

# Sustainability Statement

## 1. About this Sustainability Statement

Sustainability continues to be at the heart of our decision-making and business management, ensuring that our business grows resiliently and achieves long-term success. As one of the leading biscuit, cracker, and cookie manufacturers in Malaysia, Hup Seng Industries Berhad (“HSIB” or “the Group”) recognizes its responsibility to deliver added value to society by practicing and promoting sustainable business practices.

We are proud to present our eighth sustainability statement (“the Statement”), covering the period from 1 January 2024 to 31 December 2024. The Statement outlines HSIB’s sustainability journey, provides a summary of our key environmental, social, and governance (“ESG”) activities and highlights, and is intended to be read alongside the FY2024 Sustainability Report (“the Report”).

The disclosures in this statement and its accompanying report have been prepared in accordance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), guided by Bursa Malaysia’s Enhanced Sustainability Reporting Framework, Sustainability Reporting Guide and Toolkits (3rd Edition), the United Nations Sustainable Development Goals (“UN SDGs”), as well as the Global Reporting Initiative (“GRI”) Standards.

The scope of this statement covers our business operations in Malaysia, namely HSIB, Hup Seng Perusahaan Makanan (M) Sdn. Bhd., Hup Seng Hoon Yong Brothers Sdn. Bhd., and In-Comix Food Industries Sdn. Bhd.

Full details of our Sustainability Report are available on our website at [www.hsib.com.my](http://www.hsib.com.my).

## 2. Sustainability Governance Structure

HSIB’s sustainability governance structure forms the foundation of our business operations and plays a crucial role in developing sustainable practices across all business segments. Our organisation adopts a top-down approach, with the Board of Directors (“the Board”) guiding the company toward its goals and objectives. The Executive Committee, Sustainability Project Committee, and Sustainability Coordinator each have specific duties and responsibilities. These roles are vital for minimizing risk at all levels and maintaining a dynamic and robust environment.

The Sustainability Project Committee is responsible for integrating sustainability into the Group’s business processes and preparation of the Group’s sustainability reporting. The Sustainability Coordinator collaborates with representatives from various business functions to implement sustainability programs and initiatives. There is a clear line of communication, with the Sustainability Project Committee reporting to the Executive Committee, which in turn reports to the Board.

The Group's sustainability governance structure is outlined below:



The following are the core responsibilities of the Sustainability Project Committee:

1. Conducts materiality assessments.
2. Identifies material sustainability issues and ensures effective stakeholder engagement.
3. Provides recommendations to the Executive Committee regarding the development and execution of strategies for material sustainability matters.
4. Establishes targets and performance indicators for approval by the Executive Committee and the Board.
5. Ensures smooth implementation of strategies formulated into the Group's business processes.
6. Monitors sustainability performance and maintains proper records to facilitate regular reviews.
7. Leads the preparation of sustainability statement and report, ensuring that applicable reporting requirements are met.

### 3. Risk Management and Sustainability

Risk management is an essential aspect and forms an integral part in our decision-making process, to both protect the value of the Group and mitigate potential negative impacts on people, society, and the environment. The Group has implemented a continuous risk management process aimed at ensuring that risks are identified, assessed, prioritised, controlled and monitored in such a way that they can be kept at an acceptable level.

The Board oversees the management in the formulation, update and maintenance of an adequate and effective risk management framework. The Group's Enterprise Risk Management ("ERM") framework is based on an internationally recognized risk management framework (i.e., ISO 31000). The Group maintains a risk register which identifies the material risks faced by the Group and the internal controls in place to manage and mitigate those risks.

The Board also emphasised the importance of managing ESG matters and looked at how sustainable practices including the management of its risk can be embedded in our decision-making processes. In this regard, we have taken steps by integrating the above into our ERM framework. Sustainability-related risks along ESG dimensions are part of the overall risk universe covered in the risk management framework and processes.

Throughout the year, we have reviewed and reevaluated our risk profile with reference to the current global standards and best practices. The Group's emerging and principal risks, together with its appetite with respect to each risk, were identified and agreed upon.

#### 4. Stakeholder Engagement

Stakeholders are crucial to HSIB's growth and development. Engaging with them helps identify key sustainability issues and solutions for managing our material matters. Through regular engagements, we gather valuable insights that shape our risk management and decision-making. We connect with stakeholders in both formal and informal settings, from meetings to ongoing dialogues, and collaborate with external partners to address issues as they arise, helping us achieve our environmental, social, and economic goals.

