfillment among our team members.

Social sustainability is not just a moral imperative but also a sound business investment. We recognize that a motivated, engaged, and diverse workforce drives innovation, productivity, and long-term success. By prioritizing the well-being and growth of our people, we contribute positively to society and create sustainable value for all stakeholders.

When workers are paid fairly and work under safe working conditions, they are healthier and more productive. Healthier and more productive workers then translate to more profits for companies. Furthermore, socially sustainable companies enjoy greater consumer patronage, as consumers tend to support businesses that treat their workers fairly.



We practice diversity, specifically in the workforce, management and the Board, which is characterized by the nationalities, gender, age, etc., to promote racial harmony, social stability, and ensure sustainable development of our company.

We also practice employment of vulnerable groups such as the elderly and disabled persons, to ensure inclusion and achieve corporate social responsibility.

We participate in social activities, such as blood donation, food donations, other donations and public participation in charity sports, and related activities to contribute to society and the community.

Social sustainability performance issues include human rights, fair labour practices, living conditions, health, safety, wellness, diversity, equity, work-life balance, empowerment, community engagement, philanthropy, volunteerism, and more. Though social impact, or social sustainability, issues are not easily quantifiable or measurable, they are easier to identify. Our goal is to create a work environment to which our employees can contribute with joy and commitment.

## **FRONTKEN GROUP'S HEALTH, SAFETY, AND ENVIRONMENTAL (HSE) OPERATION MANAGEMENT SYSTEM**

### **COMMITMENT CHAIRMAN, PRESIDENT AND CEO: ENSURE SAFE WORK ENVIRONMENT AND EMPLOYEES HELTH**

Frontken Group's Health, Safety, and Environmental (HSE) operation management system is a cornerstone of our commitment to ensuring the well-being of our employees, protecting the environment, and maintaining operational excellence. This system is endorsed and signed by our Chairman, President, and CEO, demonstrating the highest level of leadership commitment to HSE standards across all global locations. It serves as a comprehensive guide that is frequently referenced during management meetings to ensure alignment with our HSE and sustainability objectives.

To enhance our HSE practices, we have integrated our HSE and Sustainability development teams. These teams collaborate to address health, safety, and environmental aspects related to production processes, hazard and risk identification, customer site support operations, emergency preparedness, employee health hazards, environmental management, and process-related safety. This integrated approach ensures that HSE considerations are embedded into our daily operations, projects, and strategic initiatives.

Our efforts are further supported by clear policies outlined in our HSE and sustainability development policy. This policy provides a framework for continuous improvement and compliance with regulatory requirements. Additionally, our Sustainability Development Committee reports to the Board of Directors annually on matters related to HSE and sustainability, ensuring transparency and accountability at the highest levels of governance.

As part of our proactive measures, we maintain emergency incident and disaster recovery plans, including business continuity plans and safety emergency action plans. These plans are designed to

address various emergency scenarios, such as fires, chemical releases, injuries, and natural disasters like earthquakes, hurricanes, tornados, and typhoons. We have a dedicated team of qualified emergency response members who are trained to handle these situations efficiently and effectively, prioritizing the safety of our employees and the protection of the environment.



## CERTIFIED HSE OPERATION MANAGEMENT SYSTEM

Frontken Group places the highest priority on the safety and well-being of our workforce, suppliers, customers, and other stakeholders. We adhere to industry standards such as ISO 14001 for environmental management, ISO 45001 for occupational health and safety, and the Occupational Safety and Health Administration (OSHA) guidelines. These standards serve as a reference point for establishing and implementing a transparent and comprehensive Health Safety Environmental (HSE) operation management system.

Our commitment to meeting customer demands and preparing for emerging market needs is reflected in our reliance on a high-tech supply chain. We continuously evaluate and improve our processes to ensure that we conduct our business in the most efficient and effective manner possible. This includes leveraging advanced technologies and best practices to enhance safety and environmental sustainability across our operations.

To engage our employees and promote a culture of safety, we conduct monthly online safety toolkits, Safety Reviews, and fire drills. These initiatives provide opportunities for managers, employees, and stakeholders to understand and address safety and health issues effectively. By fostering a proactive approach to safety and leveraging industry standards and technological advancements, Frontken Group is dedicated to maintaining a safe and healthy work environment for everyone involved in our operations.

## HEALTH AND SAFETY

Frontken Group is committed to prevent any incidence of work-related injury and illness. we are committed to provide a safe and healthy work environment which will enhances the quality of products and services, consistency of production and worker retention and morale.

Frontken Group also recognize that ongoing worker input and education are essential to identifying and solving health and safety issues in the workplace. We are committed to employee training to ensure safety culture and safe work practices, minimize workplace risks, and promote continuous improvement in our safety performance; and ensuring that no employees are deployed and assigned work activities without the proper training.

## HEALTH AND SAFETY COMMUNICATION

Frontken Group is committed to ensuring the health and safety of all workers by providing them with appropriate information and training regarding workplace hazards. This includes hazards such as mechanical, electrical, chemical, fire, and physical risks. We ensure that health and safety-related information is clearly posted in our facilities or placed in accessible locations for workers.

Training is a crucial aspect of our health and safety program. We provide comprehensive training to all workers before they commence work, and we conduct regular training sessions thereafter to reinforce safety protocols and practices. Our goal is to empower workers with the knowledge and skills they need to identify and mitigate workplace hazards effectively.

Furthermore, we encourage an open communication environment where workers are encouraged to raise any health and safety concerns without fear of retaliation. This fosters a culture of transparency, accountability, and continuous improvement in our health and safety practices.



## COMPLY WITH ALL REGULATORY REQUIREMENTS

Frontken Group is actively engaged in Global Health Initiatives (GHIs) and prioritizes the promotion of health and well-being in the workplace. We believe in supporting healthy lifestyles for our employees and customers, contributing to resilient and accessible health systems, and ultimately striving for a world where everyone can live healthier, safer, and longer lives. Our efforts include addressing global health challenges such as HIV/AIDS, Tuberculosis, Malaria, and other relevant health issues.

In line with our commitment to health and safety, we ensure compliance with all regulatory requirements applicable to our operations and processes. Our health and safety system is designed to identify, evaluate, and mitigate health and safety hazards and risks across work tasks, areas, equipment, and operations. We prioritize the implementation of controls to prevent or minimize worker exposure to health and safety risks.

To maintain the effectiveness of our health and safety system, we conduct regular internal audits as well as third-party audits to review and enhance our safety protocols. During the COVID-19 crisis, our Environment, Safety, Health (ESH), and Sustainability team has developed detailed Health and Safety Protocols tailored to our sites and operations. These protocols are aimed at supporting the well-being of our employees and ensuring a safe working environment. For more information, please refer to our COVID-19 Protocol Policy.

We always 100% comply with all regulatory requirements relevant and applicable to the health and safety performance of our operations and processes.

## QUALIFICATION AND AUDITS

Frontken Group is dedicated to responding positively to Global Health Initiatives (GHIs) and fostering a culture of health and safety throughout our organization. We prioritize the training of our line managers in Health Safety Environment (HSE) policies, operating procedures, and safety expectations to ensure a comprehensive understanding and implementation of safety protocols.

Our HSE system undergoes continuous improvement and qualification through annual internal audits and external audits conducted by our customers and internationally recognized organizations such as the British Standards Institute (BSI). We have also integrated our EHS & Sustainability development team to assess the effectiveness of our HSE system using internal systems and self-assessment tools like the POR internal audits and Responsible Business Alliance (RBA) Self-Assessment Questionnaire (SAQ).



In the event of any findings from internal and external assessments, we document them using our Quality Management System (QMS) and track them for corrective action until closure. Frontken Group has successfully passed numerous audits conducted by our customers and various internationally recognized organizations, including those affiliated with the International Organization for Standardization (ISO).

Furthermore, we maintain a fully integrated multi-site registration for both ISO 14001 and OHSAS 18001, which are globally recognized standards for occupational safety and health management systems. Our Occupational Safety and Health Administration (OSHA) recordable rate in 2025 stands at an impressive 0.016, significantly lower than the semiconductor industry average recordable rate, showcasing our commitment to maintaining a safe and healthy work environment.



## SAFETY AND HEALTH TRAINING

Frontken is dedicated to providing comprehensive safety and health training to cultivate a strong safety culture, minimize workplace risks, and continuously improve safety performance. We ensure that all employees receive proper training before being deployed and assigned work activities, promoting a safe and healthy work environment.

In addition to safety training, we regularly organize various activities to enhance the physical and mental well-being of our employees. These activities include health education sessions, sports courses such as cardiovascular disease prevention activities, personnel first-aid training, mental health counselling, healthy diet workshops, yoga sessions, boxing classes, and more. These initiatives aim to promote a holistic approach to employee health and well-being.

Furthermore, Frontken has obtained certification and recognition in four key areas related to workplace health and wellness, leading to the issuance of the Badge of Accredited Healthy Workplace by relevant authorities. This achievement underscores our commitment to creating a workplace that prioritizes the health, safety, and well-being of our employees.



## LABOUR PRACTICE

### GUIDING PRINCIPLES OF LABOUR PRACTICES

Frontken Group prioritizes fair and ethical labour practices across various aspects of employee management, including hiring, promotion, remuneration, disciplinary actions, grievance handling, complaint response systems, transfers, dismissals, termination of employment, retrenchment, human resources development, occupational safety and health, working conditions such as working hours and remuneration, age management, caregiving leave, performance management, work-life harmony, and prevention of workplace harassment.

By ensuring that employees are treated fairly and respectfully, Frontken fosters an environment where employees feel valued, respected, and motivated to contribute their best to the organization. This approach not only boosts morale among employees but also enhances overall work productivity and creates a positive work culture conducive to growth and success.

Frontken Group is committed to fair employment practices are based on the five principles below.

- (a) **Recruit Based on Merit:** Recruit and select employees on the basis of merit (such as skills, experience or ability to perform the job), and regardless of age, race, gender, religion, marital status and family responsibilities, or disability.
- (b) **Respect Employees:** Treat employees fairly and with respect and implement progressive human resource management systems.
- (c) **Provide Fair Opportunities:** Provide employees with fair opportunity to be considered for training and development based on their strengths and needs to help them achieve their full potential.
- (d) **Reward Fairly:** Reward employees fairly based on their ability, performance, contribution and experience.
- (e) **Comply with Labour Laws:** Abide by labour laws and adopt the Tripartite Guidelines on Fair Employment Practices.

At the same time, Frontken has taken the following actions to improve workforce diversity, equal opportunities, or reduce discrimination, including those based on: a) Race; b) Religion; c) Gender; d) Age; e) Sexual orientation; f) Disabilities; g) Nationality.

- (a) **Create a culture of fairness and inclusion.** We believe a substantial diversity and inclusion strategy can help Frontken attain top talent, driving innovative outcomes.
- (b) **Offer all staff appropriate diversity and inclusion training.** In addition, all Frontken supervisors and managers have received training on handling of reports or instances of bullying or harassment.
- (c) **Identify and prevent unconscious biases.** Pay particular attention to bias relating to the nine protected characteristics (e.g., age, disability, gender reassignment, marriage, pregnancy, race, religion, gender, sexual orientation and country of origin) as this is discrimination.
- (d) Create our equality, diversity & inclusion **policies** to make sure everyone should be treated fairly in all day-to-day activities and work-related decisions (recruitment, training, promotion, allocating work, pay, etc.).
- (e) **Be aware of indirect discrimination.** Workplace equality isn't just about implementing procedures to stop workplace discrimination. We also have to actively promote equality and inclusion, ensuring people are free to focus on what matters most - making our company the best it can be.
- (f) **Diversity and equality in the recruitment process.**

(g) Always adheres to the principle of **equal pay for equal work**.

Frontken Group is committed to ensuring that our employment policies are accessible and understandable to all employees. We translate our <<FCB Human Resource and Labour Policy>> and <<Frontken Employment Policy Manual>> into relevant languages such as Chinese, Malay, Tamil, Vietnamese, and others as needed. This ensures that each employee can fully comprehend our labour standards and policies.

Moreover, we actively engage with our employees to communicate and explain our employment policies, ensuring that they are well-informed and aware of their rights and responsibilities. This communication process helps in fostering a transparent and respectful work environment.

In addition to internal communication, our employment policies also extend support to the local community by addressing the employment needs of underprivileged groups. This includes individuals from deprived backgrounds, those with poor social status, and those without formal education or qualifications. We also provide opportunities for youth unemployment initiatives, apprenticeships, and graduate placements, benefiting more than ten individuals from underprivileged groups or graduate placements within Frontken Group annually.

To further promote sustainable development, Frontken Group takes specific actions to address labour issues, including the prevention of child labour and forced labour, facilitating mechanisms for employee representation in engaging with company management, reducing excessive working hours, and supporting the concept of a living wage for all employees. These measures demonstrate our commitment to ethical labour practices and creating a fair and equitable workplace environment.

- (a) Establish management procedures for introducing child labour, forced labour due diligence in our operations and supply chains.
- (b) Develop guidance on due diligence and monitoring, using best practice from a multi-stakeholder approach.
- (c) Comply with industry codes, local law and international standards.
- (d) Engaging employee and embracing employee voice by the way of giving employee representatives the opportunity to take part in the decision-making processes.
- (e) To reduce working hours without compromising productivity by planning ahead/ driving efficiency with scheduling and increasing automation including digitization across our business.
- (f) Comply with local labour regulations and pay employees no less than the local minimum wage. At the same time, our suppliers are also required to do the same.



## HUMAN RIGHTS

### RESPECT FOR HUMAN RIGHTS

Frontken Group places a high priority on respecting fundamental human rights across all aspects of our operations, including our supply chain and the communities where we operate. We believe that upholding human rights is not just a legal obligation but a moral imperative that is integral to our business culture and values.

In our commitment to human rights, Frontken Group adheres to either the UN Guiding Principles on Business and Human Rights or the OECD Guidelines for Multinational Enterprises. We actively support and promote the protection of internationally recognized human rights as outlined in the International Bill of Human Rights and other relevant international human rights instruments.

One of our key initiatives is promoting diversity, trust, equal opportunities, and a discrimination-free environment within our workforce. We believe that a diverse and inclusive workplace fosters innovation, creativity, and employee well-being. Therefore, we are dedicated to providing equal opportunities for all employees regardless of their background, beliefs, or characteristics.

Frontken Group also emphasizes local employment and sourcing as part of our human rights commitment. We prioritize the recruitment of employees from the local communities where we operate, ensuring that at least 60% of our workforce comprises local employees. This approach not only supports local economies but also strengthens our ties with the communities we serve.

By integrating respect for human rights into our business practices and operations, Frontken Group strives to create a sustainable and ethical business environment that benefits both our employees and the communities we are a part of.

We value people and respect their individual dignity, rights, and aspirations as well as societies and cultural heritage. We strive to positively contribute to the fulfilment of human rights and the well-being of people. We want to be a role model in the industry regarding safe and responsible business conduct, a good corporate citizen, and a partner to all our stakeholders.



We are committed to ensure that there is no harsh or inhumane treatment including violence, gender-based violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, public shaming, or verbal abuse of workers; nor is there to be the threat of any such treatment.

Frontken Group is committed to a workplace free of harassment and unlawful discrimination, based on race, colour, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status in hiring and employment practices such as wages, promotions, rewards, and access to training. Workers shall be provided with reasonable accommodation for religious practices.

We expect all our partners to comply with internationally recognized human rights standards. We expect them to have processes in place to prevent, mitigate, and remediate human rights violations. We expect our suppliers to respect human rights. Our Supplier Code of Conduct is part of our standard

purchasing contracts and conditions of purchase. We reserve the right to terminate a business relationship if a supplier fails to meet these obligations.

## INCLUSION AND DIVERSITY

We are committed to ensure that our working environment is a safe place and a healthy environment in which our people are respected and valued for their differences. We accommodate everyone from any diverse backgrounds to work and learn from each other's knowledge and experiences, and to foster open discussion; regardless of gender, age and intergeneration, and race, disability; socio-economic and multicultural origins background, personality, experience, ethnicity and sexual orientation.



## EMPLOYER OF CHOICE

Frontken Group is deeply committed to fostering a safe and inclusive working environment where every individual is respected and valued for their unique differences. We prioritize diversity and inclusion, welcoming employees from diverse backgrounds to collaborate, learn from each other's knowledge and experiences, and engage in open discussions.

We believe in creating a workplace where gender, age, race, disability, socio-economic status, multicultural origins, personality, experience, ethnicity, and sexual orientation do not limit opportunities or hinder professional growth. Our goal is to cultivate a culture of mutual respect, understanding, and appreciation for diversity, ensuring that everyone feels empowered to contribute their best to the organization.

Through our commitment to diversity and inclusion, we aim to harness the collective strengths of our diverse workforce, promote innovation, foster creativity, and enhance our overall business performance.



Frontken Group is a multi-generational company committed to fostering an inclusive workplace environment that empowers individuals with unique talents and aligns with their ambitions, values, and preferred ways of working. We uphold these values throughout our recruitment, promotion, and development processes, ensuring equal opportunities for individuals of every ethnic group, socio-economic origin, culture, age, religion, gender, sexual orientation, as well as those with visible and invisible disabilities.

At Frontken Group, we take decisive disciplinary actions against any form of harassment, discrimination, bullying, physical or psychological violence, and violations of human rights. Our commitment to maintaining a safe, respectful, and inclusive workplace is unwavering.

Our goal is to be recognized as the employer of choice in our industry. To achieve this, we actively work on removing barriers and biases that may hinder access to opportunities and talent acquisition. Additionally, we provide comprehensive support and accommodations to our colleagues with disabilities, ensuring they have a fulfilling and successful experience throughout their tenure with us.



## EQUAL OPPORTUNITY

### ACHIEVING EQUAL OPPORTUNITY FOR ALL EMPLOYEES

Frontken Group is dedicated to achieving equal opportunity for all employees and applicants for employment, encompassing recruitment, training, and promotion of qualified individuals in all job titles. We ensure that all other employment-related actions are administered without regard to race, color, religion, sex, sexual orientation, age, national origin, disability, and other protected characteristics.

Our commitment extends to ensuring that all promotion and employment decisions align with the principles of equal employment opportunity. We also ensure that compensation, benefits, transfers, layoffs, return from layoff, company-sponsored training, education, tuition assistance, and social and recreational programs are administered without discrimination based on protected characteristics. Additionally, we take proactive measures to protect all employees and applicants from harassment, threats, coercion, intimidation, interference, and discrimination for filing a complaint, assisting in an investigation, or opposing any practice inconsistent with our policy.



## TALENT DEVELOPMENT

### Talent Development

Frontken Group prioritizes talent development as a cornerstone of our business strategy. We recognize that our people are our most valuable assets, essential for driving business growth and success. Our commitment to recruiting, developing, and retaining talented employees is reflected in our comprehensive talent development programs.

(a) **Recruitment:**

We focus on attracting top talent from diverse backgrounds to enrich our workforce with a range of skills, experiences, and perspectives. Our recruitment process is designed to identify individuals who align with our values and contribute positively to our company culture.

(b) **Development:**

Once onboard, we invest in the continuous development of our employees. Our talent development programs are structured to nurture skills, enhance capabilities, and foster career growth. We offer a range of learning opportunities, including training workshops, mentorship programs, leadership development initiatives, and educational sponsorships.

(c) **Retention:**

We understand the importance of retaining talented individuals. To ensure employee satisfaction and retention, we provide a supportive work environment that encourages open communication, collaboration, and recognition of achievements. Our goal is to create a workplace where employees feel valued, motivated, and empowered to excel.

Overall, Frontken Group's talent development efforts are geared towards building a team of productive, capable, and knowledgeable professionals who are equipped to drive high performance and contribute to our long-term success.

## SKILLS AND KNOWLEDGE DEVELOPMENT

Frontken Group places a strong emphasis on fostering robust development plans and establishing a supportive coaching relationship between employees and their managers. Our culture encourages employees to proactively enhance their technical, business, and leadership capabilities, whether for their current roles or future career aspirations within the company. We empower employees to take charge of their growth and development plans, seek assistance when needed, leverage available tools and resources, and regularly reassess and refine their objectives.



Managers play a pivotal role in facilitating employee development and are accountable for providing the necessary support and guidance. At Frontken, we invest significantly in training programs designed to elevate employees' technical expertise, enhance management and business skills, and foster leadership development. These initiatives not only empower employees to expand their skill sets but also provide opportunities for career advancement, allowing them to demonstrate their capabilities and contribute effectively to the organization's success.

We have developed various training programs to help our employees to improve their technical, management and business skills and engage in leadership development. All our employees are encouraged to enhance their skillsets and knowledge to build and develop their careers and demonstrate their capabilities and abilities.

## REWARD FOR PERFORMANCE

Frontken Group upholds a robust reward-for-performance philosophy that aligns employee performance, behaviours, and business outcomes with individual rewards. This distinctive approach to rewarding employees is instrumental in fulfilling our business mission and achieving sustainable growth objectives.

Our performance and reward strategy are structured around several key elements:

- (a) Setting ambitious yet attainable individual and team objectives that drive performance excellence.
- (b) Facilitating ongoing coaching conversations between leaders and employees to monitor progress towards objectives and identify strategies for success.
- (c) Implementing increased differentiation in reward structures to recognize and incentivize exceptional performance and contributions.
- (d) Conducting meaningful year-end budget discussions that acknowledge employees' contributions and the value they bring to the organization.

By integrating these strategies, Frontken Group ensures that employees are motivated, engaged, and appropriately rewarded for their efforts, fostering a culture of excellence and driving the attainment of our business goals.

## TRAINING AND EDUCATION

### *Training Our Employees with The Right Skillset and Knowledge*

Frontken Group prioritizes the continuous improvement, learning, development, and growth of our employees as key differentiators for achieving sustainability, competitiveness, and resilience in our business operations. We actively seek opportunities to motivate and engage our employees, providing them with the necessary skillsets and knowledge to thrive in the evolving business landscape, especially in the context of the "new normal" environment.

Our commitment is to inspire passion in our workforce by offering opportunities to enhance their domain expertise and personal growth. We place a strong emphasis on training and education, focusing on building a knowledgeable, future-ready, and responsive workforce. This involves equipping our employees with both essential soft and hard skills, along with domain knowledge relevant to their roles.

Furthermore, we are dedicated to upskilling and re-skilling employees to support our sustainability development and transformation initiatives. By investing in the continuous learning and development of our workforce, we aim to ensure that our employees remain adaptable, innovative, and capable of meeting the challenges of a dynamic business environment. This includes equipping our employees with essential soft and hard skillsets and domain knowledge, as well as upskilling and re-skilling employees to support our sustainability development and transformation initiatives for our business operation.



## DEVELOPMENTAL TRAINING

Frontken Group is committed to providing comprehensive training to employees at all levels, utilizing a diverse range of training methods to enhance their skills, knowledge, and performance. We understand the importance of continuous learning and development in driving business growth and fostering a high-performing workforce.

Our training programs encompass various methods such as physical courses, internal workshops, study groups, presentations, sharing events, and overseas visits. These methods are designed to increase employees' willingness to learn and effectively link learning outcomes to practical applications in the workplace.

Additionally, we offer developmental training opportunities, including on-the-job training and informal learning experiences, supported by learning and technology-enabled systems for ease of access and collaboration. Mentorship, coaching, and feedback mechanisms are also integrated into our training programs to provide ongoing support and guidance to employees.

The impact of our training initiatives is evident in the achievements of our employees and teams, including high performance, lower turnover rates, improved decision-making processes, reduced corporate risk, and more effective resource allocation. Our comprehensive programs cover various aspects such as job orientation, tours, networking, product and process experiences, mentoring/coaching, leadership development opportunities, and rotational experiences, among others, contributing to the holistic development of our workforce.



## SOCIAL PARTICIPATION

Frontken Group is actively engaged in social participation and sustainable development as part of our proactive approach to managing and identifying business impacts on various stakeholders. This includes people, employees, workers in the value chain, suppliers, customers, and local communities. We recognize the interconnectedness of these stakeholders and the importance of fostering positive relationships and sustainable practices that benefit everyone involved.

Our social participation efforts involve engaging with stakeholders at all levels to understand their needs, concerns, and aspirations. We work collaboratively with communities to support initiatives that promote social well-being, economic growth, and environmental stewardship. This includes initiatives such as community development projects, education and training programs, health and safety initiatives, and environmental conservation efforts.

In addition, our sustainability development focuses on integrating social, environmental, and economic considerations into our business strategies and operations. We strive to create value not only for our shareholders but also for society as a whole. This involves responsible resource management, ethical business practices, diversity and inclusion initiatives, and transparent communication with stakeholders.

By actively participating in social and sustainable development activities, Frontken Group demonstrates its commitment to being a responsible corporate citizen and contributing positively to the well-being of people and the planet.



## SOCIAL COHESION

Social cohesion plays a pivotal role in driving workplace productivity and fostering a successful workplace culture. It encompasses elements such as shared affinity, team cohesion, bonds of friendship, mutual care, closeness, and the enjoyment of each other's company.

At Frontken Group, we recognize that our employees are our most valuable assets. Their daily commitment, team cohesion, and innovative problem-solving abilities contribute significantly to our company's success. We are dedicated to nurturing and supporting their talents, knowledge, experiences, and skillsets through continuous training and education processes. By investing in their growth and development, we empower our employees to evolve alongside the company, driving collective success and creating a positive work environment for everyone.



## CO-SOCIAL ACTIVITIES

Furthermore, we organize a wide range of activities aimed at enhancing the overall well-being of our employees. These include health education sessions, sports courses such as cardiovascular disease prevention activities, first-aid training, mental health counselling for employees, DIY workshops on maintaining a healthy diet, lectures focused on promoting women's health, and activities promoting hearing protection, among others. These initiatives are designed to not only improve the physical health but also the mental well-being of our workforce.

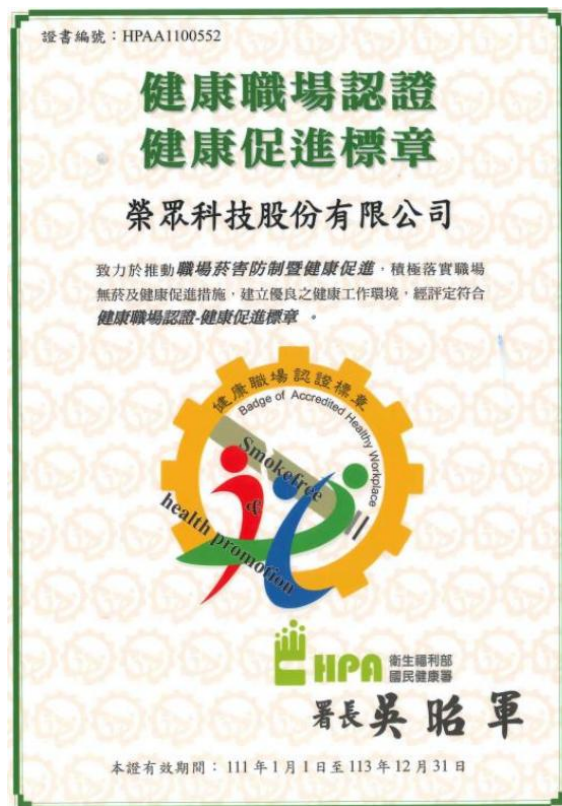
Additionally, Frontken Group has received certification in four key areas and has been awarded the Badge of Accredited Healthy Workplace by relevant authorities. This recognition underscores our commitment to creating a healthy and supportive work environment for our employees.



Lecture on Promoting Women's Health



Health and Friendly Ambassador



## SOCIAL IMPACT

Frontken Group strongly believes in maintaining active engagement with local communities and participating in public welfare activities as essential contributions to society. We empower our employees to extend their values into our local communities through corporate social responsibility (CSR) initiatives. Our commitment to social participation and sustainability development is a proactive approach to managing and identifying business impacts on people, employees, workers in the value chain, suppliers, customers, and local communities.

We prioritize interaction with local communities to foster positive relationships and contribute meaningfully to societal well-being. Through our CSR programs, we aim to address social and environmental challenges, promote education and skill development, support community development projects, and enhance environmental sustainability. Our efforts are guided by the principles of ethical business practices, inclusivity, diversity, and collaboration with stakeholders.

By actively engaging with local communities and embracing our social responsibilities, we strive to create a positive impact beyond our business operations, building a sustainable future for all stakeholders involved.



## SOCIAL OUTREACH AND IMPACT

Social outreach and impact are essential aspects of our company's mission, involving all related stakeholders. We are deeply committed to ensuring that this impact is positive and accessible to everyone. Our engagement around social issues generates significant value not only for our company but also for our stakeholders. Building constructive relationships and trust with governments and other community members helps create a positive business environment for us.

At Frontken Group, we are dedicated to creating a better world through our services and the passion of our employees. We firmly believe that the health of our company and local economies relies on an increasingly inclusive community. Therefore, we prioritize maintaining active interactions with local communities and participating in public welfare activities as crucial contributions to society. We empower our employees to embody these values and extend their positive impact into our local communities through corporate social responsibility (CSR) initiatives.

## SUPPORT THE COMMUNITY

In supporting the community, we provide overseas internship opportunities for students from Singapore ITE college, and holds two periods of more than 40 days in June and December every year. At the same time, the company also did our best to hire more disabled persons to make our contributions to caring for the society. In addition, since 2019, Frontken Group's employees have actively participated in various beneficial activities, including blood donation activities, with partners such as Blood Donation Centre and other local organizations.



## FOOD DONATION AND CARING FOR THE ELDERLY

(a) To assist local social welfare institutions in epidemic prevention, donate epidemic prevention materials to nearby communities and institutions. We hope that through our epidemic prevention assistance, we will work together to protect the health of the elderly and residents in the community.



(b) Donation to relevant organizations, such as National Kidney Foundation Malaysia (NKF), Society for the Aged Sick (SAS) and other Charities.

3:36 PM

NKF Official Receipt 2022



ND48826  
LEE BOON TIAN  
1003-M MK 13  
PAYA TERUBONG  
11500 PULAU PINANG AYER ITAM

GIVING  
HOPE

Dear LEE BOON TIAN,

With heartfelt gratitude for your gracious support towards giving hope and saving the lives of our poor kidney failure patients, please find the below attached Official Receipt for the year 2022, being your kind contributions to NKF.

Our application for the new Tax-Exempt status is still pending. We have referred the matter to the legal system to handle it for us. Please accept our sincere apology for any inconvenience caused to you, related to our present Non-Tax-Exempt status. Until we have re-obtained the new Tax-Exempt status, all contributions made to NKF will be given an Official Receipt. We will notify all our donors and friends, once we have obtained our new Tax-Exempt status.

Kidney Disease is a serious condition and there is no cure for it. However, with consistent dialysis treatment and proper preventative care management, there is hope and a chance to better cope and survive the disease. As part of the Foundation's aim and extended efforts to reduce geographical disparities in dialysis care for poor kidney patients, we are delighted to announce that we have successfully opened our 29th Haemodialysis Centre in Kota Samarahan, Kuching, Sarawak. This will help to improve and provide easy access, quality dialysis treatment and care management to the underserved and remotely located communities in Malaysia.


We would not have been able to achieve this, if not for the continued trust, confidence, support and encouragement from our invaluable donors and friends such as your good self. As such, we remain humbly grateful to all of you. Should you have any enquiries, require any clarifications or update assistance, please do not hesitate to contact us at [savelives@nkf.org.my](mailto:savelives@nkf.org.my) and, please continue to stay safe and well.

With gratitude,  
From National Kidney Foundation of Malaysia (NKF)

(c) Do charity, monthly donate food to vulnerable groups and the elderly.



(d) Blood donation in Singapore, Malaysia and Taiwan.

 <p>4272733 4272761</p>	<p><b>JABATAN / UNIT PERUBATAN TRANSFUSI</b> <b>HOSPITAL KULIM</b> LEBUHRAYA HI TECH 09090 KULIM KEDAH DARUL AMAN</p>	<p>TELEFON : 04- FAX : 04-</p>
	<p>Frontken Malaysia Sdn. Bhd, Lot 1923, Jln Hi-Tech 2/3, Phase 1, Kulim Hi-Tech Park, 09000 Kulim, Kedah.</p>	<p>Ruj. Tuan : Ruj. Kami : (131)HK/PAT/TRA/DON 3.0/2022 Tarikh : 12HB OKTOBER 2022</p>

Tuan/Puan,

**PERMOHONAN UNTUK MENGADAKAN PROGRAM DERMA DARAH BAGI MENAMPUNG KEPERLUAN DARAH DI HOSPITAL KULIM**

Adalah saya dengan hormatnya merujuk kepada perkara di atas.

2. Dimaklumkan, Hospital Kulim bertanggungjawab mendapatkan bekalan darah yang secukupnya bagi menampung keperluan para pesakit di hospital. Peningkatan jumlah pesakit yang memerlukan peminahan darah menyebabkan permintaan terhadap darah juga meningkat setiap tahun. Bagi memenuhi keperluan ini, pihak kami perlu mempergiatkan lagi kempen derma darah yang dijalankan melalui kerjasama dengan jabatan-jabatan kerajaan dan swasta, pertubuhan-pertubuhan sukarela serta pusat-pusat pengajian tinggi.

