



**HUP SENG
INDUSTRIES BERHAD**

199101015786 (226098-P)

SUSTAINABILITY REPORT

2025



TABLE OF CONTENTS



2	About Us
2	Our Presence
3	Our Operations
5	Our Value Chain
7	About This Report
9	Message From Our Managing Director
12	Our Governance Structure
13	Sustainability Governance
14	Risk Management
15	Our Sustainability Approach
15	Stakeholder Engagement
18	Materiality Matters
19	Material Topics and Risk Management
23	Sustainability Framework
24	Beyond Short Term Profits
24	Our Planet and Environment
24	Our Society's Future
25	Sustainability Performance at a Glance

Our Priorities Pillar 1 Beyond Short Term Profits

27	Economic Performance
30	Responsible Food Production
33	Customer Satisfaction
34	Supply Chain Management

Our Priorities Pillar 2 Our Planet and Environment

36	Energy Management
37	Climate Change
38	Materials
39	Waste Management
40	Water Management

Our Priorities Pillar 3 Our Society's Future

42	Health and Safety
44	Labour Standards and Practices
47	Diversity and Inclusion
50	Community Investment

Corporate Integrity and Governance

53	Anti-Bribery and Anti-Corruption
55	Data Privacy and Security

56 Independent Limited Assurance Statement

59 GRI Context Index

62 Bursa Malaysia Prescribed Table

ABOUT US

Our Presence

Hup Seng Industries Berhad (“HSIB” or “the Group”) is one of the leading manufacturers of biscuits, crackers, and cookies in Malaysia, with over 60 years of history. The company boasts a portfolio of iconic and delicious brands, including Cap Ping Pong, Kerk, and Naturell.

The Group consists of four legal entities, with the holding company listed on Bursa Malaysia in the year 2000. Its principal place of business is in Johor. The Group’s shareholding structure as of 31 December 2025 is as follows:



Our Operations

MISSION

To offer tasty and wholesome biscuits, cookies, snacks and beverages to consumers, safekeep the best interest of shareholders and reward employees fairly.

OBJECTIVE

To become a leading multinational organisation in biscuits, cookies, snacks and beverage mixes.






HSIB's operations are divided into three segments: biscuit manufacturing, beverage manufacturing, and trading. The Group's product offerings include Special Cream Crackers, Marie Biscuits, Sugar Crackers, Chippy Chip Cookies, Oat Cookies, Deluxe Crackers, Chocolate Teddy Biscuits, Flying Fish Biscuits, Pineapple Jam Cookies, Corneo Crackers, and other assorted biscuits. In addition to biscuits, the Group also provides instant coffee mixes, teas, cereals, and other foodstuffs.

The biscuit manufacturing segment is responsible for the production and distribution of biscuits at its factory in Batu Pahat, Johor. The beverage manufacturing segment handles the production and distribution of instant coffee mixes, teas, and cereals at its factory in Senai, Johor.

The trading segment focuses on the marketing and distribution of biscuits, beverages, and other food products. It is headquartered in Batu Pahat, Johor, and operates branches in Kuala Lumpur, Alor Setar, Butterworth, Ipoh, Kota Bahru, and Kuantan to serve the Peninsular Malaysia market.

Group's manufacturing processes are certified with several internationally recognized standards. Hup Seng Perusahaan Makanan (M) Sdn. Bhd. is certified with FSSC 22000, ISO 22000:2018, ISO 9001:2015, HACCP, GMP and MeSTI. In-Comix Food Industries Sdn. Bhd. is certified with HACCP, GMP and MeSTI. The Group only manufactures, imports and distributes products which have been certified Halal by the Department of Islamic Development Malaysia (JAKIM) and the relevant recognised Islamic authorities.

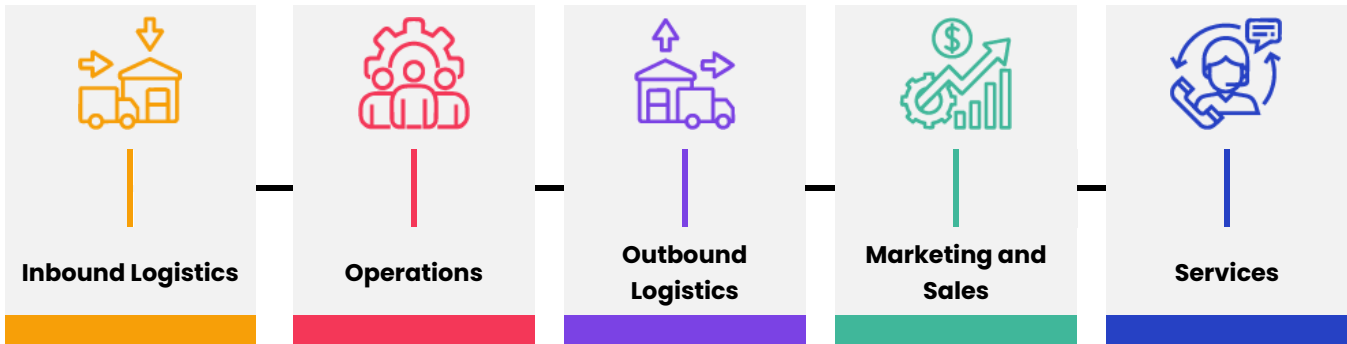


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The Group's revenue is derived from 81% domestic sales and 19% export sales to about 40 countries. Biscuits account for 94.8% of total revenue. The Group's success is attributed to stringent quality control and rapid product innovation. In terms of financials, RM66 million was allocated for employee benefits, and RM17 million was paid in taxes.

Our Value Chain

The foundation of the Group's corporate strategy is built upon our core competencies. To gain a sustainable competitive advantage in the face of intense local and regional market competition, we adopt the following value chain analysis.



The value chain of HSIB begins from the purchasing of raw materials and ends with the disposal of the product packaging by consumers right after consumption. The Group's competitive advantages lie in its operations, marketing and sales initiatives. For long-term value creation, we understand that establishing comparative advantages against the competitors is key.

Inbound Logistics	We source essential materials like flour, corn starch, palm oil, and sugar through long-term relationships with suppliers, ensuring quality, sustainability, and traceability.
Operations	<p>Food processing / production stage</p> <p>Our products are manufactured at our Johor facilities, where we uphold high standards of quality, safety, and environmental and social responsibility.</p> <p>Food packaging and warehousing</p> <p>Packaging protects product quality and freshness while also conveying our values and product information to consumers. Materials used include rolls, paper cartons, and biscuit tins.</p>
Outbound Logistics	We distribute our products through a network of domestic and international distributors. Close collaboration with logistics partners ensures efficient transportation of finished products.
Marketing and Sales	We focus on analyzing consumer preferences and market trends to align our product offerings with customer expectations, while ensuring brand integrity across all distribution channels.
Services	<p>Consumption</p> <p>Our products contribute to a healthy, balanced lifestyle, offering clear ingredient information and appropriate serving sizes for responsible consumption.</p> <p>End-of-life</p> <p>We provide guidance on proper disposal of packaging, ensuring it is recyclable, reusable, or compostable to minimize environmental impact.</p>

With over 60 years of experience in the food processing industry, achieving manufacturing efficiency is essential for optimal asset utilization. On average, our production lines operate at a utilization rate of approximately 75%. During peak seasons, some production lines are fully utilized, reaching 100%.