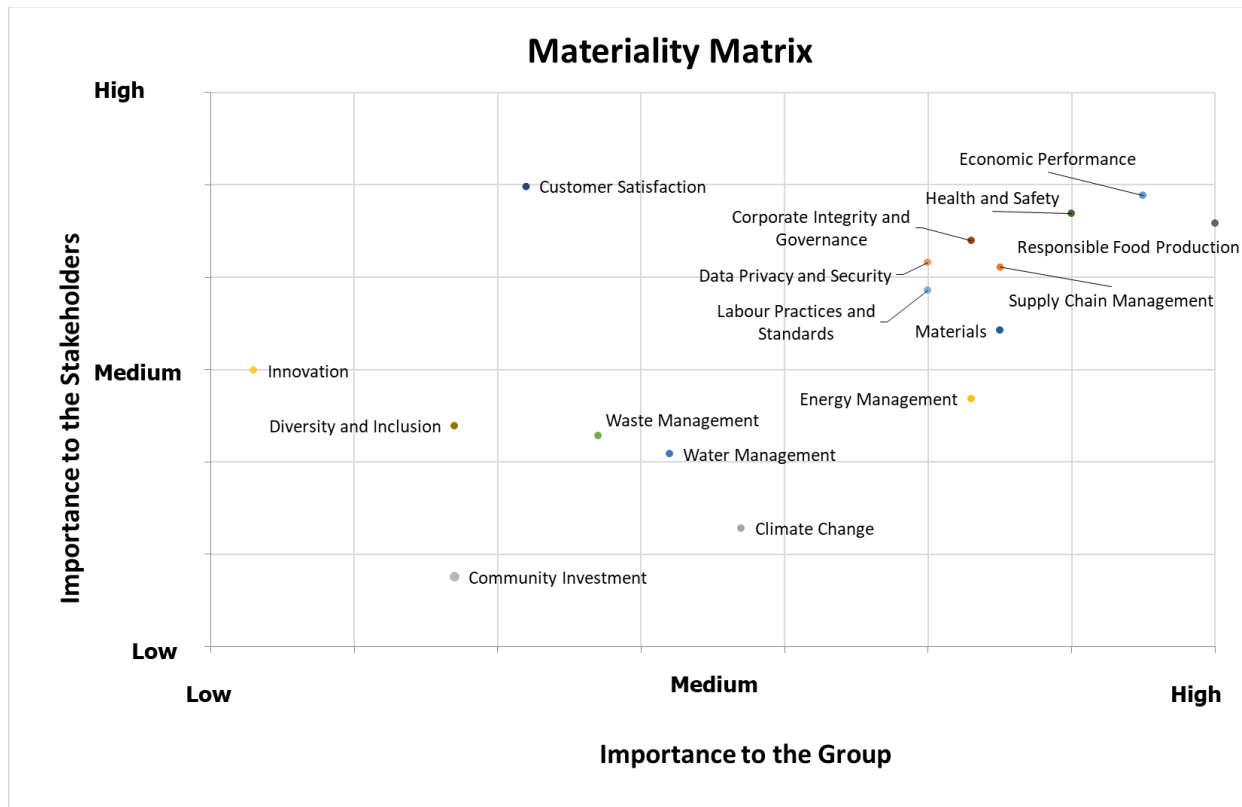
We have summarized our key stakeholders and methods of engagement in the following table:

Stakeholders	Frequency	Types of Engagement	Focus
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Throughout the year</li> <li>• As needed</li> </ul>	<ul style="list-style-type: none"> <li>• Feedback surveys</li> <li>• Social media channels (e.g. Facebook and Instagram)</li> <li>• Corporate website</li> </ul>	<ul style="list-style-type: none"> <li>• Safe, nutritious and quality products</li> <li>• Regulatory compliance</li> <li>• Third party food certification</li> <li>• Customer satisfaction</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Annually</li> <li>• As needed</li> </ul>	<ul style="list-style-type: none"> <li>• Interviews</li> <li>• Face-to-face interactions</li> <li>• Supplier performance evaluation</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Business continuity</li> <li>• Fair pricing</li> <li>• Responsive and timely communication</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Annually</li> <li>• As needed</li> </ul>	<ul style="list-style-type: none"> <li>• Learning and development programs</li> <li>• Employee performance appraisal</li> <li>• Team building activities</li> <li>• Sports and social events</li> </ul>	<ul style="list-style-type: none"> <li>• Respect for human rights</li> <li>• Safe and healthy workplace</li> <li>• Job security and supportive welfare</li> <li>• Equal opportunity and career development</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Quarterly</li> <li>• Annually</li> <li>• As needed</li> </ul>	<ul style="list-style-type: none"> <li>• Financial results</li> <li>• Press releases</li> <li>• Corporate website</li> <li>• Annual General Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Good corporate governance</li> </ul>
<b>Regulators</b>	<ul style="list-style-type: none"> <li>• Throughout the year</li> <li>• As needed</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory submissions</li> <li>• Site visits and conferences</li> <li>• Audits and assessments</li> </ul>	<ul style="list-style-type: none"> <li>• Ethical business practices</li> <li>• Product quality and safety</li> <li>• Halal certification</li> <li>• Occupational health and safety</li> <li>• GHG and other emissions</li> <li>• Effluent and waste</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Throughout the year</li> <li>• As needed</li> </ul>	<ul style="list-style-type: none"> <li>• Media interviews</li> <li>• Press releases</li> <li>• Advertisements</li> </ul>	<ul style="list-style-type: none"> <li>• Business strategy and business growth</li> <li>• New product launches</li> <li>• Product quality and safety</li> <li>• Regulatory compliance</li> </ul>
<b>Non-</b>	<ul style="list-style-type: none"> <li>• As needed</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate</li> </ul>	<ul style="list-style-type: none"> <li>• Ethical business practices</li> </ul>