3. Sehubungan dengan itu, dimohon kebenaran tuan/puan untuk membenarkan ruang, **4 unit meja dan 25 unit kerusi** kepada pihak kami untuk menganjurkan program derma darah di premis tuan/puan. Sekiranya tiada halangan, kami memohon untuk diadakan program tersebut seperti ketetapan berikut.

**Tarikh : 30hb November 2022 (Rabu)**  
**Tempat : Frontken Malaysia Sdn. Bhd,**  
**Masa : 9.00 Pagi – 1.00 Petang**

3. Segala pertanyaan dan maklumat mengenai program tersebut, pihak tuan/puan boleh menghubungi: **SN Noryani binti Sead di talian 04-4272733 sambungan 3122 atau 012-5869205.** Kerjasama dan keprihatinan daripada pihak tuan amatlah dihargai.

Sekian terima kasih,

**"WAWASAN KEMAKMURAN BERSAMA 2030"**  
**"BERKHIDMAT UNTUK NEGARA"**  
**"KEDAH SEJAHTERA-NIKMAT UNTUK SEMUA"**

Saya yang menjalankan amanah,  
ANISSALWA  
**(DR ANIS SALWA BINTI ABAS)**  
No Pendaftaran Peruh MPM 41447  
Pakar Perubatan Transfusi UD54,  
Ketua Unit Transfusi, Hospital Kulim.



## CHARITY ACTIVITIES

Actively participate in all kinds of charity run and healthy sports.

Our employees participate in charity run organized by local welfare association every year, which can exercise and do charity.

Our group subsidize employees to actively participate in various social activities.



## EMPLOYEE SPORTS CLUB

Employees form softball club by themselves to enhance the vitality of the community.

Purpose: Through the establishment of softball club, we can strengthen our health and enrich the cultural activities and exchanges in the community.



## PEOPLE – INDICATORS, TARGETS & STATUS

### HEALTH AND SAFETY – INDICATORS, TARGETS & STATUS

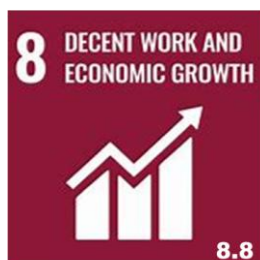
#### HEALTH & SAFETY INDICATOR & STATUS

No.	HEALTH & SAFETY INDICATORS	UNIT OF MEASURE	STATUS IN FY2025
1.	<p><b>Achieve Zero Fatal Incidents from Global Fatal Health Issue (e.g. COVID-19).</b></p> <p><i>Achieve Zero fatal incidents of COVID19 and related issues for the period. Implemented protocol and programme to prevent and control of global fatal health issue which applies to Employees and the related Community.</i></p> <p><b>Target by 2028:</b> 0 incident  <b>Target by 2035:</b> 0 incident  <b>Target by 2050:</b> 0 incident</p>	number of incidents	On-Track
2.	<p>Achieve <b>Zero</b> fatal incidents of <b>employees'</b> health and safety fatalities in all 100% coverage of Frontken Group;</p> <p><b>Target by 2028:</b> 0 incident  <b>Target by 2035:</b> 0 incident  <b>Target by 2050:</b> 0 incident</p>	number of incidents	On-Track
3.	<p>ii) Achieve <b>Zero</b> incidents of work-related <b>contractor</b> fatalities in all 100% coverage of Frontken Group;</p> <p><b>Target by 2028:</b> 0 incident  <b>Target by 2035:</b> 0 incident  <b>Target by 2050:</b> 0 incident</p>	number of incidents	On-Track
4.	<p>iii) Achieve <b>Zero</b> incidents of ESH-Related <b>Notices of Violation</b> in all 100% coverage of Frontken Group.</p> <p><b>Target by 2028:</b> &lt;3 incidents  <b>Target by 2035:</b> 0 incident  <b>Target by 2050:</b> 0 incident</p>	number of incidents of ESH-related NoV's	On-Track
5.	<p>iv) Improve the work safety by reduce our health and safety recordable injury rate in all 100% coverage of Frontken Group.  <i>(Lost-time incident rate = lost hours per 100 emp.)</i></p> <p><i>Reduce our health and safety recordable injury rate to <b>0.09 hour per 100 Employees</b> in all 100% coverage of Frontken Group.</i></p> <p><b>Target by 2028:</b> &lt;0.09 hour/ 100 emp.  <b>Target by 2035:</b> &lt;0.03 hour/ 100 emp.  <b>Target by 2050:</b> &lt;0.01 hour/ 100 emp.</p>	Lost hour per 100 employees	On-Track

## HEALTH & SAFETY COMPLIANCE AND CERTIFICATIONS INDICATORS & STATUS

No.	HEALTH & SAFETY INDICATORS	UNIT OF MEASURE	STATUS IN FY2025
1.	Established board committee, safety committees', safety teams' oversight of management and control of health and safety risks in all 100% compliance and coverage of Frontken Group.	compliance	On-Track
2.	Achieve 100% percentage of production sites licensed and certified by the local regulatory authority within each country/site.	percentage	On-Track
3.	Achieve 100% percentage of production sites with <b>ISO 45001:2018 and/or OHSAS 18001 certification and or equivalent</b> international assurance standard certification; and/or qualification by customers.	percentage	On-Track
4.	Achieve 100% percentage of monitoring of safety indicators; and monthly/weekly safety training and awareness.	percentage	On-Track
5.	Achieve all staff trained on <b>health and safety protocol/standards/policy</b> .  <b>On-going Target:</b> Achieve 100% percentage of employees trained on health and safety protocols/standards/policy.	number	Absolute value, in progress
		percentage	On-Track
6.	Number of staff received <b>general training which includes safety</b> .  <b>On-going Target:</b> Achieve 100% percentage of staff received the training	number	Absolute value, in progress
		percentage	On-Track

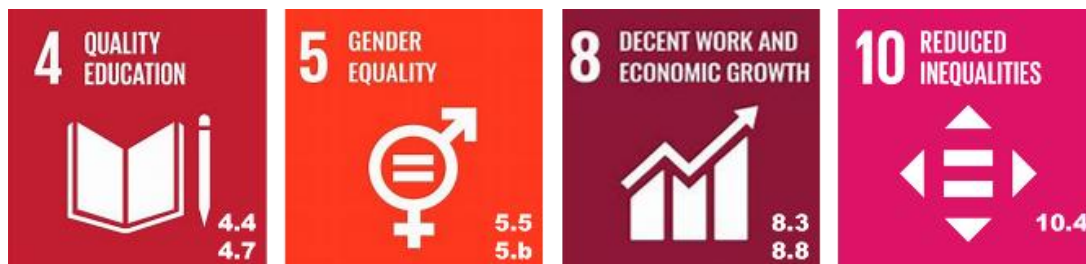
## CONTRIBUTION TO THE SDGS (HEALTH & SAFETY)



## LABOUR PRACTICE – INDICATORS, TARGETS & STATUS

No.	LABOUR PRACTICE DATA	UNIT	Status in FY2025
1.	Achieve Zero incidents of unfair employment practices.  <b>Target by 2028:</b> 0 incident <b>Target by 2035:</b> 0 incident <b>Target by 2050:</b> 0 incident	number of incidents	On-Track
2.	Achieve Zero incidents of violation of labour laws.  <b>Target by 2028:</b> 0 incident <b>Target by 2035:</b> 0 incident <b>Target by 2050:</b> 0 incident	number of incidents	On-Track
3.	Achieve high employee retention rate.  <b>Target by 2028:</b> > 95 % <b>Target by 2035:</b> > 98 % <b>Target by 2050:</b> > 99 %	percentage of retention	On-Track
4.	Committed compliance to local employment and/or sourcing.	compliance	On-Track
5.	Committed to local employment and sourcing - The proportion of local employees in the total number of the company.	percentage	On-Track

## CONTRIBUTION TO THE SDGS (LABOUR PRACTICE)



## HUMAN RIGHTS – INDICATORS, TARGETS & STATUS

### HUMAN RIGHTS INDICATORS & STATUS

No.	HUMAN RIGHTS DATA	UNIT	STATUS in FY2025
1.	<p>Achieve Zero incidents of unfair harassment, bullying and/or unlawful discrimination practices including gender-based violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, public shaming, or verbal abuse of workers, etc.</p> <p><b>Target by 2028:</b> 0 incident  <b>Target by 2035:</b> 0 incident  <b>Target by 2050:</b> 0 incident</p>	number of incidents	On-Track
2.	<p>Committed compliance to enforce Zero tolerance approach to any child labour and/or modern slavery and/or forced labour of any kind within Frontken operations.</p> <p><b>Target by 2028:</b> 100 % Committed  <b>Target by 2035:</b> 100 % Enforced  <b>Target by 2050:</b> 100 % Enforced</p>	Compliance	On-Track
3.	<p>Committed compliance to meet and/or exceed the minimum wage/meet living wage in each country of operations.</p> <p><b>Target by 2028:</b> 100 % Committed  <b>Target by 2035:</b> 100 % Compliance  <b>Target by 2050:</b> 100 % Compliance</p>	Compliance	On-Track

### CONTRIBUTION TO THE SDGS (HUMAN RIGHTS)



## INCLUSION AND DIVERSITY - INDICATORS, TARGET & STATUS

### INCLUSION AND DIVERSITY INDICATORS & STATUS

No.	INCLUSION & DIVERSITY INDICATORS	UNIT	STATUS IN FY2025
1.	Committed compliance to achieve a balance diverse and inclusive workplace; inclusive of race, nationality, gender, age, disabilities.  <b>Target by 2028:</b> 100 % Committed to achieve balance diversity <b>Target by 2035:</b> 100 % Achieved Balance Diversity <b>Target by 2050:</b> 100 % Achieved Balance Diversity	Committed Compliance	On-Track
	i) Number of nationalities in the Frontken workforce. <i>e.g. Malaysia, Singapore, India, China, Taiwan, Philippines, Myanmar, Vietnam, ...</i>	number	On-Track
	ii) Percentage of women in the Frontken workforce.	percentage	On-Track
	iii) Percentage of Frontken staff with a disability per 100 employees;	percentage	On-Track
2.	Committed compliance to hire, develop, reward, promote and retain any employee purely based on their talents, commitment, potential and the results their achievement.	Compliance	On-Track
	i) the Percentage of employees that are contractors or temporary staff.	percentage	On-Track

### CONTRIBUTION TO THE SDGS (INCLUSION AND DIVERSITY)



EQUAL OPPORTUNITY – INDICATORS, TARGET & STATUS  
FRONTKEN TARGET INDICATOR (EQUAL OPPORTUNITY)

No.	INCLUSION & DIVERSITY INDICATORS	UNIT	STATUS IN FY2025
1.	<p>Committed to achieve Zero incidents of unfair discrimination or harassment practices; <i>based on race, colour, age, gender, sexual orientation, gender identity, ethnicity or national origin, disability, pregnancy, religion, political affiliation, marital status in hiring and employment practices such as wages, promotions, rewards, and access to training.</i></p> <p><b>Target by 2028:</b> Committed to 0 Incident <b>Target by 2035:</b> Achieved 0 Incident <b>Target by 2050:</b> Achieved 0 Incident</p>	number of incidents	On-Track

CONTRIBUTION TO THE SDGS (EQUAL OPPORTUNITY)



TALENT DEVELOPMENT – INDICATORS, TARGET & STATUS  
TALENT DEVELOPMENT INDICATORS

No.	TALENT DEVELOPMENT DATA	UNIT	STATUS IN FY2025
1.	<p>Achieve 100% coverage of annual staff appraisal practices to develop talent.</p> <p><b>Target by 2028:</b> 100% Coverage <b>Target by 2035:</b> 100% Coverage <b>Target by 2050:</b> 100% Coverage</p>	percentage	On-Track
2.	<p>Committed compliance to employee development programs to enhance knowledge and skills for specific talent and succession planning.</p> <p><b>Target by 2028:</b> 100% Compliance <b>Target by 2035:</b> 100% Compliance <b>Target by 2050:</b> 100% Compliance</p>	Compliance	On-Track

CONTRIBUTION TO THE SDGS (TALENT DEVELOPMENT)



## TRAINING AND EDUCATION - INDICATORS, TARGET & STATUS

### TRAINING & DEVELOPMENT INDICATORS & STATUS

No.	TRAINING & DEVELOPMENT INDICATORS	UNIT	STATUS IN FY2025
1.	Committed to increase the amount of training hours invested on employee talent development training to enhance knowledge or individual skills. <i>(Baseline date from FY 2019)</i>  <b>Baseline 2019:</b> Total hour for all employee: 12,011 hrs Total days for all employee: 1,848 days Average hours per employee: 2.42 hrs Average days per employee: 0.37 days  <b>Target by 2028:</b> 10% Increment of training duration <b>Target by 2035:</b> 20% Increment of training duration <b>Target by 2050:</b> 30% Increment of training duration	Total hour for all employee	On-Track
		Total days for all employee	On-Track
		Average hours per employee	On-Track
		Average days per employee	On-Track
2.	Achieve 95% all employees are trained and educated in their respective work scope.	percentage	On-Track

### CONTRIBUTION TO THE SDGS (TRAINING AND DEVELOPMENT)



## SOCIAL PARTICIPATION - INDICATORS, TARGET & STATUS

### SOCIAL PARTICIPANTS INDICATORS & STATUS

No.	SOCIAL PARTICIPATION DATA	UNIT	STATUS IN FY2025
1.	<p>Increase the total number of Social Participation Activities</p> <p><b>Baseline 2018:</b>  <b>Target by 2028:</b> increase by 10%  <b>Target by 2035:</b> increase by 20%  <b>Target by 2050:</b> increase by 50%</p>	number	On-Track
2.	<p>Achieve high participation of all employees for social participation activities.</p> <p><b>Target by 2028:</b> &gt; 70%  <b>Target by 2035:</b> &gt; 80%  <b>Target by 2050:</b> Achieve 100%</p>	percentage	On-Track

### CONTRIBUTION TO THE SDGS (SOCIAL PARTICIPANTS)

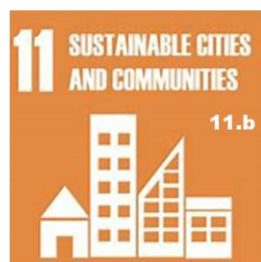


## SOCIAL IMPACT – INDICATORS, TARGET & STATUS

### SOCIAL IMPACT INDICATORS & STATUS

No.	SOCIAL IMPACT INDICATORS	UNIT OF MEASURE	STATUS IN FY2025
1.	<p>Achieve high number of volunteerism hours invested by 10% by employees.</p> <p><i>Increase the amount of number of volunteerism hours invested by 10% (Baseline date from FY 2019)</i></p> <p><b>Baseline 2019:</b>  <b>Target by 2028:</b> increase by 10% volunteerism hours  <b>Target by 2035:</b> increase by 35% volunteerism hours  <b>Target by 2050:</b> increase by 50% volunteerism hours</p>	hour	On-Track
2.	<p>Total equivalent amount of donations/community investments made to registered not-for-profit organisations; and/or for the community.</p>	SGD	On-Track
3.	<p>Achieve high the total number of persons got the benefit through our supporting schools and non-profit organizations; and/or the community via social projects.</p> <p><i>Increase the total number of persons got the benefit through our supporting schools and non-profit organizations; and/or the community via social projects by 10% (Baseline date from FY 2019);</i></p> <p><b>Baseline 2019:</b>  <b>Target by 2025:</b> increase by 10%  <b>Target by 2035:</b> increase by 35%  <b>Target by 2050:</b> increase by 50%</p>	person	On-Track

### CONTRIBUTION TO THE SDGS (SOCIAL IMPACT)



# 9 FRONTKEN SUSTAINABILITY DEVELOPMENT: GOVERNANCE

## FRONTKEN CORPORATE GOVERNANCE

The Board of Directors (“Board”) of Frontken Corporation Berhad (the “Frontken Group”) is dedicated to creating value for all stakeholders, including customers, employees, shareholders, investors, suppliers, communities, and regulatory bodies globally. As a responsible Corporate Global Citizen, we prioritize sustainable and enduring growth while upholding high standards of corporate governance to protect the interests of our stakeholders and the assets of the Group, which encompasses Frontken Corporation Berhad and its subsidiaries.

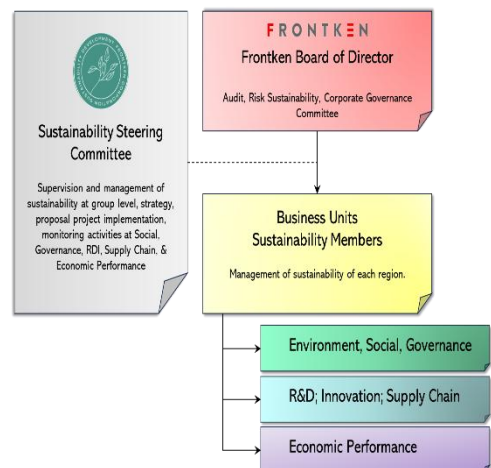
The Board of Directors of Frontken Group recognizes the significance of deploying robust corporate governance practices to ensure transparency, accountability, ethical conduct, sustainability, and financial performance. In line with our commitment to diversity and inclusivity, we support gender diversity on the board and aim to achieve a 30% representation of women by 2030.

Our board oversees the Company's performance, provides strategic guidance, reviews financial plans, monitors compliance with laws and regulations, approves major acquisitions and fundraising activities, and encourages digitalization, technology, and innovation initiatives.

The Board, acting on the recommendation of its Audit and Remuneration, Nominating and Governance committee, Risk management committee, and Sustainability Development Committee, has adopted these corporate governance principles (the "Guidelines") to promote the effective functioning of the Board and its committees, to promote the interests of stakeholders, and to ensure a common set of expectations as to how the Board, its various committees, individual directors and management should perform their functions. These Guidelines emphasize transparency, accountability, ethical culture, sustainability, and financial performance. We view these Guidelines as evolving principles, subject to adjustments based on changing circumstances. Our directors come from diverse backgrounds bringing strong and varied domain expertise across the fields of business, technology, engineering, finance, legal, management and marketing.

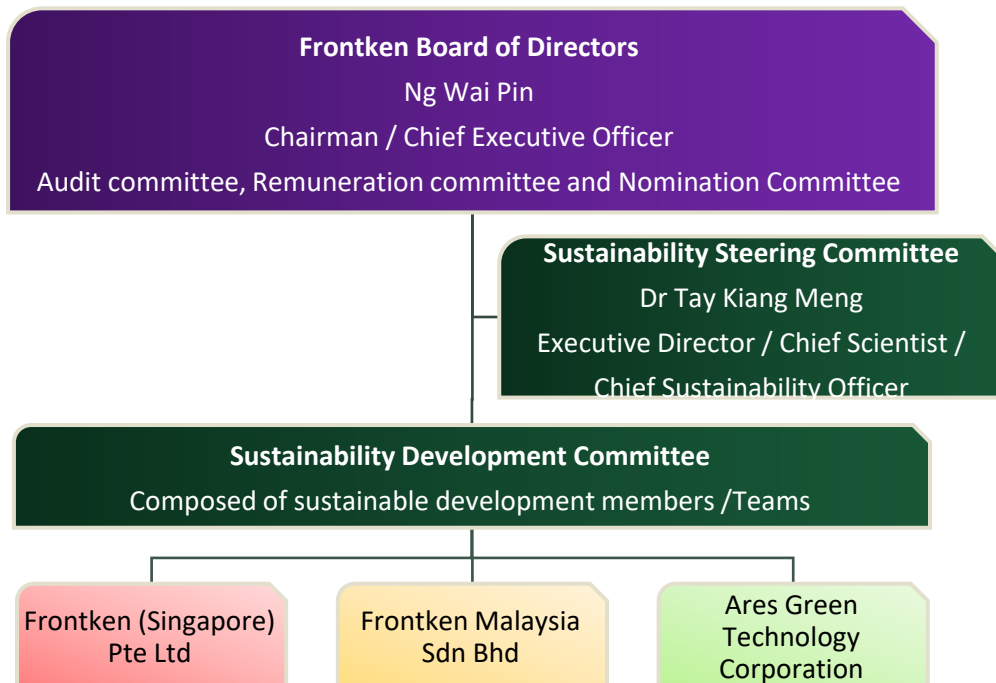
We maintain an ongoing dialogue, interaction, and involvement with stakeholders through various channels such as meetings, surveys, joint analyses, roadshows, and focus groups. Feedback mechanisms are in place to receive input, which contributes to corporate evaluations, development strategies, and materiality matrices outlined in our development plans.

Stakeholder engagement activities and feedback are documented and reported in our Annual General Meetings and Reports, reflecting our commitment to transparency, accountability, and responsiveness to stakeholder needs and priorities.



## SUSTAINABLE CLIMATE GOVERNANCE

### CLIMATE CHANGE GOVERNANCE AND MANAGEMENT FRAMEWORK



The Board of Directors plays the role of overseeing and providing guidance to the Company's comprehensive climate change and sustainable management strategies. At Frontken, the Board is responsible for overseeing climate change governance and the management framework. Frontken Executive Director – Dr Tay Kiang Meng is responsible to Sustainability Steering Committee for formulating mid-to-long term climate change management strategies; identifying our climate risks, formulating annually adaptation and mitigation plans in response to climate change, management the focuses, and countermeasures; integrating interdepartmental resources for climate action; reviewing progress, discussing future plans, and reporting to the Board of Directors every year.

To ensure a focused approach towards sustainability, Frontken has established a dedicated Sustainability Development Committee. This committee plays a pivotal role in providing strategic direction and monitoring the progress of sustainability development activities across the organization. It also leads comprehensive sustainability initiatives and assesses Climate-related risks and opportunities, reporting directly to the Board of Directors every year. They convene regularly to discuss and exchange ideas on emerging social trends, progress in addressing key sustainability themes, and any pertinent Climate Change issues requiring attention. This collaborative approach ensures that Frontken remains proactive in addressing sustainability challenges and aligns with industry best practices.

By having a structured governance framework led by the Board of Directors and supported by the Sustainability Development Committee, Frontken Group demonstrates its commitment to integrating sustainability into core business strategies and operations, driving positive impact across environmental, social, and governance dimensions.

## BOARD OVERSEES CLIMATE-RELATED ISSUES

The Board of Directors at Frontken Group assumes responsibility for overseeing the business affairs of the company. A key aspect of their role is providing leadership in defining our overall strategy, which includes a deep consideration of our material sustainability issues. Recognizing the significance of sustainability, the Board integrates environmental, social, and governance (ESG) factors as guiding principles into Frontken Group's business operations to achieve long-term enterprise value creation. In the context of overseeing climate change-related issues within an organization, each governing body plays a specific and interconnected role.

### BOARD OF DIRECTORS

<b>Roles and Responsibilities</b>	<b>Major Decisions Made and Actions Taken</b>
<p>The Board of Directors has ultimate responsibility for our climate change strategy and ensuring that climate-related issues are integrated into overall governance and business strategy.</p> <ul style="list-style-type: none"> <li>• <b>Strategic Oversight:</b> Define the organization's long-term climate strategy, ensuring alignment with business goals and regulatory requirements; Approve and monitor the organization's climate-related objectives, such as net-zero targets or energy transition plans.</li> <li>• <b>Risk Management:</b> Ensure that climate risks (physical, transition, and liability risks) are integrated into the enterprise risk management (ERM) framework; Oversee scenario analysis and assess resilience against various climate change scenarios.</li> <li>• <b>Performance Monitoring:</b> Review and evaluate progress toward achieving climate-related targets, such as reductions in GHG emissions or energy efficiency improvements.</li> <li>• <b>Stakeholder Communication:</b> Approve disclosures on climate-related performance, including the TCFD report, sustainability report, and other public statements.</li> </ul>	<ul style="list-style-type: none"> <li>• Established Sustainability Steering Committee;</li> <li>• Approved Energy-saving Program;</li> <li>• Issues FCB Climate Change Policy;</li> <li>• Approved to building solar photovoltaic systems;</li> <li>• Declared Net Zero Emissions by 2050;</li> <li>• Issues FCB Annual Sustainability Development Report;</li> <li>• Issues FCB Annual TCFD Report.</li> </ul>

### AUDIT COMMITTEE

<b>Roles and Responsibilities</b>	<b>Major Decisions Made and Actions Taken</b>
<p><i>The Audit Committee ensures that climate-related risks, opportunities, and financial impacts are accurately assessed and disclosed in financial statements and reports.</i></p> <ul style="list-style-type: none"> <li>• <b>Financial Oversight:</b> Review the financial implications of climate-related risks and ensure proper accounting practices for climate-related costs or liabilities; Ensure that climate-related risks are integrated into financial risk management processes, including stress testing.</li> <li>• <b>Internal Controls:</b> Oversee the internal controls related to climate-related data collection, measurement, and reporting to ensure accuracy and reliability.</li> <li>• <b>Assurance Processes:</b> Ensure that climate-related disclosures are verified through internal audits or third-party assurance; Confirm compliance with external standards (e.g., TCFD, GHG Protocol).</li> <li>• <b>Regulatory Compliance:</b> Monitor adherence to evolving regulatory requirements related to climate disclosures.</li> </ul>	<ul style="list-style-type: none"> <li>• Audited FCB Annual Financial Statements and Reports;</li> <li>• Audited the integrity of sustainability reports and our Annual TCFD Report;</li> <li>• Audited our climate-related metrics and data, ensure they are accurate and reliable;</li> <li>• Reviewed the effectiveness of climate change related internal controls and risk management processes.</li> </ul>

## REMUNERATION COMMITTEE

<b>Roles and Responsibilities</b>	<b>Major Decisions Made and Actions Taken</b>
<p>The Remuneration Committee is responsible for ensuring that executive and employee compensation is aligned with the organization's climate goals and performance.</p> <ul style="list-style-type: none"> <li>• <b>Linking Compensation to Climate Performance:</b> Develop and implement performance-based incentives tied to climate-related metrics, such as emissions reductions, energy efficiency, or renewable energy adoption; Ensure executive bonuses and long-term incentive plans reflect the achievement of climate targets.</li> <li>• <b>Alignment with Stakeholder Expectations:</b> Align remuneration practices with shareholder and broader stakeholder demands for climate accountability.</li> <li>• <b>Monitoring and Reporting:</b> Regularly review and report on the alignment of remuneration policies with climate-related objectives and progress.</li> </ul> <p>Further details on the Group's sustainability – linked remuneration policies (such as 'Remuneration Policy and Procedures for Directors and Senior Management' are available on our website at <a href="https://frontken.com">www.frontken.com</a> or <a href="https://frontken.com/investor-relations/">https://frontken.com/investor-relations/</a></p>	<ul style="list-style-type: none"> <li>• Linked shareholders' interests and ESG (including climate change management) achievements to Frontken corporate executives' compensation by introducing the employee restricted stock awards (RSAs) issuance plan approved by the Board and the Shareholders;</li> <li>• Reviewed our incentives to ensure they are aligned with our climate-related goals and targets.</li> </ul>

## NOMINATION COMMITTEE

<b>Roles and Responsibilities</b>	<b>Major Decisions Made and Actions Taken</b>
<p>The Nomination Committee ensures that the board and senior leadership have the expertise and diversity needed to address climate-related challenges and opportunities effectively.</p> <ul style="list-style-type: none"> <li>• <b>Board Composition:</b> Identify and recruit directors with expertise in climate-related areas, such as environmental science, renewable energy, or sustainable business practices; Ensure the board has the skills necessary to oversee climate strategy and risks.</li> <li>• <b>Succession Planning:</b> Develop succession plans for leadership positions with a focus on climate competency and sustainability expertise.</li> <li>• <b>Diversity and Inclusion:</b> Promote diverse perspectives on climate-related issues, including gender, geographic, and industry diversity;</li> <li>• <b>Climate Knowledge Development:</b> Facilitate training programs for directors and senior management on climate-related risks, opportunities, and governance frameworks.</li> </ul>	<ul style="list-style-type: none"> <li>• Regularly (every six months) to evaluate the performance of Directors and Senior Management in climate change management.</li> </ul>

We advocate and act upon the principles of operational transparency and respects shareholder rights, believing that the basis for successful corporate governance is a sound and effective Board of Directors. The Board of Directors oversees and instructs the Company's climate change and sustainable management strategies, and delegates three Board Committees: Audit committee, Remuneration committee and Nomination committee to supervise corporate sustainability and climate management. Each Committee's chairperson regularly reports to the Board on the activities and resolutions of the relevant committees.

## RESPONSIBILITIES OF OUR MANAGEMENT IN IMPLEMENTING AND MANAGING CLIMATE CHANGE

The Sustainability Steering Committee is our top organization of climate change management. The Sustainability Steering Committee is chaired by Executive Director – Dr Tay Kiang Meng. It reviews our climate change strategies and goals and reports quarterly to the Board of Directors. Under the supervision of the Sustainable Development Steering Committee, Frontken manages climate related action plans through the Sustainable Development Committee, which is composed of sustainable development members or teams from all business units. Here are the key management roles which we play in Climate Change Oversight (as shown on the right):

- ❖ Chief Financial Officer (CFO): Assesses the financial implications of climate-related risks and opportunities, ensures accurate climate disclosures, and manages investments in sustainability projects.
- ❖ Head of Operations: Implements operational changes to reduce emissions and improve resource efficiency in refurbishing and recycling processes.
- ❖ Head of Risk Management: Integrates climate risks into the company’s risk management framework and collaborates with other departments to mitigate risks.
- ❖ Head of R&D: Drives innovation in recycling and refurbishing processes to reduce environmental impacts and enhance operational efficiency.

The company’s management plays a critical role in translating the board's strategic direction on climate change into actionable policies, initiatives, and day-to-day operations. Their responsibilities span multiple functions, from strategy execution to stakeholder engagement, ensuring the company effectively manages climate-related risks and opportunities.