The Group owns a strong corporate brand portfolio consisting of five trademarks, each strategically positioned with distinct marketing and sales approaches. Our brands are internationally recognized, with one of our products, “Hup Seng Cream Crackers”, being awarded 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 2025. 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. We continue to expand our product range under these five trademarks to meet the evolving needs of both new and existing consumer segments, always taking pride in the quality and health benefits our products offer.

ABOUT THIS REPORT

At HSIB, we are dedicated to our sustainability mission, aiming to meet the needs of our consumers and communities while prioritizing the environment and acting in the best interests of our stakeholders. We consistently monitor our sustainability efforts to ensure they align with our goals and industry best practices. This report outlines the actions we are taking to address sustainability challenges, including our performance, approach, progress, and future steps.

This report should be read alongside HSIB's Annual Report 2025.

This report is structured to provide a clear view of our sustainability journey. It begins with our Governance and Risk Framework, followed by our Materiality Assessment process. These foundational elements drive our performance across our three strategic pillars: Beyond Short Term Profits, Our Planet and Environment, and Our Society's Future.

Reporting Scope

The purpose of this report is to outline the scope and boundaries of our sustainability disclosure, offering an overview of the management approach, the sustainability framework, and the initiatives we have undertaken.

This Sustainability Report covers four key companies, namely HSIB, Hup Seng Perusahaan Makanan (M) Sdn. Bhd., Hup Seng Hoon Yong Brothers Sdn. Bhd. and In-Comix Food Industries Sdn. Bhd.

If you have any questions regarding the Group's sustainability efforts, please feel free to contact us at sustainability@hupseng.com.

Reporting Period

The sustainability performance data presented in the report covers the period from 1 January to 31 December 2025, unless otherwise stated. Where available and relevant, historical data from previous years has been included for comparison purposes.

Reporting Framework

The disclosures are 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.

Assurance

Selected indicators contained within this report were validated by an independent third party and their assurance statement can be viewed at pages 56 and 58.



Disclaimer

HSIB acknowledges the challenges and limitations involved in compiling sustainability data on a group-wide basis. As a result, the accuracy and comparability of some data may vary on a case-by-case basis and are highlighted where relevant.

This report includes forward-looking statements related to our business, which may be identified by terms such as "should," "would," "target," and "will." These statements should not be interpreted as guarantees of future operations or initiatives, as actual results may differ significantly due to challenges in an ever-changing business and operating environment.

Future plans, targets, and other forward-looking statements are based on reasonable assumptions and current circumstances, which may change. Actual outcomes may differ depending on shifts in the operating environment. Readers are advised not to place undue reliance on these statements, as our business is subject to risks and uncertainties beyond HSIB's control.

MESSAGE FROM OUR MANAGING DIRECTOR



Dear Esteemed Shareholders,

With each passing year, our world continues to face evolving challenges related to climate change, economic uncertainty, and social concerns that affect our way of life and, most importantly, the well-being of future generations.

Despite these challenges, HSIB has remained steadfast in preserving the legacy we have built over the past six decades—a legacy that has brought joy and trust to our customers. We are committed to ensuring that future generations can continue to experience the same delight and confidence in our brand.

In safeguarding this legacy, HSIB has continued to take decisive action to address the impacts of climate change on our industry, as well as the broader economic, environmental, and social issues that shape our communities. Guided by the responsibility entrusted to us by our customers, we have strengthened our sustainability practices to deliver value not only to our shareholders but also to society and the planet, paving the way for a brighter and more resilient future for all.

On behalf of the Board, I am pleased to present to you the HSIB Sustainability Report 2025, covering the fiscal year from 1 January 2025 to 31 December 2025. This report provides a comprehensive overview of the Group's performance on the key sustainability topics we have identified, as well as the progress we have made in advancing our long-term commitments.

Relooking At Our Materiality Efforts

In 2025, we conducted a review of our materiality matrix as part of our ongoing commitment to ensure that our sustainability priorities remain relevant and aligned with the evolving landscape of challenges and opportunities. Following a thorough assessment and engagement with key stakeholders, we confirmed that no changes were required to our existing materiality topics. This reaffirmation underscores the continued relevance of our identified priorities, which are detailed further in this report.

Beyond Short Term Profits

In 2025, Malaysia's economy continued to demonstrate resilience, supported by strong fundamentals and ongoing transformation across industries. This environment has provided opportunities for businesses to strengthen their strategies while navigating global uncertainties. For HSIB, these developments reaffirm the importance of looking beyond short-term financial gains and focusing on sustainable, long-term value creation.

These positive factors, aligned with the Group's strategic plans, were defined by our sustainability framework, which focuses on three key pillars: Beyond Short Term Profits, Our Planet and Environment, and Our Society's Future.

Food safety and quality remain non-negotiable priorities for us. By adhering to both local and international standards, we ensure the continuous growth of HSIB and maintain our customers' loyalty.

The Group's continued success is reflected in its consistent recognition, "Hup Seng Cream Crackers" has been consecutively awarded the Gold Medal for years 1994 to 2003, Grand Gold Award for years 2004 to 2019, and Gold Quality Award from 2020 to 2025. Most recently, HSIB was honored by being included in Forbes Asia's Best Under A Billion list, which spotlights 200 top-performing publicly listed companies in the Asia-Pacific region with annual sales under \$1 billion.

These achievements are a result of the dedication, hard work, and passion of our team, who have ensured the gradual integration of our sustainability pillars into our operations.

Our Planet and Environment

As a food and beverage manufacturer, we operate two manufacturing facilities and warehousing centers, both of which consume energy and resources. As a responsible business, we are committed to optimizing our energy consumption, and this goal requires careful strategies and a well-defined implementation plan.

In 2025, we advanced our sustainability journey by strengthening our focus on renewable energy and water conservation. Solar electricity accounted for a higher share of our total electricity usage this year, with our solar panels operating at full performance compared to 2024. Importantly, this renewable energy now replaces part of the electricity previously supplied from utility supplier, underscoring our commitment to clean energy and reducing reliance on fossil fuels. At the same time, we installed rainwater harvesting systems at both our manufacturing sites and the workers' hostel, reducing dependence on municipal water sources and contributing to more resilient water management practices.

In terms of waste management, beyond recycling and reduction initiatives, we organized a beach cleaning activity as part of our team-building program. This initiative not only reinforced our commitment to environmental stewardship but also provided employees with an opportunity to

collaborate outside the workplace, strengthening teamwork and community spirit. These achievements demonstrate our dedication to sustainable growth, and as we look ahead, we will continue to expand these initiatives, set measurable reduction targets, and explore innovative solutions that align with global climate goals.

Our Society's Future

HSIB recognizes that our employees are invaluable assets, and the Group's success is intrinsically linked to their dedication. To ensure the Group flourishes, we must understand and support their varying needs while maintaining a healthy and safe working environment.