<b>Governmental Organisations</b>		social responsibility activities	<ul style="list-style-type: none"> <li>• Good corporate governance</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>• Throughout the year</li> </ul>	<ul style="list-style-type: none"> <li>• Social media channels (e.g. Facebook and Instagram)</li> <li>• Corporate website</li> <li>• Community events</li> </ul>	<ul style="list-style-type: none"> <li>• Direct and indirect economic contribution</li> <li>• Responsible environmental management and contribution to society</li> </ul>
<b>Consumers</b>	<ul style="list-style-type: none"> <li>• Throughout the year</li> </ul>	<ul style="list-style-type: none"> <li>• Social media channels (e.g. Facebook and Instagram)</li> <li>• Corporate website</li> <li>• Product campaigns</li> </ul>	<ul style="list-style-type: none"> <li>• Brand awareness</li> <li>• Consumers preferences and market trends</li> </ul>
<b>Industry and Trade Associations</b>	<ul style="list-style-type: none"> <li>• As needed</li> </ul>	<ul style="list-style-type: none"> <li>• Association meetings</li> <li>• Trainings</li> <li>• Exhibitions</li> </ul>	<ul style="list-style-type: none"> <li>• Industry trends and standards</li> <li>• Knowledge and information sharing</li> </ul>
<b>Academia</b>	<ul style="list-style-type: none"> <li>• As needed</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate website</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge and information sharing</li> </ul>

## 5. Materiality Assessment

Identifying the Group's ESG matters that have material impact is key to formulating and implementing sustainable strategies. The materiality matrix was developed based on the importance of material sustainability issues to key stakeholders and to the business operations. The matrix is as follows:



Our materiality assessment was guided by Bursa Securities's Sustainability Reporting Guide (3rd Edition), Bursa Securities's Toolkit and reference made to our risk management framework to ensure that our economic, environmental, social and governance risk profile remains relevant.

In FY2024, we conducted an internal and external materiality survey, resulting in the identification of 16 material matters with new terms. As a result, the Sustainability Project Committee began assessing the potential impact of HSIB's operations from a broader perspective, covering the sustainability indicators required by Bursa Malaysia.

Materiality Topic	Why Material to HSIB and Our Stakeholders	Potential Risk	Potential Opportunity	Corresponding UN SDG
<b>Economic Performance</b>	Strong economic growth creates long-term value for both the company and stakeholders.	Economic stagnation limits development and reduces employment opportunities.	Contributes to local economic growth and job creation.	<u>SDG 8</u> : Decent Work & Economic Growth <u>SDG 11</u> : Sustainable Cities & Communities <u>SDG 12</u> : Responsible Consumption & Production
<b>Responsible Food Production</b>	Responsible production ensures food safety, environmental balance, and community support.	Inefficient processes can impact quality, safety, and cost control.	Mitigates climate change, reduces costs, ensures quality products, and enhances reputation.	<u>SDG 2</u> : Zero Hunger <u>SDG 3</u> : Good Health & Well Being <u>SDG 12</u> : Responsible Consumption & Production
<b>Customer Satisfaction</b>	Satisfied customers are key to reputation and loyalty, driving long-term value.	Dissatisfied customers may harm sales and reputation.	Builds brand reputation through loyalty, enhancing long-term value.	<u>SDG 12</u> : Responsible Consumption & Production
<b>Supply Chain Management</b>	Reliable supply chains ensure smooth procurement and distribution.	Disruptions may increase production costs.	A well-managed supply chain supports sustainable growth.	<u>SDG 12</u> : Responsible Consumption & Production
<b>Innovation</b>	Innovation drives new ideas, products, and business growth.	Investment in innovation may not yield expected returns or meet business objectives.	Expands market share, boosts sales, and improves operational efficiency through new products and streamlined processes.	<u>SDG 9</u> : Industry, Innovation & Infrastructure
<b>Energy Management</b>	Efficient energy use reduces operational and environmental costs.	High investment costs may not yield cost savings or environmental benefits.	Reduces operational costs and minimizes environmental impact.	<u>SDG 7</u> : Affordable & Clean Energy <u>SDG 12</u> : Responsible Consumption & Production <u>SDG 13</u> : Climate Action
<b>Climate Change</b>	Supporting global climate agendas enhances competitive edge through low-carbon operations.	Delaying the transition to low-carbon practices may result in missed opportunities.	Improves competitive advantage by capturing opportunities in the low-carbon economy.	<u>SDG 9</u> : Industry, Innovation & Infrastructure <u>SDG 13</u> : Climate Action
<b>Materials</b>	Sourcing quality raw materials influences product quality, production costs, and carbon emissions.	Supply disruptions and price volatility can affect quality, cost, and sustainability.	Sustainable sourcing reduces emissions, ensures quality, and supports the local economy.	<u>SDG 12</u> : Responsible Consumption & Production