### LEADERSHIP AND STRATEGY EXECUTION

Responsibilities	Specific Job
<ul style="list-style-type: none"> <li>• Climate Strategy Implementation: Develop and execute detailed plans to meet climate-related targets (e.g., reducing greenhouse gas (GHG) emissions, improving energy efficiency, and increasing material recovery rates); Align the company’s operational goals with climate objectives set by the board of directors.</li> <li>• Cross-Functional Coordination: Coordinate across departments (e.g., supply chain, R&amp;D, operations) to ensure climate considerations are embedded into all aspects of the business.</li> <li>• Scenario Planning and Resilience: Conduct climate scenario analyses and ensure business operations are resilient to climate-related risks, including physical risks (e.g., extreme weather) and transition risks.</li> </ul>	<ul style="list-style-type: none"> <li>• Developing a roadmap for achieving a 15% reduction in Scope 1 and 2 emissions by 2030;</li> <li>• Designing a sustainable procurement policy to ensure suppliers comply with the company's environmental standards.</li> </ul>

## RISK IDENTIFICATION AND MANAGEMENT

Responsibilities	Specific Job
<ul style="list-style-type: none"> <li>Climate Risk Assessment: Identify, evaluate, and prioritize climate-related risks and opportunities at operational, financial, and reputational levels.</li> <li>Integration into Enterprise Risk Management (ERM): Incorporate climate-related risks into the broader risk management framework and ensure they are addressed in decision-making processes.</li> <li>Mitigation Strategies: Implement risk mitigation strategies, such as diversifying supply chains, using renewable energy, and adopting sustainable technologies.</li> </ul>	<ul style="list-style-type: none"> <li>Conducting a vulnerability assessment to identify risks posed by extreme weather events to manufacturing facilities;</li> <li>Working with the engineering team to adopt energy-efficient equipment in the refurbishment process.</li> </ul>

## OPERATIONAL AND TECHNICAL IMPLEMENTATION

Responsibilities	Specific Job
<ul style="list-style-type: none"> <li>Sustainable Operations: Embed sustainability into day-to-day operations by improving resource efficiency (e.g., water, energy, and materials) and reducing waste.</li> <li>Carbon Footprint Management: Track and manage GHG emissions across the value chain (Scopes 1, 2, and relevant Scope 3).</li> <li>Technology and Innovation: Invest in R&amp;D for new technologies that reduce environmental impact, such as advanced recycling methods or energy-efficient refurbishment processes.</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring energy usage and implementing on-site solar power solutions to reduce operational carbon intensity.</li> <li>Extend the lifespan of recycled components to 100% by 2030.</li> </ul>

## DATA COLLECTION, MONITORING, AND REPORTING

Responsibilities	Specific Job
<ul style="list-style-type: none"> <li>Data Accuracy and Transparency: Establish systems to collect accurate, reliable, and consistent climate-related data (e.g., emissions, energy use, waste generation).</li> <li>Performance Tracking: Monitor progress toward climate-related targets and report results to the board and stakeholders.</li> <li>External Disclosures: Prepare and publish climate-related disclosures, such as IFRS reports, sustainability reports, or CDP submissions, in compliance with regulatory and voluntary standards.</li> </ul>	<ul style="list-style-type: none"> <li>Implementing system to track energy usage and emissions across facilities;</li> <li>Preparing the IFRS report and ensuring all climate-related metrics are independently assured.</li> </ul>

## STAKEHOLDER ENGAGEMENT

Responsibilities	Specific Job
<ul style="list-style-type: none"> <li>Internal Engagement: Foster a culture of sustainability within the organization by engaging employees at all levels and providing training on climate-related practices.</li> <li>External Engagement: Collaborate with suppliers, customers, industry groups, and regulators to drive collective action on climate-related issues.</li> <li>Reputation Management: Build and maintain the company's reputation as a leader in sustainability and climate action.</li> </ul>	<ul style="list-style-type: none"> <li>Organizing employee workshops to promote energy efficiency in daily operations;</li> <li>Partnering with industry associations to develop best practices for recycling and refurbishing semi-con components.</li> </ul>

## COMPLIANCE AND POLICY DEVELOPMENT

Responsibilities	Specific Job
<ul style="list-style-type: none"> <li>Regulatory Compliance: Ensure adherence to local and international climate-related regulations, such as carbon pricing schemes or recycling mandates.</li> <li>Internal Policies: Develop and enforce internal climate policies, such as energy usage standards or waste management guidelines.</li> </ul>	<ul style="list-style-type: none"> <li>Drafting and implementing an internal policy for transitioning to 30% renewable energy by 2035.</li> </ul>

## REPORTING TO THE BOARD AND COMMITTEES

Responsibilities	Specific Job
<ul style="list-style-type: none"> <li>Regular Updates: Provide periodic updates to the board and relevant committees (e.g., Audit, Remuneration) on the progress of climate initiatives.</li> <li>Risk Insights: Highlight key climate-related risks, opportunities, and their financial implications to inform strategic decisions.</li> </ul>	<ul style="list-style-type: none"> <li>Presenting quarterly reports to the Audit Committee on climate-related risks and financial impacts.</li> <li>Preparing annual updates to the board on the company's progress toward climate-related goals.</li> </ul>

## GOVERNANCE REPORTS & POLICIES LIST

### GOVERNANCE REPORT LIST

GR30-2023: FCB CORPORATE GOVERNANCE REPORT FY2023

GR40-2023: FCB RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT FY2023

GR40-2024: RESPONSIBLE CLIMATE CHANGE REPORT

### ENVIRONMENT POLICIES LIST

E-01 FCB Environment Management Policy

E-02 FCB Climate Change Policy

E-03 FCB Energy Management Policy

E-04 FCB Water Management Policy

E-05 FCB Waste Management Policy

E-06 FCB Chemical Use Management Policy

### SOCIAL POLICIES LIST

S-01 FCB Human Resource and Labour Policy

S-02 FCB Diversity, Inclusion and Equal Opportunities Policy

S-03 FCB Health and Safety Policy

S-04 FCB Workplace COVID-19 Related Protocol

S-05 FCB Supply Chain Management Policy

S-06 FCB Engagement with Stakeholders

S-07 FCB Human Rights Policy

### GOVERNANCE POLICIES LIST

G-01 FCB Board of Directors' Profile (FCB Annual report)

G-02 FCB Board Charter

G-03 FCB Code of Conduct

G-04 FCB Group Anti-Bribery and Corruption Policy

G-05 FCB Whistle Blowing Policy

G-06 FCB NOMCOM Term of Reference

G-07 FCB AUDITCOM Term of Reference

G-08 FCB Enterprise Risk Management Policy

G-09 FCB Business Continuity Plan

G-10 FCB Infotech And Data Policy

G-11 FCB Tax Compliance policy

G-12 FCB Sustainability Development Policy

G-13 FCB Global Antitrust Fair Competition Policy

G-14 FCB Research and Development, Product and Process Innovation Policy

G-15 FCB Total Quality Policy

## ENVIRONMENTAL-RELATED GOVERNANCE POLICIES

### E-01 FCB ENVIRONMENT MANAGEMENT POLICY

Frontken Group of companies are committed to incorporating good environmental management and practice into our business activities. We aim to minimise the environmental impact of our own activities, to achieve continual environmental improvement, to prevent pollution, to encourage environmental awareness within our group and to contribute to sustainable development. We are also committed to minimize the environmental impacts and minimize adverse effects on the community, environment, and natural resources within our production operations, while safeguarding the health and safety of the public.

We are specifically committed to:

- a) Strict monitoring and compliance with all relevant environmental laws and relevant standards and practices. All required environmental permits (e.g. discharge monitoring), approvals, and registrations are to be obtained, maintained, and kept current and their operational and reporting requirements are to be followed.
- b) The conservation of natural resources through careful planning and efficient use of water, energy and consumable materials; implement water management program that documents, characterizes, and monitors water sources, use and discharge; seeks opportunities to conserve water; and controls channels of contamination.
- c) The minimization of waste through source reduction, reuse and recycling, and refurbishment; Frontken Group shall implement a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle solid waste (non-hazardous).
- d) The handling and disposal of hazardous waste through safe and environmentally sustainable methods; Chemicals, waste, and other materials posing a hazard to humans or the environment are to be identified, labelled, and managed to ensure their safe handling, movement, storage, use, recycling or reuse, and disposal.
- e) The prevention of pollution, including greenhouse gases, and the unintended release of substances that could cause harm to air, water or land; Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting substances, and combustion by-products generated from operations are to be characterized, routinely monitored, controlled, and treated as required prior to discharge.
- f) Conducting regular environmental assessments at our facilities and making recommendations for improvement;
- g) Training and encouraging our employees to conduct their activities in an environmentally responsible and sustainable manner;
- h) Establishing environmental objectives and targets, conducting an annual review of our performance, and publicly reporting our progress;
- i) Making this policy publicly available to all employees and interested parties; and
- j) Requiring our key suppliers and business partners to maintain the same high levels of environmental performance.

Frontken Group is committed to pollution prevention and resource reduction; Specifically, we ensure that the emissions and discharges of pollutants and generation of waste are minimized or eliminated at the source or by practices such as adding pollution control equipment; modifying production, maintenance, and facility processes; or by other means. We also ensure that the use of natural resources, including water, fossil fuels, minerals, and virgin forest products, are conserve by practices such as modifying production, maintenance and facility processes, materials substitution, re-use,

conservation, recycling, or other means. Frontken Group is committed to establish a corporate-wide greenhouse gas reduction goal. Energy consumption and all relevant Scopes 1 and 2 and 3 greenhouse gas emissions are to be tracked, documented, and publicly reported against the greenhouse gas reduction goal. We are to look for methods to improve energy efficiency and to minimize their energy consumption and greenhouse gas emissions.

A set of clear environmental objectives has been established with appropriate performance indicators, which will be monitored on a continuing basis in relation to:

- a) Waste management;
- b) Energy usage;
- c) Water usage
- d) Emission.

Frontken Group will continue to improve its green production method to meet the operational challenges that global warming may bring by making progress through innovation. We will communicate our Environmental Policy, plans and performance to staff and we recognise the contribution our staff make towards improving the environmental performance of Frontken Group.

The board of the Frontken Group has ultimate responsibility for the environmental performance of the organisation. It will ensure that the necessary environmental policies and resources are put in place to minimise the environmental impacts of the Group.

## E-02 FCB CLIMATE CHANGE POLICY

The greenhouse effect occurs naturally when heat from the Earth's surface is absorbed by greenhouse gases (GHGs) such as carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), sulphur hexafluoride (SF<sub>6</sub>), hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs).

Greenhouse gases are naturally present in the air, and allow the Earth's atmosphere to be warm enough to support life. However, human activities such as burning of fossil fuels for energy and industrial production, and clearing of forests to raise livestock, increases the amount of GHGs in the atmosphere. These additional GHGs trap even more heat in the atmosphere, making the Earth warmer. Global warming leads to long-term climate change.

Scientists worry that the accumulation of these gases in the atmosphere has changed and will continue to change the climate. The risk of climate change depends on the physical and socioeconomic implications of a changing climate. Potential climate change risks have several effects including more severe weather patterns; damage to human-built environments, chaotic ecosystems, damage biodiversity; changes in patterns of drought and flood, with less potable water; inundation of coastal areas from rising sea levels; and more deaths from heat waves, storms, and contaminated water, and increased incidence of tropical diseases.

Scientists reach this conclusion by looking at two trends. First, global surface temperature data show that Earth has warmed 0.5 °C (1 °F) over the past 100 years. At the same time, atmospheric concentrations of GHGs such as CO<sub>2</sub> have increased by about 30% over the past 200 years.

The threat of climate change is being addressed globally by the United Nations Framework Convention on Climate Change (UNFCCC): the long-term objective is 'to stabilise atmospheric

greenhouse gas concentrations at a level that would prevent dangerous anthropogenic interference with the climate system'.

According to the Intergovernmental Panel on Climate Change (IPCC), to keep global warming below 2 °C, emissions of carbon dioxide (CO<sub>2</sub>) and other greenhouse gases (GHGs) must be halved by 2050 (compared with 1990 levels).

Frontken Group will in accordance with our environmental policy and measures committed to:

- a) Reduce the energy used in our operations; including improved energy efficiency in our buildings, facilities, equipment and tooling;
- b) Implement alternative or renewable energy technologies such as solar panels, where practical to provide additional sustainable energy for our facilities;
- c) Engage with all the stakeholders including the supply chain to combat climate change;
- d) Work with suppliers to reduce the carbon embedded in all consumables such as chemicals, packaging materials, the carbon footprint of our equipment and supply chain suppliers to minimise their carbon impacts
- e) Set targets to reduce our carbon emissions including scope 1, scope 2 and scope 3.
- f) Report our greenhouse gas emissions, targets, results and activities openly and in accordance with the Greenhouse Gas Protocol.

We pledged to reduce our Emissions Intensity (EI) – the amount of GHGs emitted per dollar revenue – by 50 per cent by 2050, and to stabilise emissions with the aim of peaking around 2035.

We will continuously introduce specific initiatives to significantly reduce our gas emissions. Our Target is to continuously reduce our carbon footprint and our impact on climate change by decreasing our GHG emissions and improving energy efficiency.

### **GHG EMISSION SCOPE 1,2 AND 3 DATA**

Scope 1 Direct Emissions from company facilities, fleets, etc; (tCO<sub>2</sub>e)

Scope 2: Indirect Emissions from electricity purchased and used by the company; (tCO<sub>2</sub>e)

Scope 3: Other Indirect Emissions from company activities via entities beyond its ownership or control (procurement, shipping, distribution, waste, etc.), as well as business travel and employee commuting; (tCO<sub>2</sub>e)

### **ENERGY DATA**

Total energy consumption data.

Internal carbon price \$20 per tonne of greenhouse gas emissions (tCO<sub>2</sub>e).

**SCOPE 1: GHG EMISSIONS INTENSITY (EI) PER REVENUE IN MILLION RM**

(a) Short Term Goal by 2028: - Reduce 10% our Emissions Intensity (EI) – the amount of GHGs emitted per dollar revenue. (Baseline data FY2020). (kgCO<sub>2</sub>e per revenue in Million RM)

(b) Medium Term Goal by 2035: - Reduce 25% our Emissions Intensity (EI) – the amount of GHGs emitted per dollar revenue in million RM. (Baseline data FY2020).

(c) Long Term Goal by 2050; - Reduce 50% our Emissions Intensity (EI) – the amount of GHGs emitted per dollar revenue in million RM. (Baseline data FY2020).

**SCOPE 2: GHG EMISSIONS INTENSITY (EI) PER UNIT PRODUCTION**

(a) Short Term Goal by 2028; - Reduce 10% our greenhouse gas (GHG) emissions per unit of production. (Energy consumption and GHG emissions baseline data FY2020). (kgCO<sub>2</sub>e per part)

(b) Medium Term Goal by 2035; - Reduce 20% our greenhouse gas (GHG) emissions per unit of production. (Energy consumption and GHG emissions baseline data FY2020).

(c) Long Term Goal by 2050; - Reduce 50% our greenhouse gas (GHG) emissions per unit of production. (Energy consumption and GHG emissions baseline data FY2020).

**SCOPE 3 GHG EMISSION DATA**

- ❖ Purchased goods and services
- ❖ Capital goods
- ❖ Fuel-and-energy-related activities (not included in scope 1 or 2)
- ❖ Upstream transportation and distribution
- ❖ Waste generated in operations
- ❖ Business travel
- ❖ Employee commuting
- ❖ Upstream leased assets
- ❖ Investments
- ❖ Downstream transportation and distribution
- ❖ Processing of sold products
- ❖ Use of sold products
- ❖ End of life treatment of sold products
- ❖ Downstream leased assets
- ❖ Franchises
- ❖ Other (upstream)
- ❖ Other (downstream)
- ❖ Total/no breakdown

### E-03 FCB ENERGY MANAGEMENT POLICY

Frontken Group recognise that the use of energy imposes environmental and societal issues and contributing to Climate Change. Frontken Group will continuously promote the efficient use of energy to produce and deliver world class products and services to our customers. We are committed to responsible energy use and will practice energy efficiency in all facilities and processes, wherever it is cost effective. To implement this policy, we will:

- a) Achieve and maintain compliance with applicable legal and other requirements.
- b) Continuously improve energy efficiency by establishing and implementing strategic energy management practices worldwide that support production, distribution and service capabilities while providing a safe and comfortable work environment.
- c) Consider energy efficiency as a factor in product development and in process and facility design and in the procurement of goods and services.
- d) Procure adequate and dependable energy supplies at the most advantageous rate and implement appropriate risk contingency plans to protect operations from supply interruptions.
- e) Encourage continuous improvement in energy conservation by employees.
- f) Use energy consumption data to establish Key Performance Indicators (KPIs) to drive performance improvements. We will measure, review and communicate our progress on a regular basis to ensure availability of information to our employees.
- g) Ensure adequate resources are available to work towards achieving KPI goals

We will continuously introduce specific initiatives to significantly reduce our air emissions. Our Target is to continuously reduce our carbon footprint and our impact on climate change by decreasing our GHG emissions and improving energy efficiency.

## E-04 FCB WATER MANAGEMENT POLICY

Frontken Group is committed to manage the challenges of water scarcity as part of our sustainability development strategy. We are committed to ensure continuous contribution to high water quality and sustainable water quantity across all our business operation and value chain, and throughout the communities we serve and operate in, including water stress assessments, conservation programs, and improvement initiatives, etc.

We are committed to:

- a) fostering water stewardship, through socially equitable, environmentally sustainable and economically beneficial use of water for our business processes;
- b) optimising water consumption in our operations and reducing the water footprint per unit of production;
- c) conserving water quality and usage in all our sites and from the sourcing of raw materials to production use;
- d) aligning our efforts with the Sustainable Development Goals of the United Nations and respecting the human right to water and sanitation;
- e) innovating with new technologies throughout our business operation and production life cycle.

We particularly address the topic of water within our comprehensive sustainability approach, particularly in our research and development activities, our business operations, our production processes and through the relationship with our customers. We strive to achieve these targets by implementing the below.

- a) developing innovative processes, technologies and behaviours that help to reduce their water usage;
- b) reducing the environmental footprint of our production processes and in particular their water footprint;
- c) engaging in ongoing dialogue with international organisations to improve awareness of our business impact on water.
- d) optimising water consumption in our factories to categorise water uses and establish standards for our Group with best practices and techniques to conserve water through efficient practices;
- e) implementing water re-loop production, where some of the water used for production processes is cleaned and recycled in a loop on-site for re-use.
- f) assessing supply chain sustainability policies, including their water policies, water consumption, and progress to achieving water targets;

We periodically monitor and evaluate our water usage and management results. We report our performance in terms of sustainable water management in our sustainability report.

Our target is to maintain our leadership in water efficiency by optimizing and reducing consumption, continuously recycling and reuse, and reinforcing our efforts in water scarcity areas.

## E-05 FCB WASTE MANAGEMENT POLICY

Frontken Group generated substantial waste (both hazardous and non-hazardous) generated from operations including solid and liquid effluents and gases waste. There is a legal requirement for all who produce, keep, or dispose of waste of any type to comply with the various regulations and the Duty of Care under Environmental Protection legislation. Frontken Group recognises the importance of meeting these legal requirements and to manage its waste responsibly, reduce the volume of waste sent to landfill and maximise reuse and recycling where possible.

Frontken Group is committed to responsible waste management and disposal and will practice the waste management principles of the 'best practicable environmental option' in the management of our operation waste in all facilities and processes. Frontken Group will continuously promote the efficient use a 'waste hierarchical approach', to reduce, reuse, recycle and recover waste products in preference to the disposal of waste to landfill. We will work with the qualified waste disposal service providers and waste management contractors to minimise the risk of pollution or harm to health and safety.

We require all our team members and employees worldwide as well as our supply chain partners to comply with this waste management policy and associated Environmental Guidance Notes, to ensure compliance with all waste legislation in their respective regions.

To implement this policy, we will implement the following:

- |                                                                                  |                                                                               |
|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| a) Achieve and maintain compliance with applicable legal and other requirements. | k) Records and quantities kept of all waste streams;                          |
| b) Legal compliance (where legal non-compliance issues are identified);          | l) Records kept of safety disposal certificates;                              |
| c) Waste minimization;                                                           | m) Staff training in integrated waste management;                             |
| d) Waste separation;                                                             | n) Development and procedures for reporting environmental incidences;         |
| e) Internal re-use and recycling;                                                | o) Reporting waste quantities to authorities;                                 |
| f) External re-use and recycling;                                                | p) Moving towards cleaner production and phasing out of hazardous substances; |
| g) Recovery practices;                                                           | q) Promotion of Extended, Education and Awareness around waste management;    |
| h) Effluent treatment;                                                           | r) Promotion of Extended Producer Responsibility.                             |
| i) Improved inventory control and records kept of losses;                        |                                                                               |
| j) Assessment of waste contractors;                                              |                                                                               |

We will continuously introduce specific initiatives to significantly reduce our waste from our operation. Some of the initiative include treatment, reuse and recycle of effluents and wastewater on-site to remove polluting substances before being discharged into the natural environment. Other initiatives include conduct regular audits on waste storage, recycling, treatment and disposal; this is to ensure that our waste management is performed in accordance with all waste legislative requirements, including the duty of care, and to plan for future legislative changes and to mitigate their effects.

Our Target is to continuously reduce our waste generated footprint and our impact on climate change by decreasing our GHG emissions and improving energy efficiency.

## E-06 FCB CHEMICAL USED MANAGEMENT POLICY

Frontken Group uses substantial types of chemicals and related materials (both hazardous and non-hazardous) for our operations. There is a legal requirement for all who produce, keep or dispose of waste of any type to comply with the various regulations and the Duty of Care under Environmental Protection legislation. Frontken Group recognises the importance of meeting these legal requirements and to manage its chemicals responsibly, reduce to minimize or eliminate the use of certain environmentally sensitive materials in our operation and production processes.

Frontken Group is committed to avoid the use of substances in its production process and business operation that could potentially harm the environment or human health and to ensure that we act responsibly and with caution.

We require all our team members and employees worldwide as well as our supply chain partners to comply with this chemical use management policy and associated Chemical Guidance Notes, to ensure compliance with all waste legislation in their respective regions.

To implement this policy, we identify all chemical substances of concern based on their hazardous properties that:

- a) Are a known threat to human health or the environment.
- b) Show strong indications of significant risks to human health or the environment.
- c) Are known to be bio-persistent or bio-accumulative in humans or the environment.

We are committed to act responsibly, and we avoid any chemical substance of concerns that could pose significant environmental or human health risks. We will take precautionary measures even if the full extent of harm has not yet been definitively established. We are committed to eliminate all chemical substances of concern by:

- a) Legal compliance with laws and regulations and adopt and apply international standards where laws are less stringent.
- b) Achieve and maintain compliance with applicable legal and other requirements.
- c) Proactively evaluate materials and chemicals in production and supply chain, and prioritize them for restriction use based on chemicals of concerns, customer preferences, and scientific analysis that reveals a potential impact to human health or the environment.
- d) Maintaining a Banned and Restricted Chemical Substances Protocol and support policies, standards, and legislation to ensure that comprehensive hazard data are available for chemicals to eliminate or reduce known hazards.
- e) Prohibiting supplier use of these chemical substances contractually. Collaborate with supply chain partners to drive innovation in the development and adoption of environmentally preferable alternatives.
- f) Substituting viable alternative chemical substances; If alternatives are not yet viable, we will work with industry partners to promote industry standards and the development of reliable, environmentally sound, and economically scalable technical solutions.
- g) Moving towards green production and phasing out of hazardous chemical substances.

We will continuously introduce specific initiatives to significantly reduce or eliminate the use of certain environmentally sensitive materials in our operation and production processes.

Our Target is to continuously improve our green production and reduce chemical use footprint in our production processes and business operation.

## SOCIAL-RELATED GOVERNANCE POLICIES

### S-01 FCB HUMAN RESOURCE AND LABOUR POLICY

Frontken Group are committed to uphold the human rights of workers, and to treat them with dignity and respect as understood by the international community. This applies to all workers including temporary, migrant, student, contract, direct employees, and any other type of worker.

We are committed to identify, prevent, and mitigate adverse human rights impacts resulting from or caused by our business activities before they occur, through human rights due diligence and risk mitigation processes.

Frontken Group labour standards are:

(a) Freely Chosen Employment.

Forced, bonded (including debt bondage) or indentured labour, involuntary or exploitative prison labour, slavery or trafficking of persons is not permitted. This includes transporting, harbouring, recruiting, transferring, or receiving persons by means of threat, force, coercion, abduction or fraud for labour or services. There shall be no unreasonable restrictions on workers' freedom of movement in the facility in addition to unreasonable restrictions on entering or exiting company provided facilities including, if applicable, workers' dormitories or living quarters. As part of the hiring process, all workers must be provided with a written employment agreement in their native language that contains a description of terms and conditions of employment. Foreign migrant workers must receive the employment agreement prior to the worker departing from his or her country of origin and there shall be no substitution or change(s) allowed in the employment agreement upon arrival in the receiving country unless these changes are made to meet local law and provide equal or better terms. All work must be voluntary, and workers shall be free to leave work at any time or terminate their employment without penalty if reasonable notice is given as per worker's contract. Employers, agents, and sub-agents' may not hold or otherwise destroy, conceal, or confiscate identity or immigration documents, such as government-issued identification, passports, or work permits. Employers can only hold documentation if such holdings are required by law. In this case, at no time should workers be denied access to their documents. Workers shall not be required to pay employers' agents or sub-agents' recruitment fees or other related fees for their employment. If any such fees are found to have been paid by workers, such fees shall be repaid to the worker.

(b) Young Workers.

Child labour is not to be used in any stage of manufacturing. The term "child" refers to any person under the age of 15, or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. Frontken Group shall implement an appropriate mechanism to verify the age of workers. Workers under the age of 18 (Young Workers) shall not perform work that is likely to jeopardize their health or safety, including night shifts and overtime. Frontken Group shall ensure proper management of student workers through proper maintenance of student records, rigorous due diligence of educational partners, and protection of students' rights in accordance with applicable laws and regulations. Frontken Group shall provide appropriate support and training to all student workers. We prohibit the hiring of individuals that are under 15 years of age for any positions. We have a zero-tolerance approach child labour and modern slavery of any kind within our operations and supply chain.

## (c) Working Hours.

Studies of business practices clearly link worker strain to reduced productivity, increased turnover, and increased injury and illness. Working hours are not to exceed the maximum set by local law. Further, a workweek should not be more than the hours allowed by the local law, including overtime, except in emergency or unusual situations. All overtime must be voluntary. Workers shall be allowed at least one day off every seven days.

## (d) Wages and Benefits.

Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. In compliance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates. Deductions from wages as a disciplinary measure shall not be permitted. For each pay period, workers shall be provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed. All use of temporary, dispatch and outsourced labour will be within the limits of the local law.

## (e) Humane Treatment.

There is to be no harsh or inhumane treatment including violence, gender-based violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, public shaming, or verbal abuse of workers; nor is there to be the threat of any such treatment. Disciplinary policies and procedures in support of these requirements shall be clearly defined and communicated to workers.

## (f) Non-Discrimination/ Non-Harassment.

Frontken Group should be committed to a workplace free of harassment and unlawful discrimination. Companies shall not engage in discrimination or harassment based on race, colour, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status in hiring and employment practices such as wages, promotions, rewards, and access to training. Workers shall be provided with reasonable accommodation for religious practices. In addition, workers or potential workers should not be subjected to medical tests, including pregnancy or virginity tests, or physical exams that could be used in a discriminatory way.

## (g) Freedom of Association.

In conformance with local law, Frontken Group shall respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively, and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities. Workers and/or their representatives shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation, or harassment.

## (h) Valuing Diversity.

We believe that encouraging diversity of ideas, thinking and experience leads to better ways of working and better business results. We're committed to building a diverse workforce and

encouraging an inclusive culture. This covers all areas of diversity, including gender, generations, cultural diversity, disability, and sexual orientation.

(i) Equal Opportunities.

Frontken Group is an equal opportunities employer. We make decisions about recruitment, promotion, training, and other employment issues solely on the grounds of individual ability, achievement, expertise and conduct. We don't discriminate based on gender, gender identity, race, colour, religion, ethnicity, cultural heritage, age, social background, mental or physical ability or disability, national origin, sexual orientation or any other reason not related to job performance or prohibited by applicable law.

(j) Workplace health and safety.

We are committed to providing our employees with a safe and healthy work environment that safeguards their mental and physical wellbeing. To support this objective, we have a strong health and safety programme that aims to reduce our incident level to zero. In cases where employees are injured or have other mental or physical health issues during employment with Frontken, we make any adjustments to their duties and working environment that are necessary to support their recovery and continued employment.

(k) Communicating with stakeholders.

We recognize our impact on the communities in which we operate. We are committed to engaging with stakeholders in those communities to ensure that we are listening to, learning from, and taking into account their views as we conduct our business. Where appropriate, we are committed to engaging in dialogue with stakeholders on human rights issues related to our business.

We are committed to continuously monitor our operations so that there are no adverse impacts on our labour and human rights. We do this through rigorous and continued monitoring of priority topics in our own operations, such as working hours, prevention of forced labour, non-discrimination, freedom of association, minimum age requirements and fair wages, considering the associated risks of the regions in which we operate our business. We ensure that all of our employees are treated with respect and dignity; and we have continuously updated our policies and procedures.

We adopted the code of conduct of the Responsible Business Alliance (RBA), formerly the Electronic Industry Citizenship Coalition (EICC). We continuously review our policies and practices relating to our labour and human rights to stay attentive to support the society.

We will continuously introduce specific initiatives to significantly improve our human resources, labour and human rights performance. Our Target is to continuously achieve employees' turnover rate of below 1%.

## S-02 FCB DIVERSITY AND INCLUSION POLICY

Frontken Group is committed to make sure every employee that are included within the group have an equal opportunity to succeed. We believe that our people are the keys to the Group's long-term growth and success. We believe in equality and inclusion regardless of age, ethnicity, cultural background, gender identity, marital or family status, religion, disabilities, socio-economic background, or sexual orientation. We want to be an employer that our people are proud to work for. We are committed to growing with our people and making the company a vibrant and safe workplace.

To achieve this, we strive to create an open and trusting work environment characterised by equal opportunity, as well as a diverse, inclusive, collaborative and learning culture. We invest in our people and empower them to achieve their full potential both personally and professionally. Frontken Group recognizes the important value and advantages of having a diversified and inclusive workforce. We see diversity and inclusion as a source of strength so that we can to meet the demands of our diverse global customer base and deliver on our business goals. We continuously seek to promote an inclusive culture where employees from different backgrounds, with different capabilities, perspectives and experiences are recognized for their contribution to the best of their abilities.

Frontken Group is committed to establishing and maintaining a diverse and inclusive workplace.

Our guiding principles are:

- a) We strive to create a workplace that embraces diversity and inclusiveness at every level of our group.
- b) We respect and value the unique experiences and perspectives of our employees, regardless of race, gender, age, nationality, religious or political beliefs, disability or sexual orientation.
- c) We believe that diversity is more than just a policy or a set of practices; diversity is a fundamental part of our corporate culture and key to our long- term growth.
- d) We treat co-workers with fairness and respect and will not tolerate any form of discrimination, bullying or harassment and victimisation.
- e) We create and ensure fair and equitable recruitment and compensation practices, and foster development and career progression based solely on performance and merit.
- f) We hire, develop, reward, promote and retain people purely based on their talents, commitment, potential and the results their achievement.
- g) We recruit from the widest possible talent pool for our business and to utilise recruitment processes that are structured to provide a level playing field at all levels of the organisation.
- h) We designed our talent management and succession planning programs to be inclusive and to give talented individuals the opportunity to progress with the aim, including career development and performance.

We will continuously introduce specific initiatives to maintain a diverse and inclusive workplace in our operation and production processes.

Our Target is to continuously maintain a diverse and inclusive workplace footprint in our production processes and business operation.

## S-03 FCB HEALTH AND SAFETY POLICY

Frontken Group recognize that in addition to minimizing the incidence of work-related injury and illness, a safe and healthy work environment enhances the quality of products and services, consistency of production and worker retention and morale. Frontken Group also recognize that ongoing worker input and education are essential to identifying and solving health and safety issues in the workplace.

Frontken Group health and safety standards are:

(a) Occupational Safety.

Worker potential for exposure to health and safety hazards (chemical, electrical and other energy sources, fire, vehicles, and fall hazards, etc.) are to be identified and assessed, mitigated using the Hierarchy of Controls, which includes eliminating the hazard, substituting processes or materials, controlling through proper design, implementing engineering and administrative controls, preventative maintenance and safe work procedures (including lockout/tagout), and providing ongoing occupational health and safety training. Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate, well-maintained, personal protective equipment, and educational materials about risks to them associated with these hazards. Reasonable steps must also be taken to remove pregnant women and 'nursing mothers from working conditions with high hazards, remove or reduce any workplace health and safety risks to pregnant women and nursing mothers, including those associated with their work assignments, and provide reasonable accommodations for nursing mothers.

(b) Emergency Preparedness.

Potential emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures including emergency reporting, employee notification and evacuation procedures, worker training, and drills. Emergency drills must be executed at least annually or as required by local law, whichever is more stringent. Emergency plans should also include appropriate fire detection and suppression equipment, clear and unobstructed egress, adequate exit facilities, contact information for emergency responders, and recovery plans. Such plans and procedures shall focus on minimizing harm to life, the environment, and property.

(c) Occupational Injury and Illness.

Procedures and systems are to be in place to prevent, manage, track and report occupational injury and illness, including provisions to encourage worker reporting, classify and record injury and illness cases, provide necessary medical treatment, investigate cases and implement corrective actions to eliminate their causes, and facilitate the return of workers to work.

(d) Industrial Hygiene.

Worker exposure to chemical, biological, and physical agents is to be identified, evaluated, and controlled according to the Hierarchy of Controls. If any potential hazards were identified, Frontken Group shall look for opportunities to eliminate and/or reduce the potential hazards. If elimination or reduction of the hazards is not feasible, potential hazards are to be controlled through proper design, engineering, and administrative controls. When hazards cannot be adequately controlled by such means, workers are to be provided with and use appropriate, well-maintained, personal protective equipment free of charge. Protective programs shall be ongoing and include educational materials about the risks associated with these hazards.

(e) Physically Demanding Work.

Worker exposure to the hazards of physically demanding tasks, including manual material handling and heavy or repetitive lifting, prolonged standing, and highly repetitive or forceful assembly tasks is to be identified, evaluated, and controlled.

(f) Machine Safeguarding.

Production and other machinery shall be evaluated for safety hazards. Physical guards, interlocks, and barriers are to be provided and properly maintained where machinery presents an injury hazard to workers.

(g) Sanitation, Food, and Housing.

Workers are to be provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage, and eating facilities. Worker dormitories provided by the Frontken Group or a labour agent are to be maintained to be clean and safe, and provided with appropriate emergency egress, hot water for bathing and showering, adequate lighting and heat and ventilation, individually secured accommodations for storing personal and valuable items, and reasonable personal space along with reasonable entry and exit privileges.

(h) Health and Safety Communication.

Frontken Group shall provide workers with appropriate workplace health and safety information and training in the language of the worker or in a language the worker can understand for all identified workplace hazards that workers are exposed to, including but not limited to mechanical, electrical, chemical, fire, and physical hazards. Health and safety related information shall be clearly posted in the facility or placed in a location identifiable and accessible by workers. Training is provided to all workers prior to the beginning of work and regularly thereafter. Workers shall be encouraged to raise any health and safety concerns without retaliation.

We are focused on reducing all types of health hazards and risks to zero incidents with our comprehensive safety programs; including continuously improving our best practices, monthly monitoring of safety indicators; weekly safety training and awareness; and ISO, RBA, and OHSAS 18001 certification audits, etc.

We will continuously introduce specific initiatives to significantly improve our health and safety performance. Our Target is to continuously reduce our health hazards and safety risks to zero incidents.

## S-04 FCB WORKPLACE COVID-19 PROTOCOL

During this difficult period, protection of workers and the environment in international supply chains are top priorities for the Frontken Group and its related companies. Frontken Group implemented factory management and measure to protect worker health and well-being to contain the spread of the virus through clear procedures that include providing immediate proactive measures, including regularly providing additional COVID-19 communications to workers. Continuously communicate and engage workers as part of the process to manage operational issues. And on-site medical protocol to those showing flu or associated symptoms, especially respiratory related, isolating those who may have come in contact with individuals that have contracted the virus.