In FY2025, we made investments in employee training and development. In terms of occupational health and safety, we recorded three work-related accidents, with no fatalities or instances of non-compliance with safety regulations. Employees also underwent annual health and safety training. We continued to allocate funds for community initiatives, benefiting local communities through various relief programs and activities. Our commitment to employee welfare was further recognized when Hup Seng Perusahaan Makanan (M) Sdn. Bhd. received the KWSP Anugerah Majikan Terbaik dan Rakan Strategik award, underscoring our role as both a responsible employer and a trusted partner in advancing societal well-being.

Commitment to Transparent Reporting

We are proud of the progress we have made in sustainability reporting, yet we acknowledge that there is always room for improvement. Transparency remains central to our approach, and we will continue to strengthen our sustainability frameworks and embed them into our operations, staying true to our purpose and the trust placed in us by Malaysians for more than 60 years.

As we move forward, we are committed to advancing our key initiatives and fostering strategic partnerships that will help us achieve our 2026 ambitions. We will continue to share our milestones openly, ensuring that stakeholders remain informed of our journey toward shaping a more sustainable HSIB.

In closing, I would like to express my sincere gratitude to the Board for its role in guiding the Group's sustainability strategy. Their leadership in overseeing implementation and monitoring performance has been instrumental in our progress. We look forward to advancing beyond our established sustainability framework, continuously enhance our practices, and contribute to improving lives across society – building a more resilient and sustainable future for all.

Sincerely,

Kerk Chiew Siong

Managing Director

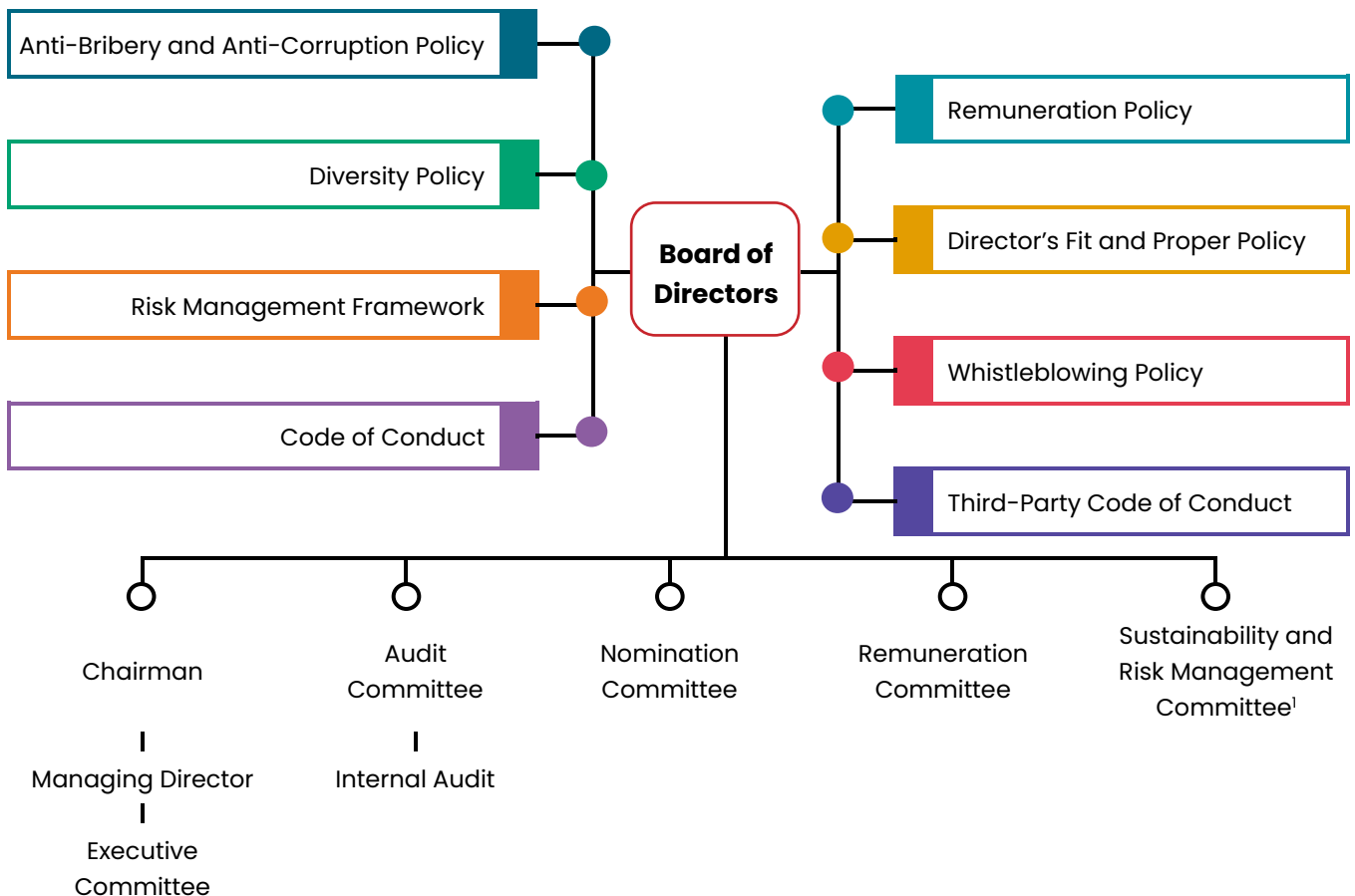
OUR GOVERNANCE STRUCTURE

Corporate governance refers to the system through which the Group is directed and controlled. The Board of Directors ("the Board") holds the responsibility for overseeing the Group's governance, while shareholders play a key role in appointing the directors and auditors to ensure the establishment of an effective governance structure.

The Board's duties include defining the Group's strategic objectives, providing leadership to achieve them, overseeing the business's management, and reporting to shareholders on its stewardship.

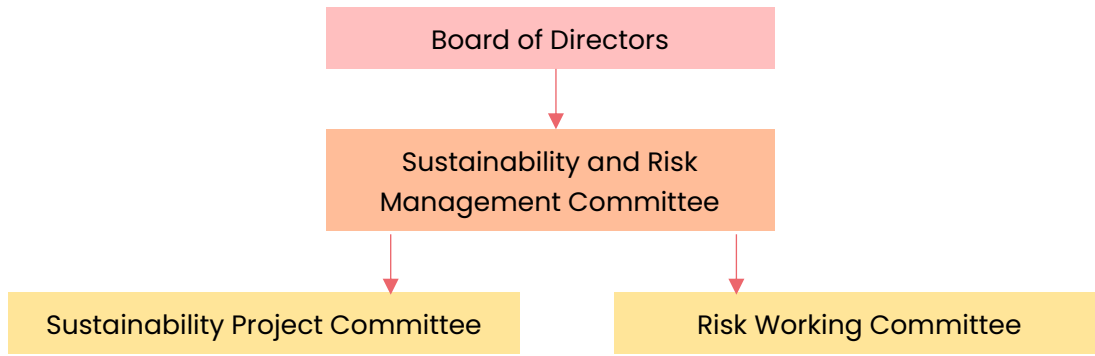
Corporate governance focuses on the actions and achievements of the Board, as well as the way it shapes the Group's values. It is distinct from the day-to-day operational management of the Group, which is handled by full-time executives.