<b>Waste Management</b>	Efficient waste management ensures long-term sustainability and resource use efficiency.	Irresponsible production may lead to negative environmental impact and legal issues.	Minimizes environmental impact and reduces waste management costs.	<u>SDG 12</u> : Responsible Consumption & Production
<b>Water Management</b>	Proper water management reduces operational costs and protects the environment.	Inefficient water use may lead to scarcity, fines, and environmental damage.	Reduces operating costs and ensures sustainability.	<u>SDG 12</u> : Responsible Consumption & Production
<b>Health and Safety</b>	A safe working environment improves workforce productivity.	Poor safety practices lead to inefficiency, legal issues, and brand damage.	Enhances productivity, regulatory compliance, and employee retention.	<u>SDG 3</u> : Good Health & Well Being <u>SDG 4</u> : Quality Education <u>SDG 8</u> : Decent Work & Economic Growth
<b>Labour Practices &amp; Standards</b>	Compliance ensures a well-managed, effective workforce, enhancing recruitment and sustainable operations.	Non-compliance can lead to fines, lawsuits, demotivated staff, and loss of investor confidence.	Attracts skilled talent, enhances reputation, and promotes continuous innovation.	<u>SDG 4</u> : Quality Education <u>SDG 8</u> : Decent Work & Economic Growth
<b>Diversity and Inclusion</b>	Diversity fosters innovation and a strong company culture.	Lack of diversity can hinder innovation and harm the company's reputation.	Strengthens diverse culture, drives innovation, and fosters customer loyalty.	<u>SDG 5</u> : Gender Equality <u>SDG 8</u> : Decent Work & Economic Growth <u>SDG 10</u> : Reduced Inequalities
<b>Community Investment</b>	Investments in local communities enhance socio-economic development.	Deprived communities hinder local economic development.	Empowered communities support business opportunities and local growth.	<u>SDG 11</u> : Sustainable Cities & Communities
<b>Corporate Integrity &amp; Governance</b>	Good governance strengthens long-term value creation and reputation.	Non-compliance with governance leads to fraud, financial losses, and reputation damage.	Demonstrates transparency, boosting stakeholder confidence.	<u>SDG 16</u> : Peace, Justice & Strong Institutions
<b>Data Privacy and Security</b>	Ensures stakeholder confidence and prevents misuse of personal data.	Leaking confidential data violates compliance and harms reputation and finances.	Builds stakeholder confidence and strengthens trust.	<u>SDG 16</u> : Peace, Justice & Strong Institutions

## **6. Economic**

### **i. Economic Performance**

The impact of rising commodity and food prices, global supply chain disruptions, and the new Malaysian minimum wage continued to be felt in FY2024. However, market conditions showed slight improvement during the year. The Group managed to register revenue growth, primarily due to increases in selling prices and sales volume, fueled by higher domestic sales. Profits also improved, driven by cost reductions in certain major input materials.

The Group generated RM395.3 million in revenue, representing an increase of 10.7% from FY2023.

We have adopted a dividend policy that entails paying out at least 60% of the annual profit after tax as dividends to shareholders. We believe that such a pay-out rate will be beneficial and well-received by the shareholders and investors.

### **ii. Responsible Food Production**

As a food and beverage processing company, we firmly believe that food safety and quality are non-negotiable requisites as our customers are our primary stakeholders. Providing quality products and earning our customers' loyalty means sustaining the continuous growth of HSIB.