Frontken Group implemented emergency supply chain management with suppliers with enhanced communication and transparent discussions regarding the impact of the outbreak on workplace operations and develop plans to mitigate disruptions while considering worker well-being and avoiding exploitation. Specifically, Frontken optimize flexibility on delivery schedules, financial arrangements, and other business agreement terms to avoid unintended consequences to workers.

## S-05 FCB SUPPLY CHAIN MANAGEMENT POLICY

Frontken Group business operation requires raw materials, chemicals, consumables materials, equipment, and supplier services. Our operation will be disrupted if our suppliers cannot deliver their products or perform their services. Therefore, we committed to working proactively together with suppliers to mitigate supply chain risk, optimized delivery, cost and time, and improved suppliers' businesses to grow sustainably.

Frontken Group is committed to achieve Sustainable Supply Chain and we take responsibility to ensure that our business operations including our key suppliers adopt to the best practice of procurement and management of supplies, insurance, and other aspects of operations related to our business sustainability. We implemented the Sustainable Procurement and Supplier Management Policy to ensure excellence in procurement with transparency, fairness, and alignment with best practices that represent the highest standards of quality, integrity and excellence. We respect the unique customs and cultures in communities where we operate. Our Sustainable Procurement and Supplier Management Policy are based on the Responsible Business Alliance (RBA) Code of Conduct framework.

We seek to develop relationships with suppliers that share similar values and conduct business in an ethical manner. We are pleased to work with suppliers to ensure an understanding of and compliance with the requirements set forth in our Supplier Supply Chain Sustainability Guidelines:

- a) Compliance with the laws and regulations of all the countries where we operate including all the laws relating to the business related and non-business-related transactions.
- b) Support fair employment practices consistent with our commitment to human rights in our workplace. Establish a strong and direct relationship with our employees through open and honest communications with fairness, dignity, and respect.
- c) Respect human rights without discrimination, harassment of any kind, abuse or other inhumane treatment including no child labour or forced labour; proper management of employees' work hours, breaks and holidays and prohibition of excessive overtime work; payment of the legally mandated

minimum wage and to pay at least a living wage; and no inappropriate wage abatement; respect for employees' right.

- d) Recognize that climate change issues and conserve and protect the natural environment including reduce environmental negative impacts and prevent pollution.
- e) Conduct fair business transactions including prevent all corruption types; offer no bribes or illegal contributions.
- f) Ensure safe and healthy workplaces and maintain a good working environment.
- g) Ensure the quality and safety of products and services.
- h) Ensure accurate, timely and appropriate disclosure of information.
- i) Intellectual property rights are to be respected, transfer of technology and know-how is to be done in a manner that protects intellectual property rights, and customer and supplier information is to be safeguarded.

We expect our key suppliers to acknowledge, commit and implement and follow our guidelines for performance and compliance including Ethics, Labour, Environment, Health & Safety and Management Systems.

We expect our suppliers to follow applicable laws, and similar standards and principles in the countries in which they operate.

We expect our suppliers to judge their employees and contractors based upon their ability to do their job and not upon their physical and/or personal characteristics or beliefs, affirming the principle of no discrimination based on race, colour, gender, religion, political opinion, national origin or sexual orientation.

We expect our suppliers to ensure equal opportunities in the work place and shall not engage in discrimination with regard to recruitment and employment practices.

We expect our suppliers to provide a safe workplace with policies and practices in place to minimise the risk of accidents, injury, and exposure to health risks.

We expect our suppliers neither to employ anyone under the legal working age nor to condone physical or other unlawful abuse or harassment, in any of their operations.

We expect our suppliers not to hold any person in slavery or servitude and not to use forced, bonded or compulsory labour or engage in any form of human trafficking.

We expect our suppliers to compensate their employees fairly and competitively relative to their industry, in full compliance with applicable local and national wage and hour laws, and to offer opportunities for employees to develop their skills and capabilities.

We expect our suppliers to conduct business in ways that protect and preserve the environment. We expect our suppliers to meet applicable environmental laws, rules and regulations in their operations in the countries in which they do business, including the prohibition or restriction of specific substances in products and manufacturing, including labelling for recycling and disposal.

We expect our suppliers to protect the environment and consider the impacts of their business activities on local communities and ecosystems, while paying special attention to energy use efficiency, climate change issues such as greenhouse gas emissions, sustainable use of resources, waste reduction, and air, soil and river pollution.

We expect our suppliers not to give anything more than normal business hospitality appropriate under the circumstances to Frontken Group employees. Gifts of cash or cash equivalents, such as gift cards, are never allowed.

We expect our suppliers to engage in fair business practices, avoid corruption including bribery and extortion, and comply with applicable laws and regulations.

We expect our suppliers to uphold the highest standards of integrity in all business interactions. Frontken Group shall have a zero-tolerance policy to prohibit any and all forms of bribery, corruption, extortion and embezzlement.

We expect our suppliers to protect the confidential information of Frontken Group.

We expect our suppliers do not trade in securities related to Frontken, or encourage others to do so, based on confidential information received from Frontken Group.

We expect our suppliers to comply with applicable Data Protection laws, and privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared, including suppliers, customers, consumers, and employees.

We expect our suppliers to whistle blow any employee of Frontken Group, who has any issues of ethics such as engaged in illegal or otherwise improper conduct, should report the matter to Frontken without fear of retaliation. We will ensure the confidentiality, anonymity, and protection of supplier and employee whistle-blower are to be maintained, unless prohibited by law.

Frontken Group has adopted the ISO system of approved vendor list and supplier selection to ensure that our suppliers deliver products and services that meet our specification and requirements. The scope of qualification includes suppliers' capabilities based on our criteria identified in the supplier qualification form including economic, environmental, and social issues consistent with the Supplier Supply Chain Sustainability Guidelines. All the suppliers who are qualified and approved via the supplier qualification process will be registered on our Approved Vendor List (AVL) in our procurement system. All approved suppliers are required to sign the acknowledgement form of Supplier Supply Chain Sustainability Guidelines and Code of Conduct to ensure compliance with the agreements and requirements.

If a supplier fails to uphold any aspect of the requirements of the Supplier Supply Chain Sustainability Guidelines, the supplier is expected to implement corrective actions. Frontken Group reserves the right to terminate an agreement with any supplier that cannot demonstrate that they are upholding the requirements of these Supplier Supply Chain Sustainability Guidelines.

Frontken Group will conduct regular surveys of suppliers to monitor the status of their compliance with basic policies and to strengthen communication with suppliers. Frontken Group will visit suppliers to confirm the status of their activities when it determines that site audit visits are necessary based on the regions where suppliers are active and their business activities.

Frontken Group will request that the supplier to do corrective actions if there is any non-compliance; and will provide guidance and assistance to the supplier as necessary. If the non-compliance supplier is unlikely to implement corrective measures even after providing continuous guidance and assistance, Frontken Group will review its business relationship with the relevant supplier. For example, if any of our supplier has failed to meet the labour laws relating to compliance of laws; or respect for human rights; or workplace safety and health; we will ask the supplier to establish the factual situation and prepare a report on the non-compliance and corrective actions and improvement measures. If

corrective actions and improvement measures are insufficient, we will request that further measures to be taken; otherwise, we will review our relationship with the supplier.

We will continuously introduce specific initiatives to significantly improve our supply chain sustainability including resource efficiency and optimization in consumption and production. Our Target is to continuously improve our supply chain sustainability footprint; and to continuously train our employees on our sustainability development.

## S-07 FCB HUMAN RIGHTS POLICY

Frontken Group business activities are governed by its Values and Codes of Ethics and comply with the ESG, and Sustainability Development Model envisaged in the United Nations Global Compact standards, and other related standards. Frontken Group recognises and is committed to the respect for human rights, which are the fundamental value of its culture and corporate strategy. Frontken Group is committed to manage and reduce the potential risk of human rights violations, to avoid causing adverse impacts on these rights within the multiracial, socially, and economically diverse conditions.

Frontken Group is committed to apply either the UN Guiding Principles on Business and Human Rights or the OECD Guidelines for Multinational Enterprises. We respect and support the protection of internationally proclaimed human rights. Our commitment includes reference to international human rights instruments, including those contained within the International Bill of Human Rights. Frontken Group is committed to local employment and sourcing.

Frontken respects and protects the fundamental human rights laid down by the laws and regulations of each country where it operates and contained in applicable international standards, including:

- a) the ministry of manpower in each operative countries, including Malaysia, Singapore, Taiwan, Philippines, and all related countries that it operates.
- b) the United Nations International Bill of Human Rights and the Rights of the Child.
- c) the United Nations Convention and the local countries regulations against Corruption.
- d) legal compliance with laws and regulations within the countries of operation.

Frontken Group is committed to the importance of meeting these legal requirements and aim to manage its human resources responsibly with the following principles:

- a) **Non-discrimination** – Frontken Group is committed to eliminate any form of direct or indirect discrimination based on gender, marital status, sexual orientation, religious or political beliefs, union membership, race, ethnicity, nationality, age, social background and status, physical and mental disability, and is committed to the prevention of discrimination in all areas of working life.
- b) **No forced labour and child labour** – Frontken Group opposes all forms of labour exploitation, including child labour, forced or compulsory labour and all forms of abuse or mental or physical coercion towards both their workers and workers employed along the supply chain, and strongly condemns all forms of human trafficking and exploitation.

- c) **Balanced Working Conditions** – Frontken Group is committed to a working environment based on trust, dialogue and mutual respect and protects the welfare and work-life balance of its employees, ensuring decent wages and fair working hours.
- d) **Responsible Occupational Health and Safety** – Frontken Group is committed to the health and safety of workers and maintains a safe and healthy working environment by adopting high standards of prevention, assessment and management of related risks, and by fostering and constantly spreading a corporate culture geared towards occupational health and safety.
- e) **Respect Local Communities**– Frontken Group is committed to disseminate and promote its core business values, while respecting local cultures and indigenous people, protecting cultural and natural heritage and local traditions and customs. Frontken Group is committed to contribute to the economic wellbeing and growth of the communities in which it operates by providing support to educational, cultural, and social initiatives for promoting personal development and improving living standards.
- f) **No Corruption** – Frontken Group is committed to eliminate all forms of corruption in any jurisdiction, even in places where such activity is acceptable in practice, tolerated, or not pursued in the courts, with the conviction that corruption also undermines human rights.
- g) **Protect Privacy** – Frontken Group is committed to ensure adequate safeguards to personal data processing operations and respects the right to privacy of all of its Stakeholders, undertaking to use the data and information provided in a correct manner.

Frontken Group is committed to continuously improve the processes of the identification, assessment, prevention, and mitigation of human rights violation risks, promptly implementing corrective actions if these events occur.

We require all of our team members and employees worldwide as well as our supply chain partners to comply with this human rights policy and associated Guidance Notes, to ensure compliance with all human rights legislation in their respective regions, including:

- a) legal compliance with laws and regulations and adopt and apply international standards where laws are less stringent.
- b) achieve and maintain compliance with applicable legal and other requirements.
- c) increases employees' awareness, through information and training, and in conducting corporate activities with respect for human rights;
- d) manages the critical supply chain in a responsible manner including, in particular, respect for human rights in the supplier selection criteria, in the contractual provisions and in the checks carried out by Audit;
- e) requires that its suppliers implement a similar management model within their supply chains; including requires that its suppliers conduct proper due diligence within their supply chain in order to certify that the products and materials supplied to Frontken Group are "conflict free" throughout the whole supply chain.

## OTHER GOVERNANCE POLICIES

### G-02 FCB BOARD CHARTER

#### 1. OVERVIEW

The Board is primarily responsible for ensuring that Frontken has an appropriate corporate governance structure to ensure the creation and protection of shareholders' value. The Board is also responsible for ensuring that management recognizes Frontken's legal and other obligations to all legitimate stakeholders. "Stakeholders" are groups that are likely to feel a social, environment, economic or financial impact from Frontken's actions. They include shareholders, Directors, customers, suppliers, employees, government regulators and members of the communities where Frontken operates and are affected by Frontken's activities. Frontken's obligations to its Stakeholders require that appropriate accountability and control systems are in place. This Board Charter explains Frontken's commitment to corporate governance. It is not an "all inclusive" document and should be read as a broad expression of principles.

#### 2. BOARD'S ROLES AND RESPONSIBILITIES

##### 2.1 Composition of the Board

The Board comprises:

- a) Directors with an appropriate range of skills, experience, and expertise;
- b) Directors who have proper understanding of, and competence to deal with, current and emerging issues of the business of Frontken;
- c) Directors who can effectively review and challenge the performance of management and exercise independent judgment; and
- d) At least one-third are Independent Directors who have met the requirements prescribed by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Board should be of a size and composition that is conducive to making decisions expediently, with the benefit of a variety of perspectives and skills, and in the best interest of the Group as a whole rather than of individual shareholders or other stakeholders.

##### 2.2 The Board

The Board is responsible for setting the strategic direction of the Group and monitors the implementation of that strategy by the management team, including:

###### 2.2.1 Strategy and Planning

- I. Establish overall business objectives and consider whether they continue to be appropriate in the context of business opportunities being pursued.
- II. Review and approve management strategies and plans designed to pursue business objectives and ensure they continue to remain prudent in the context of the objectives of the business, the economic environment, available resources and reasonable achievability of results.
- III. Approve and monitor the progress of major capital expenditure and acquisitions/divestitures.
- IV. Establish procedures for the approval of all significant acquisitions and major contracts entered into outside the ordinary course of the Group's business.

- V. Approve 12 months' operational budgets and evaluate results against budgets in the context of business objectives, strategies and operations plans being pursued.
- VI. Approve all major changes to the structure of the organization.

### **2.2.2 Human Resource Management**

- I. Define required Board's competencies and number and profile of Board members.
- II. Appoint Board members.
- III. Approve induction programme for new Board members and ongoing training programmes.
- IV. Ensure easy access to internal and external sources of information and advice.
- V. Manage performance of the Board as a whole and of the individual members.
- VI. Appoint the Chief Executive Officer (CEO), review the performance of the CEO and provide counselling and mentoring, if and when required.
- VII. Evaluate performance of senior management.
- VIII. Approve appointment and removal of the Company Secretary.
- IX. Approve executive succession plans.

### **2.2.3 Remuneration**

- I. Determine remuneration of Directors to ensure that they are consistent with sustainable achievement of business objectives, prudent management of operations and prompt ongoing assessments on the risks to which the Group is exposed.
- II. Approve remuneration and contracts of senior management on the recommendation of the CEO.
- III. Approve employees' share option schemes, if any, for submission to shareholders for approval at General Meeting and any other senior executives' incentive schemes.

### **2.2.4 Capital Management and Financial Reporting**

- I. Monitor and review the capital and solvency positions of the Group.
- II. Approve quarterly reports, audited financial statements and Annual Report.
- III. Approve dividend policy and dividend payments.
- IV. Approve major financing arrangements.

### **2.2.5 Performance Monitoring**

- I. Approve relevant financial and non-financial Key Performance Indicators (KPIs) to be reported by management.
- II. Remuneration Committee to conduct KPI review with the CEO and senior management annually.
- III. Consider and approve any action/remediation plans to be implemented.

### **2.2.6 Risk Management**

- I. Review major risks the Group is likely to be exposed to.
- II. Review risk management resources, structures and processes and consider and approve changes.
- III. Approve risk management strategies.
- IV. Monitor compliance with all legal, tax and regulatory obligations.

- V. Review and ratify systems of risk management and internal compliance and controls, codes of conduct, continuous disclosure, legal compliance and other significant corporate policies annually.
- VI. Review the effectiveness of the Group's implementation of its risk management system.

### 2.2.7 Audit and Compliance

- I. Recommend the appointment/re-appoint/replace the external auditors and their remuneration for the approval of shareholders at General Meeting.
- II. Define the scope of the external audit function.
- III. Review the control environment and audit and compliance resources, structure and processes and consider and approve changes.
- IV. Approve the scope of internal audit and compliance issues.
- V. Review significant audit and compliance issues and consider and approve action and remediation plans.

### 2.2.8 Board Processes and Policies

- I. Decide the role and composition of Board committees.
- II. Approve delegated authorities.
- III. Define and execute a policy dealing with conflicts of interest.
- IV. Define policy and procedures relating to related-party transactions, dealings in securities by Directors and principal officers, whistle blowing and insider trading policy.
- V. Approve policies dealing with Directors' liabilities, indemnities and insurance.

In discharging his/her duties, each Director must:

- a) Exercise due care and diligence;
- b) Act in good faith in the best interests of the Group and its shareholders;
- c) Not improperly use his/her position or misuse information of the Group;
- d) Commit the time necessary to discharge effectively his/her role as a Director; and
- e) Ensure that other commitments, including other directorships, do not interfere with their duties and responsibilities as a member of the Company's board.

All Directors are entitled to be heard at all meetings and should bring an independent judgment to bear in decision-making. It is expected that every Director will make an effort to attend each board meeting and the meeting of any committee on which the Director sits. Attendance in person is preferred, but attendance by teleconference is permitted. Each Director should be familiar with the agenda for each meeting, have carefully reviewed all materials distributed in advance of the meeting, and be prepared to participate meaningfully in the meeting.

### 2.3 Role of Directors

The Independent Directors are independent of management and are those who have the ability to exercise their duties unfettered by any business or other relationship and are willing to express their opinion at Board meetings free of concern about their position or the position of any third party. They ensure that the interests of all shareholders are taken into account by the Board and that the relevant issues are given objective and impartial consideration by the Board. The Board does not believe it is

possible to draft a list of criteria that are appropriate to characterise, in all circumstances, whether a Non-Executive Director is independent. It is the approach and attitude of each Non-Executive Independent Director that is critical and this must be considered in relation to each Director while taking into account all other relevant factors, which may include those set out in paragraph 1.01 and PN13 of the Listing Requirements.

Directors are best able to determine if they have an interest or relationship that is likely to impact on their independence. As such, each Director is expected to advise the Chairman immediately if he/she believes that he/she may no longer be independent.

Each Director must immediately disclose to the Chairman (with a copy to the Company Secretary) all information relevant for determining whether such Director is independent, including details of entities in which the Director has a direct or indirect shareholding (or other interest), or is a director of.

## **2.4 Role of Chairman**

The Chairman is primarily responsible to lead the Board. The Chairman's responsibilities include:

- a) Leading the Board in its responsibilities for the business and affairs of the Company and its oversight of management.
- b) Overseeing the Board in the effective discharge of its supervisory role.
- c) The efficient organization and conduct of the Board's function and meetings.
- d) Facilitating the effective contribution of all Directors.
- e) Briefing of all Directors in relation to issues arising at meeting.
- f) The promotion of constructive and respectful relations between Board members and between the Board and the management.
- g) Committing the time necessary to discharge effectively his/her role as Chairman.
- h) Ensuring that there is regular and effective evaluation of the Board's performance.

In performing this role, the Chairman must work with senior management, manage the Board, and promote effective relations with shareholders, other stakeholders and the public.

## **2.5 Role of the CEO**

The responsibilities of the CEO, amongst others, are as follows: -

- to develop and implement corporate strategies for the Group;
- to supervise heads of divisions and departments who are responsible for all functions contributing to the success of the Group;
- to ensure the efficiency and effectiveness of the operations for the Group;
- to assess business opportunities which are of potential benefit to the Group; and
- to bring material, significant and other relevant matters to the attention of the Board in an accurate and timely manner.

## 2.6 Role of Board Committees

The Board may from time to time establish Board Committee as is considered appropriate to assist in carrying out its duties and responsibilities. The Board has established the following Board Committees to assist and advise the Board in fulfilling its duties and responsibilities:

(a) Nomination Committee, to assist the Board in relation to:

- Appointments and assess the performance of directors;
- Directors' induction programme;
- Committee membership; and
- Senior management succession planning, appointment and termination.

(b) Remuneration Committee, to assist the Board in relation to:

- Remuneration policies for Directors;
- Remuneration policies for the CEO, CFO and senior management;
- Grant of ESOS.

(c) Audit Committee, to assist the Board in relation to:

- Assessing the reliability and integrity of information for inclusion in the Company's financial statements;
- Enterprise-wide risk management;
- Compliance with legal and regulatory obligations;
- The integrity of the Group's internal control framework;
- Assess the independence of the external and internal auditors.

With the exception of certain limited delegations contained in their respective charters, recommendations of the Committees are to be referred to the Board for approval.

## 2.7 Role of Senior Independent Non-Executive Director (SINED)

The role of the SINED shall among others includes the following: -

- A sounding board for the Chairman;
- An intermediary for other Directors, when necessary; and
- the point of contact for shareholders and other stakeholders and the Board and management.

## 2.8 Role of Company Secretary

The roles and responsibilities of a Company Secretary include, but are not limited to the following:

- Manage all board and committee meeting logistics, attend and record minutes of all board and committee meetings and facilitate board communications;
- Advise the board on its roles and responsibilities;
- Facilitate the orientation of new directors and assist in director's training and development;

- Advise the board on corporate disclosures and compliance with company and securities regulations and listing requirements;
- Manage processes pertaining to the annual shareholders' meeting;
- Monitor corporate governance developments and assist the board in applying governance practices to meet the board's needs and stakeholders' expectations; and
- Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

### **3. BOARD & BOARD COMMITTEE MEETINGS**

The Board schedules at least four (4) meetings a year at quarterly intervals with additional meetings convened whenever urgent and important matters need to be deliberated or decisions are required. The Board ensures that its decision as well as the issues deliberated on before arriving at those decisions are properly documented and implemented.

The Audit Committee meets at least four (4) times annually. The Nomination and Remuneration Committees meet at least once a year and also as and when required.

An interested Director will have to make an immediate declaration to the Board of his/her interest and he/she is required to abstain from deliberations and voting on such transaction.

The Board may invite external parties such as auditors (both internal and/or external auditors), solicitors or consultants as and when the need arises. Such invited parties may attend part or all of the Board Meeting at the discretion of the Board.

### **4. ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

The Board and Committees must be provided with the information they need to efficiently discharge their responsibilities.

The management must supply the Board and Committees with information in a form, timeframe and quality that enables the Board and Committees to effectively discharge their duties. All Directors are to receive copies of Board papers in a timely manner. Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. The Directors have the authority to seek any information they require from any employee of the Group and all employees must comply with such requests. It is expected that such requests and any significant issues are communicated to the Chairman, CEO, CFO or Company Secretary.

Any Director may take such independent legal, financial or other advice as they consider necessary at the Company's cost. Any Director seeking independent advice must first discuss the request with the Chairman who will facilitate obtaining such advice and, where appropriate, dissemination of such advice to all Directors.

### **5. DEALINGS IN SECURITIES**

The Company imposes restrictions on the trading of securities by Directors and principal officers with undisclosed price-sensitive information. All Directors must adhere to the said policy.

## 6. FINANCIAL REPORTING

The Board shall aim to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly financial reports to the shareholders. The Board is assisted by the Audit Committee to oversee the Company's financial reporting process and the quality of the financial reporting.

## 7. INVESTOR RELATIONS

The Company is committed to promoting on-going and interactive communications with its shareholders. This link is achieved through the annual reports, the quarterly announcements and the shareholders' meetings. At the AGM and other general meetings, the Company uses this avenue to gather views of, and answers questions from the shareholders on all issues relevant to the Group. Shareholders participation is encouraged during the question-and-answer sessions in the general meetings, and for shareholders to provide suggestions and comments for consideration by management.

The Company's interactive website, [www.frontken.com](http://www.frontken.com), contained an Investor Relations section where the shareholders could also communicate with the Board through the Senior Independent Non-Executive Director.

## 8. ORIENTATION AND CONTINUING EDUCATION

New Directors will receive a comprehensive orientation from appropriate executives and staff regarding the business affairs of the Company. Directors are expected to remain abreast of issues and events in the sectors where the Group has an operating interest and shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning.

The Directors would also be updated by the Company Secretary on new statutory, corporate and regulatory developments relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.

## 9. BOARD ASSESSMENT

The Board and its Committees will evaluate their own performance and effectiveness annually with the objective of continuous improvements. Generally, the Board' performance will be measured against the following key metrics, including:

- The effectiveness with which the Board functions, including satisfaction of Board members regarding the functioning of the Board;
- The extent to which the Company carries out its responsibilities to shareholders, employees, customers, governments and the public; and
- The quality of communications between the Board and management, including satisfaction of members of management and Board members regarding this communication.
- The Nomination Committee is responsible for coordinating and overseeing the annual Board evaluation process in accordance with the Terms of Reference of that Committee.

**10. TIME COMMITMENT**

The Directors shall give their time commitment to commensurate with the roles they play within the Group.

One should notify the Chairman before accepting any new directorships which notification should provide an indication of time that will be spent in the new appointment.

**11. DIVERSITY AND INCLUSION POLICY**

The Board and its Committees are committed to make sure every employee that are included within the group have an equal and inclusive opportunity to succeed, regardless of age, ethnicity, cultural background, gender identity, marital or family status, religion, disabilities, socio-economic background or sexual orientation.

The board and it committees strive to create an open, safe and trusting work environment characterised by equal opportunity, as well as a diverse, inclusive, collaborative and learning culture, and empower them to achieve their full potential both personally and professionally.

The Board and its Committees recognize the important value and advantages of having a diversified and inclusive workforce, and will continuously seek to promote an inclusive culture where employees from different backgrounds, with different capabilities, perspectives and experiences are recognized for their contribution to the best of their abilities.

**12. REVIEW OF BOARD CHARTER**

This Board Charter approved by the Board shall be reviewed at least once in a year to ensure that new laws, regulations or relevant developments having an impact on the discharge of the Board's responsibilities are taken into account.

## G-03 FCB CODE OF CONDUCT

The Directors and Management of Frontken Corporation Berhad and its group of companies (“the Group”) are committed to adhering to the best practice in corporate governance and observing the highest standards of integrity and behaviour in activities conducted by the Group, including the interaction with all its stakeholders, which include its directors, customers, suppliers, shareholders, employees and business partners. All the Directors, Management and employees of the Group are expected to discharge their respective duties with highest level of integrity in line with relevant laws and regulations and the Group’s policies, guidelines and best practices and failure to comply may result in the commencement of disciplinary proceedings that may lead to termination of employment.

### **Conflicts of Interest**

The Group expects that Directors, Management and employees will perform their duties conscientiously, honestly, and in accordance with the best interest of the Group. Employee must not engage in activities that directly or indirectly involve, or could appear to involve, a conflict between their personal interests and the interests of the Group. Directors, Management and employees must not use their positions, or the knowledge gained as a result of their positions for private or personal gain/advantage. Any actual or potential conflicts of interest are to be fully disclosed to appropriate supervising manager and/or Board of Directors and where such circumstances are permitted by management and/or Board of Directors to continue, shall not be deemed a breach of this Code.

### **Group Funds and Other Assets**

Directors, Management, and employees who have access to Group funds in any form must follow the prescribed procedures for recording, handling, and protecting money as detailed in the Group’s policies and procedures or other explanatory materials, or both. The Group imposes strict standards to prevent fraud, dishonesty, bribery and money laundering.

If Directors, Management, and employees become aware of any evidence of such fraud, dishonesty, bribery and money laundering, they should immediately advise the appropriate supervising manager and/or Senior Independent Non-Executive Director (SINED) so that the Group can promptly investigate into the matter and to take appropriate actions thereon. When an employee’s position requires spending Group funds or incurring any reimbursable personal expenses, that individual must use good judgment on the Group’s behalf to ensure that good value is received for every expenditure. Group funds and all other assets of the Group are purposed for the Group only and not for personal benefit.

### **Group Records and Communications**

Accurate and reliable records of many kinds are necessary to meet the Group’s legal and financial obligations and to manage the affairs of the Group. The Group’s book and records must reflect in an accurate and timely manner for all business transactions.

The Directors, Management, and employees responsible for accounting and record keeping must fully disclose and record all assets, liabilities, or both, and must exercise diligence in enforcing these requirements. Directors, Management, and employees must not make or engage in any false or misleading record or communication of any kind, whether internal or external, including but not limited to: (a) False expense, attendance, production, financial, or similar reports and statements; (b) False advertising, deceptive marketing practices, or other misleading representations

**Prompt Communication**

In all matters relevant to customers, suppliers, government authorities, the public and others in the Group, all Directors, Management, and employees must make every effort to achieve complete, accurate, and timely communications – responding promptly and courteously to all proper requests for information.

**Confidentially**

Directors, Management, and employees must keep confidential all information that would reasonably be considered to be confidential, including but not limited to terms and conditions of contracts entered into by the Group, employee and customer details, performance and financial details and policies and procedures of the Group.

**Dealings in Securities and Insider Trading**

The Directors, Management, Principal Officers and employees shall observe all the prohibitions and dealings in the shares or securities of the Company as stipulated by the laws and regulations, including but without limiting the Capital Markets And Services Act, 2007 and the listing requirements of Bursa Malaysia Securities Berhad and shall not themselves and/or any person connected to them who have or has access to any unreleased price sensitive information must avoid conduct known as “Insider Trading” and avoid any adverse inference being drawn from unfair dealings by them.

**Amendments and Updates**

The Code of Conduct may be updated from time to time. All Directors, Management and employees will be required to comply with the Code of Conduct as updated. Amendments to this Code of Conduct must be approved by the Board of Directors and all updates and amendments are to be communicated to Directors, Management and employees.

## G-04 FCB ANTI-BRIBERY AND CORRUPTION POLICY

### 1. Introduction

Frontken Corporation Berhad and its subsidiaries (“FCB” or the “Group”) is committed to conducting the Group’s business lawfully and ethically in all the countries where the businesses are located. The Group has established this Anti-Bribery and Corruption Policy (“Policy”) which sets out its expectations for internal and external parties working for and on behalf of the Group in preventing bribery or corrupt practises in relation to the Group’s businesses.

This Policy, which is revised in tandem with changes to regulatory requirements locally and abroad, is approved by the Board of Directors of FCB (the “Board”). The Policy shall be read together with the Group’s other internal policies/procedures/ guidelines/manual including but not limited to FCB Group’s Code of Conduct and Whistleblowing Policy. In the event of any conflicts between this Policy and applicable laws, the law shall prevail.

### 2. Objective

This Policy sets out the Group’s position on bribery in all its forms and matters of corruption that might confront the Group in its day-to-day operations.

### 3. Scope

This Policy is generally applicable to the Directors of FCB Group; employees of the Group; and suppliers, consultants, contractors, agents, advisors, and any person who or institution which performs services for or on behalf of the Group (collectively, the “Vendors”), unless otherwise stated in the specific associated policies referred to in this Policy.

### 4. What is Bribery?

“Bribery” refers to the act of corruptly giving, agreeing to give, authorising, promising, offering, soliciting, receiving, or agreeing to receive any gratification. Gratification can take various forms, including, but not limited to, monetary, non-monetary, services, favours, or any form of benefit or advantage, more specifically defined as follows:

- A gratification that is given or received with a corrupt intent, either as an inducement to gain or provide an undue advantage or reward for having gained or provided an undue advantage is considered a bribe;
- A gratification that is given or received with the corrupt intent to influence the intended recipient’s judgement, views, or conduct, is considered a bribe; and
- A gratification that is given or received with a corrupt intent, including to induce or reward the improper performance of a party, or to obtain or retain business advantage, is considered a bribe.

The Malaysian Anti-Corruption Commission Act 2009 (“MACC Act 2009”) prohibits a person or a commercial organisation from giving or receiving bribes, including via agents or associates. Contravention of the law may result in a fine of not less than 10 times the sum or value of gratification or RM1 million, whichever is higher, and/or its officers concerned, imprisonment for a term not exceeding 20 years [Refer to Section 16, Section 17, and Section 17A of the MACC Act 2009].

## 5. Our Group's Anti-Bribery and Corruption Stance

The Group's anti-bribery and corruption stance is further explained as follows:

- I. All forms of bribery and corruption are prohibited. The Group upholds a zero-tolerance approach.
- II. The Group shall not pay to, or receive bribes from, anyone for any purpose;
- III. The Group shall uphold this anti-bribery and corruption stance across the Group's business and expects the same from stakeholders, internal and external to the Group's business, extending to all the Group's business dealings and activities;
- IV. The Directors, Management and staff of the Group as well as Vendors working for and on behalf of the Group shall adhere to and observe the Group's anti-bribery and corruption stance and relevant provisions of this Policy;
- V. In a situation where a Director, employee or Vendor is pressured to pay a facilitation payment to protect his/her physical safety or freedom, he/she shall prioritise his/her safety or freedom. If a facilitation payment is made in such a situation, the payment shall be immediately reported to the Group's Chairman, or the Senior Independent Non-Executive Director ("SINED"), as the case may be.
- VI. The Board treats any violation of this Policy seriously and shall undertake necessary actions, including, but are not limited to, review of employment or appointment, disciplinary actions, dismissal, termination of existing contract/agreement, and reporting to the authorities, consistent with the relevant laws and regulations.

