



TEK SENG HOLDINGS BERHAD

Company No.: 200201011909 (579572-M)
Plot 159, Mk 13, Jalan Perindustrian Bukit Minyak 7, Bukit Minyak Industrial Park,
14000 Bukit Mertajam, Penang, Malaysia.
Tel: 604-507 5805 (4 Line) 507 5712, 508 9803, 502 5379, 508 9540
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GROUP SUSTAINABILITY POLICY

1. Our Aim

TEKSENG Group is committed to integrating sustainability into all aspects of our operations in order to achieve long term sustainable growth. We aim to minimize our environmental footprint, uphold social responsibility, and maintain transparent and ethical governance.

2. Principle

TEKSENG Group adopts a sustainability approach based on the principles of Environmental Stewardship, Social Responsibility, and Strong Governance (ESG). Our principle is to embed sustainability into our business strategy and daily operations, ensuring long-term value creation for our stakeholders and contributing positively to the environment, society, and the economy. This principle guides our actions, policies, and decision-making at all levels of the organization.

3. Objective

The primary objectives of this policy are to provide guidance for TEKSENG Group:

- a) To ensure the business operation as well as strategies and approaches adopted are aligned with our commitment.
- b) To promote the integration of ESG principles into the governance agenda and framework of TEKSENG Group.
- c) To support and enable employees at all levels in TEKSENG Group to act in line with commitments and approach
- d) To facilitate the involvement, cooperation and oversight of the Company's Board of Directors ("Board"), the executive committees and sustainability working team in the implementation of the Policy, as well as the setting and monitoring of ESG performance targets.
- e) To promote the integration of ESG principles into the governance agenda and framework of the Company and TEKSENG Group by including the incorporation of ESG considerations into Company investment decisions.



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- f) To engage with the Company's key stakeholders to ascertain their expectations, issues and concern to facilitate the identification, analysis and prioritization of the Company's ESG material matters, risks, opportunity and strategies for the continued enhancement of Company business model towards generating long-term sustainable value returns.
- g) To monitor and mitigate any negative environmental and social impacts caused directly by the Company's operations and engage its portfolio companies to reduce indirect impacts from their operations.

4. **Scope**

This Sustainability Policy applies to all operations, business units, departments, and subsidiaries of TEKSENG Group, including employees, contractors, suppliers, and other stakeholders directly engaged with the company's activities. It covers the company's commitment to environmental stewardship, social responsibility, and ethical governance across all aspects of our operations, products, and services.

This Policy makes reference to, and shall be read together with the following policies:

- a) Environmental Policy
- b) Occupational Safety and Health Policy
- c) Board Charter
- d) Code of Business Conduct & Ethics
- e) Corporate Disclosure Policy
- f) Whistleblowing
- g) Terms of Reference
- h) Investor Disclosure Policy
- i) Anti Bribery & Corruption Policy
- j) Gender Diversify Policy
- k) Conflict of Interest Policy

5. **Accountability & Responsibility**

At TEKSENG Group, clear accountability and responsibility are essential for the effective implementation and governance of our sustainability strategy. The following parties are entrusted with key roles:

- a) Board of Directors:
 - Provides strategic oversight and leadership on sustainability matters.



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- Approves the Sustainability Policy and any subsequent updates.
 - Ensures integration of Environmental, Social and Governance (ESG) considerations into the Group's overall business strategy and risk management framework.
 - Monitors sustainability performance and guides long-term value creation efforts.
- b) Sustainability Committee:
- Supports the Board in overseeing the Group's sustainability initiatives.
 - Reviews, recommends and monitors sustainability strategies, goals, and key performance indicators (KPIs).
 - Evaluates ESG-related risks and opportunities.
 - Coordinates the preparation and review of sustainability disclosures and reports.
- c) Management Team and Heads of Department (HODs):
- Are responsible for the day-to-day execution of sustainability strategies and initiatives within their respective functions.
 - Ensure departmental compliance with ESG requirements and the adoption of best practices.
 - Identify and escalate sustainability risks and opportunities relevant to their operations.
 - Collaborate to achieve group-wide sustainability goals.
- d) Employees:
- Are expected to uphold the Group's sustainability values and commitments in their daily activities.
 - Participate in training and awareness programmes to understand their roles in supporting the sustainability agenda.
 - Contribute proactively to initiatives that improve environmental performance, social responsibility, and governance practices.