In order to achieve this, we must consistently enhance the quality and nutritional value of our food and beverage items by adhering to both local and international standards as follow:

1. FSSC 22000 (V6) Food Safety Management System Certification
2. ISO 22000:2018 Food Safety Management System Certification
3. ISO 9001:2015 Quality Management System Certification
4. HACCP (Hazard Analysis and Critical Control Point) Certification
5. GMP (Good Manufacturing Practice) Certification
6. MeSTI (Food Safety is Responsibility of the Industry) Certification
7. Halal Certification from the Department of Islamic Development Malaysia ("JAKIM")
8. Halal Certification from the Halal Product Assurance Organizing Agency of Indonesia ("BPJPH")

As official recognition of the quality excellence of our products, "Hup Seng Cream Crackers" received the Gold Medal every year from 1994 to 2003, followed by the Grand Gold Award from 2004 to 2019, and the Gold Quality Award from 2020 to 2024. In 2018, it earned the "25 Years Trophy" and was honored with the "International High Quality Trophy" in 2017, 2020, and 2023 by Monde Selection, Belgium.

The Group has always kept abreast of worldwide health concerns. As part of our continuous effort to produce healthier products, our research and development department is currently focused on using only ingredients that are free of partially hydrogenated oils (PHOs), including new and alternative ingredients.



Moreover, to assist consumers in making informed decisions, our product labeling is clear, accurate, and includes details on ingredients, nutritional information, storage instructions, and expiration dates in five languages: Malay, English, Chinese, French, and Arabic. The Halal logo is also prominently displayed to help Muslim consumers easily identify suitable products.

### **iii. Customer Satisfaction**

We prioritize positive customer experiences by actively listening to feedback and engaging with customers through digital platforms like Facebook and Instagram. This helps increase brand visibility and provides valuable insights into customer preferences and market trends.

In FY2024, we conducted a customer satisfaction survey. Based on the result we received, the analysis showed that 80.9% of respondents are satisfied with our performance.

### **iv. Supply Chain Management**

We have supported local economic growth by partnering with businesses that meet our standards in the communities where we operate. Our support to the local suppliers had been increased from 92.8% in FY2023 to 97.6% in FY2024.

	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>
Proportion of spending on local suppliers (%)	93.2	92.8	97.6

## **7. Environment**

HSIB recognises that our operations have impacts on the environment and thus supports pollutions prevention and environmental protection in all our business operations.

As part of our commitment to the environment, we adhere to a formal set of policies that provide guidance on environmental issues as well as all applicable regulations, including:

1. Environmental Quality (Scheduled Waste) Regulations 2005
2. Environmental Quality (Clean Air) Regulations 2014
3. Environmental Quality (Industrial Effluent) Regulations 2009
4. Other relevant local government regulations

Additionally, to comply with government safety and emission standards, we regularly maintain and service our trucks, and they undergo periodic inspections by Pusat Pemeriksaan Kenderaan Berkomputer ("Puspakom"). We are proud to report zero incidents of non-compliance with environmental regulations over the last three financial years.

### **i. Energy Management**

We strive to use the most efficient mix of energy sources to reduce our operating costs, improve energy efficiency, and contribute to tackling global warming.

Our Electrical Energy Management ("EEM") committee is responsible for reviewing and recommending energy-saving measures. By promoting a culture of conservation and

sustainability, the committee helps not only to reduce our environmental impact but also to enhance operational efficiency.

	FY2022	FY2023	FY2024
Energy consumption within the Group (mil kWh)	27	24	26
Energy intensity (kWh per tonne)	875	732	674

Our energy consumption is comprised of electricity, natural gas, liquefied petroleum gas (“LPG”), diesel and gasoline consumed by the Group and energy intensity are based on total production of biscuits and beverages.

In addition, we recognize that excessive use of lighting negatively impacts the environment. Therefore, we make it a practice to turn off the lights in our office buildings during lunch breaks, as well as invest in eco-friendly, energy-saving lamps and light fixtures to reduce heat generation and energy consumption. We also reward employees for their innovative ideas on energy conservation.

As part of our efforts to reduce electricity costs, we installed a solar energy system at our biscuit manufacturing facility. In FY2024, a total of 2,105 solar panels were installed, with a capacity of 1,210.375 kWp. Our annual electricity consumption is 7,732,630 kWh, including 164,729 kWh generated from solar energy.

Since FY2023, we started to change our conventional baking line to natural gas baking line. We observed the reduction of energy intensity in FY2023 and FY2024 compare to FY2022.

## ii. Climate Change

We acknowledge that our business operations produce greenhouse gas emissions that contribute to climate change, and we are committed to improving energy efficiency to ensure responsible energy consumption and sustainable production.

We strive to manage our emissions by continuously monitoring and tracking them, while also identifying opportunities for improvement.

	FY2022	FY2023	FY2024
Scope 1 emissions (tonne CO <sub>2</sub> e)	4,643	3,529	3,927
Scope 2 emissions (tonne CO <sub>2</sub> e)	4,730	4,884	5,736
Scope 3 emissions (tonne CO <sub>2</sub> e)	2,521	2,840	2,263

Scope 1 refers to direct emissions such as fuel used in production and company-owned vehicles. Scope 2 refers to indirect emissions from purchased electricity and Scope 3 refers to indirect emissions from business travel and employee commuting.