## 6. Definitions

The following definitions and interpretations shall apply to this Policy:

- "bribery" As defined in Clause 4 including but not limiting to the act of corruptly authorising, giving, agreeing to give, promising, offering, soliciting, receiving, or agreeing to receive any gratification
- "Business Associates" includes the Group's joint-venture entities, joint-venture partners and business partners
- "corruption" is the abuse of entrusted power for private gain full-time,
- "employee" probationary, contract and temporary staff of the Group
- "Facilitation payments" which is a small bribe, also called a 'facilitating', 'speed', or 'grease' payment, made to secure or expedite the performance of a routine or necessary action to which the payer has legal or other entitlement
- "giving" or "paying" a bribe refers to actions amounting to the act of giving, agreeing to give, promising, or offering a bribe by a person associated;
- "gratification" shall have the meaning as defined in the MACC Act 2009, i.e.:
  - a. money, donation, gift, loan, fee, reward, valuable security, property or interest in property being property of any description whether movable or immovable, financial benefit, or any other similar advantage;
  - b. any office, dignity, employment, contract of employment or services, and agreement to give employment or render services in any capacity;
  - c. any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;
  - d. any valuable consideration of any kind, any discount, commission, rebate, bonus, deduction or percentage;

- e. any forbearance to demand any money or money's worth or valuable thing;
  - f. any other service or favour of any description, including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted, and including the exercise or the forbearance from the exercise of any right or any official power or duty; and
  - g. any offer, undertaking or promise, whether conditional or unconditional, of any gratification within the meaning of any of the preceding paragraphs (a) to (f)
- "receiving" a bribe refers to actions amounting to the act of soliciting or agreeing to receive a bribe by a person associated
  - "Vendors" Comprise of suppliers, consultants, contractors, agents, advisors and any person who or institution which performs services for or on behalf of the Group
  - "person associated" refers to a Director, employee of the Group or a person who performs services for or on behalf of the Group.

## 7. Gifts, Entertainment, Hospitality and Travel

While the giving or receiving of gifts, entertainment, hospitality and travel are not prohibited, they must not be made with the intention, to improperly influence any business-related decisions or outcome. Gifts, entertainment, hospitality or travel shall only be given if (1) it seeks to improve the image of the Group; (2) better present products and services; or (3) establishes cordial relations. Gift, entertainment, hospitality or travel which may improperly influence any business-related decisions or outcome is construed as a bribe. Hence, Directors and employees of the Group as well as Vendors and business associates must avoid giving or receiving gifts, entertainment, hospitality or travel which may be construed as a bribe. The Group's business dealings, such as purchase orders, sales, and contracts, shall be conducted based on business merits, such as price competitiveness, quality of goods and services, and reliable track records.

Some examples of acceptable gifts, entertainment, hospitality and travel are as follows:

- I. token gifts received/presented at business events, seminars, meetings, conferences or during festive occasions;
- II. refreshment or meals during meetings, seminars or conferences;
- III. meals for business purposes; and
- IV. reasonable travel arrangement and/or accommodation provided/received for business purposes provided always that the value of such gifts, entertainment, hospitality and travel shall not exceed RM500. If the amount equivalent or exceeds RM500, it shall be considered and approved by either the Chairman of the Group and/or any member of the Audit Committee on a case-by-case basis and on its merits.

## **8. Facilitation Payments**

Facilitation payments shall mean unofficial and improper payments or benefits, such as gifts, entertainment, hospitality or travel, provided to secure or expedite a routine or necessary action (such as the issuance of permits, licences, processing visas or work permits etc) to which the Group is legally entitled. Directors of the Company, employees of the Group, Vendors and Business Associates are prohibited from, giving or receiving facilitation payments.

## **9. Donations and Sponsorships**

Donations and sponsorships made by the Group, shall not be made with the intention to influence any business-related decisions or outcome. All donations and sponsorships shall be authorised, processed, and recorded properly.

## **10. Political Contributions**

Subject to any prevailing law that govern political contribution, the Group may make contribution to political parties or candidates. All political contributions require approval from the Chairman of the Group.

## **11. Offer of Business Incentives**

The Group only provide rebates, discounts, commissions, or other incentives on bona fide business transactions and which are not contradictory with prevailing laws and regulations on anti-bribery and corruption.

## **12. Business Dealings with Integrity**

The Group, in selecting its Directors, employees, Vendors and Business Associates, places great emphasis on business ethics and integrity. Parties intending to conduct business with the Group are expected to adhere to this Policy. Vendors and Business Associates of the Group are strongly encouraged to have in place adequate procedures to prevent bribery or corruption activities in doing business, especially when performing work or service for or on behalf of the Group.

For business arrangement or conduct of business activity which carries a higher bribery or corruption risk, as assessed and determined by the Group from time to time, the Group shall require the Vendor or Business Associate involved to have in place adequate procedures, including policies and procedures, to prevent bribery or corruption activities. For the same reason, the Group may retain the right to audit a Vendor or Business Associate as a condition for transacting with the Group.

## **13. Records**

It is important that proper and complete records and documentation of all transactions made by the Group with its Vendors and Business Associates be maintained as these serve as evidence that the transactions made were bona fide, and were not made with a corrupt or unethical intent. All records, including work records, supply records, bank statements, accounts, receipts, invoices and other supporting documentation, shall be prepared and maintained by the Group with accuracy and completeness. These records shall be retained for at least seven (7) years following the period to which they relate.

**14. Risk Assessment**

The Group shall conduct regular risk assessment to identify and evaluate specific risks on bribery and corruption inherent in or potentially affecting the Group's business. Such risks identified shall be reported to the Audit Committee, including the mitigating measures to remediate the risks to an acceptable level.

**15. Compliance support and reporting of violation**

Compliance with this Policy by Directors of the Company, employees of the Group, Vendors and Business Associates are mandatory. Concerns or queries pertaining to compliance with this Policy may be raised to the respective business unit head or Head Office. Any person, including the general public, who knows of, or suspects, a violation of this Policy shall report their concerns through the whistleblowing mechanism set out under the Whistleblowing Policy, which is made available on the Company's website at [www.frontken.com](http://www.frontken.com). No individual shall be discriminated against or suffer any sort of retaliation for raising genuine concerns or reporting in good faith on violations or suspected violations of this Policy. All reports shall be treated confidentially.

**16. Awareness, communication and training**

The Group conducts awareness programmes for all business units to refresh awareness of antibribery and anti-corruption measures, and to continuously promulgate integrity and ethics. All business units should appropriately communicate to all their personnel and business associates the Policy and to ensure adherence to this Policy.

**17. Monitoring, review and revision of Policy**

The Group will monitor the effectiveness and the review of the implementation of this Policy. Any improvements identified will be incorporated as soon as possible. This Policy which is approved by the Board shall be reviewed from time to time, as and when required or necessary, taking into consideration changes in the laws and regulatory requirements and any improvement opportunities noted from assurance providers.

This Policy was adopted by the Board of Directors on 3 November 2020.

## G-05 FCB WHISTLE BLOWING POLICY

### 1. DEFINITIONS

Except where the context otherwise requires, the following terms and abbreviations shall apply throughout this Policy:

- “Board” means Board of Directors of Frontken and shall be the number of directors necessary to form the quorum of a board of directors’ meeting as stipulated in the Constitution of the Company
- “Chairman” means Chairman of the Board
- “Company” or “Frontken” means Frontken Corporation Berhad
- “Group” means Frontken and its subsidiaries collectively
- “SINED” means Senior Independent Non-Executive Director of Frontken, being the director identified by the Board as one to whom concerns may be conveyed
- “Whistle Blower” means an employee of the Group who makes a disclosure in good faith of improper conduct or alleged wrongdoings occurring in the Group
- “Whistle Blowing” means the disclosure in good faith by an employee of the Group, to the management or directors, of actual, suspected or anticipated mismanagement, corruption, illegality, or some other wrongdoings within the Group

2.1 All employees of the Group are encouraged to raise genuine concerns about possible improprieties in matters of financial reporting, compliance, malpractices and unethical business conduct within the Group at the earliest opportunity and in an appropriate way.

This Policy aims to:

- a) encourage Whistle Blower to feel confident in raising serious genuine concerns and to question and act on those concerns;
- b) provide ways to raise those concerns and get feedback on action taken; and
- c) reassure Whistle Blower that if they raise concerns in good faith, believing them to be true, they will be protected from possible reprisals or victimization.

2.2 The scope of matters covered by this Policy not only relates to concerns and complaints regarding financial matters but also the following (not exhaustive):

- a) financial malpractice, impropriety or fraud;
- b) corruption, bribery or blackmail;
- c) failure to comply with laws or regulations or group/company policies and procedures;
- d) criminal offences and miscarriage of justice;
- e) endangerment of an individual’s health and safety;
- f) falsification or destruction of business or financial records, or misrepresentation or suppression of financial information; or
- g) concealment of any or a combination of the above.

2.3 The principles underpinning this Policy are as follows:

- a) all concerns raised will be treated fairly and properly.
- b) the Group will not tolerate harassment or victimisation of anyone raising a genuine concern.
- c) the Group will ensure no Whistle Blower will be at risk of suffering some form of reprisal as a result of raising a concern even if he is mistaken. The Group, however, does not extend this assurance to someone who maliciously raises a matter he knows is untrue or is acting for personal gain.
- d) the submission of a false or frivolous report may have consequences for Whistle Blower and he may be liable for damages towards anyone who suffered from such false report.

### **3. WHISTLE BLOWING POLICIES AND PROCEDURES**

3.1 If any employee believes reasonably and in good faith that suspected incident of improper conduct or malpractice exists within the Group, the employee should report this immediately to his immediate superior or management in writing, providing as much detail as possible and specifying:

- a) the Whistle Blower's full name and contact details;
- b) the background, date and history of the concerns;
- c) the reasons for the concerns;
- d) details of witnesses and all factual corroborating evidence as is available;
- e) whether the Whistle Blower has any personal interest in the matter;
- f) whether action has already been taken by anyone.

If the superior initially alerted is not competent to deal with the complaint, he should escalate, in strictest confidence the relevant information and documents to higher management and inform the Whistle Blower accordingly.

3.2 The management who receives the complaint shall maintain all complaints received, tracking their receipt, investigation and resolution. Each report shall be screened to assess its reliability and whether there is sufficient information to warrant an investigation.

3.3 The management may decide not to investigate a complaint if in his opinion the complaint:

- a) is trivial; or
- b) is frivolous or vexatious; or
- c) if the Whistle Blower has had knowledge for more than 12 months of the disclosed matter and failed to give a satisfactory explanation for the delay in making the disclosure.

3.4 Should the management determine that a Whistle Blower's report warrants an investigation, he or such other officer as may be identified will conduct an investigation with complete independence and confidentiality, in the shortest possible time given the resources available.

### 3.5 A Whistle Blower:

- a) must provide all factual corroborating evidence, as is available/possible, to facilitate the investigation;
- b) has a responsibility to be candid with the management conducting the investigation;
- c) should be prepared to be interviewed by the management or the Investigating Officer (as defined below);
- d) may not act on his own in conducting any investigation; and
- e) will not be immune to disciplinary action if he is found guilty of or is a party to the allegations.

### 3.6 The following principles shall be applied to all investigations:

- a) confidentiality of information and communications must be maintained.
- b) issues must be addressed promptly.
- c) the investigation must locate and assess all evidence that either substantiates or refutes the complaint.
- d) decisions should be made only on the basis of relevant evidence that is available.
- e) all actions and the conduct of the investigation must be unbiased and must not draw conclusions until all the evidence has been collated and reviewed.
- f) individuals who are suspected of having been involved with improper conduct should be informed of the issue as soon as practicable and be given the opportunity to provide explanations, details and responses to any allegations.

3.7 The Whistle Blower will be informed of who is handling the matter, how he can make contact with the investigator and whether there is any further assistance required. The Whistle Blower will receive update on the progress of the investigation and its outcome, unless this would be detrimental to the Whistle Blower or the investigation, or unless there are other reasons not to inform the Whistle Blower (such as the infringement of a duty of confidentiality owed by the Group to another party).

3.8 The investigator will be responsible for safeguarding all information received from a Whistle Blower. The knowing unauthorised disclosure of Whistle Blower's information or the identity of a Whistle Blower by any employee may constitute misconduct for which, if established, disciplinary measures may be imposed.

### 3.9 The person who is being investigated by the Company shall:

- a) be informed as to the substance of the allegations at the outset of an investigation;
- b) be given the opportunity to respond to the allegations or material points of evidence contained in the investigation report, unless there are compelling reasons to the contrary;
- c) be informed as to the substance of any adverse comment that may be included in any report arising from the investigation;
- d) have his defence set out fairly in any report; and
- e) be informed of the outcome of the investigation.

3.10 The Whistle Blower may make a report to the SINED directly if:

- a) the above channels have been followed and the Whistle Blower still has concerns;
- b) no action has been taken by the person initially alerted and all alternatives for internal consultation have been exhausted; or
- c) the use of the above reporting procedures is not appropriate in view of the circumstances or nature of the incidents (for instance, if there is a conflict of interest or a risk of reprisals, the intended recipient of the complaint is personally implicated in the incidents to be reported).

The Whistle Blower may report to: **+60122902886 or stevengcw632@gmail.com.**

3.11 The SINED may delegate the responsibility for implementing the Whistle Blowing procedures to one or more officers of the Company to be identified (hereinafter referred to as “Investigating Officer”).

The responsibilities of an Investigating Officer are:

- a) investigating a complaint received from the Whistle Blower;
- b) keeping secure all records, documents and reports collated during an investigation;
- c) providing a progress report in relation to the complaint to the SINED; and
- d) providing feedback to the Whistle Blower following any investigation with the outcome of the investigation.

Where necessary, the SINED may enlist external experts to conduct an investigation of the complaint at the expense of the Company.

3.12 It should be noted that cases relating to suspected criminal activity, including but not limited to fraud, may be referred to the police at any stage of the investigation and will then be investigated by an external investigator.

3.13 Following investigation of the complaint, the investigator or Investigating Officer (as the case may be) shall recommend disciplinary or remedial action, if any. The SINED will make a decision based on the findings reported and recommendations. If a complaint made in good faith is subsequently found to be untrue, no action would be initiated against the Whistle Blower. However, action will be taken against Whistle Blower making baseless allegations.

3.14 The investigator or Investigation Officer (as the case may be) shall submit a written report to the SINED, no later than 2 weeks before the end of each quarter, on the progress or result of all investigation and any actions taken in connection therewith. The report shall contain:

- a) the allegations;
- b) an account of all documents, statements or other exhibits received, and where any evidence has been rejected as being unreliable, the reasons for this opinion being formed;
- c) the conclusions reached and the basis for them;
- d) any recommendations arising from the investigation; and
- e) steps that need to be taken by the Group to prevent a recurrence in the future.

If the complaint is deemed by the SINED to be material or otherwise appropriate for the attention of the Board, it shall be so brought up at the following Board meeting.

3.15 All employees, directors and officers must fully co-operate with any investigation initiated under this Policy.

3.16 All employees, directors and officers must refrain from any activity that is, or could be perceived to be, victimisation or harassment of a Whistle Blower making a complaint in good faith. Any effort to retaliate against such Whistle Blower will be reported immediately to the SINED and appropriate disciplinary action taken.

3.17 Any attempt to cover up wrongdoing is a disciplinary offence. If the Whistle Blower is told not to raise or pursue a complaint, even by a person in authority, he should report the matter to the SINED.

3.18 The Group acknowledges that the act of whistleblowing should not shield Whistle Blower from the reasonable consequences flowing from any involvement in improper conduct. The Whistle Blower's liability for his own conduct is not affected by his disclosure of that conduct. However, in some circumstances, an admission may be a mitigating factor when considering disciplinary or other action.

3.19 Upon completion of an investigation, all documentation pertaining to the complaint including but not restricted to the investigation report, corrective action taken and evidence shall be maintained by the Human Resource Department.

3.20 A summary of the Whistle Blowing procedures is set out in Appendix I.

#### **4. CONFIDENTIALITY**

4.1 All complaints received will be kept confidential and will be shared only on a 'need to know' basis.

4.2 The identity of a Whistle Blower will not be disclosed without his prior consent. Where concerns cannot be resolved without revealing the identity of the Whistle Blower (i.e. if the evidence is required in court), a dialogue will be carried out with the Whistle Blower as to whether and how the matter can be proceeded.

#### **SUMMARY OF WHISTLE BLOWING PROCEDURES**

##### **Making a disclosure**

If you are aware or concerned about misconduct taking place within the Group, you should complete the prescribed form in Appendix II and confidentially forward it to your immediate superior or the management. If you are unable to raise the matter with your superior or the management, you may make a report to the SINED directly at **+60122902886 or [stevengcw632@gmail.com](mailto:stevengcw632@gmail.com)**.

##### **Initial response to the disclosure**

Your superior, the management or the Investigating Officer will determine the appropriate manner of investigation, having regard to all the circumstances, including the evidence available, and then inform the Whistle Blower of how the investigation will proceed. The Whistle Blower shall extend his fullest cooperation in order to give full consideration to the complaint, to establish whether there is a case to answer or any further action is necessary.

## Formal Investigation

Where the decision has been made to carry out an investigation, investigation will be carried out with complete independence and confidentiality, and shall be completed in the shortest possible time, given the resources available.

The SINED will make a decision based on the findings reported and recommendations.

It should be noted that cases relating to suspected criminal activity, including but not limited to fraud, may be referred to the police at any stage of the investigation and will then be investigated by an external investigator.

## Confirmation of the outcome

The Whistle Blower will be informed of the outcome of the investigation and any appropriate action that has been taken to resolve the complaint, subject to any confidentiality clause and/or legal constraints.

## G-06 FCB NOMCOM TERM OF REFERENCE

### Nomination Committee - Terms of Reference

#### 1. Objectives

Nomination Committee shall assist the Board in relation to:

- a) Appointments and assess the performance of directors;
- b) Directors' induction programme;
- c) Committee membership; and
- d) Senior management succession planning, appointment and termination.

#### 2. Membership

- 2.1) The Committee shall be appointed by the Board of Directors from among their number and shall comprise not fewer than two (2) in number.
- 2.2) The members of the Committee shall be non-executive Directors, a majority of whom must be independent.
- 2.3) The members of the Committee shall elect a Chairman from among their number who is an Independent Director of the Company.
- 2.4) In the event of any vacancy in the Committee resulting in the number of members being reduced to below two (2), the Board shall, within three (3) months fill the vacancy.
- 2.5) If the Chairman is not present at a meeting within fifteen minutes after the time appointed for holding the meeting, the members of the Committee may elect one of their numbers to be the chairman of the meeting.

### **3. Functions**

- 3.1) To determine the core competencies and skills required of Directors to best serve the business and operations of the Group as a whole and the optimum size of the Board to reflect the desired skills and competencies.
- 3.2) To review the Board size, Board balance and determine if additional Directors are required and also to ensure that at least one-third (1/3) of the Board is independent.
- 3.3) To undertake a review of the required mix of skills, experience and other qualities of Directors, including core competencies which Non- Executive Directors should bring to the Board as well as independence and diversity of the board composition which is required to meet the needs of the Company.
- 3.4) To assist the Board to implement a procedure to be carried out by the Committee for assessing the effectiveness of the Board as a whole and the Board Committees, as well as for assessing the contributions and performance of individual Directors and Board Committee members.
- 3.5) To review the Board's succession plans and training programmes for Directors.
- 3.6) To introduce such regulations, guidelines and/or procedures to function effectively and fulfil the Committee's objectives.
- 3.7) To introduce any policy or guidelines which would enable the smooth administration and effective discharge of the Committee's duties and responsibilities.
- 3.8) To furnish a report to the Board of any findings of the Committee.
- 3.9) To review the term of office and performance of an audit committee and each of its members annually to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

### **4. Meetings**

- 4.1) The Committee shall meet at least once a year. However, additional meetings may be called at any time at the Committee Chairman's discretion.
- 4.2) The quorum for the meeting shall be two (2) members.

### **5. Reporting**

The Chairman of the Committee shall report on each Nomination meeting to the Board.

### **6. Secretary**

The Secretary to the Committee shall be the Company Secretary.

### **7. Written terms of reference**

The Board shall made available its written terms of reference on the website of the Company.

## G-07 FCB AUDITCOM TERM OF REFERENCE

### AUDIT COMMITTEE: TERMS OF REFERENCE

#### Definition:

- “Committee”: The audit committee of the Company.
- “Company”: Frontken Corporation Berhad
- “Group”: The Company and its subsidiaries.
- “Listing Requirements”: Bursa Securities Main Market Listing Requirements including any relevant practice and/or guidance notes, directives, guidelines issued pursuant thereto and any amendment, modification, supplemental to the Listing Requirements that may be made from time to time.
- “the Board” Shall be the number of directors necessary to form the quorum of a board of directors’ meeting as stipulated in the Constitution of the Company.
- “the Directors”: The directors for the time being of the Company or such number of them who have the authority to act for the Company.
- “the Code”: Malaysian Code on Corporate Governance and as amended from time to time.
- “Bursa Securities”: Bursa Malaysia Securities Berhad (Company no. 635998-W) for so long as the shares of the Company are listed and quoted on it .
- “the Secretary”: Any person or persons jointly appointed to perform the duties of the Secretary of the Company including any person(s) appointed temporarily and any representative of the Secretary.

#### 1. Composition and membership

1.1 The Board must appoint the members of the Committee from amongst its Directors which fulfils the following requirements: -

- a) the Committee must be composed of no fewer than three (3) members who are financially literate;
- b) all the Committee members must be non-executive directors, with a majority of them being independent directors; and
- c) at least one (1) member of the audit committee: -
  - I. must be a member of the Malaysian Institute of Accountants;
  - II. if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years’ working experience and: - he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; Or
  - III. fulfils such other requirements as prescribed or approved by Bursa Securities.

1.2 The Board must ensure that no alternate director is appointed as a member of the Committee.

1.3 The Board must ensure that the members of the Committee understand the emphasis of time commitment to ensure sufficient attention is given to the Committee’s core duties.

1.4 No former key audit partner shall be appointed as a member unless he has observed a cooling off period of at least two (2) years prior to his appointment.

## **2. Chairman of the Committee**

2.1 The members of the Committee must elect a chairman among themselves who is an independent director and is not the chairman of the Board.

2.2 The responsibilities of the Chairman of the Committee, amongst others, are as follows: -

- a) Planning and conducting meetings;
- b) Overseeing reporting to the Board;
- c) Encouraging open discussion during meetings; and
- d) Developing and maintaining active on-going dialogue with management and both the internal and external auditors.

2.3 If the Chairman is not present at a meeting within fifteen minutes after the time appointed for holding the meeting, the members of the Committee may elect one of their numbers to be the chairman of the meeting.

## **3. Functions and Duties of the Committee**

The Committee should carry out the duties below for the Group.

### **3.1 Financial Reporting**

- a) The Committee shall monitor the integrity of the financial statements of the Company, including its annual and interim reports, preliminary results' announcements and any other formal announcements relating to its financial performance, reviewing significant financial reporting issues and judgements that they contain. The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents such as announcements of price-sensitive nature.
- b) The Committee shall carry out the following financial reporting responsibilities:
  - I. Reviewing earnings releases and financial reports;
  - II. Assessing the appropriateness of management's selection of accounting policies and disclosures in compliance with approved accounting standards;
  - III. Ensuring timely submission of financial statements by management;
  - IV. Reviewing and understanding management's representation; and
  - V. Assessing whether the financial report presents a true and fair view of the Company's financial position and performance and complies with regulatory requirements.
- c) For the quarterly results and year-end financial statements, the Committee shall review them before the approval by the Board, focusing particularly on: -
  - I. Changes in or implementation of major accounting policy;
  - II. Significant and unusual events
  - III. Compliance with accounting standards and other legal requirements; and going concern assumption.
- d) For the review of the financial statements, the Committee shall focus on the following: -
  - I. To monitor the integrity of the Company's financial information, particularly by reviewing the relevance and consistency of the accounting principles used (including criteria and principles used for consolidation) and understanding the effects of any changes in the accounting policies in regulatory requirements or mooted by management for better accounting treatment;

- II. To understand the methods used to account for any complex and unusual transactions where their treatment may be open to different approaches and any significant accounting policy issues or audit adjustments recommended by auditors (those agreed by management and those waived);
- III. To ensure any significant accounting policy issues or audit adjustments recommended by auditors are communicated early enough to enable appropriate actions to be taken, as needed;
- IV. To assess the process of how transactions are recorded in the system to ensure accuracy, completeness and consistency of financial information, including compliance with the relevant accounting standards and other legal requirements;
- V. To consider related party transactions, the financial reality of such transactions and whether they have been entered into according to the terms as stipulated in the shareholders' mandate or in the best interest of the Company; and
- VI. To request the External Auditors to present their findings on internal control weaknesses noted during their statutory audits and highlighting findings which are disputed by management or where management has not agreed to implement remedial actions to rectify the reported weaknesses.

### 3.2 Internal Controls and Risk Management Systems

The Committee shall perform the following:

- a) To establish a risk management committee and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness in reviewing the effectiveness of the Company's risk management and internal controls systems;
- b) To ensure management has implemented policies ensuring the Company's risks are identified and evaluated and that the internal controls in place are adequate and effective to address the risks. The risks include strategic risks, financial risks, operational risks, technology risks, legal risks and reputation risks. Management should ensure that each category of risks is adequately monitored and addressed by the Company's risk management procedures;
- c) To receive regular reports addressing the risks faced by the Company, if the Company is satisfactorily managing and/or reserving competent legal guidance in relation to compliance with legal and regulatory requirements;
- d) To monitor warning signs which may trigger assessment, enquiry and investigation, where appropriate;
- e) To consider the following as part of the risk assessment process: -
  - I. The principal risks and the process of identification, evaluation and management of the principal risks;
  - II. The effectiveness of internal control systems deployed by management to address those risks;
  - III. Corrective measures undertaken to remedy failings and/or weaknesses;
  - IV. Further requirement for extensive monitoring;
  - V. Ability of the Company to meet changes in significant risks and respond to constant changes to the business and/or external environment;
  - VI. Scope and quality of management's ongoing monitoring of risks and the work of internal audit and other assurance providers on the robustness of the risk management process;
  - VII. Communication and monitoring of risk assessment results to the Board; and

VIII. Actual and potential impact of any failing/weakness, particularly those related to financial performance/conditions affecting the Company.

- f) To review and approve the Risk Management and Internal Control Statement to be included in the Annual Report concerning internal controls and risk management; and
- g) To ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness.

### 3.3 Whistleblowing

- a) The Committee shall review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action. Please refer to the Whistle Blowing Policy of the Group for more details.

### 3.4 Internal Audit

The Committee shall: -

- a) Review the internal audit charter to ensure the appropriate company structures, authority, access and reporting arrangements are in place;
- b) Advise the Board on the recommendation of an outsourced appointment of internal auditors;
- c) Ensure that the internal audit function is adequately resourced and enjoys appropriate standing within the Company;
- d) Assist the Board to ensure that senior management establishes and maintains adequate and effective internal controls;
- e) Ensure adequate monitoring and review of the effectiveness of the systems established by management to identify, assess, manage and monitor the various risks arising from the Company's activities;
- f) Review the internal audit coverage and annual work plan, and monitoring progress of the work plan as well as fees or costs associated with the internal audit function;
- g) Advise the Board on the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved internal audit plan;
- h) Oversee the co-ordination of audit programmes conducted by the internal audit function;
- i) Review all internal audit reports and advising the Executive Chairman and the Board on significant issues identified in internal audit reports and the action taken on the issues raised, including the identification and dissemination of best practices;
- j) Monitor management's implementation of internal audit recommendations;
- k) Assist the Board to ensure that appropriate controls are in place for monitoring compliance with laws, regulations and supervisory requirements and relevant internal policies;
- l) Periodically reviewing the performance of the internal audit function;
- m) Act as a forum for communication between the Board, senior management and internal audit function;

- n) Ensure that the internal auditors are given full access to all the documents relating to the Company's governance, financial statements and operational assessments, including direct access to the Committee;
- o) Determine if the internal audit function is conducted according to the standards set by the recognized professional bodies and conduct regular reviews and appraisals of the effectiveness of the governance, risk management and internal control processes within the Company; and
- p) Meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the head of internal audit shall be given the right of direct access to the Senior Independent Non-Executive Director of the Board and to the Committee.

### 3.5 External Audit

The Committee shall:

- a) consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the company's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns, the Committee shall investigate the issues leading to this and decide whether any action is required;
- b) oversee the relationship with the external auditors including (but not limited to):
  - I. reviewing their remuneration, whether fees for audit or non-audit services and verifying that the level of fees is appropriate to enable an adequate audit to be conducted;
  - II. approving their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - III. assessing annually the suitability, independence and objectivity of the external auditor, taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
  - IV. satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the company (other than in the ordinary course of business);
  - V. agreeing with the Board a policy on the employment of former employees of the Company's auditors, then monitoring the implementation of this policy;
  - VI. monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements; and
  - VII. assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
- c) meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least twice a year, without management being present, to discuss their remit and any issues arising from the audit;
- d) review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- e) review the findings of the audit with the external auditor. This shall include, but not be limited to, the following:
  - I. a discussion of any major issues that arose during the audit;

- II. any accounting and audit judgements; and
  - III. levels of errors identified during the audit; the Committee shall also review the effectiveness of the audit;
- f) review any representation letter(s) requested by the external auditor before being signed by management;
  - g) review the management letter and management's response to the auditor's findings and recommendations;
  - h) report to the Board on the matters set out in and relating to the Code as amended from time to time;
    - I. prepare a summary of its work during the year for inclusion in the Company's Corporate Governance Statement/Report (including a report on how the Committee met its responsibilities in its review of the Company's quarterly and annual results and internal control system, and its other duties under the Code; details of the Company's non-compliance with the Code and Listing Requirements (if any) and remedial steps taken by the Company to address such non-compliance); and
  - II. develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.

### 3.6 Review of conflict-of-interest situations and Related Party Transactions

- a) The Committee shall review and report to the Board any related party transactions and conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity and ensure that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company or its minority shareholders.
- b) The Committee should ensure that management establishes a comprehensive framework for the purposes of identifying, monitoring, evaluating, reporting and approving such situations and transactions. Such a framework should be able to provide sufficient assurance that related party transactions and conflict of interest situations, including recurrent related party transactions, are identified, evaluated, presented for review and approval and reported, where required. The Committee may request the internal auditor or other external consultants to review the effectiveness, adherence to and relevance of the framework.
- c) Additionally, there could be transactions that may not fall within the definition of a related party transaction as per the Listing Requirements strictly but may still involve certain level of conflict of interest due to the close proximity of the transacting parties or where the director or major shareholder may derive personal gain or advantage from the transaction or arrangement.

### 3.7 Reporting Responsibilities

- a) The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- b) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- c) The Committee shall compile a report to shareholders on its activities to be included in the Company's Annual Report.

### 3.8 Corporate Governance

- a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- b) to review and monitor the training and continuous professional development of directors and senior management;
- c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- d) to develop, review and monitor the code of conduct and compliance/risk management manual (if any) applicable to employees and directors;
- e) to review the Company's compliance with the Code and disclosure in the Corporate Governance Report/Statement;
- f) to report to the Board its decisions or recommendations (unless there are legal or regulatory restrictions on its ability to do so); and
- g) to prepare a summary of its work during the year for inclusion in the Company's Corporate Governance Report/Statement (including a report on the corporate governance policies and the work of the Committee during the year).

### 3.9 Other Matters

The Committee shall:

- a) have access to sufficient resources in order to carry out its duties, including access to the company secretaries for assistance as required;
- b) be provided with appropriate and timely training, in the form of an induction programme for new members and on an ongoing basis for all members of the Committee;
- c) give due consideration to laws and regulations, the provisions of the Malaysian Code of Corporate Governance and the requirements of Bursa Securities and other securities rules as appropriate;
- d) be responsible for co-ordination between the internal and external auditors on their respective roles and responsibilities;
- e) oversee any investigation of activities that are within its Terms of Reference and act as a court of the last resort; and
- f) at least once in every three (3) years, to review its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## 4. Attendance of other directors and employees

4.1 The Board must ensure that other directors and employees attend any particular Committee Meeting only at the Committee's invitation and not otherwise.

## 5. Procedure of the meetings of the Committee

### 5.1 Frequency of Meetings

The Committee shall meet at least four (4) times a year at appropriate times in the reporting cycle and otherwise as required.

### 5.2 Quorum

- a) In order to form a quorum in respect of the Committee, the majority of the members present must be independent directors; and
- b) A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested on the Committee.

### 5.3 Notice of meeting

- a) Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.
- b) Any Committee member may waive notice of any meeting and any such waiver may be retroactive.
- c) Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee by e-mail at the email address provided by each member of the Committee, and also any other Directors or persons required to attend, at least one (1) week before the date of the meeting. Supporting papers shall be emailed to Committee members and to other attendees as appropriate, at the same time or as and when available before each meeting.

### 5.4 Meetings and proceedings

- a) The Committee members may participate in a meeting of the Committee by means of a teleconference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, without a Committee member being in the physical presence of another Committee member or members, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. The Committee members participating in any such meeting shall be counted in the quorum for such meeting and subject to there being a requisite quorum present, all resolutions agreed by the Committee members in such a meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Committee members duly convened and held. A meeting conducted by means of a conference telephone or similar communications equipment as aforesaid is deemed to be held at the place agreed upon by the Committee members attending the meeting, provided that at least one of the Committee members present at the meeting was at the place for the duration of the meeting.
- b) Questions arising at any meeting of the Committee members shall be determined by a majority of votes. Where two (2) Committee members form a quorum, the Chairman of a meeting at which only such a quorum is present or at which only two (2) Committee members are competent to vote in the question at issue, shall not have a casting vote.