The goal of corporate governance is to enable effective, entrepreneurial, and prudent management that drives the Group's long-term success. Our corporate governance structure is outlined as follows:



¹ The Risk Management Committee was renamed Sustainability and Risk Management Committee on 10 November 2025

Sustainability Governance



In 2025, HSIB strengthened its governance framework by integrating sustainability oversight with risk management, ensuring that both areas are addressed holistically and strategically. This updated structure enhances accountability, embeds sustainability deeper into business processes, and aligns risk management with long-term value creation.

Board of Directors	<ul style="list-style-type: none"> • Provides overall leadership and accountability for the Group’s sustainability commitments. • Oversees the integration of sustainability into corporate strategy. • Delegates detailed oversight to the Sustainability and Risk Management Committee.
Sustainability and Risk Management Committee (SRMC)	<ul style="list-style-type: none"> • Newly established by merging sustainability oversight with risk management. • Ensures sustainability risks and opportunities are considered alongside broader enterprise risks. • Reviews sustainability strategy, risk assessments, and progress against commitments. • Reports directly to the Board.
Sustainability Project Committee (SPC)	<ul style="list-style-type: none"> • Executes the sustainability strategy in alignment with the Group’s sustainability framework. • Ensures operational implementation of Board-approved sustainability and risk priorities. • Receives reports on sustainability initiatives and escalates key issues to the SRMC. • Embeds sustainability into business processes across the Group. • Prepares sustainability reports and monitors program effectiveness. • Reports to the SRMC, ensuring alignment with risk and sustainability priorities.
Risk Working Committee (RWC)	<ul style="list-style-type: none"> • Continuously identifies, evaluates, and manages risks relevant to business objectives. • Develops, implements, and monitors the risk management framework. • Identifies changes in existing or emerging risks, initiates actions, and escalates to the Board.

Risk Management

Risk management remains a fundamental component of effective corporate governance, and the Board continues to recognize the importance of maintaining a robust risk management and internal control system. In 2025, we strengthened our approach by integrating sustainability oversight with risk management under the Sustainability and Risk Management Committee (SRMC), ensuring sustainability risks are considered alongside enterprise risks.

Our Enterprise Risk Management (ERM) framework, guided by ISO 31000, continues to support the identification, assessment, monitoring, and reporting of significant risks. The RWC plays a vital role in managing emerging risks and escalating key issues to the Board through the SRMC.

A comprehensive risk register is maintained to capture key risks and controls, with sustainability-related risks mapped to the overall risk profile. This integrated approach enhances resilience and reinforces stakeholder confidence in HSIB's ability to navigate uncertainty while creating long-term value.





OUR SUSTAINABILITY APPROACH




Stakeholder Engagement











Strong relationships with our stakeholders are fundamental to our success. By listening to their feedback, we gain valuable insights that shape our business decisions. We engage stakeholders through tailored communication channels to gather feedback, identify gaps, and address concerns. Key stakeholders include those who impact or have a vested interest in our business success. Our engagement ranges from formal meetings to ongoing dialogues with suppliers, consumers, and external partners. This proactive approach helps us meet our environmental, social, and economic goals.

Regular engagement throughout the year allows us to strengthen relationships, better understand customer needs, and improve our processes and products. Below, we summarize our key stakeholders, engagement methods, and their impact:

Frequency:  As Needed  Quarterly  Annually  Throughout the year

Impact and Significance	Types of Engagements	Focus
Customers  		
<p>A business thrives by continually providing value to its customers. Therefore, customer feedback and concerns are essential for staying relevant.</p>	<ul style="list-style-type: none"> • Feedback surveys • Social media channels (e.g. Facebook and Instagram) • Corporate website 	<ul style="list-style-type: none"> • Safe, nutritious and quality products • Regulatory compliance • Third party food certification • Customer satisfaction
Suppliers  		
<p>A strong supplier base helps us build a sustainable supply chain that reduces costs, ensures access to quality materials, and promotes sustainable best practices in decision-making</p>	<ul style="list-style-type: none"> • Interviews • Face-to face interactions • Supplier performance evaluation 	<ul style="list-style-type: none"> • Regulatory compliance • Business continuity • Fair pricing • Responsive and timely communication

Frequency:  As Needed  Quarterly  Annually  Throughout the year

Impact and Significance	Types of Engagements	Focus
Employees  		
<p>The sustainability of our business depends on the close collaboration between top management and all employees. Employee productivity is a key factor that directly impacts the Group's financial performance.</p>	<ul style="list-style-type: none"> • Learning and development programs • Employee performance appraisal • Team building activities • Sports and social events 	<ul style="list-style-type: none"> • Respect for human rights • Safe and healthy workplace • Job security and supportive welfare • Equal opportunity and career development
Shareholders   		
<p>As owners of the Group, shareholders' perspectives are vital to our strategy and future direction. We encourage shareholders to view their ownership as a long-term relationship, enabling management to focus on sustainable value creation.</p>	<ul style="list-style-type: none"> • Financial results • Press releases • Corporate website • Annual General Meeting 	<ul style="list-style-type: none"> • Financial performance • Good corporate governance
Regulators  		
<p>Beyond meeting regulatory requirements, we aim to foster strong relationships with regulators, including government agencies, stock exchange authorities, and the Inland Revenue Board.</p>	<ul style="list-style-type: none"> • Statutory submissions • Site visits and conferences • Audits and assessments 	<ul style="list-style-type: none"> • Ethical business practices • Product quality and safety • Halal certification • Occupational health and safety • GHG and other emissions • Effluent and waste
Media  		
<p>We share essential information, including financial and marketing details, with stakeholders through traditional media and social networks.</p>	<ul style="list-style-type: none"> • Media interviews • Press releases • Advertisements 	<ul style="list-style-type: none"> • Business strategy and business growth • New product launches • Product quality and safety • Regulatory compliance
Non-Governmental Organisations 		
<p>We forge partnerships with NGOs to positively impact the local community by supporting and contributing to their initiatives.</p>	<ul style="list-style-type: none"> • Corporate social responsibility activities 	<ul style="list-style-type: none"> • Ethical business practices • Good corporate governance