In FY2024, with the implementation of the solar energy system, we avoided 124,865 kg CO<sub>2</sub>e by utilizing 164,729 kWh of electricity generated by the solar system.

### iii. **Materials**

To effectively manage waste, we focus on collaborating with our suppliers to ensure raw materials and packaging meet our purchasing policy and high-quality standards. We track, measure, and monitor losses during manufacturing processes, identifying key waste categories and streams. Additionally, we reduce and recycle generated waste through careful planning and continuous monitoring. Besides the above, we have developed applications that enable the storage and monitoring of data on a digital platform, eliminating the need for paper-based records and procedures.

	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>
Materials used by weight (thousand tonne)	32	35	40

### iv . **Waste Management**

Furthermore, we explore how waste from our operations can be minimized and put to alternative uses. By adopting this approach, we aim to not only reduce the environmental impact of our operations but also to enhance resource efficiency.

<b>Waste Management (tonne)</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>
Waste diverted from disposal (food)	218	238	223
Waste diverted from disposal (non-food)	281	537	584
Total waste diverted from disposal	499	775	807

The food waste diverted from disposal includes biscuit scraps and oil scraps, which is repurposed as animal feed and biodiesel. Non-food waste, such as metal scraps and plastic scraps, is recycled by the waste collectors. We also started to replace the tin container with paper carton boxes to reduce the load for logistic handling.

Through effective waste management practices, we can significantly reduce our environmental footprint, which can lead to potential cost savings for the Group. This involves continuously exploring innovative ways to repurpose waste materials and implement sustainable solutions across our value chain.

### v. **Water Management**

We ensure that wastewater generated from our facilities are treated and meets all regulatory requirements prior to its discharge into the environment. Our wastewater treatment system removes contaminants from wastewater and converts it into an effluent that can be returned to the water cycle. Furthermore, we have engaged an independent testing laboratory, accredited by the Department of Standards Malaysia, to monitor our industrial effluent discharge on a monthly basis.

For the past three financial years, we have not exceeded the acceptable conditions for discharge of industrial effluent set out in standard B.

	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>
Water consumption within the Group (m <sup>3</sup> )	37,671	37,206	61,354

In FY2024, the water consumption within the group increased due to the expansion of our data perimeter to include water consumption at our workers' hostel, amounting to 20,349 m<sup>3</sup>, bringing the total water consumption to 61,354 m<sup>3</sup>.

## **8. Social**

### **i. Health and Safety**

Given the importance of occupational health and safety ("OHS"), we adopt a zero-tolerance approach to OHS violations and adhere to the Occupational Safety and Health (Amendment) Act 2022, along with other applicable regulations.

Our OHS policy is continuously reviewed and strengthened to ensure the health and safety of all employees, both full-time and part-time. This is achieved through daily workplace inspections, regular on-the-job training, safety awareness briefings, induction training for new employees, specialized skill training for machine and forklift operators, and quarterly committee meetings, given the labour intensity and machinery complexity in our industry. The OHS committee also provides employees with a platform to identify potential improvements, offer feedback to management, and encourage them to take responsibility for their work environment.

In FY2024, a total of 865 employees underwent health and safety training, a 14.7% increase from the 754 employees trained in 2023.

	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>
Number of work-related fatalities	NIL	NIL	NIL
Number of accident cases	1	4	4
Lost time incident rate ("LTIR") (Rate per millionth man hours)	0.35	1.39	1.33
Number of employees trained on health and safety standards	869	754	865
Employees trained on health and safety standards (%)	74.5	60.8	67.0

### **ii. Labour Practices and Standards**

The Group provide comprehensive training and development opportunities for all employees. In FY2024, all employees experienced an increase in training hours, averaging 15.3 hours, a growth of over 39.3%. The training topics no longer just focus on health and safety, labour practices but included corporate integrity and governance, data privacy and security, responsible food production, sustainability / ESG, etc.

	FY2022	FY2023	FY2024
<b>Total hours of training by employee category</b>			
Management	991.5	1,527.0	2,553.0
Executive	2,121.5	2,433.5	4,203.0
Non-executive/Technical staff	3,767.0	3,352.0	6,107.0
General workers	6,394.0	6,856.0	6,876.0
Total training hours	13,274.0	14,168.5	19,739.0
<b>Average hours of training per year per employee</b>	11.4	11.4	15.3

#### **Total number of employee turnover by employee category**

To remain competitive with our peers and aligned with prevailing local market rates, we regularly review our compensation packages and ensure fair remuneration and working conditions for all employees. The benefits provided to all full-time employees include medical coverage, maternity leave, parental leave, long-service awards, and more.