### 5.5 Minutes of Meetings

- a) The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- b) The Secretary shall on the declaration of interest of any Committee member ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- c) Minutes of the Committee's meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board.
- d) The Secretary shall keep record of all conclusions and resolutions passed at all Committee meetings, including the names and signatures of the attendants.

- e) Full minutes of the Committee meetings shall be kept by the Secretary.

## 5.6 Annual General Meeting (“AGM”)

- a) The Chairman of the Committee shall attend the AGM and be prepared to respond to any shareholder questions on the Committee’s activities.

## 6. Reporting of breaches to Bursa Securities

6.1 Where a member of the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the member must promptly report such a matter to Bursa Securities.

## 7. Rights of the Committee

7.1 The Board must ensure that wherever necessary and reasonable for the performance of its duties, the Committee must, in accordance with a procedure to be determined by the Board and at the cost of the Company: -

- a) have authority to investigate any matter within its terms of reference;
- b) have the resources which are required to perform its duties;
- c) have full and unrestricted access to any information pertaining to the Group;
- d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- e) be able to obtain independent professional or other advice; and
- f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

## 8. Retirement and resignation

8.1 In the event of any vacancy in the Committee resulting in the non-compliance of paragraph 1 (1.1) above, the Company must fill the vacancy within three (3) months.

## 9. Review of the Committee and policy on appointment of members of the Committee

9.1 The Directors of the Company must review the term of office and performance of a member and each of its members at least once every three (3) years to determine whether such members have carried out their duties in accordance with their terms of reference.

## 10. Authority

10.1 The Committee is authorised:

- a) to seek any information, it requires from any employee of the Company in order to perform its duties;
- b) to obtain, at the Company’s expense, outside legal or other professional advice on any matters within its Terms of Reference; and
- c) to call any employee to be questioned at a meeting of the Committee as and when required.

## 11. Review of the Terms of Reference of the Committee

The Board shall review these Terms of Reference from time to time, as and when required or necessary, to ensure they remain consistent with the Board's objectives and responsibilities.

Reviewed and updated on 5 November 2019

## **G-08 FCB ENTERPRISE RISK MANAGEMENT POLICY**

Frontken Group has implemented an Enterprise Risk Management framework ("ERM Framework") that encompasses relevant policies and guidelines to streamline the Group's risk management imperatives in a structured and comprehensive manner to safeguard shareholders' investment and the Group's assets. This ERM Framework accords largely with the ISO31000:2018 Risk Management – Guidelines, which set out the key principles, framework and process on risk management. With this ERM Framework, the Board has established an on-going process to identify, evaluate, control, report and monitor significant business risks faced by the Group on an ongoing basis. The Board, through its Audit Committee, reviews the outcome of this process, including mitigating measures implemented by Management to address the key risks as identified. The results and findings of the ERM process will be documented and disclose as a risk management and internal controls statement and will be presented for inclusion in the Annual Report of the Company. The policy is supportive of the Malaysian Code on Corporate Governance (Guidance on Risk Management, Internal Control and Related Financial and Business Reporting). We recognise that timely and accurate monitoring, review, communication and reporting of risk is critical to providing: (a) early warning mechanisms for the effective management of risk occurrences; (b) assurance to management, the Board and shareholders; (c) solid business growth and resilience platform.

Frontken board of directors assumes its overall responsibility for the Group's Enterprise Risk Management of risk management and internal control to safeguard shareholders' investment and the Group's assets as well as reviewing the adequacy and operating effectiveness of this risks system in meeting the Group's corporate objectives. Frontken board of directors are committed to establish clear roles and responsibilities in discharging its fiduciary and leadership functions in line with the Principles, Practices and Guidance of the Malaysian Code on Corporate Governance ("MCCG"). These MCCG practises include:

- a) ensure a sound framework for internal controls and risk management;
- b) understand the principal risks of the Company's businesses and recognise that business decisions involve the taking of appropriate risks;
- c) set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- d) establish an effective risk management and internal control framework; and
- e) disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

This is a group wide ERM policy and applies to all business unit managers and employees, functions and operations in each country in which Frontken operates. We understand that risk and opportunity are dynamic and ever present in our complex internal and external operating environments. Frontken Group is committed to the ongoing development of the enterprise-wide approach to risk management and internal controls to ensure that it is supported by a strong risk aware culture within the group. Our

risk management is embodied in the Group's key business processes through the ERM Framework, which sets out, amongst others, an easy-to-understand step-by-step approach to identify and evaluate risks faced by business units and, by extension, the Group. To harmonise risk management initiatives and activities, the Board has formalised in writing relevant risk management policies and guidelines for adherence by business units across the Group.

The ERM Framework comprises a structured assessment process, culminating in the compilation of specific risk profiles of key business units and companies in the Group by Risk Management Units ("RMUs"), including the semi-annual update of risk profiles to take into account the vagaries of evolving business environment as well as emerging risks. The individual risks are scored for their likelihood of occurrence and the impact thereof based on a '5 by 5' risk matrix, deploying parameters established for each key business unit or company in the Group. The risk parameters comprise relevant financial and non-financial metrics for risks to be evaluated or quantified, as the case may be, in terms of likelihood of their occurrence and the impact thereof. The use of such metrics essentially articulates the Board's risk appetite, i.e. the extent of risk the Group is prepared to take or seek in achieving its business objectives.

The details of specific risks are documented in individual risk registers, covering the risk description, root causes, risk consequences, internal controls implemented by Management to address the root causes, Management's assessment of the effectiveness of internal controls and the residual risk rating, i.e. the balance of risk after considering the effects of internal controls deployed to manage the exposure. The action plans that Management has taken and/or is taking to mitigate the risks to acceptable levels are reported by the RMUs to the Audit Committee and the outcome is documented in the Audit Committee meeting minutes, including any comments that the Audit Committee may have. The Audit Committee is tasked to brief the Board the outcome of the risk update and mitigating measures deployed, including any significant issues therefrom. For each of the business risks identified, a risk owner is entrusted to ensure appropriate actions are taken to mitigate the risk to an acceptable level within specified timeline.

The Risk Coordinator of the Group, when reviewing the risk update carried out by business units, enquires into the status of action plans undertaken by Management of the business units concerned before reporting to the Audit Committee. During each financial year under review, there will be two (2) risk updates conducted by the various business units and companies in the Group with the outcome reported by the Risk Coordinator to the Audit Committee and thereafter to the Board for further comments. The business risks as identified encompassed risks on strategies, finance, operations, regulatory compliance, reputation, cyber security and sustainability.

Our implementation of risk management and internal controls system to mitigate our risks can be summarised in to a framework as follows:

- a) an organisation structure with clearly defined lines of responsibilities and appropriate levels of delegation and authority, including financial limits of authority in approving transactions and activities as well as mandate to operate bank accounts. This structure also sets out clear reporting lines and segregation of duties for key processes like strategic management, operations, sales and collections, procurement and payment, human resource management, capital expenditure, research and development, financial reporting, corporate affairs and investments;
- b) a process of hierarchical reporting which provides a documented and auditable trail of accountability, with appropriate sign-off by personnel entrusted with the responsibilities;

- c) an annual budgetary exercise that requires all business units and companies in the Group to formulate financial budgets which are then consolidated into a Group budget, presented to the Board for comments and ultimate approval.
- d) quarterly reviews of the Group's performance against budget are carried out at Board meetings where explanations on significant variances or unusual fluctuations are furnished by Management.
- e) management meetings at operational level are conducted to review financial performance against business plans and monitor the respective business unit's performance against budget;
- f) significant changes in business development are reported by Management to the Board at scheduled meetings. This oversight review enables the Board to evaluate and monitor the Group's business performance vis-à-vis its strategic objectives;
- g) the Audit Committee, which is entrusted by the Board to oversee, amongst others, the Company's financial reporting process, in particular the quarterly and annual announcements of the Group's financial performance, meets at least quarterly to review the announcements, seeks clarification and explanations from Management before recommending the announcements to the Board for approval;
- h) internal policies and procedures on key business processes are formalised in writing for application by personnel across the Group. These policies and procedures provide the necessary guidance to personnel on complying with internal control requirements and applicable laws and regulations;
- i) structured whistle-blower policies and procedures are formalised in writing to enable employees of the Group to raise genuine concerns about suspected improprieties on matters of financial reporting, non-compliance with laws and regulations, malpractices or unethical business conduct within the Group at the earliest opportunity and in an appropriate way without fear of reprisal; and
- j) where issues arise that affect the reliability and integrity of financial information of any business unit, special audits are commissioned by the Audit Committee or Senior Management, as the case may be, to assist the Board in fulfilling its oversight responsibilities.

Frontken Board of Directors, through the Audit and Risk Committee, oversees the establishment and implementation of the risk management system and annually reviews the effectiveness of the system, including;

- a) Review the ERM program that identifies critical areas of risk;
- b) Implementation of risk mitigation strategies to manage all identified critical risks including the risk transfer strategy through insurance, etc;
- c) Promote strong risk management culture across business levels and functions;
- d) Compliant with the requirements of the Malaysian Code on Corporate Governance (Guidance on Risk Management, Internal Control and Related Financial and Business Reporting);
- e) Use external audit, as part of the risk review processes, to ensure consistency and transparency in methodology, assessment and management and controls processes in the area of risk management and will report on them in line with the annual reporting procedures.

We expect all business unit managers and employees to play a role in managing our enterprise risk by identifying opportunities and minimising uncertainty in a way that enables the Frontken to achieve its mission – growing our business profitably; improving our resilient; enhancing stakeholder value; and contributing to the communities and sustainable future of each country in which Frontken operates.

We expect our business unit managers to be responsible for:

- a) Promoting the risk management policy, framework and expectations for the management of risk;
- b) Provision and support of appropriate resources to manage risk in accordance with the framework;
- c) Escalating critical risks in accordance with the requirements of the ERM Framework;
- d) Implementation of cost-effective risk management and internal control systems in accordance with guidelines to manage risk.

We expect all our employees to be responsible to improve operational efficiencies and optimise outcomes, including reporting immediately to management any real or perceived risks that can become apparent and may significantly impact our operation in term of:

- a) Commercial viability;
- b) Profitability;
- c) Assets;
- d) Customers;
- e) safety;
- f) Regulatory;
- g) Environment;
- h) Sustainability;
- i) Community

We identify and register all related risk through a thorough risk identification and assessment process, and any key mitigations following the ERM Framework; and each business unit and key functions are accountable for managing their risks and maintain a register of these risks as they relate to their business objectives and indicators. Strategic risk review of risk registers and key mitigations are conducted quarterly, documented and reported quarterly to the Risk Committee and annually to the Board.

Our risk management policy is supported by other policies and standards as issued from time to time. These documents can be referred to our master list. We will continuously introduce specific initiatives to significantly improve enterprise risk management, internal controls and governance. We will improve our employee's risk culture and understanding of the ERM processes. We will train our employees to enhance their understanding risk processes to ensure that they have the skills, technical expertise and knowledge to effectively and accurately fulfil their risk management responsibilities, and perform to the best of their abilities. This enables our people to develop into talented and competent professionals, to meet their development needs and remain motivated and challenged in their roles.

We periodically assess for signs of major operational risks, including risks in loss of key management without replacement; loss of a major market, key customer(s), license, or principal supplier(s); labour difficulties; shortages of important supplies; emergence of a highly successful competitor; natural disaster, etc. We also periodically assess for signs of other major risks, including risks in non-compliance with capital or other statutory or regulatory requirements, such as solvency or liquidity requirements for financial institutions; pending legal or regulatory proceedings against the entity; changes in law or regulation or government policy expected to adversely affect the entity; uninsured or underinsured catastrophes when they occur, etc.

Our Target is to continuously improve our risk management and governance to achieve zero incident and material losses incurred for each period.

**G-09 FCB BUSINESS CONTINUITY PLAN**

This Document will not be made public because of personal data protection act, and it contain proprietary confidential information.

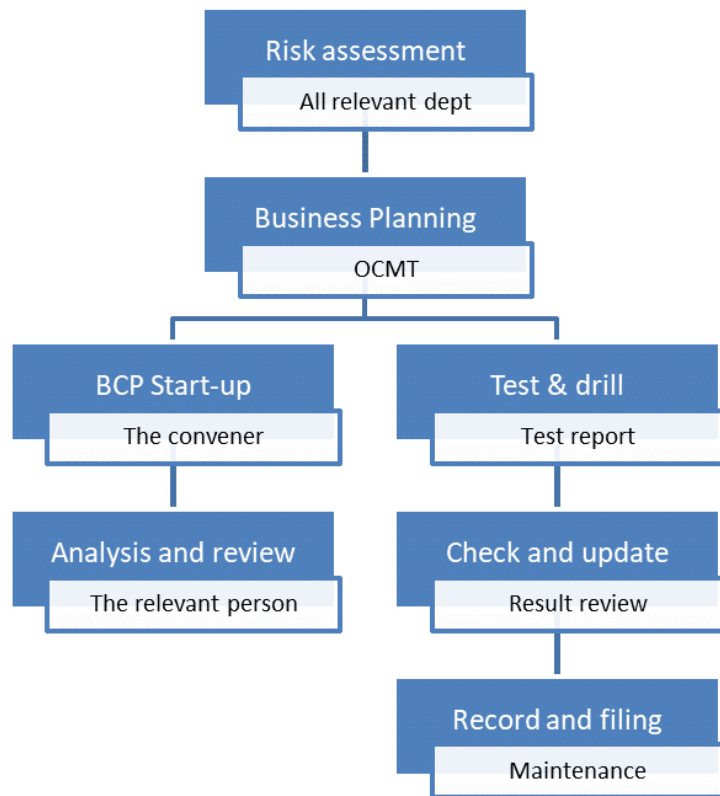


1.0 Purpose

This Business Continuity Plan establishes procedures to assist impacted areas in ensuring that critical business functions are maintained, restored, or augmented to meet the designated Recovery Time Objective (RTO) and recovery strategies outlined in the areas’ business continuity and business resumption plans; including emergency access to alternative solution to relieve customer supply pressure. This plan defines the mission critical services and processes and procedures to ensure they can be continued and/or recovered when normal operations are not viable.

2.0 Scope

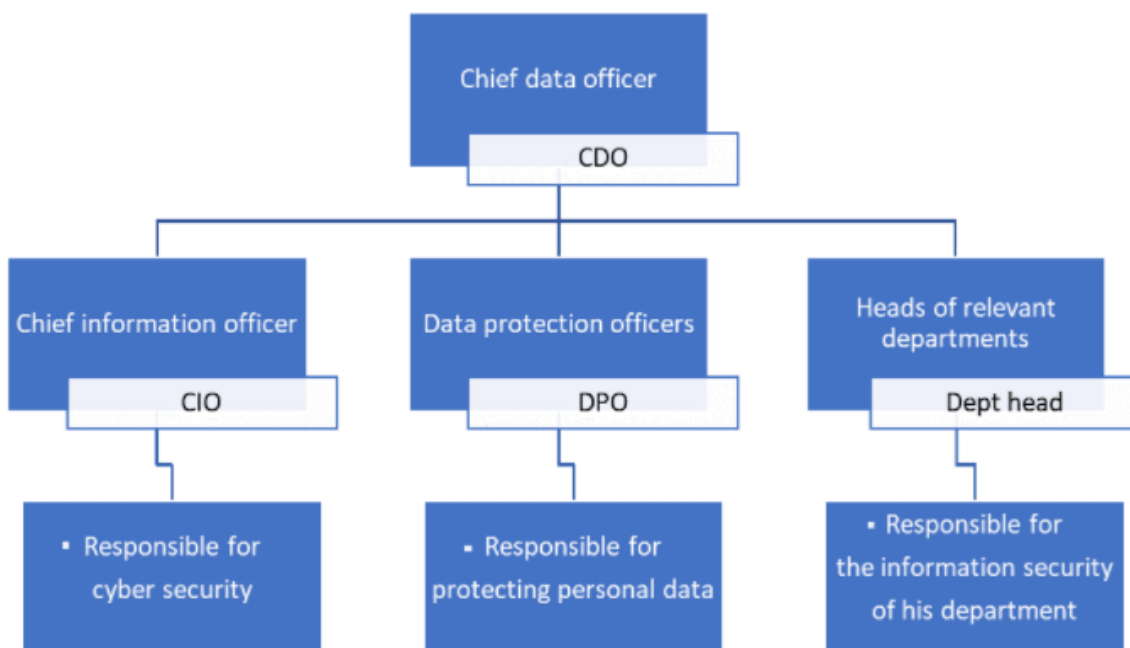
This business continuity plan (BCP) is intended to be implemented when there is an event that disrupts normal business operations; including any emergency or unexpected event that causes an impact on our company and results in unsustainable operation. Plan activation is described in Section below: Activation.



## G-10 FCB INFOTECH AND DATA POLICY

Frontken Group is committed to protect our information and information systems and data assets from failure of availability, confidentiality and integrity, while at the same time, ensuring that important internal controls are in place into our daily work to achieve zero data lost.

This Infotech and Data Security Policy is a formal set of rules by which those people who are given access to Frontken Group technology and information and data assets must abide. The main purpose is to inform Frontken Group users: employees, contractors, and other authorized users of their obligatory requirements for protecting the technology and information and data assets of the company. This Policy describes the technology and information and data assets that we must protect and identifies many of the threats to those assets. The chief data officer is responsible for the Group data security and management.



All employees, visitors, contractors, consultants, vendors and business partners which are relevant to our business should comply with these policies. It is the obligation of all users of the company systems to protect the technology and information assets of the company. This information must be protected from unauthorized access, theft and destruction.

The technology and information assets of the company are made up of the following components:

- a) Computer hardware, CPU, disc, Email, web, application servers, PC systems, application software, system software, etc.
- b) System Software including: operating systems, database management systems, and backup and restore software, communications protocols, and so forth.
- c) Application Software: used by the various departments within the company. This includes custom written software applications, and commercial off the shelf software packages.
- d) Communications Network hardware and software including: routers, routing tables, hubs, modems, multiplexers, switches, firewalls, private lines, and associated network management software and tools.

We ensure that all information assets be classified and labelled in a manner that allows the asset to be readily identified to determine handling and protection level for that asset. Care will be taken when interpreting the classification systems from other organizations as their classification systems may have different parameters. Information assets shall be assigned a sensitivity classification by the asset information owner or their nominees, in accordance with the following classification definitions:

**Internal Confidential:** Sensitive information requiring the highest degree of protection. Access to this information shall be tightly restricted based on the concept of need-to-know. Disclosure requires the information custodian's approval and, in the case of third parties, a signed confidentiality agreement. If this information were to be compromised, there could be serious negative financial, legal, or public image impacts to company. Examples include member share information, employee performance reviews, product research data, etc. There are two levels: IP related and non-IP related confidential data.

- a) Intellectual property (IP) refers to creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce; IP is protected in law by, for example, patents, copyright, trademarks, business secret information and other invisible intelligence assets (such as BKMs) which enable people to earn recognition or financial benefit from what they invent or create; Company attaches great importance to its own intellectual property rights and respects the intellectual property rights of others. Every employee must sign an NDA (Non-Disclosure Agreement) with company and not disclose the intellectual property of the company and others (like our customers).
- b) **Internal Restricted:** Information that is related to company business operations, but not available for public consumption. This information shall only be disclosed to third parties if a confidentiality agreement has been signed or is required by law. Disclosure is not expected to cause serious harm to the company, and access is provided freely to all employees. Examples include internal policies and standards, operational procedures, etc.
- c) **Public:** Information that requires no special protection or rules of use. This information is suitable for public dissemination. Examples include press releases, marketing brochures, company announcement, disclosures, sustainability development data.

We also ensure that each asset classification have handling and protection rules and protocols. These rules and protocols must cover all media the assets may reside in at any time including:

- a) All computer-resident confidential information shall be protected via access controls to ensure that it is not improperly disclosed, modified, deleted or otherwise rendered unavailable.
- b) Employees are prohibited from recording confidential information with tape recorders, digital/analog recording devices, etc., without the consent of their manager.
- c) Unless it has specifically been designated as "Public", or "Internal", all company internal information shall be assumed to be confidential and shall be protected from disclosure to unauthorized third parties.
- d) No confidential information of company or of any third party shall be disclosed to the public or any unauthorized third party without the prior approval.
- e) Access to every office, computer room, laboratory, and work area containing confidential information shall be restricted, and employees shall take all reasonable steps to protect confidential information under their control from inadvertent disclosure.

- f) Handling and protection rules must include all parts of an asset's life-cycle, from creation/installation through use and finally to destruction/disposal, as outlined elsewhere in this other document. Sensitive information or systems must be appropriately disposed of when no longer needed.

In addition, we also ensure that all users will be required to have a unique logon ID and password for access to systems. The user's password should be kept confidential and **MUST NOT** be shared with management & supervisory personnel and/or any other employee whatsoever. All users must comply with the following rules regarding the creation and maintenance of passwords:

- a) Password must not be found in any English or foreign dictionary. That is, do not use any common name, noun, verb, adverb, or adjective. These can be easily cracked using standard "hacker tools".
- b) Passwords should not be posted on or near computer terminals or otherwise be readily accessible in the area of the terminal.
- c) Password must be changed every year.
- d) Logon IDs and passwords will be suspended after prolonged periods without use.

We also ensure that unauthorized users are not allowed to access password files on any network infrastructure component. Password files on servers will be monitored for access by unauthorized users. Copying, reading, deleting or modifying a password file on any computer system is prohibited. Users will not be allowed to logon as a System Administrator. Users who need this level of access to production systems must request a Special Access account as outlined elsewhere in this other document.

We adopted the Cybersecurity Best Practices Guide and the code of good cyber ethics and conduct to ensure that employee Logon IDs and passwords will be deactivated as soon as possible if the employee is terminated, fired, suspended, placed on leave, or otherwise leaves the employment of the company office. Supervisors / Managers shall immediately and directly contact the company IT Manager to report change in employee status that requires terminating or modifying employee logon access privileges. Employees who forget their password must call the IT department to get a new password assigned to their account. The employee must identify himself/herself by (e.g. employee number) to the IT department. Employees will be responsible for all transactions occurring during Logon sessions initiated by use of the employee's password and ID. Employees shall not logon to a computer and then allow another individual to use the computer or otherwise share access to the computer systems.

### **Personal Data Protection Act**

Personal data refers to data, whether true or not, about an individual who can be identified from that data; or from that data and other information to which the organisation has or is likely to have access. Personal data in Singapore is protected under the Personal Data Protection Act 2012 (PDPA). The PDPA establishes a data protection law that comprises various rules governing the collection, use, disclosure and care of personal data. It recognises both the rights of individuals to protect their personal data, including rights of access and correction, and the needs of organisations to collect, use or disclose personal data for legitimate and reasonable purposes. We conduct our business in compliance with the Personal Data Protection Act (PDPA) and have implemented additional measures to protect your personal information. We have implemented stringent measures to secure and protect your information.

These include:

- a) Safeguards to prevent security breaches in our network and database systems.
- b) Limits on access to information in our systems and the systems of our business partners and vendors.
- c) Strict verification processes to prevent unauthorised access to information

Our Data Protection Officer (DPO) Key responsibilities:

- a) Ensuring compliance with the Personal Data Protection Act (PDPA) when developing and implementing policies and processes for handling personal data;
- b) Fostering a personal data protection culture among employees and communicate personal data protection policies to stakeholders;
- c) Handling access and correction requests to personal data;
- d) Managing personal data protection-related queries and complaints;
- e) Alerting management to any risks that might arise with regard to the personal data handled by our company; and
- f) Liaising with the Personal Data Protection Commission (PDPC) on personal data protection matters, if necessary.

Our appointed Data Protection Officers (DPO): (a) the Chief DPO; (b) The Manager of the Department of Human Resource (HR); (c) The Manager of the Department of Finance. We adopted the Cybersecurity Best Practices Guide and the code of practice for our information technology and cyber security and data protection. We continuously review and updates our policies and practices relating to our information technology and cyber security and data protection to stay secured and protected.

We will continuously introduce specific initiatives to significantly improve our information and cyber security incidents and breaches. Our Target is to continuously achieve zero incidents rate.

## G-11 FCB TAX COMPLIANCE POLICY

Frontken Group is committed to total compliance with all applicable tax laws and regulations in every country and operating region in collaboration with our operations and stakeholders to sustain our reputation and support shareholder interests. This is supported by our code of conduct to ensure that all our corporate decisions in all aspects reflect our ethics and integrity. When faced with difficult decisions guidance can be found in core values, we will act with the highest ethical standards and transparency and comply with all tax filing and payment obligations in each country we operate. We are committed to:

- a) Compliance to all applicable laws, rules and regulations in our tax reporting responsibilities in everywhere regions we operate.
- b) Compliance with all transfer pricing guidelines to ensure that the arm's length principle is always executed in all transactions within our Group of companies.
- c) Ensure that tax strategy is aligned with business and commercial strategy and tax planning opportunities are evaluated within non risk parameters.
- d) Work closely and transparently with tax authorities and pursue a constructive dialogue that is based on respect and trust, to minimize the extent of disputes, to achieve early agreement on disputed issues when they arise, and achieve certainty, and to disclosing relevant information to enable tax authorities to carry out their review.
- e) Ensure all tax related decisions are well-considered and documented based on professional care and judgement.

Our tax governance policy is managed by at the Group level corporate finance team where the roles have been defined to secure an efficient reporting structure including:

- a) Group tax policies, financing and business flows legal structures and strategy are centralized in the FCB together with the global controlling functions to accommodate our business model;
- b) Provide support to the local management, and ensure local tax compliance and filing and monitoring, controlling and reporting taxes.
- c) Manage tax risk reporting and mitigation plan including using trained tax professionals to adequately ensure understanding of our tax model, and comply with tax filing requirements in a sufficient and timely manner and to develop and maintain the information necessary to explain how our business decisions has affected individual tax filings.
- d) Manage global transfer pricing Policy to ensure we subscribe to the Transfer Pricing framework applying the arm's length principle and as part of the tax policy allocate taxable income where the true and fair value is considered to be created based on general recognised transfer pricing principles. Execution of the tax policy does however require significant amount of judgement.
- e) Ensure our tax compliance include all taxes are covered including but not limited to corporate income tax, indirect tax (e.g., GST, VAT, customs duties), transfer pricing and payroll tax.
- f) Ensure all reporting units perform financial accounting operations appropriately based on applicable corporate rules and processes including establish a system of checks and balances by separating the preparation and review processes; (b) Consistently maintain factual evidence supporting our accounting treatments.
- g) Manage all tax matters that require global oversight such as tax audits and cross-border transactions (e.g. transfer pricing, withholding taxes).

- h) Monitor the tax positions of each business units and tax issue and determines appropriate measures as necessary.
- i) Ensure ethical tax planning and use of external advisors to provide accurate interpretations of tax laws and share a wealth of information on the current tax environment. Our corporate finance team is responsible for appointing external advisors with a proven track record to deal with tax issues requiring global oversight.

We are committed to the highest priority in ensuring the management of our tax affairs are consistent with all stakeholder expectations and therefore seeks to maintain a mutually open and cooperative relationship with the tax authorities of each country. We will ensure preventive measures are taken to avoid the reoccurrence of past tax issues addressed by tax authorities, while cooperating with the relevant stakeholders in the event if there is uncertainty on the tax treatment, interpretation of tax laws and other relevant issues with respect to future transactions. We do not take risky tax positions that cannot be justified based on the tax laws of each country

We will continuously introduce specific initiatives to significantly improve our tax compliance and governance. We will improve our employee's law-abiding spirit and understanding of tax processes. We trained our employees to enhance their understanding tax processes to ensure that they have the skills, technical expertise and knowledge to effectively and accurately fulfil their tax responsibilities, and perform to the best of their abilities. This enables our people to develop into talented and competent professionals, to meet their development needs and remain motivated and challenged in their roles. We periodically assess for signs of taxation risks, including risks in transfer pricing taxation and withholding tax, etc.

Our Target is to continuously improve our governance to achieve zero incidents of tax non-compliance.

## G-12 FCB SUSTAINABILITY DEVELOPMENT POLICY

We are committed to act in a responsible manner throughout our business and are committed to sustainability by the re-use and careful management of existing buildings, facilities and equipment, product and services which supports Government and local policies for sustainable development. To ensure appropriate standards are maintained throughout our business operations including the supply chain, the following sustainability principles have been established:

- a) Operate in an environmentally sustainable manner and minimise the environmental impact of our business operations, including on climate change.
- b) Wherever practical, extend the economic useful lives of our buildings, facilities, equipment, products, and services through changes of use and reconfiguration.
- c) Comply with all legal and regulatory requirements, and, where feasible, exceed minimum compliance.
- d) Establish annual targets and encourage continual improvement in environmental and social and governance performance.
- e) Engage with advisors, suppliers, tenants and stakeholders to disseminate the Group's sustainability policies and requirements.
- f) Invest in and engage with our local community.
- g) Conduct our business with integrity and in an open and ethical manner and require the same standards throughout our supply chain.
- h) Invest in the welfare and development of our employees.

We are committed to the principles of the UN Sustainability development goals, UN Global Compact on human rights, labour, environment, and anti-corruption. We also support and align our disclosures to Responsible Business Alliance (RBA); and Bursa Malaysia FTSE Russell ESG Model Framework. We support and align our disclosures to the recommendations of the IFRS S1 and S2.

This document is disseminated to all employees, our advisors and suppliers and is available on our website. We engage with stakeholders to ensure we are aware of and respond to their expectations. Our sustainability policies are available on our website. We engage regularly with our institutional investors to ensure we continue to meet globally recognised sustainability standards and best practice.

The policies are updated annually and approved by the Board. This forms the framework for establishing objectives and targets against which we monitor and report publicly on our performance at the financial year end. Actual performance is monitored and reported at the financial year end. The annual action plan and the annual report on achievement is on our website. A summary of performance is contained within each year's annual Sustainability Development Report.

## G-13 FCB ANTITRUST AND FAIR COMPETITION POLICY

Frontken Group is committed to total compliance with all applicable Antitrust and Fair Competition laws and regulations in every country and operating region in collaboration with our operations and stakeholders to sustain our reputation and support shareholder interests. Frontken Group operates within the principles laid down by the domestic and international rules put in place to protect free competition and therefore, in carrying out its business, operates by promoting fair competition. This is supported by our code of conduct to ensure that all our corporate decisions in all aspects reflect our ethics and integrity. When faced with difficult decisions guidance can be found in core values, we will act with the highest ethical standards and transparency and comply with all antitrust and fair competition in each country we operate.

The company recognises that fair competition is a key element for the development of the company and the market, and is also aware of the commercial, financial, reputational and operational risks that would arise from the absence or inadequacy of rules and organisational checks aimed at ensuring compliance with the principles protecting free competition; and the serious consequences that would arise from a breach of the rules of free competition (monetary sanctions, voidance of agreements, civil actions for damages, criminal responsibility, etc.).

This Policy is directed towards directors, employees, advisors and all persons who operate for the benefit of the companies of the Frontken Group; and they are committed to the following antitrust principles:

- a) Compliance to all applicable antitrust and fair competition laws, rules and regulations in everywhere regions we operate.
- b) Act responsibly in all commercial activity in total autonomy with respect to competitors in the marketplace; and operates exclusively on the basis of its own strategic and commercial decisions; and does not engage in any illicit behaviour, in particular involving: understandings, whether horizontal (between competitors) or vertical (between parties operating at a different level of the distribution chain), consisting of agreements, agreed practices or decisions by an association of businesses in which two or more businesses adhere to a common strategy in order to limit their autonomous conduct in the marketplace and have as their objective or effect to impede, restrict or distort competition in a specific market;
- c) Avoid abusive exploitation of a dominant position, wherein this is held by Frontken Group in a specific market;
- d) Avoid operations of concentration that require prior authorisation from the antitrust authorities concerned, without having obtained this authorisation;
- e) Avoid exchanges of confidential information with its competitors except within the limits of what is permitted by the applicable regulations and on the basis of confidentiality agreements established between the parties concerned.

We are committed to the highest priority in ensuring the management of our business operations are consistent with all stakeholder expectations and therefore seeks to maintain a mutually open and cooperative relationship with the authorities of each country. We will continuously introduce specific initiatives to significantly improve our antitrust and fair competition compliance and governance. We will improve our employee's law-abiding spirit and understanding of antitrust processes.

Our Target is to continuously improve our governance to achieve zero incidents of antitrust and fair competition non-compliance.

## G-14 FCB RESEARCH AND DEVELOPMENT: RESPONSIBLE INNOVATIONS, TECHNOLOGIES AND SERVICES

Frontken Group is committed to Research and Development with a strong focus on Innovation Processes, Data, Customers & Materials to achieve the following:

- a) To improve the Group's operations in order to achieve higher efficiency, quality, reliability and environmental compliance and sustainability development;
- b) To improve the Group's products and services and broaden the applications across different domains;
- c) To develop products/services aimed at new market segments undergoing strong expansion or unmet market needs, and to allow the Group to bring its unique expertise to the growth of these new areas.