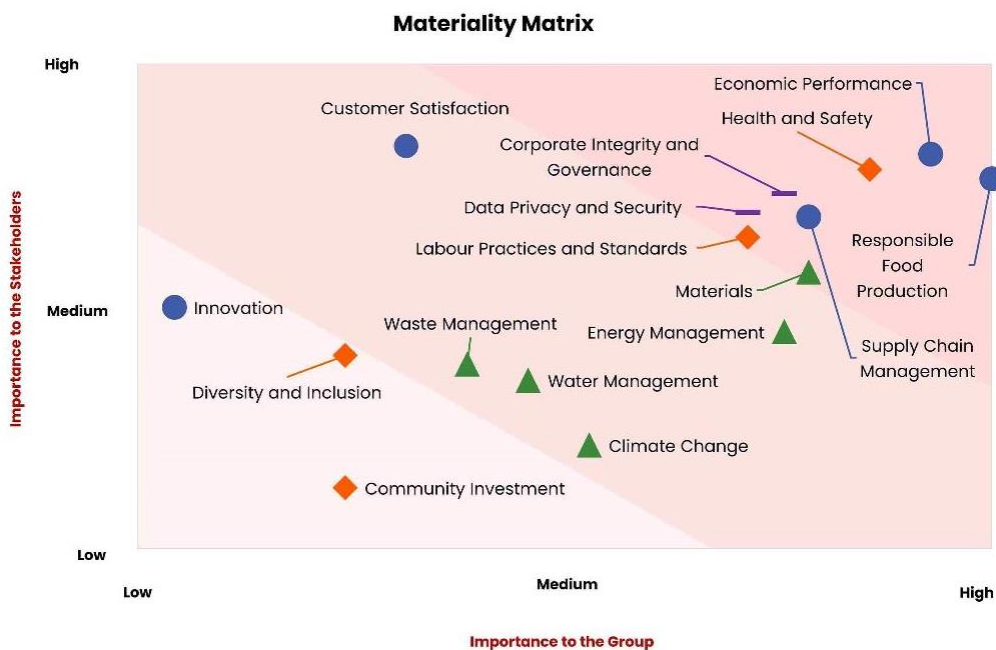
Frequency: **AN** As Needed **Q** Quarterly **A** Annually **T** Throughout the year

Impact and Significance	Types of Engagements	Focus
Community T		
<p>As a responsible corporate citizen, we aim to build an inclusive society where no one is left behind. To achieve this, we've organized initiatives like cash contributions and in-kind donations.</p>	<ul style="list-style-type: none"> • Social media channels (e.g. Facebook and Instagram) • Corporate website • Community events 	<ul style="list-style-type: none"> • Direct and indirect economic contribution • Responsible environmental management and contribution to society
Consumers T		
<p>As global health awareness rises, consumers are becoming more health-conscious. In support of this trend, we aim to make healthy, nutritious food easily accessible. Accurate product labelling and strict quality control are essential to gaining consumer trust.</p>	<ul style="list-style-type: none"> • Social media channels (e.g. Facebook and Instagram) • Corporate website • Product campaigns 	<ul style="list-style-type: none"> • Brand awareness • Consumers preferences and market trends
Industry and Trade Associations AN		
<p>We support the development of food-related laws, regulations, and national workforce policies.</p>	<ul style="list-style-type: none"> • Association meetings • Trainings • Exhibitions 	<ul style="list-style-type: none"> • Industry trends and standards • Knowledge and information sharing
Academia AN		
<p>Academia is key to driving sustainability by generating knowledge, fostering innovation, and educating future leaders.</p>	<ul style="list-style-type: none"> • Corporate website 	<ul style="list-style-type: none"> • Knowledge and information sharing

Materiality Matters

Businesses used the concept of materiality to guide strategic sustainability planning. A material sustainability issue referred to an economic, environmental, social, or governance concern that a business faced or could encounter in the future. These issues were significant enough to potentially influence stakeholder decision-making. The purpose of materiality assessments was to evaluate how such issues affected the company and their importance to stakeholders' perspectives and decisions.

In 2025, we conducted a review of the materiality matrix as part of our commitment to ensure that sustainability priorities remained relevant and aligned with the evolving landscape of challenges and opportunities. Following a thorough engagement with key stakeholders, we confirmed that the existing materiality topics remain relevant. This validation reinforced the ongoing importance of the established priorities, which are elaborated further in this report.






In order to ensure that our current material topics remain relevant to the changing operating environment, we will review our sustainability material matters annually. This allows us to reflect evolving issues and interests in the materiality matters while also reassessing our sustainability strategy to align with the dynamics of the company's business and the broader economy. We will conduct a full-scale materiality assessment at least once every three years.

Material Topics and Risk Assessment




The identified material matters were then evaluated in terms of their sustainability risks and opportunities.

Why Material to HSIB and Our Stakeholders	Potential Risk	Potential Opportunity	Corresponding UN SDG
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Economic Performance

Consistent and strong economic growth creates long-term value that benefits both the company and stakeholders.	Economic stagnation or disruption may limit local development and increase unemployment.	Contributing to economic development and providing employment opportunities.	  
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Responsible Food Production


Achieving sustainability requires organizations to be responsible in their production processes, especially in the food industry. Responsible food production enhances food safety, balances environmental impacts with social and economic benefits, and supports local communities by creating jobs and contributing to economic growth.	Unsustainable food production can affect food quality and safety, leading to inefficiency and higher costs.	Sustainable food practices help mitigate climate change, reduce production costs, and ensure the production of nutritious, quality products, ultimately enhancing the organization's reputation.	  
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Customer Satisfaction


Satisfied customers are a key indicator of successful products and can lead to customer loyalty, positive recommendations, and long-term value.	Dissatisfied customers are less likely to repurchase or recommend products, directly impacting sales and revenue.	Loyal customers help identify strengths, weaknesses, opportunities, and threats, thus enhancing the organization's reputation and long-term value.	
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Why Material to HSIB and Our Stakeholders	Potential Risk	Potential Opportunity	Corresponding UN SDG
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Supply Chain Management

<p>A reliable and consistent supply chain ensures seamless procurement of raw materials and product distribution.</p>	<p>Supply chain disruptions can increase production costs.</p>	<p>A well-managed supply chain promotes sustainable business growth.</p>	
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Innovation

<p>Innovation drives value creation, leading to new products, growth, and higher profitability.</p>	<p>Investment in innovation may not always yield the desired results, impacting business objectives.</p>	<p>Innovation offers opportunities to expand market share, improve processes, reduce costs, and boost productivity.</p>	
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Energy Management


<p>Efficient energy management allows businesses to operate at higher capacity while minimizing operational and environmental costs.</p>	<p>High investment in energy management may not yield immediate cost savings or reduce environmental impact.</p>	<p>Effective energy management can reduce operational costs and minimize environmental impact.</p>	  
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Climate Change


<p>Supporting the global climate agenda through best practices and low-carbon operations enhances competitive edge, reduces operational costs, improves efficiency, and ensures product safety and quality, thus boosting brand reputation.</p>	<p>Delayed transition to low-carbon operations could result in missed opportunities in the low-carbon economy.</p>	<p>Contributing to the global climate agenda enhances competitive advantage and opens opportunities in the low-carbon economy.</p>	 
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Why Material to HSIB and Our Stakeholders	Potential Risk	Potential Opportunity	Corresponding UN SDG
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Materials

<p>The source of raw materials and ingredients affects product quality, production cost (transportation), carbon emissions, and economic benefits.</p>	<p>Supply disruptions, price volatility, and ethical issues can affect quality, cost, and sustainability.</p>	<p>Sustainable sourcing of raw materials ensures quality products, reduces transportation emissions, and boosts the local economy.</p>	
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Waste Management