	FY2022	FY2023	FY2024
Management	0	2	5
Executive	3	3	1
Non-executive/Technical Staff	39	64	57
General Workers	196	137	142

HSIB is committed in ensuring compliance to labour standards while also respect and promote human rights of all employees, irrespective of their nationality, are safeguarded. There have been no complaints or incidents of violations of human rights or labor laws and standards in the past three financial years.

#### **iii. Diversity and Inclusion**

We are committed to fostering a work environment that values equality, openness, and freedom from bias and discrimination. To further enrich the organisation, we strive to attract and retain a diverse group of talent, regardless of gender, age, ethnicity, disabilities, skills, experience, or cultural background.

As of 31 December 2024, we employ 1,291 people, of whom 81.0% are permanent employees, with the remainder being contractors or temporary staff. We have made consistent progress in achieving gender equality, with over 37.3% of our workforce being female. Our workforce is primarily composed of 34.8% individuals under the age of 30, bringing fresh ideas and a healthy talent pipeline for future leadership roles. Meanwhile, 40.1% of our employees are between the ages of 30 and 50, providing valuable on-the-job training and mentoring to our younger talent. The remaining 25.1% of our workforce are over the age of 50.

**Percentage of employees by gender and age group, for each employee category**

	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>
<i>Age Group by Employee Category</i>			
Management Under 30	0.09%	NIL	NIL
Management Between 30-50	0.51%	0.48%	0.39%
Management Above 50	3.17%	3.06%	2.79%
Executive Under 30	0.17%	NIL	NIL
Executive Between 30-50	3.34%	2.98%	2.63%
Executive Above 50	2.23%	2.26%	2.40%
Non-executive/Technical Staff Under 30	2.74%	2.66%	2.56%
Non-executive/Technical Staff Between 30-50	13.71%	13.78%	11.77%
Non-executive/Technical Staff Above 50	6.60%	7.90%	6.89%
General Workers Under 30	30.42%	30.22%	32.22%
General Workers Between 30-50	25.45%	25.30%	25.33%
General Workers Above 50	11.57%	11.36%	13.01%
<i>Gender Group by Employee Category</i>			
Management Male	2.49%	2.34%	2.09%
Management Female	1.29%	1.21%	1.08%
Executive Male	2.83%	2.66%	2.48%
Executive Female	2.91%	2.58%	2.56%
Non-executive/Technical Staff Male	9.68%	9.02%	8.99%
Non-executive/Technical Staff Female	13.37%	15.31%	15.18%
General Workers Male	47.64%	48.75%	49.11%
General Workers Female	19.79%	18.13%	18.51%

**Percentage of directors by gender and age group**

	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>
<i>By gender</i>			
Male	64.71%	75.00%	75.00%
Female	35.29%	25.00%	25.00%
<i>By age</i>			
Under 30	5.88%	6.25%	NIL
Between 30-50	29.41%	25.00%	18.75%
Above 50	64.71%	68.75%	81.25%

**Percentage of employees that are contractors or temporary staff**

	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>
Permanent	83.00%	78.08%	81.02%
Contractors or Temporary Employees	17.00%	21.92%	18.98%

#### iv. **Community Investment**

Over the years, we have collaborated with non-governmental organisations, government agencies, and educational institutions to support community-based programs and initiatives, such as food donations and fundraising campaigns. Furthermore, we have contributed to local economic growth by creating employment opportunities in the communities where we operate.

In FY2024, we invested RM140,061 in corporate social responsibility activities across 389 organisations, marking a 9.9% increase compared to FY2023.

	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>
<b>Total amount invested in the community where the target beneficiaries are external to the listed issuer</b>			
Amount invested in the communities (RM)	79,424	127,419	140,061
Number of beneficiaries	266	373	389
<b>Number of new local hires</b>	165	176	256

### **9. Corporate Integrity and Governance**

HSIB's Board believes that only through good corporate governance, corporate accountability can be enhanced and, thus, long-term shareholders' values realised. Practising good governance meant setting the direction and environment for all stakeholders to play a role.

#### i. **Anti-Bribery and Anti-Corruption**

To avoid bribery and corruption in our daily operations, we are committed to conducting business with integrity and complying with the Malaysia Anti-Corruption Commission Act. We have also established an anti-bribery and anti-corruption ("ABAC") committee and policy, along with a code of conduct and whistleblowing policy, to help our employees understand their roles and responsibilities.

As of 31 December 2024, all our directors and employees have read, acknowledged, and agreed to comply with our ABAC policy. Additionally, 97.4% of employees have received ABAC training, compared to 96.4% in 2023. This year, we also conducted a corruption-related risk assessment. We are pleased to report that there have been no incidents of corruption, discrimination, harassment, human rights violations, forced labour, or child labour in the past three financial years.