Frontken Group innovates continuously and keep abreast of rapid technology advancement and changing customer needs. We research and develop the latest and the best technological services and experience to our customers. This is done through driving innovation at both our core businesses and new technology through partnerships and organic innovation. We are dedicated to continuous research and development in advanced surface engineering, chemical engineering and precision cleaning engineering; with emphasis on improvements of surface integrity and coatings' quality; and application for specific semiconductor and related industrial applications. These innovations are created through materials science research, development of precision chemistry, modification of micro-structural surface properties and process innovation to achieve new applications and markets. This is essential to the success and sustainability of our business.

Frontken Group is committed to "Responsible innovations, technology and services"; and this is the guiding principles of Frontken Group's sustainable and ethical business culture. Our Responsible innovations, technology and services includes products and processes innovation, product design, sourcing, production, distribution, and performance during a product's use, disposal and recycling is to pursue the right balance between economic performance, environmental protection, public health and social needs.

We recognize that a superior customer experience is defined by the quality of service and care, as well as the range of innovative technologies, services and values we offer to our customers. We have continuously research, develop and invest in innovations related projects focused on enhancing customer experience. They include technological process and system innovations and improvements to satisfy and meet our customer advanced requirements. We are committed to ensure continuous contribution to responsible innovations, technology and services quality; and sustainable development across all our business operation and value chain, and throughout the communities we serve and operate in, including products, processes and services quality assessments, quality programs, and improvement initiatives, etc.

Frontken Group is committed to:

- b) Responsible assessment of the environmental, health and social impacts of all the products and processes innovations; which includes - evaluate any potential health, safety, environmental and social risk associated with each phase of the lifecycle of the product and processes; and promptly implement necessary actions to prevent or mitigate possible adverse impacts;

- c) Responsible innovation of products and processes; which include all research and development to design safer products/processes, ensure the reduction of the environmental footprint including water consumption, waste reduction, water and air emissions, and increasing the use of renewable energy;
- d) Responsible training and qualification of employees in a safe environment; which include – invest in training, development and communication to ensure that the employees are duly qualified, operate in a safe environment with continuous improvement in occupational health and safety with “zero accident”;
- e) Responsible engagement with all Stakeholders; which include open and fair dialogue with our Stakeholders to build sustainable relationships leading to mutual benefits while sharing common responsibilities to minimize the health, safety, environmental and social impacts of our products.
- f) Responsible engagement with critical suppliers to ensure they understand Frontken Group’s requirements related to the environmental and safety quality of the products and services; and the responsible management of labour, health, safety and environmental issues;
- g) Responsible support to employees, suppliers, customers and any users to ensure they understand the environmental impacts and safety features of the products and processes, actively informing them about the safest ways to use Frontken Group products and processes during their use and final disposal, by facilitating recycling or reuse wherever possible;
- h) Responsible cooperation and compliance with local initiatives to prioritize all quality, safety, occupational health and environmental concerns materially impacting people’s safety and environmental preservation.
- i) Responsible compliance to best practices and rules; which include – all activities according to internationally recognised labour, health, safety and environmental standards, applicable laws and regulation.

Frontken Group believes that innovation is the critical tool for ensuring sustainability, efficiency and competitiveness, and is a strategic variable that affects all of its businesses and all of its activities. We particularly address the topic of Responsible innovations, technology and services within our comprehensive sustainability approach, particularly in our research and development activities, our business operations, our production processes and through the relationship with our customers. We strive to achieve these targets by implementing the below.

- a) conducting research, development and innovation activities, focusing on efficiency aimed at the ongoing optimisation of the Group's business operations, management of facilities and equipment lifespans, reduction of operation and maintenance costs and decrease in environmental impact, as well as the development of new products and services to satisfy the needs of the customers;
- b) developing innovative processes, technologies and behaviours that help to continuously improve products, processes and services; and keep the Group at the forefront of new technologies and disruptive business models;
- c) innovating with new technologies throughout our business operation and production life cycle.
- d) creating innovative product and services based on models that are environmentally sustainable, economically feasible, and socially inclusive; and reducing the environmental footprint of our production processes;
- e) optimising total quality system in our factories with best practices and techniques to improve quality through efficient practices;

- f) assessing supply chain quality and sustainability policies, including their quality policies, and progress to achieving quality targets;

We periodically monitor and evaluate our responsible innovations, technology and services and management results. We report our performance in terms of sustainable responsible innovations, technology and services in our sustainability report.

Our target is to maintain our leadership in responsible innovations, technology and services, total quality and operational efficiency by optimizing and reducing consumption, continuously recycling and reuse, and reinforcing our efforts in responsible innovations, technology and services management.

## G-15 FCB GLOBAL QUALITY POLICY

Frontken Group is committed to the highest standards of “Total Quality”; and is also committed to manage the challenges of products, processes and services quality, as part of our sustainability development strategy. We are committed to ensure continuous contribution to total quality and sustainable development across all our business operation and value chain, and throughout the communities we serve and operate in, including products, processes and services quality assessments, quality programs, and improvement initiatives, etc.

We are committed to:

- a) The compliance and satisfaction of the different stakeholders regarding our total quality performance;
- b) The safety, reliability, high performance of our products and services, ensuring quality compliance with both the current legislation and the most advanced national and international applicable standards;
- c) The continuous improvement and innovation in products, services, processes and systems, to ensure excellence quality;
- d) The promotion among of our corporate culture, oriented to quality and ethics, shared with all our Stakeholders through continuous and focused communication, training and motivational activities;
- e) The continuous interaction, promptness of response and cooperation with our suppliers and customers;
- f) The protection of health, safety and wellbeing in the workplace, as well as safeguarding the environment throughout the entire product life cycle.

Frontken Group is committed to a “Total Quality” management system that is dynamic, designed to avoid risks and undesired effects, gather development opportunities and evaluate the effective achievement of our targets, ensuring continuous and sustainable improvement.

We particularly address the topic of quality within our comprehensive sustainability approach, particularly in our research and development activities, our business operations, our production processes and through the relationship with our customers. We strive to achieve these targets by implementing the below.

- a) developing innovative processes, technologies and behaviours that help to continuously improve products, processes and services quality;
- b) innovating with new technologies throughout our business operation and production life cycle.
- c) reducing the environmental footprint of our production processes;
- d) optimising total quality system in our factories with best practices and techniques to improve quality through efficient practices;
- e) assessing supply chain quality and sustainability policies, including their quality policies and progress to achieving quality targets;

We periodically monitor and evaluate our total quality and management results. We report our performance in terms of sustainable quality management in our sustainability report.

Our target is to maintain our leadership in total quality and operational efficiency by optimizing and reducing consumption, continuously recycling and reuse, and reinforcing our efforts in total quality management.

## G-16 FCB FIT AND PROPER POLICY

### 1. Introduction

The Board of Directors (the “Board”) of Frontken Corporation Berhad (the “Company”) believes that it is in the best interest of the Company, its subsidiaries and its stakeholders that its Directors and members of its Key Senior Management has the time coupled with the required character, experience, integrity and competence to effectively and diligently discharge their responsibilities and duties and contribute to the proper governance of the Company and its subsidiaries (“the “Group”).

### 2. Objective

This Policy sets out the fit and proper criteria for the appointment of Director or Key Senior Management of the Group and re-appointment of Directors on the Boards of the Group to ensure that each of the Directors and Key Senior Managements has the time, character, experience, integrity and competence to effectively discharge his/her role.

### 3. Scope

The scope of the Fit and Proper Policy applies to the existing Directors of the Group seeking for re-appointment or candidates for nomination or appointment as a director or member of the Key Senior Management of the Company and the subsidiaries.

### 4. Roles and Responsibilities

#### The Board

The Board is primarily responsible for ensuring that all existing Directors of the Group seeking for re-appointment or candidates for nomination or appointment as a director or member of the Key Senior Management of the Group are fit and proper and have the necessary character, experience, integrity, competence and time to effectively discharge his/ or her role.

#### Nomination Committee

The Board delegates the duty to perform fit and proper assessment on existing Directors of the Group seeking for re-appointment or candidates for nomination or appointment as a Director or member of the Key Senior Management of the Group to the Nomination Committee (the “NC”) based on the fit and proper criteria as tabulated in Section 5 – Fit and Proper Criteria, and making recommendations to the Board on these matters for its review and decision.

#### Company Secretary

The NC is assisted by the Company Secretary for the following duties:

- To minute the review, deliberation, results and recommendation of the NC on fit and proper assessment of the existing Director or the candidate, as applicable, during the meeting of the NC;
- To minute the review and deliberation of results of fit and proper assessment of the existing Director or the candidate, as applicable, and recommendation by the NC during the meeting of the NC and the Board’s decision on the appointment and re-appointment;

- To prepare and ensure the completeness of all statutory documentations in relation to the appointment and re-appointment of Director;
- To make required disclosure, statutory lodgement and announcement under relevant laws and regulations, subject to the authorisation from the Board or authorised officer by the Board;
- To safe keep all the above documentations for the longest period required under relevant laws and regulations and made available for inspection by the Board, any person authorised by the Board, relevant regulatory bodies or under other statutory requirements; and
- To provide information and guidance to the NC and the Board on matters concerning the procedure for fit and proper assessments.

## **5. Fit and Proper Criteria**

For the purpose of establishing whether a person is fit and proper to act as a Director or member of the Key Senior Management of the Group, the NC and the Board shall have regard to the person's:

### **5.1 Character and Integrity**

#### **(i) Probity**

- is compliant with legal obligations, regulatory requirements and professional standards; and
- has not been obstructive, misleading or untruthful in dealings with auditors, regulatory authorities or a court.

#### **(ii) Personal integrity**

- has not perpetrated or participated in any business practices which are deceitful, oppressive, improper (whether unlawful or not), or which otherwise reflect discredit on his/her professional conduct;
- service contract (i.e., in the capacity of management or Director) had not been terminated in the past due to concerns on personal integrity; and
- has not contravened any requirements imposed by authorities or bodies, whether in Malaysia or elsewhere or failed to uphold any professional or ethical standards issued, or has abetted another person to breach such requirements, professional or ethical standards.;

#### **(iii) Financial integrity**

- demonstrates prudent management of personal financial affairs including managing debts satisfactorily; and
- demonstrates ability to fulfil personal financial obligations as and when they fall due.;

#### **(iv) Reputation**

- is of good repute in the corporate and business community;
- has not been found to be liable or guilty of civil or criminal proceedings or enforcement action, in managing or governing an entity; and

- has not been substantially involved in the management of a business or company which has failed, where that failure has been occasioned by deficiencies in that management.;

## 5.2 Experience and competence

### (i) Qualifications, training and skills

- possesses the appropriate educational qualification, experience and expertise that is relevant to effectively fulfil the role and responsibilities of their respective positions;
- has a considerable understanding on the business and workings of a corporation;
- possesses general management skills as well as understanding of environmental, social and corporate governance issues; and
- keeps knowledge current based on continuous professional development.;

### (ii) Relevant experience and expertise

- possesses relevant experience and expertise with due consideration given to past length of service, nature and size of business, responsibilities held, number of subordinates as well as reporting lines and delegated authorities.;

### (iii) Relevant past performance or track record

- had a career of occupying a high-level position in a comparable organisation and was accountable for driving or leading the organisation's governance, business performance or operations.;

## 5.3 Time and commitment

### (i) Ability to discharge role having regard to other commitments

- able to devote time as a board member, having factored other outside obligations including concurrent board positions held by the Director across other listed issuers and non-listed entities (including not-for-profit organisations).;

### (ii) Participation and contribution in the board or track record

- demonstrates willingness to participate actively in board activities;
- demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the boardroom;
- manifests passion in the vocation of a director;
- exhibits ability to articulate views independently, objectively and constructively; and
- exhibits open mindedness to the views of others and ability to make considered judgment after hearing the views of others.

## 6. Hard tenure limit of nine years for Independent Directors

There is a term limit on an independent director's appointment, as follows: 9-year term limit: An independent director has a 9-year term limit to their appointment, beyond which such independent directors will no longer be considered independent.

**7. Review and revision of Policy**

This Policy which is approved by the Board shall be reviewed from time to time, as and when required or necessary, taking into consideration changes in the laws and regulatory requirements and any improvement opportunities noted from assurance providers.

**GOVERNANCE – INDICATORS, TARGET & STATUS**

**ENTERPRISE RISK MANAGEMENT & TAX COMPLIANCE INDICATORS & STATUS**

No.	ENTERPRISE RISK MANAGEMENT & TAX COMPLIANCE DATA	UNIT OF MEASURE	STATUS IN FY2025
1.	Committed to assessment of all potential business risks in all business units; enforce full business recovery policy planning with complete procedures and rehearsals to address any potential risk in all operational business units;  <b>Target by 2028:</b> 100% <b>Target by 2035:</b> 100% <b>Target by 2050:</b> 100%	Percentage Compliance (%)	On-Track
2.	The board has oversight of risk management policy that are 100% committed to enforce corruption risk assessment; with complete procedures to address corruption in operations that are assessed to be "high risk"; including confidential or anonymous whistleblowing mechanism for all staff and suppliers.  <b>Target by 2028:</b> 100% <b>Target by 2035:</b> 100% <b>Target by 2050:</b> 100%	Percentage Compliance (%)	On-Track
3.	Committed to 100% training for all employees on the anti-corruption policy and risk management; Including communication and disclosures of anti-corruption policy to all employees covering all possible enterprise risks and data;	Percentage of trained employees (%)	On-Track
4.	Committed 100% communications for all related suppliers and customers on the anti-corruption policy and potential risk areas;	Percentage of Communicated Suppliers & Customers (%)	On-Track




No.	ENTERPRISE RISK MANAGEMENT & TAX COMPLIANCE DATA	UNIT OF MEASURE	STATUS IN FY2025
5.	Zero incident of material losses for each period;  <b>Target by 2028:</b> Zero Incident <b>Target by 2035:</b> Zero Incident <b>Target by 2050:</b> Zero Incident	Number of Incident	On-Track
6.	Zero incident of corruption and bribery for each period.  <b>Target by 2028:</b> Zero Corruption Incident <b>Target by 2035:</b> Zero Corruption Incident <b>Target by 2050:</b> Zero Corruption Incident	Number of Incident	On-Track
	i) Full disclosure of number of staff disciplined or dismissed due to non-compliance with anti-corruption policy/policies.  <b>Target by 2028:</b> Zero Corruption Incident <b>Target by 2035:</b> Zero Corruption Incident <b>Target by 2050:</b> Zero Corruption Incident	Number of Staff	On-Track
	ii) Full disclosure of cost of fines, penalties or settlements in relation to corruption.  <b>Target by 2028:</b> Zero Corruption Incident <b>Target by 2035:</b> Zero Corruption Incident <b>Target by 2050:</b> Zero Corruption Incident	\$ USD	On-Track
7.	Achieve Zero incidents of <b>Tax Non-compliance</b> for each period  <b>Target by 2028:</b> 0 incident <b>Target by 2035:</b> 0 incident <b>Target by 2050:</b> 0 incident	Number of Incident	On-Track

## DATA SECURITY INDICATORS & STATUS

No.	ENTERPRISE RISK MANAGEMENT & TAX COMPLIANCE DATA	UNIT OF MEASURE	STATUS IN FY2025
1.	Achieve Zero incident of <b>Data Loses</b> for each period;  <b>Target by 2028:</b> 0 incident <b>Target by 2035:</b> 0 incident <b>Target by 2050:</b> 0 incident	Number of Incident	On-Track
2.	Achieve zero incident of <b>Security Breaches</b> for each period;  <b>Target by 2028:</b> 0 incident <b>Target by 2035:</b> 0 incident <b>Target by 2050:</b> 0 incident	Number of Incident	On-Track

## CORPORATE GOVERNANCE INDICATORS & STATUS

No.	CORPORATE GOVERNANCE DATA	UNIT OF MEASURE	STATUS IN FY2025
1.	Committed compliance to 100% full disclosure of details about all the directors;  <b>Target by 2028:</b> 100% Compliance <b>Target by 2035:</b> 100% Compliance <b>Target by 2050:</b> 100% Compliance	Percentage Compliance (%)	On-Track
2.	Committed compliance to increase gender diversity on the board  <i>(including of women on the Executive committee or equivalent)</i>	Percentage of Female on the Board (%)	On-Track
3.	Committed to compliance towards a fully non-executive Audit Committee or Audit Board with all independent directors.  <b>Target by 2028:</b> 100% Compliance <b>Target by 2035:</b> 100% Compliance <b>Target by 2050:</b> 100% Compliance	Percentage Compliance (%)	On-Track
4.	Committed compliance to full disclosures of all fixed and variable remuneration for: a) Senior executives included in the company's remuneration disclosures b) non-executive board members;	Committed Compliance	On-Track
5.	Committed compliance to allows all shareholders to have the right to vote on all director appointments and dismissals; and the full disclosure of voting results;	Committed Compliance	On-Track
6.	Committed compliance to conduct periodic full internal audits and evaluation on all operating business units to identify potential risks areas;	Risk Level	On-Track
7.	Committed compliance to full compliance of periodic evaluation of board effectiveness; <i>including disclosure of number of times the board/each committee have/has met per annum.</i>	Effectiveness Level	On-Track

No.	CUSTOMER -CENTRIC DISCLOSURE & COMPLIANCE DATA	UNIT	STATUS IN FY2025
1.	<p>Achieve High Score in CDP Disclosure Score (Climate)</p> 	Disclosure Score	On-Track
2.	<p>Achieve High Score in RBA Disclosure Score (Corporate SAQ)</p> 	Disclosure Score	On-Track
3.	<p>Achieve High Score in FTSE4Good ESG Score</p> <p>Constituent of</p> 	Disclosure Score	On-Track

CONTRIBUTION TO THE SDGS (GOVERNANCE)



# 10 FRONTKEN SUSTAINABILITY DEVELOPMENT: SUPPLY CHAIN

## RESPONSIBLE SUPPLY CHAIN

Frontken Group's business operations rely on various inputs such as raw materials, chemicals, consumables, equipment, and services from suppliers. Any disruption in the supply chain could impact our operations significantly. Therefore, we are proactive in collaborating with our suppliers to mitigate supply chain risks, optimize delivery, reduce costs, and enhance overall efficiency, thereby supporting sustainable growth for our suppliers.

We are committed to achieving a Sustainable Supply Chain by ensuring that both our operations and key suppliers adhere to best practices in procurement and supply management. Our Sustainable Procurement and Supplier Management Policy is designed to uphold transparency, fairness, and alignment with industry-leading standards of quality, integrity, and excellence. This policy is guided by the Responsible Business Alliance (RBA) Code of Conduct framework, which emphasizes ethical business practices and respect for cultural diversity in the communities where we operate.

At Frontken Group, we recognize the importance of responsible procurement and supplier management in fostering long-term partnerships and contributing to the sustainability goals of our business and the broader community.



Frontken Group places a strong emphasis on environmental responsibility throughout our value chain and is committed to collaborating with environmentally conscious suppliers. We recognize the significance of sustainable sourcing and procurement practices, which extend to our supply chain management approach. Our commitment encompasses various aspects, including labour practices, human rights, supplier diversity, environmental impact, data security, and material sourcing.

In line with our philosophy of co-success, we actively engage with our suppliers to foster a strong and sustainable relationship. We work collaboratively to further our sustainable development efforts and achieve a business ecosystem that prioritizes sustainability. Our approach includes careful risk management and opportunity assessment within our supply chain, ensuring sustainability considerations are integrated into supplier selection, operations, and evaluation processes.

We adopt a risk-based supply chain management practice to enhance the sustainability and resilience of our supply chain. Our goal is to improve our competitive advantage by leveraging the capabilities of our suppliers while ensuring alignment with our Supplier Code of Conduct and related guidelines. This code of conduct is based on internationally recognized frameworks such as the UN Global Compact and Responsible Business Alliance (RBA), providing a comprehensive framework for suppliers to adhere to ethical, environmental, and legal standards.

Frontken Group is committed to creating a supply chain that upholds these standards, mitigates social, economic, and environmental risks, and complies with applicable laws and regulations. Our ongoing collaboration with suppliers is integral to achieving our sustainability goals and maintaining responsible business practices across our operations and supply chain.



Supply Chain Code of conduct



Supply Chain Audits and Qualifications



Supply Chain Risk Management



Supply Chain Occupational Health and Safety



Supply Chain Labour Practice



Supply Chain Environmental Sustainability



Responsible Sourcing and Procurement



No Conflict Minerals Supply Chain Policy

## SUPPLIER CODE

Frontken Group's Supplier Code, updated in January 2021, serves as a comprehensive framework outlining our expectations and guidelines for responsible sourcing. This code encompasses commitments to human rights, environmental stewardship, health and safety, business ethics, and the development of a diverse and sustainable supply chain. Aligned with internationally recognized standards such as the International Bill of Human Rights, Responsible Business Alliance (RBA), UN Guiding Principles on Business and Human Rights (UNGPs), and the Ten Principles of the UN Global Compact, our Supplier Code sets a high standard for ethical and sustainable business practices.

We require all our Suppliers and business partners to adhere to this Supplier Code and comply with all applicable national, state, and local laws and regulations in their operating countries. Furthermore, if local laws or standards differ from our Supplier Code, we expect Suppliers to uphold the more stringent standards and principles outlined in the code.

Frontken Group is dedicated to working collaboratively with Suppliers to ensure compliance with and, when feasible, surpass the requirements specified in our Supplier Code. It is understood that by accepting any purchase order from Frontken Group, Suppliers are acknowledging their acceptance of the Supplier Code and their intention to abide by its provisions. This approach reinforces our commitment to ethical sourcing, sustainability, and responsible business practices throughout our supply chain.

## MANAGEMENT SYSTEM

Frontken Group expects its suppliers to adopt or establish a suitable management system that upholds their sustainability development responsibilities. This management system is designed to ensure that suppliers' operations:

- (a) Comply with Frontken's requirements and applicable laws and regulations.
- (b) Conform to sustainability responsibilities.
- (c) Identify and mitigate operational risks related to these responsibilities.
- (d) Facilitate continual improvement.

The management system incorporates the following elements:

- (a) Executive-level commitment and accountability.
- (b) Processes to identify, monitor, and comply with all applicable laws, regulations, standards, and requirements.
- (c) Risk management processes to address sustainability risks.
- (d) Communications and training for all workers and suppliers as determined by suppliers.
- (e) Ongoing assessments, monitoring, and continuous improvement, including corrective action processes.
- (f) A program that enables workers to report grievances anonymously and without fear of retaliation, unless prohibited by law.
- (g) A program to ensure that suppliers continuously monitor reporting processes, record issues raised, and take appropriate action.

By implementing and maintaining such a management system, suppliers demonstrate their commitment to responsible business practices, sustainability, and compliance with Frontken Group's standards and requirements.

## FEEDBACK CHANNELS

Frontken Group is dedicated to conducting its business ethically, maintaining open and honest communications at all levels. We encourage individuals across our supply chain and value chain to actively participate in addressing any Ethics and Compliance-related issues. This includes asking questions, expressing concerns, making disclosures, or filing reports through designated channels such as the Ethics Feedback platform or other grievance platforms. We are committed to fostering a culture of transparency, integrity, and accountability throughout our organization and among our business partners.

## SUPPLIERS' CODE OF CONDUCT

Frontken Group holds its key suppliers to high standards of performance and compliance through our Supplier Code of Conduct, which encompasses various areas including Ethics, Labour, Environment, Health & Safety, and Management Systems. We expect our suppliers to:

- (a) Acknowledge, commit to, implement, and follow our Supplier Code of Conduct guidelines.
- (b) Follow applicable laws, standards, and principles in the countries where they operate.
- (c) Ensure fair judgment of employees and contractors based on their job performance, without discrimination based on race, gender, religion, etc.
- (d) Provide equal opportunities in the workplace without engaging in discriminatory recruitment or employment practices.
- (e) Maintain a safe workplace with policies to minimize accident risks, injuries, and health hazards.
- (f) Not employ anyone under the legal working age or tolerate any form of abuse, harassment, slavery, or forced labour.
- (g) Fairly compensate employees and offer opportunities for skills development in compliance with wage and hour laws.
- (h) Conduct business in ways that protect and preserve the environment, meeting applicable environmental laws and regulations.
- (i) Consider the impacts of business activities on local communities and ecosystems, emphasizing energy efficiency, waste reduction, and pollution control.
- (j) Provide normal business hospitality to Frontken Group employees and avoid giving cash gifts or equivalents.
- (k) Engage in fair business practices, avoid corruption and bribery, and comply with applicable laws and regulations.
- (l) Uphold the highest standards of integrity in all business interactions, with zero tolerance for bribery, corruption, extortion, or embezzlement.
- (m) Protect the confidential information of Frontken Group and refrain from trading securities based on confidential information.
- (n) Comply with applicable data protection, privacy, and information security laws when handling personal information.
- (o) Encourage whistleblowing of any ethics-related issues without fear of retaliation, ensuring confidentiality and protection of whistleblowers' identities were legally permissible.

## SUPPLIER ENGAGEMENT ACTIVITIES

Frontken Group engages with its suppliers through various methods to ensure compliance with our standards and to address potential risks. These methods include supplier self-assessments, risk assessments, third-party on-site audits, approved vendor lists, and more. Through these processes, we evaluate supplier performance, identify risks, and collaborate with suppliers to enhance capabilities in critical areas such as environmental performance, worker safety, and supply chain transparency.

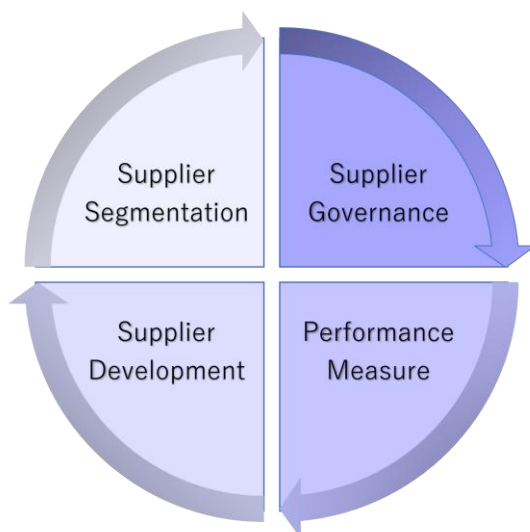
Our supplier audits and qualification processes involve several activities:

- (a) **Audits and Assessments:** Conducting audits and assessments to evaluate suppliers' compliance with our standards and requirements.
- (b) **Meetings:** Engaging in dialogues, discussions, project meetings, teleconferences, etc., to communicate expectations and address concerns.
- (c) **Training and Education:** Providing training and education sessions to suppliers on relevant topics such as human trafficking, slavery, and supply chain risks.
- (d) **Trade Fairs and Forums:** Participating in trade fairs and forums to stay informed about industry trends and best practices.

For verification and certification:

- (a) **Verification of Prospective Suppliers:** New direct materials suppliers are required to provide written certification addressing risks of human trafficking and slavery as part of the screening process.
- (b) **Auditing Operations:** Periodic audits of major direct product supplier operations are conducted to address human trafficking and slavery risks.
- (c) **Qualification and Certification:** Major direct product suppliers are requested to provide written certification that their materials comply with relevant laws and regulations, including those related to slavery and human trafficking.
- (d) **Training and Education:** Annual training is provided to front-line employees and managers responsible for supply chain management and audits to identify and mitigate human trafficking and slavery risks.

These efforts underscore our commitment to ethical sourcing practices, responsible supply chain management, and continuous improvement in addressing critical issues such as human trafficking and slavery.



- ✓ Policies, Processes, procedures
- ✓ Supplier Management Framework
- ✓ Suppliers' Code of Conduct
- ✓ Procurement Policies and Processes
- ✓ Supply Chain Diversity
- ✓ Conflict Materials Policy

## SUPPLY CHAIN RISK MANAGEMENT FRAMEWORK

Frontken Group is committed to fostering growth alongside our suppliers by actively managing risks and opportunities throughout our supply chain journey. Sustainability is a core consideration at every stage of our supplier interactions, from selection to operations and evaluation. We employ a risk-based supply chain management approach to ensure the sustainability and resilience of our supply chain, recognizing that our competitive advantage is enhanced by the capabilities of our suppliers.

We assist our suppliers in adhering to our Supplier Code of Conduct and related guidelines, focusing on managing risks related to human rights, environment, health, safety, and ethics in alignment with local regulations and global standards. Our Supplier Code of Conduct is grounded in the UN Global Compact Framework and Responsible Business Alliance (RBA) principles, aiming to mitigate social, economic, and environmental risks by setting clear standards for supplier conduct.

To manage sustainability risks effectively, we utilize the McKinsey & Company supply chain risk management framework as an early warning system. This framework helps us identify potential risks such as supply disruptions due to delays or non-delivery of raw materials, which can impact our product flow.

Our assessment and evaluation process considers various criteria, including human rights, corruption, legal environment, and risk value chains, enabling us to identify heightened sustainability risks. We pay particular attention to areas like conflict minerals, ensuring that our supply chains remain conflict-free as part of our Responsible Sourcing Policy. We require suppliers to provide documented evidence of conflict-free sourcing for all materials they provide.

By proactively managing sustainability risks, collaborating with our suppliers, and upholding stringent standards through our Supplier Code of Conduct, we aim to build a responsible and resilient supply chain that aligns with our commitment to sustainability and ethical business practices.

## SUPPLIER MANAGEMENT FRAMEWORK

Segmentation of the supply base by "spend" and "risk" is a strategic approach that allows businesses to prioritize their focus and resources on critical suppliers based on their significance and potential impact on business operations.

### **Spend Factor:**

- Focus on Critical Suppliers: Suppliers are categorized based on the amount of money spent on their products or services. Critical suppliers, often termed as strategic suppliers, are those on whom the business heavily relies for key components, materials, or services essential to its operations.

- Resource Allocation: Critical suppliers are allocated more time, attention, and resources due to their importance in the business process. This may involve establishing long-term partnerships, joint planning, and collaborative initiatives to ensure continuity and reliability of supply.

### **Risk Factor:**

- Assessing Exposure to Performance Failures: Suppliers are evaluated based on the level of risk they pose to the business in terms of potential performance failures. Risks may include late deliveries, service disruptions, warranty issues, quality problems, financial instability, regulatory compliance issues, and more.

- Mitigation Strategies: Suppliers with a higher risk profile require closer monitoring and proactive risk mitigation strategies. This may involve implementing contingency plans, conducting regular performance assessments, setting clear expectations and metrics, and establishing corrective action plans in case of issues.

By segmenting the supply base according to spend and risk factors, our businesses can adopt a targeted and systematic approach to supplier management. This approach enables us to prioritize resources effectively, strengthen relationships with critical suppliers, mitigate risks, and ensure a more reliable and resilient supply chain.

## PROCUREMENT POLICIES AND PROCESSES

Frontken Group's adoption of the ISO system for an approved vendor list and supplier selection reflects a commitment to ensuring that suppliers meet specified standards and requirements.

- (a) Supplier Qualification Criteria: The supplier qualification process should clearly outline the criteria for evaluating suppliers. These criteria should cover economic, environmental, and social issues, aligning with the Supplier Supply Chain Sustainability Guidelines. Specific areas of evaluation may include financial stability, environmental practices, social responsibility initiatives, and adherence to ethical standards.
- (a) Approved Vendor List (AVL): Upon successful qualification, suppliers should be registered on the Approved Vendor List (AVL) within the procurement system. This list serves as a reference for procurement activities, indicating approved suppliers who meet Frontken Group's standards and requirements.
- (b) Compliance and Acknowledgement: Approved suppliers should sign an acknowledgement form confirming their understanding and commitment to the Supplier Supply Chain Sustainability Guidelines and Code of Conduct. This formalizes their agreement to comply with the established standards and expectations.
- (c) Monitoring and Evaluation: Implement a robust monitoring and evaluation mechanism to track supplier performance over time. This includes regular assessments, audits, and performance reviews to ensure ongoing compliance with sustainability guidelines and contractual obligations.
- (d) Corrective Actions and Termination: Clearly outline the process for addressing non-compliance and implementing corrective actions. Suppliers failing to uphold the requirements should be given an opportunity to rectify deficiencies through corrective measures. However, Frontken Group reserves the right to terminate agreements with suppliers that repeatedly fail to meet sustainability standards or demonstrate a lack of commitment to compliance.

By strengthening these aspects of our supplier qualification and management process, Frontken Group can enhance its ability to work with suppliers who align with its sustainability goals and contribute to a responsible and ethical supply chain.

Frontken Group is committed to ensuring supplier compliance with basic policies through regular surveys and site audits. We conduct surveys to monitor compliance status and enhance communication with suppliers. Site audits are conducted when deemed necessary based on supplier activities and regions of operation.

In cases of non-compliance, Frontken Group requests immediate corrective actions from the supplier and offers guidance and assistance as needed. If a supplier fails to implement satisfactory corrective

measures despite guidance and assistance, we will reassess our business relationship with that supplier.