<p>Efficient waste management leads to long-term sustainable growth while maximizing resource use.</p>	<p>Irresponsible production may harm the environment and lead to legal non-compliance.</p>	<p>Minimizing environmental impact and reducing waste management costs.</p>	
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Water Management



<p>Proper water management reduces operational costs and protects the environment.</p>	<p>Inefficient water management can lead to scarcity, higher costs, fines, and environmental damage.</p>	<p>Efficient water management reduces operating costs and promotes sustainability.</p>	
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Health and Safety




<p>A healthy and safe work environment fosters an optimal and productive workforce.</p>	<p>Poor health and safety practices lead to operational inefficiencies, legal non-compliance, and poor employee retention, which damage the organization's brand.</p>	<p>A focus on health and safety improves the working environment, boosts productivity, and ensures regulatory compliance.</p>	  
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Why Material to HSIB and Our Stakeholders	Potential Risk	Potential Opportunity	Corresponding UN SDG
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Labour Practices and Standards

Adhering to standard labour practices and regulatory requirements ensures a well-managed, effective workforce, enhancing the organization’s reputation and business continuity.	Non-compliance and poor labour practices can result in fines, lawsuits, demotivated employees, and loss of investor confidence, which impacts growth.	A strong reputation as a good employer attracts top talent, ensuring an effective and skilled workforce that drives competitive advantage and innovation.	 
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Diversity and Inclusion

Diversity brings together different backgrounds, experiences, and perspectives, fostering innovation, problem-solving, and a stronger company culture.	A lack of diversity can lead to reduced innovation, discrimination, and harm the company’s reputation.	Fostering an inclusive culture boosts customer loyalty through a deeper understanding of diverse needs.	  
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Community Investment

Creating value for local communities through educational and corporate social programs supports economic development.	Deprived communities may hinder overall economic progress.	Empowered communities drive socio-economic development and open new business opportunities.	
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Corporate Integrity and Governance

Strong governance and business ethics build long-term value and strengthen the company’s reputation.	Non-compliance with governance standards can result in financial losses, reputational damage, and increased regulatory scrutiny.	Transparent and accountable governance strengthens stakeholder confidence.	
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Data Privacy and Security

Strong data protection practices build stakeholder confidence and prevent misuse.	Data breaches violate compliance and may cause reputational and financial harm.	Improved data security fosters stakeholder trust.	
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SUSTAINABILITY FRAMEWORK

Our corporate strategy is based on the following sustainability framework:

Our Sustainability Mission

- To produce wholesome, quality, popular and preferred food products.
- Sustainable business management, possess loyal customers, establish a reputable quality and responsible brand.

Pillars

Beyond Short Term Profits

Our Planet and Environment

Our Society's Future

Core Areas

Corporate Integrity and Governance

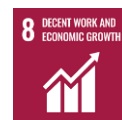
- Anti-Bribery and Anti-Corruption
- Data Privacy and Security

- Economic Performance
- Responsible Food Production
- Customer Satisfaction
- Supply Chain Management
- Innovation

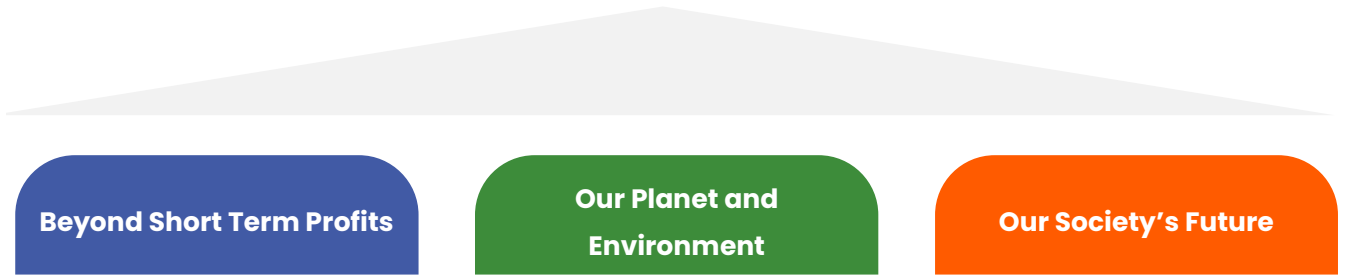
- Energy Management
- Climate Change
- Materials
- Waste Management
- Water Management

- Health and Safety
- Labour Practices and Standards
- Diversity and Inclusion
- Community Investment

Related Sustainable Development Goals



Our management approach and KPIs are organized into the following three pillars, which represent the core areas where HSIB creates long-term value for our stakeholders and the environment.



Beyond Short Term Profits

HSIB takes a long-term view in shaping corporate strategy. Financial goals are anchored in sustainable metrics such as Return on Equity and Free Cash Flow. Strong alignment between management and shareholders ensures strategies remain focused on growth and resilience.

Our Planet and Environment

We are committed to reducing our ecological footprint and tackling climate change. Beyond regulatory compliance, HSIB drives initiatives to cut energy use, boost recycling, and conserve water. Our commitments include resource efficiency, product performance assessments, climate action, natural capital preservation, transparent environmental reporting, and continuous improvement of products and services.

Our Society's Future

People are central to our success. We invest in structured training and development to enhance performance and remuneration. Safety and health are safeguarded through strict policies and regular training. We prioritize equality and diversity, reflecting Malaysia's multicultural society.

This framework shapes our sustainability strategy, addressing material priorities while strengthening efficiency, ethics, and long-term viability—ultimately enhancing value creation.

SUSTAINABILITY PERFORMANCE AT A GLANCE

Sustainability Matters	FY2025 Target	FY2025 Performance	Target Achieved in FY2025 ?
Customer Satisfaction	At least 80% customer satisfaction level	Customer satisfaction score: 84.4%	Achieved
Supply Chain Management	Proportion of spending on local suppliers: 95%	Proportion of spending on local suppliers: 97.1%	Achieved
Energy Management	Energy Consumption within the Group: 43 mil kWh	Energy Consumption within the Group: 39 mil kWh	Achieved
Climate Change	GHG Emissions <ul style="list-style-type: none"> • Scope 1 emissions: 7,116 tCO₂e • Scope 2 emissions: 5,700 tCO₂e • Scope 3 emissions: 2,500 tCO₂e 	GHG Emissions <ul style="list-style-type: none"> • Scope 1 emissions: 6,688 tCO₂e • Scope 2 emissions: 5,578 tCO₂e • Scope 3 emissions: 2,083 tCO₂e 	Achieved
Water Management	Water Consumption within the Group: 63,000 (m ³)	Water Consumption within the Group: 57,909 (m ³)	Achieved
Health and Safety	<ul style="list-style-type: none"> • Zero work-related fatalities • Lost time injury frequency rate: 1.5 per millionth man hours • Number of employees trained on health and safety standards: 820 	<ul style="list-style-type: none"> • Zero work-related fatalities • Lost time injury frequency rate: 0.99 per millionth man hours • Number of employees trained on health and safety standards: 827 	Achieved
Labour Practices and Standards	<ul style="list-style-type: none"> • Total hours of training: 13,000 hours • Percentage of employees that are contractors or temporary staff: 25% • Total number of employee turnover by employee category: 240 	<ul style="list-style-type: none"> • Total hours of training: 16,665 hours • Percentage of employees that are contractors or temporary staff: 22.62% • Total number of employee turnover by employee category: 171 	Achieved