	FY2022	FY2023	FY2024
<b>Percentage of employees who have received training on anti-corruption by employee category</b>			
Management	0.60%	3.38%	3.18%
Executive	3.34%	5.08%	4.96%
Non-executive/Technical Staff	19.20%	23.93%	20.99%
General Workers	67.01%	63.98%	68.24%
<b>Percentage of operations assessed for corruption-related risks</b>	NIL	NIL	100%
<b>Confirmed incidents of corruption and action taken</b>	NIL	NIL	NIL

## ii. Data Privacy and Security

We have established various internal controls and IT policies to safeguard our systems and data. These include the System Requisition Policy to manage user access rights and application system maintenance, the Computer System Security Policy to strengthen password security and system data backup procedures, and the Backup Data Encryption Policy to protect sensitive data like financial records. We also have an IT Disaster Recovery Plan in place, outlining procedures to ensure data integrity, system uptime, and business continuity in the event of an emergency.

Additionally, we have conducted Cybersecurity Awareness Training for all our system and email users, covering essential topics such as understanding company policies, password management, safe internet use, and sensitive data protection. This training educates employees on secure practices, including data classification, processing, storage, and disposal. In FY2024, a total of 191 participants completed the training.

Over the past three financial years, we have not received any substantiated complaints regarding breaches of customer privacy or loss of customer data. We do not disclose or use personal customer information for any purposes other than those agreed upon.



## 10. Performance Data Table

As a listed issuer, HSIB is required to provide mandatory ESG disclosures in accordance with the Main Market Listing Requirements. The table below presents the required performance data related to our key concerns.

Indicator	Measurement Unit	2024
<b>Bursa (Anti-corruption)</b>		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category*		
Management	Percentage	3.18
Executive	Percentage	4.96
Non-executive/Technical Staff	Percentage	20.99
General Workers	Percentage	68.24
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	NIL
<b>Bursa (Community/Society)</b>		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer*	RM	140,061
Bursa C2(b) Total number of beneficiaries of the investment in communities*	Number	389
<b>Bursa (Diversity)</b>		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category*		
Age Group by Employee Category		
Management Under 30	Percentage	NIL
Management Between 30-50	Percentage	0.39
Management Above 50	Percentage	2.79
Executive Under 30	Percentage	NIL
Executive Between 30-50	Percentage	2.63
Executive Above 50	Percentage	2.40
Non-executive/Technical Staff Under 30	Percentage	2.56
Non-executive/Technical Staff Between 30-50	Percentage	11.77
Non-executive/Technical Staff Above 50	Percentage	6.89
General Workers Under 30	Percentage	32.22
General Workers Between 30-50	Percentage	25.33

General Workers Above 50	Percentage	13.01
Gender Group by Employee Category		
Management Male	Percentage	2.09
Management Female	Percentage	1.08
Executive Male	Percentage	2.48
Executive Female	Percentage	2.56
Non-executive/Technical Staff Male	Percentage	8.99
Non-executive/Technical Staff Female	Percentage	15.18
General Workers Male	Percentage	49.11
General Workers Female	Percentage	18.51
Bursa C3(b) Percentage of directors by gender and age group*		
Male	Percentage	75.00
Female	Percentage	25.00
Under 30	Percentage	NIL
Between 30-50	Percentage	18.75
Above 50	Percentage	81.25
<b>Bursa (Energy management)</b>		
Bursa C4(a) Total energy consumption*	mil kWh	26
<b>Bursa (Health and safety)</b>		
Bursa C5(a) Number of work-related fatalities*	Number	NIL
Bursa C5(b) Lost time incident rate ("LTIR")*	Rate	1.33
Bursa C5(c) Number of employees trained on health and safety standards*	Number	865
<b>Bursa (Labour practices and standards)</b>		
Bursa C6(a) Total hours of training by employee category		
*		
Management	Hours	2,553.0
Executive	Hours	4,203.0
Non-executive/Technical Staff	Hours	6,107.0
General Workers	Hours	6,876.0
Bursa C6(b) Percentage of employees that are contractors or temporary staff*	Percentage	18.98
Bursa C6(c) Total number of employee turnover by employee category*		
Management	Number	5

Executive	Number	1
Non-executive/Technical Staff	Number	57
General Workers	Number	142
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	NIL
<b>Bursa (Supply chain management)</b>		
Bursa C7(a) Proportion of spending on local suppliers*	Percentage	97.6
<b>Bursa (Data privacy and security)</b>		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	NIL
<b>Bursa (Water)</b>		
Bursa C9(a) Total volume of water used*	m <sup>3</sup>	61,354

\* Data was subjected to external assurance.