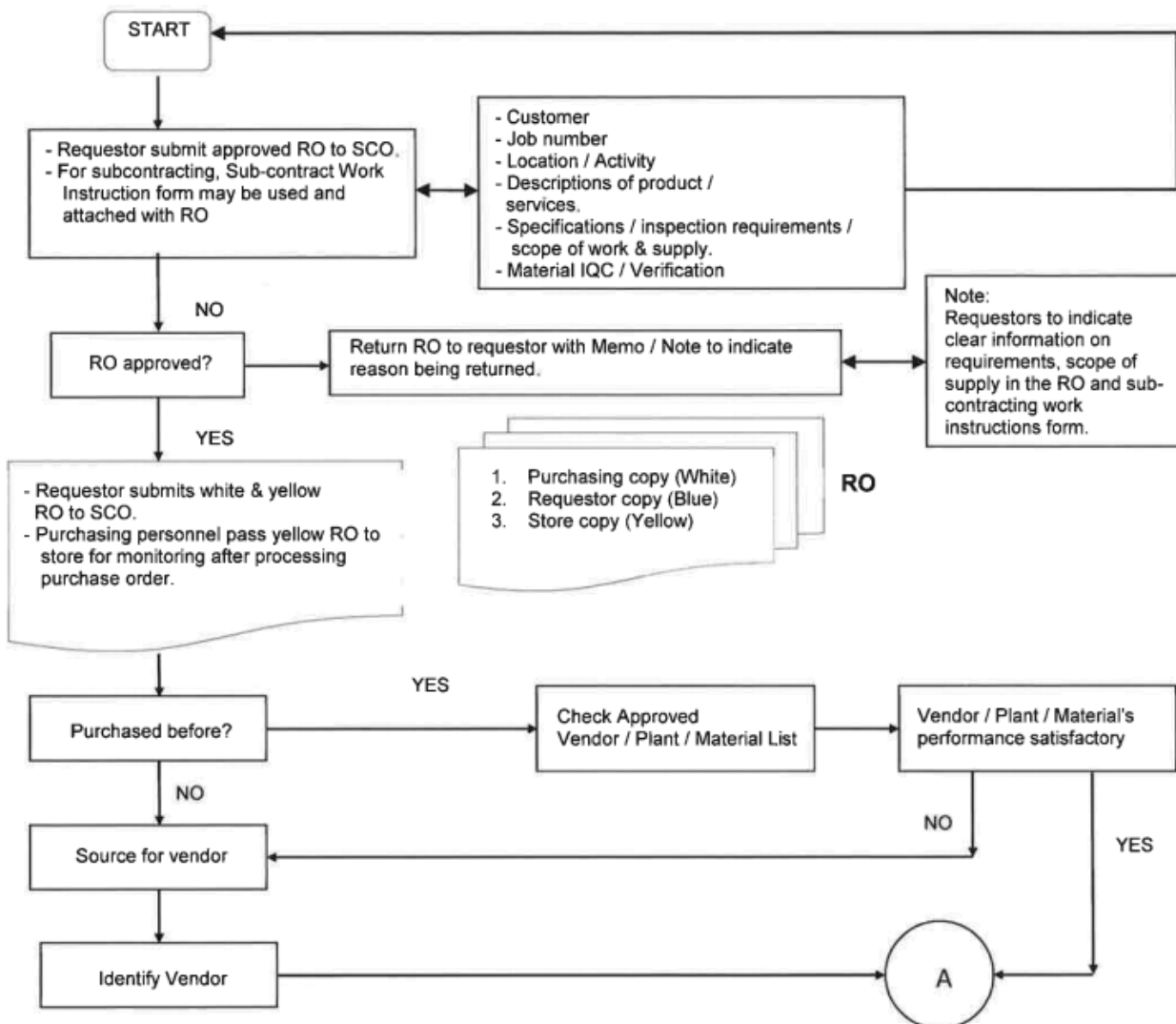
For instance, if a supplier violates labour laws, human rights standards, or workplace safety regulations, Frontken Group requires the supplier to investigate and report on the non-compliance. Corrective actions and improvement measures are expected to be implemented promptly. If these measures are inadequate, further steps will be taken, potentially leading to a review of our relationship with the supplier.

**PURCHASING & APPROVING PROCESS**

**FS-SC-WI-001**

**REV 07**

**5.0 Procedures (Continue)**



**Responses to supplier non-compliance: engage, retain, suspend, or exclude**

The following terms describe courses of action that we will take in response to supplier non-compliance:

- (a) Engage: The buyer works with the retained or suspended supplier to help resolve the non-compliance(s).
- (b) Retain: The buyer continues purchasing product while engaging the supplier to resolve the non-compliance(s).
- (c) Suspend: The buyer temporarily pauses purchasing from a supplier but continues to engage the supplier to resolve the non-compliance(s).
- (d) Exclude: The buyer ends a purchasing relationship with a supplier or avoids purchasing from a supplier.

**SUPPLY CHAIN DIVERSITY**

Frontken Group places a strong emphasis on sourcing from a diverse range of suppliers who offer products and services that align with our high standards, supplier selection criteria, and customer requirements. Our commitment to diversity in sourcing reflects our dedication to delivering best-in-class products and services to our customers while ensuring cost-effectiveness.

We prioritize selecting partners who not only meet our quality standards but also contribute to our overall business objectives. By sourcing from a diverse pool of suppliers, we enhance our ability to innovate, access specialized expertise, and foster competitive advantages in the market.

Our supplier selection process is rigorous and focuses on evaluating suppliers based on their capabilities, track record, adherence to ethical standards, and alignment with our sustainability goals. We value partnerships with suppliers who share our commitment to excellence, integrity, and responsible business practices.

Through collaboration with a diverse network of suppliers, we aim to enhance our operational efficiency, drive innovation, and ultimately deliver value to our customers and stakeholders.

## SUPPLIERS OCCUPATIONAL HEALTH AND SAFETY

Suppliers are expected to integrate the following health and safety management requirements into their business processes to ensure a healthy and safe work environment for workers:

### **Occupational Safety and Health:**

Suppliers must comply with all applicable safety and health laws and regulations. They should identify, evaluate, and control worker exposure to safety and health hazards, including chemical, biological, physical, and ergonomic stressors. This can be achieved through proper design, engineering controls, regular maintenance, safe work procedures, and ongoing health and safety guidance. In cases where these measures cannot adequately control hazards, suppliers must provide workers with appropriate personal protective equipment and inform them about the risks associated with these hazards.

Suppliers are also responsible for implementing procedures to prevent, manage, track, and report occupational injuries and illnesses. This includes encouraging worker reporting of incidents, classifying and recording cases, providing necessary medical treatment, conducting thorough investigations, implementing corrective actions, and facilitating workers' return to work after recovery.

### **Emergency Preparedness:**

Suppliers must identify potential emergencies and develop comprehensive emergency plans. They should implement these plans and provide clear guidance to workers on emergency response procedures. This includes protocols for emergency reporting, worker notification, evacuation procedures, conducting emergency drills, ensuring availability of fire detection and suppression equipment, maintaining exit facilities, and developing recovery plans in case of emergencies.

By adhering to these health and safety management requirements, suppliers contribute significantly to creating a safe and secure work environment for all workers involved in their operations.

## SUPPLY CHAIN LABOUR PRACTICE GUIDELINES

We prioritize developing relationships with suppliers that share our core values and conduct business ethically. We collaborate with suppliers to ensure their understanding of and compliance with the requirements outlined in our Supplier Supply Chain Sustainability Guidelines:

### a) Compliance with Laws and Regulations:

Suppliers must comply with all laws and regulations in the countries where we operate, covering both business-related and non-business-related transactions.

### b) Fair Employment Practices:

Suppliers should support fair employment practices that align with our commitment to human rights in the workplace. This includes establishing a strong and direct relationship with employees through open and honest communications, treating employees with fairness, dignity, and respect.

### c) Respect for Human Rights:

Suppliers must uphold human rights without discrimination, harassment, abuse, or inhumane treatment. This includes prohibiting child labour and forced labour, managing employees' work hours,

breaks, and holidays appropriately, paying at least the legally mandated minimum wage or a living wage, and respecting employees' rights.

d) Fair Business Transactions:

Suppliers are expected to conduct fair business transactions and prevent all forms of corruption. They must not offer bribes or illegal contributions in any business dealings.

e) Safe and Healthy Workplaces:

Suppliers are responsible for ensuring safe and healthy workplaces and maintaining a positive working environment for their employees.

f) Quality and Safety of Products and Services:

Suppliers must ensure the quality and safety of the products and services they provide, meeting industry standards and customer expectations.

g) Accurate and Timely Information Disclosure:

Suppliers are required to provide accurate, timely, and appropriate disclosure of information related to their products, services, and business operations.

h) Respect for Intellectual Property Rights:

Suppliers must respect intellectual property rights, including safeguarding customer and supplier information, and transferring technology and know-how in a manner that protects intellectual property rights.

By adhering to these guidelines, suppliers contribute to a sustainable and ethical supply chain that aligns with our values and promotes responsible business practices.

## **SUPPLY CHAIN ENVIRONMENTAL SUSTAINABILITY**

We seek to develop relationships with suppliers that share similar values and conduct business in an ethical manner. We are pleased to work with suppliers to ensure an understanding of and compliance with the requirements set forth in our Supplier Supply Chain Sustainability Guidelines:

- a) Compliance with and promote environmental protection, and to comply with local environmental laws and regulations.
- b) Recognize that climate change issues and conserve and protect the natural environment including reduce environmental negative impacts and prevent pollution.
- c) Promote greater environmental responsibility and support us in the use of goods and services which help mitigate our environmental impact, as well as better managing and utilising resources such as energy, water and waste.
- d) Promote the development and distribution of environmentally friendly products and services.
- e) Implemented or are in the process of working towards implementation of an environmental programme or policy.

## SUPPLIER SOURCING ACTIVITIES

Frontken Group recognizes the critical importance of building a strong and reliable supply chain to sustain our operations and achieve sustainable business practices. Our responsible sourcing approach is centred on sustainability across our supply chains, benefiting our business, communities, and the environment. We actively engage in constructive dialogue and collaboration with our suppliers to promote sustainable practices and uphold human rights throughout the value chain. Additionally, we have developed a strategic risk framework that integrates robust risk management and compliance measures.

Our engagement with suppliers includes various activities and initiatives aimed at fostering sustainable practices and enhancing transparency:

- (a) Audits, Assessments, and Qualification Activities: We conduct thorough audits and assessments to evaluate supplier performance and ensure compliance with sustainability standards.
- (b) Approved Vendor List and Preferred Vendor List: Suppliers who meet our sustainability criteria are included in our Approved and Preferred Vendor Lists, reflecting our commitment to working with responsible partners.
- (c) Constructive Meetings: We engage in dialogues, discussions, project meetings, teleconferences, and other forums to collaborate effectively with suppliers on sustainability initiatives.
- (d) Training and Education: We provide training and education programs to suppliers to enhance their understanding of sustainability requirements and best practices.
- (e) Seminars, Trade Fairs, Forums: We participate in industry events and forums to share knowledge, exchange ideas, and promote sustainability within our supply chain.
- (f) Long-term Relationships and Co-creation: We prioritize building long-term relationships with suppliers based on mutual trust, respect, and shared sustainability goals. We collaborate with suppliers on co-creation projects to drive innovation and sustainability.
- (g) Transparency of Procurement-related Information: We improve transparency by providing clear information on procurement processes, requirements, and key activities to suppliers.
- (h) Mapping Engagement with the Supplier Market: We detail our actions, processes, and activities to map engagement with the supplier market, ensuring a systematic and strategic approach to supplier management.
- (i) Accessibility of Procurement Processes Information: We make information on our procurement processes and key activities easily accessible to suppliers, facilitating transparency and effective communication.

Through these initiatives, Frontken Group strives to build a sustainable and responsible supply chain that contributes positively to environmental protection, social responsibility, and business resilience.

## NO CONFLICT MINERALS POLICY

Frontken Group recognizes the serious concerns surrounding conflict minerals originating from the Democratic Republic of the Congo and adjoining countries, namely tantalum, tungsten, tin, and gold. These minerals have been linked to funding armed conflicts and human rights abuses, including forced labor and exploitation of women and children. In response to these issues and in compliance with regulatory requirements such as the Dodd-Frank Act, Frontken Group is committed to ensuring that our products and services do not contain conflict minerals that support or finance conflicts in these regions.

Our Conflict Minerals Policy outlines the following commitments, which we expect our supply chain partners to adhere to:

- (a) Identification of Impacted Products: We will identify the products within our supply chain that may be impacted by conflict minerals and collaborate with our suppliers to trace the sources of these minerals.
- (b) Due Diligence: We will conduct thorough due diligence with our suppliers to establish Responsible Supply Chains, aiming to eliminate the sourcing and procurement of minerals from Conflict-Affected and High-Risk Areas.
- (c) Conflict-Free Sourcing: We will work closely with our suppliers to ensure that any conflict minerals present in the products and materials supplied to us originate from Conflict-Free Sources.
- (d) Supply Chain Transparency: We will partner with our suppliers to provide due diligence information that enables responsible sourcing decisions and promotes supply chain transparency.
- (e) Promotion of Conflict-Free Trade: We will actively encourage our suppliers to refrain from discriminating against legitimate sources of Conflict Minerals, contributing to conflict-free trade practices.

By implementing these measures and fostering collaboration with our suppliers, Frontken Group aims to uphold ethical standards, promote human rights, and contribute to sustainable and responsible business practices in the global supply chain.

## SUPPLY CHAIN – INDICATORS, TARGETS & STATUS

### SUPPLY CHAIN QUALIFICATION INDICATOR & STATUS

No.	SC QUALIFICATION DATA	UNIT OF MEASURE	STATUS IN FY2025
1.	Achieve sustainability qualification of the top 10 critical suppliers based on total spend cost.  <b>Baseline 2019: 0 Supplier</b> <b>Target by 2028: &gt; 10 suppliers</b> <b>Target by 2035: &gt; 35 suppliers</b> <b>Target by 2050: &gt; 50 suppliers</b>	Number of Suppliers with Sustainability Qualification	On-Track
2.	Committed to establish supply chain risk management; <i>including quantification of suppliers; supply chain compliance monitoring or audit; and communicated to all key suppliers;</i>	Committed Compliance	On-Track
3.	Committed compliance to respect all party's intellectual property rights; <i>including the transfer of technology and know-how;</i>	Committed Compliance	On-Track

### SUPPLY CHAIN HEALTH & SAFETY INDICATOR & STATUS

No.	SC HEALTH & SAFETY DATA	UNIT OF MEASURE	STATUS IN FY2025
1.	Achieve Zero incidents of <b>onsite Contractors and Suppliers</b> health and safety fatalities, <i>including all occupational safety within the facilities of Frontken Group;</i> <b>Target by 2028: 0 incident</b> <b>Target by 2035: 0 incident</b> <b>Target by 2050: 0 incident</b>	Number of Incidents	On-Track

**SUPPLY CHAIN LABOUR PRACTICE INDICATOR & STATUS**

No.	SC LABOUR PRACTICE DATA	UNIT OF MEASURE	STATUS IN FY2025
1.	Committed compliance to enforce critical suppliers within Frontken supply chain towards Zero tolerance approach to any child labour and/or modern slavery and/or forced labour of any kind;	Committed Compliance	On-Track
2.	Committed compliance to ensure critical suppliers within Frontken supply chain uphold the human rights of workers, and to treat them with dignity and respect as understood by the international community; including non-discrimination and non-harassment;	Committed Compliance	On-Track

**SUPPLY CHAIN RESPONSIBLE SOURCING INDICATOR & STATUS**

No.	SC RESPONSIBLE SOURCING DATA	UNIT OF MEASURE	STATUS IN FY2025
1.	Committed to 100% compliance to adhere to all applicable laws, regulations, and customer requirements regarding the prohibition or restriction of specific substances in products and manufacturing, including labelling for recycling and disposal;	Committed Compliance	On-Track
2.	Committed to responsible sourcing of minerals with full compliance and adoption of a policy and exercise due diligence on the source and chain of custody consistent with the Organisation for Economic Co-operation and Development (OECD) Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas or an equivalent and recognized due diligence framework;	Committed Compliance	On-Track

**CONTRIBUTION TO THE SDGS (SUPPLY CHAIN)**



# 11 FRONTKEN SUSTAINABILITY DEVELOPMENT: R&D, INNOVATIONS, TECHNOLOGY & SERVICES

Frontken Group innovates continuously and keep abreast of rapid technology advancement and changing customer needs. We research and develop the latest and the best technological services and experience to our customers. This is done through driving innovation at both our core businesses and new technology through partnerships and organic innovation. We are dedicated to continuous research and development in advanced surface engineering, chemical engineering and precision cleaning engineering; with emphasis on improvements of surface integrity and coatings' quality; and application for specific semiconductor and related industrial applications. These innovations are created through materials science research, development of precision chemistry, modification of micro-structural surface properties and process innovation to achieve new applications and markets. This is essential to the success and sustainability of our business.

Furthermore, our commitment to continuous research and development underscores our dedication to long-term success and sustainability. We believe that innovation is fundamental to driving growth, maintaining competitiveness, and delivering value to our customers, thus positioning Frontken Group as a leader in technological advancements and customer-focused solutions.



Frontken Group places a strong emphasis on delivering a superior customer experience by prioritizing quality service, innovative technologies, and ongoing care. We understand that meeting and exceeding our customers' advanced requirements is crucial to maintaining their satisfaction and loyalty. To achieve this, we are committed to continuous research, development, and investment in innovation-related projects.

Our focus on innovation spans technological processes, system improvements, and value-added services aimed at enhancing the overall customer experience. By leveraging innovative solutions, we aim to provide our customers with cutting-edge technologies that address their evolving needs and challenges. These innovations are designed to not only meet but exceed customer expectations, ensuring a seamless and rewarding experience.



Through our ongoing efforts in research, development, and investment, we strive to stay ahead of industry trends and deliver value-driven solutions that empower our customers and contribute to their success. Our commitment to innovation underscores our dedication to providing exceptional service and building lasting relationships with our valued customers.

## TECHNOLOGY INNOVATIONS:

### MATERIAL METAMORPHOSIS TECHNOLOGY

- 1) Advanced Coatings (High Purity Yttria Y2O3, Alumina, Yttria stabilized Zirconia YSZ, composite coatings, Tri-phase coatings):
  - a) HVOF;
  - b) Plasma;
  - c) TWArc;
  - d) Aerosol Deposition;
  - e) Cold Spray, etc.
- 2) Advanced Precision Pico Cleaning:
  - a) Advanced Semiconductor process kits CIP and recycle cleaning, re-coating, repair, refurbishment, recovery;
  - b) Advanced recycle and recovery cleans 10nm, 7/5nm, 3nm, 1 nm and below;
  - c) Zero Killer defects and zero-contamination process kits to achieve lower total cost of tool ownership.
- 3) Advanced Metrology:
  - a) Process automation;
  - b) Automated inspection;
  - c) Robust IOT control and monitoring;
  - d) Artificial Intelligent Data analytics.
- 4) Advanced Material;
  - a) Advanced Ceramics, Quartz, SiC, Si;
  - b) New high purity Yttria, Alumina, Yttria stabilized Zirconia, tri-phase materials, etc.



# SERVICE INNOVATIONS

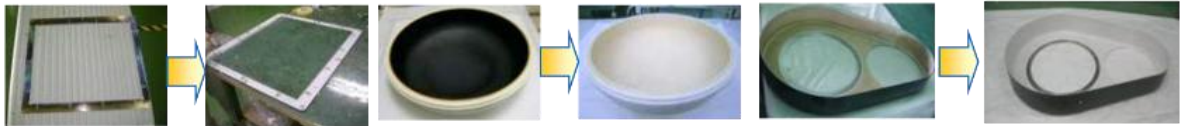
## CORE PRODUCTS AND SERVICES

a) Scope of Work: Parts Clean + Parts Coatings + Parts Management.



b) Provide Advanced Total Solution for critical chamber's components recycle cleaning, re-coating, repair, refurbishment, recovery. (28nm, 22/20nm, 16/14nm, 10nm, 7nm, 5/3nm ready).

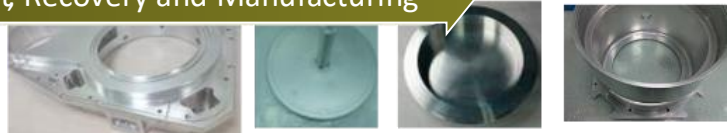
**Advanced Precision Cleaning and Recycle Cleaning**  
 (IC、DRAM、LCD、COLOR FILTER、PDP、LTPS、OLED、Solar) process kits.



**Surface Treatment, Refurbishment, Re-coating, Repair**  
 28nm, 20nm, 16nm, 10nm, 7nm, 5nm, 3nm, 1nm ready



**Critical Parts CIP Development, Recovery and Manufacturing**  
 With Complete Advanced Laboratory to support R&D Projects



- c) Provide Advanced Precision Chemistry Cleaning Services  
 → 28nm, 20nm, 16nm, 10nm, 7nm, 5nm, 3nm, & 1nm ready).



- d) Provide Complete proprietary advanced coating using Robotic HVOF, Plasma and TWAS Coating services. Advanced coatings include specific metal oxides, YSZ, Yttria Y2O3, Alumina Al2O3, customised tri-phase oxide, SiO2, ACME, PBC, etc.



- e) Provide complete fully automated type II/III hard anodizing process with proprietary multi-mixed acid electrolyte and optimized operating parameters for 6000 series high purity alloy and related materials. Other advanced surface metamorphosis includes electroless Nickel plating, selective Nickel plating, laser, etc.
- f) Provide Joint (customers and OEM Partners) innovative technology development and support for improving critical chamber components performance and life time extension, zero-contamination on process kits and lower total cost

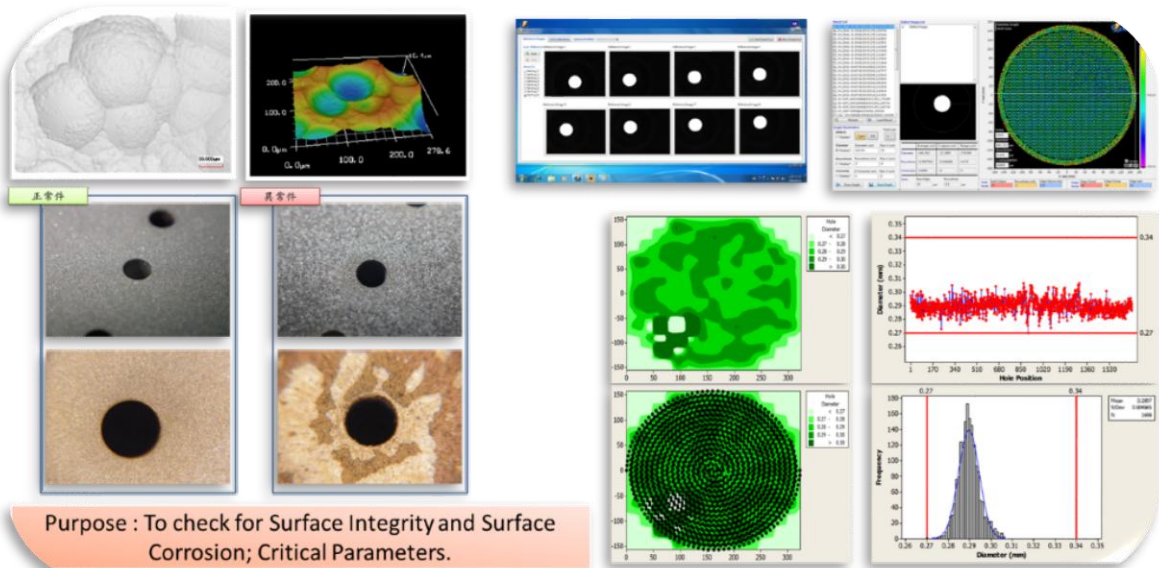
**R & D, QUALITY ASSURANCE**

Atomic Absorption Spectrometer	Ion Chromatography	Automatic Titration
SEM + EDAX	Micro Hardness Tester	Metallurgical Microscope

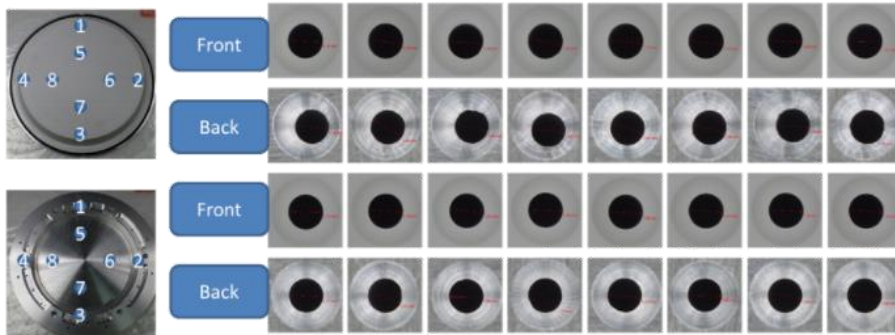
of tool ownership.

PRECISE & ADVANCED METROLOGY CAPABILITY

Advance Metrology: Precise Inspection on Critical Dimensions



Holes Inspection

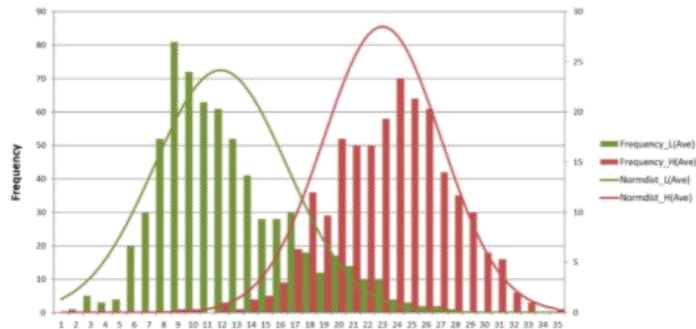
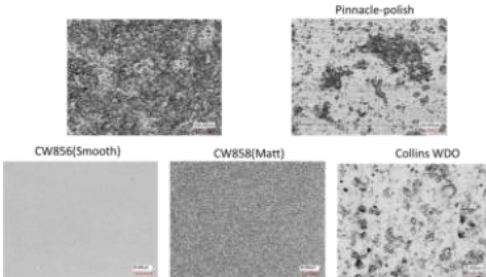
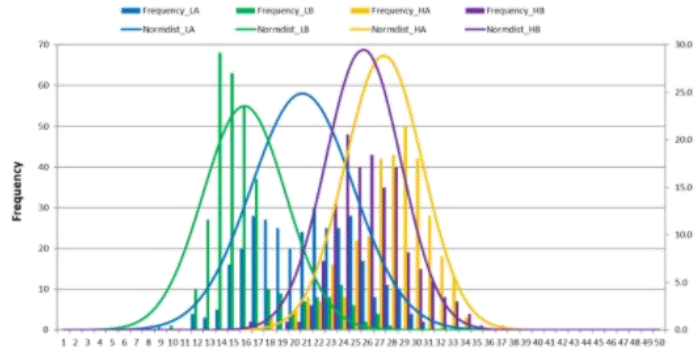


Baffle Plate



# ADVANCE COATING WITH PRECISE CONTROL ON CRITICAL DIMENSIONS.

Advanced coatings include Specific Metal Oxides, YSZ, Yttria  $Y_2O_3$ , Alumina  $Al_2O_3$ , customised tri-phase oxide,  $SiO_2$ , ACME, PBC, etc.



Surface Profile Measurement



Coating Thickness Measurement



Critical Dimensions Measurement

## R&D, INNOVATIONS, TECHNOLOGY & SERVICES – INDICATORS, TARGETS & STATUS

### RESEARCH, DEVELOPMENT & INNOVATION (RDI) RATE AND CAPABILITY MATURITY MODEL (CMM) TARGET AND DATA

No.	RDI Rate & CMM DATA	UNIT OF MEASURE	STATUS IN FY2025
1.	<p>Achieve high research and development and innovation rate;</p> <p><i>Computed based on per unit of dollar revenue/RND Cost for each period.</i></p> <p><b>Baseline 2019:</b>  <b>Target by 2028:</b> &gt; 10% increment in RDI Rate  <b>Target by 2035:</b> &gt; 20% increment in RDI Rate  <b>Target by 2050:</b> &gt; 50% increment in RDI Rate</p>	RDI Rate	On-Track
2.	<p>Achieve high Return of Investment in Research and Development and innovation activities;</p> <p><i>Computed based on per unit of dollar Operating Profit / RND Cost for each period.</i></p> <p><b>Baseline 2019:</b>  <b>Target by 2028:</b> &gt; 10% increment in ROI of RDI  <b>Target by 2035:</b> &gt; 20% increment in ROI of RDI  <b>Target by 2050:</b> &gt; 50% increment</p>	ROI in RDI activities	On-Track
3.	<p>Achieve high number of RDI activities and IP generated per full-time equivalent (FTE) for each period;</p>	Number of RDI activities & IP generated per FTE	On-Track
4.	<p>Committed compliance to achieve <b>Level 5</b> in Research, Development &amp; Innovation (RDI) Capability Maturity Model (CMM);</p>	RDI CMM Level	On-Track
5.	<p>Committed compliance to achieve level 5 knowledge Competency Maturity Model (CMM) for all FTE in Research, Development and Innovation (RDI);</p>	KCMM Level	On-Track
6.	<p>Committed compliance to full <b>Process of Records (POR) Internal Audits</b> without major critical discrepancies;</p>	Compliance	On-Track
7.	<p>Committed compliance to full <b>Production System External Audits</b> without major critical discrepancies;</p>	Compliance	On-Track

**SUSTAINABILITY DEVELOPMENT INDEX ESG RATINGS TARGET AND DATA**

No.	SUSTAINABILITY DEVELOPMENT INDEX ESG RATINGS DATA	UNIT OF MEASURE	STATUS IN FY2025
1.	Committed compliance to achieve top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell.  <i>ESG Ratings of PLCs assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology;</i>	Score/ Inclusion	On-Track
2.	Committed compliance to achieve the inclusion into the FTSE4Good Bursa Malaysia Index;	Committed Compliance	On-Track
3.	Committed compliance to achieve the inclusion into the Bursa Malaysia Shariah Index;	Committed Compliance	On-Track

**INNOVATION PROJECTS FOR SUSTAINABILITY DEVELOPMENT TARGET AND DATA**

No.	SUSTAINABILITY DEVELOPMENT INDEX ESG RATINGS DATA	UNIT OF MEASURE	STATUS IN FY2025
1.	Total accumulative green power project (KW) since 2018	kWh Green Energy	Absolute value, in progress
2.	total accumulative DIW recycling project since 2018 (Ton)	Tonnes DIW recycled	Absolute value, in progress
3.	total accumulative waste recycling project since 2018 (Kg)	kg Waste Recycled	Absolute value, in progress

**CONTRIBUTION TO THE SDGS (R&D INNOVATION)**



# 12 ABOUT THIS REPORT

This report is about the Frontken Group sustainability development strategies, initiatives and performance in relation to environmental, people, social and governance issues. This is the sustainability development which covers the sustainability performance of Frontken group within the Semiconductor Business. All data, statistics, improvement and targets are in relation to our operations. All levels of employees are expected to support and take responsibility for the implementation of this Sustainability Development in accordance with their roles in the organization. We welcome the input of interested stakeholders to our Sustainability development, environmental, health and safety programs. Frontken Group has developed this Sustainability Development Website to provide an overview of the company's products, services, and operations relating to environmental, social, governance and economic performance. This document is up to date for calendar year 2024.

**INTERNATIONAL FRAMEWORK:** Our report is benchmarked and aligned with a combination of international Framework including (a) the Global Reporting Initiative (GRI) framework; (b) Responsible Business Alliance (RBA); (c) Bursa Malaysia FTSE Russell ESG Model Framework, which provides a globally relevant standard for reporting environmental, social, and economic performance. We have included a GRI Index, RBA Index, and FTSE Russell ESG Index at the end of the report to show our benchmarking and alignment with all the international framework reporting elements and to document our progress at integrating sustainability into our business. We used the GRI materiality assessment process to determine the content of the report and identify key issues and topics. The content for our sustainability development was developed based on materiality assessment that identified risks and opportunities relevant to our company.

In this materiality assessment to identify key sustainability topics, the Group worked with stakeholders to review the material corporate responsibility issues that were of the greatest importance to all stakeholders. To prioritize key issues, we met with employees across our functional groups to understand their concerns as well as those of our external stakeholders, including customers, shareholders, suppliers, policymakers, and communities. To collect this information, we leveraged the use of meetings, operational and technical reviews. Based on these feedbacks, more than 30 material topics were identified, from which a list of 15 priority topics emerged. We continue to use this process to inform our approach to CSR and the direct actions that we take.

**BOUNDARIES:** The data reported in this document are for Frontken Group. This report only covers Frontken Semiconductor related business in Singapore, Malaysia and Taiwan (Unless otherwise specified, for example, 'in all 100% coverage of Frontken Group' indicates that the data covers the entire group).

We are fully committed to listening to our stakeholders and we welcome feedback on this report and any aspect of our sustainability performance.

**THANK YOU  
AND HAVE A NICE DAY**



**FRONTKEN CORPORATION BERHAD (651020-T)**  
Level 6, Uptown 5, Tower D, No.5, Jalan SS21/39  
Damansara Uptown, 47400 Petaling Jaya