Sustainability Matters	FY2025 Target	FY2025 Performance	Target Achieved in FY2025 ?
Diversity and Inclusion	Zero incidents of discrimination, harassment, human rights violations, forced labour or child labour	Zero incidents of discrimination, harassment, human rights violations, forced labour or child labour	Achieved
Anti-Bribery and Anti-Corruption	<ul style="list-style-type: none"> Percentage of employees who have received ABAC training: 90% Percentage of operations assessed for corruption-related risks: 100% Zero incidents of bribery and corruption 	<ul style="list-style-type: none"> Percentage of employees who have received ABAC training: 94.62% Percentage of operations assessed for corruption-related risks: 100% Zero incidents of bribery and corruption 	Achieved
Data Privacy and Security	Zero substantiated complaints concerning breaches of customer privacy and losses of customer data	Zero substantiated complaints concerning breaches of customer privacy and losses of customer data	Achieved

OUR PRIORITIES PILLAR 1: BEYOND SHORT TERM PROFITS

- *Economic Performance*
- *Responsible Food Production*
- *Customer Satisfaction*
- *Supply Chain Management*

Economic Performance

Economic resilience is the foundation of a successful business. We are fully committed to this goal, as it allows us to create value and make a positive impact through dividend distributions, community service, and employment opportunities. HSIB's strategy focuses on building economic resilience through investments in sustainability. This includes initiatives such as reducing waste, water and electricity consumption, increasing the use of renewable energy, and implementing sustainable human capital development, all of which drive value creation and sustainable growth. Our strong economic performance over the years is proof of the success of these strategies.

■ *Our Approach*

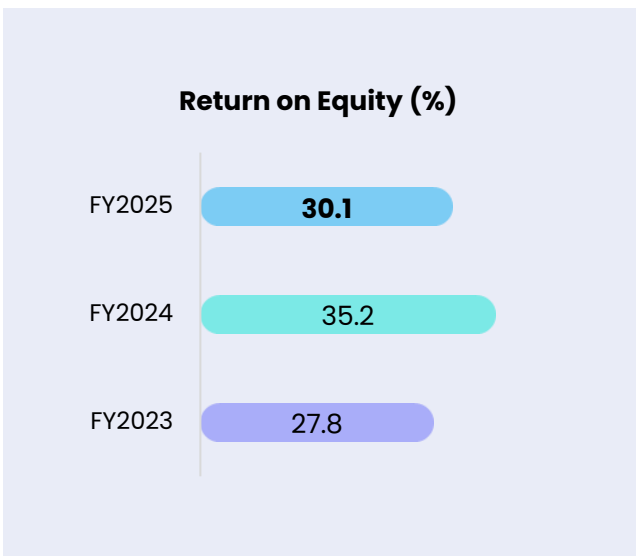
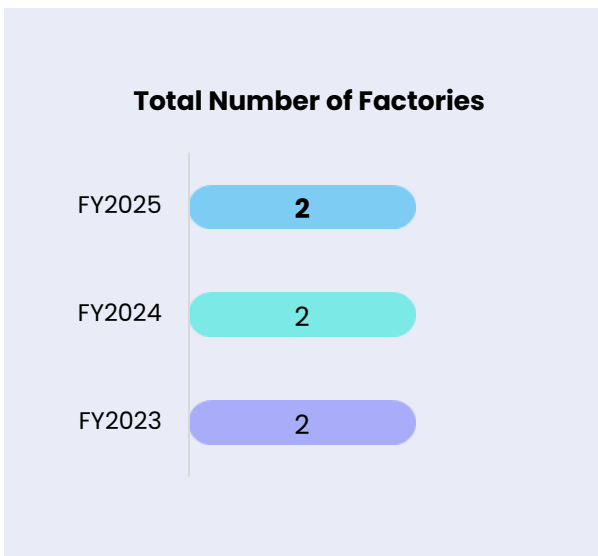
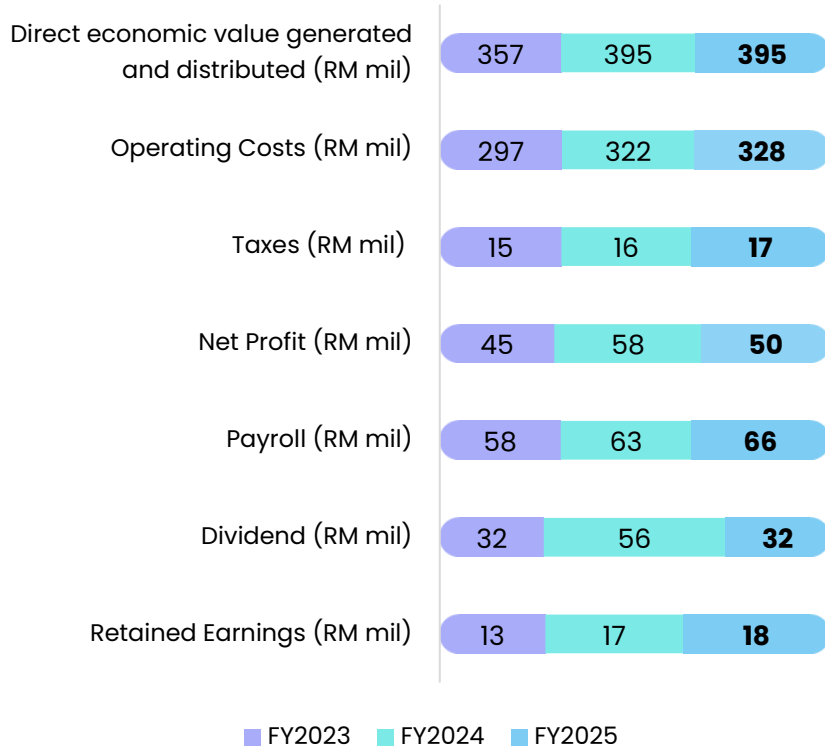
Our shareholders and banking partners provide the economic resources essential for our operations and growth. We are committed to meeting our financial obligations through strong governance and stewardship. Our dividend policy ensures at least 60% of annual profit after taxes is distributed to shareholders, which we believe will be well-received by investors.

We focus on creating long-term economic value for both internal and external stakeholders while minimizing negative environmental and societal impacts. To enhance strategic visibility and economic performance, we put effort in exploring options like dividend reinvestment schemes, share repurchase programs, and employee stock option plans. Additionally, we will continue to innovate to adapt to market demands and changing consumer lifestyles.