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Governance Structure



6. Our Commitments

TEKSENG Group is committed to responsible business practices that align with:

- (i) Bursa Malaysia Sustainability Reporting Guide & Toolkits
- (ii) IFRS Sustainability Disclosure Standards (S1 & S2)
- (iii) Global Reporting Initiative (GRI) Standards
- (iv) Task Force on Climate-related Financial Disclosure (TCFD)

Our commitments are structured under the pillars of Environmental, Social, and Governance (ESG).

a) **Environmental Commitments**

- **Climate Action and Energy Transition**

We aim to reduce greenhouse gas emissions across our operations and supply chains and support climate change mitigation by promoting energy efficiency and the use of safe, affordable, and sustainable energy solutions.

- **Environmental Risk Management**



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We identify, manage, and reduce environmental risks in our operations by designing products and processes for energy, water, and material efficiency to minimize negative impact on the planet.

- **Compliance with Environmental Laws**

We comply with all applicable environmental regulations and continuously monitor our operations for improvement.

b) Social Commitments

- **Human Rights and Labour Standards**

We are committed to ensuring that the appropriate labour standards and uphold the human rights of our employees across all our operations, ensuring fair treatment, safety, and dignity for all.

- **Diversity, Equity and Inclusion**

We foster a diverse, inclusive, and respectful workplace. We value differences in background and perspective and provide equal opportunities for career development.

- **Occupational health & safety**

We will put in place (and continuously improve) health and safety procedures and measures to ensure the safety of all who are present at our business premises.

- **Creating Long-Term Social Value**

We aim to maximise positive impacts and minimise adverse effects on society. We actively support community development through financial donations and in-kind support. These contributions aim to address urgent community needs, improve quality of life, and support underprivileged groups in the regions where we operate.

c) Governance Commitments

- **Legal and Policy Compliance**

We maintain strict compliance with applicable laws, regulations, and internal policies including the Code of Business Conduct and Ethics.

- **Transparent Reporting**

We communicate transparently with stakeholders by disclosing economic, environmental, and social performance metrics based on globally recognised reporting frameworks.



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7. Risk Management and Continuous Improvement

We integrate sustainability risk assessment into Company’s risk management assessment, including climate-related risks both physical risks (such as extreme weather or flooding) and transition risks (such as market shift, regulatory and technology changes). These risks are identified, assessed, and monitored as part of our regular risk review process. We continuously evaluate and improve our controls to enhance sustainability performance.

8. Sustainability Framework

TEK SENG GROUP		
VISION	To be a leading sustainable manufacturer, delivering responsible alternatives and innovative solutions that support a better quality of life for current and future generations.	
MISSION	To embed sustainable practices into every aspect of our manufacturing operations by minimizing environmental impact, promoting social responsibility, and strengthening governance — while upholding excellence in quality, cost efficiency, and supply reliability.	
3 SUSTAINABILITY PILLARS		
Environmental	Social	Governance
Energy efficiency	Occupational health & safety	Ethical business conduct
Emissions reduction	Employee Development	Regulatory compliance
Waste management	Diversity & inclusion	Data privacy
Water conservation	Community development	Risk management
Climate change risk mitigation	Human rights and labour standards	Transparent reporting
MATERIALITY ASSESSEMENT		
<p>Conduct regular materiality assessments to identify and prioritize sustainability issues that are most significant impact to the business and stakeholders. This enables the Company to focus on matters that are material to value creation, risk management, and long-term business sustainability.</p> <p>Sustainability-related risks are identified and assessed annually as part of the Company’s Risk Management Assessment. These risks are reviewed by management and relevant committees to ensure appropriate mitigation measures are in place.</p>		
GOALS AND TARGETS		



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Set measurable sustainability goals to drive continuous improvement: -

- i) Increase an addition of at least 1MW in solar energy generation by year 2035
- ii) Achieve at least 10% reduction in energy consumption by year 2035
- iii) Reduce waste direct to dispose by at least 10% by year 2035
- iv) Increase the FTSE Russell ESG Score to above 3.0 by year 2035

ENGAGEMENT WITH STAKEHOLDERS

Engaging employees, customers, suppliers, regulators, and community groups to understand their concerns and expectations and improving Company's sustainability practices.

REPORTING & DISCLOSURE

Company publishes an annual Sustainability Statement in compliance with Bursa Malaysia's listing requirements, and aligns with:

- i) Bursa Malaysia Sustainability Reporting Guide & Toolkits
- ii) IFRS Sustainability Disclosure Standards (S1 & S2) issued by the ISSB
- iii) Global Reporting Initiative (GRI) Standards
- iv) Task Force on Climate-related Financial Disclosure (TCFD)

9. Review of the Policy

This Policy is available for reference in the corporate website. This Policy shall be reviewed by the Board once in every two years and updated whenever necessary to ensure its relevance. Any subsequent amendments to the Policy shall be approved by the Board upon recommendation of the Sustainability Committee.