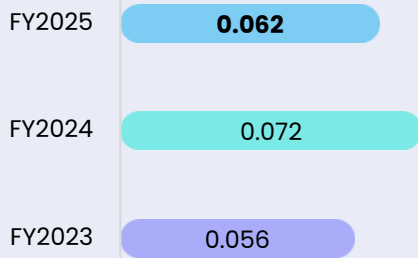
OUR PERFORMANCE

Over the past three financial years, our financial strategy has delivered above-average returns for shareholders. We aim to maintain this performance to meet the growing expectations of our shareholders. The following distribution chart shows that payments to our employees, shareholders, and tax authorities represent 29% of our total economic value.

Economic Performance (GRI 201-1)



Earnings per Share (RM)



Net Dividends per Share (RM)



Hup Seng Industries

In recognition of our sustained financial strength and resilience, HSIB was most recently honored by inclusion in Forbes Asia’s Best Under A Billion list in 2025, spotlighting 200 top-performing publicly listed companies in the Asia-Pacific region with annual sales under \$1 billion.



A detailed description of our Group’s financial performance is available in our Annual Report.

Responsible Food Production

■ Our Approach

❖ Food Safety

We are committed to ensuring that our food products meet the highest standards from sourcing to production and delivery. Our rigorous processes and controls are designed to not only meet regulatory requirements but also exceed customer expectations and build trust. We believe everyone deserves access to safe, high-quality food, and we strive to fulfil this need for both local and international customers.

To maintain quality control and process effectiveness, we focus on:

1. Selecting safe, high-quality raw materials
2. Conducting regular audits and inspections
3. Utilizing local and international certifications to manage risks
4. Continuously reviewing and improving food safety systems and processes
5. Investing in new equipment and technologies when needed
6. Providing ongoing training in food quality and safety to employees

OUR PROGRESS

To ensure the highest quality products reach our customers, we follow a strict food safety policy throughout the entire product lifecycle—from ingredient procurement and research and development to manufacturing, packaging, storage, and delivery. A well-trained and experienced team oversees each stage. In addition to our rigorous quality control procedures, independent third-party auditors regularly inspect our processes.

We have received the following certifications, both locally and internationally:

HUP SENG PERUSAHAAN MAKANAN (M) SDN. BHD.

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 the Responsibility of the Industry) Certification

IN-COMIX FOOD INDUSTRIES SDN. BHD.

1	GMP (Good Manufacturing Practice) Certification
2	HACCP (Hazard Analysis and Critical Control Point) Certification
3	MeSTI (Food Safety is the Responsibility of the Industry) Certification

We only manufacture, import and distribute products which have been certified Halal by the Department of Islamic Development Malaysia (JAKIM) and the relevant recognised Islamic authorities. This commitment allows our Muslim consumers to enjoy our products with confidence, knowing their religious practices are respected.

We have a Group Purchasing Policy, overseen by department heads and managing directors, that sets criteria for selecting approved suppliers, including quality, reliability, and competitive pricing. Active suppliers are evaluated annually on their performance in areas like quality and customer service.

In FY2025, we conducted various food handling training programs for our employees, including:

- Food Handler and Halal Awareness Training
- GMP & HACCP Awareness Training – TQCSI HACCP Code 2024
- Food Safety, Objective, HACCP Job Description, Process Flow Chart, Product Descriptions & HACCP Plan Summary Training
- Exemplar Global Certified Food Safety System Certification Lead Auditor Course Based on FSSC 22000 V6
- Halal Executive Colloquium & Advance Halal Executive JKHD Competency Seminar For The Requirements Of Malaysia Halal Certification (COLHEX 25)
- Pest Awareness Training
- And other food handling related-training

Food Culture Competition 2025



❖ **Quality and Healthy Food**

The Group prioritizes regulatory compliance across all operations, collaborating with local regulators in a transparent and responsible manner. HSIB maintains market competitiveness by consistently delivering high-quality products to both domestic and international customers. In response to growing health awareness, we are dedicated to providing a variety of healthy food options at affordable prices.

Our goal is to continually improve the quality and nutritional value of our products while adhering to both local and international standards and regulations, ensuring we meet the evolving needs of our consumers and contribute to their well-being.

— **OUR PROGRESS AND ACHIEVEMENTS**

Our commitment to producing exceptional crackers, biscuits, and cookies is reflected in our dedication to using only the finest, healthiest ingredients and employing high-quality production methods. We focus on maintaining the highest standards of excellence from ingredient selection to final packaging, ensuring our products exceed customer expectations. This commitment has earned us recognition and continues to secure the Gold Quality Award from Monde Selection, Belgium, for FY2025. Monde Selection, a prestigious global quality institute, evaluates products based on up to 25 parameters. In line with global health concerns, our R&D department ensures our products are free of partially hydrogenated oils (PHOs), using healthier alternatives.

❖ **Product Labelling**

For our business, the product label is the main way we communicate with consumers, providing essential information on quality, nutrition, and safety. It helps consumers make informed decisions and assures them that our products have undergone rigorous quality checks and meet safety standards. Therefore, it is crucial that our labels are clear, accurate, and easy to understand.

— **OUR PROGRESS**

We have established a thorough process to ensure that our product labels comply with Malaysian food regulations. Our internal research and development team regularly reviews the information disclosed on labels. All products include details such as ingredients, recommended daily allowances, nutritional information, storage instructions, expiration dates, and nutritional advice in Malay, English, Chinese, French, and Arabic.

Additionally, the Halal logo is prominently displayed on all packaging to help Muslim consumers identify products that meet their religious requirements.

Customer Satisfaction

■ Our Approach

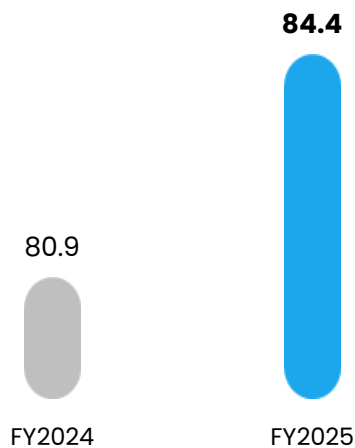
HSIB values effective communication with customers and has established a social media presence to enhance engagement and gather feedback. By using platforms like Facebook and Instagram, the company increases brand visibility and directly connects with customers to better understand their preferences and market trends. The sales and business development teams use customer input to shape strategies and improve customer service. This proactive approach helps HSIB build strong, trusting relationships by addressing customer needs and expectations regarding product quality, reliability, and overall performance.

Additionally, we also conducted a survey focusing on key areas of our quality and performance, including product quality performance, packaging performance, delivery performance and service performance.

OUR PERFORMANCE

The results of the customer satisfaction survey we received showed an increase in the customer satisfaction score in FY2025.

Customer Satisfaction Score, %



Supply Chain Management

■ Our Approach

HSIB recognizes that we are just part of a broader food and beverage industry, and to achieve true sustainability, we must promote it across all levels of this chain. We prioritize supporting local suppliers before seeking international alternatives, resulting in long-term, mutually beneficial relationships with various local partners.

Responsible sourcing practices are implemented across the Group. We actively monitor and evaluate our vendors and business partners through a structured vendor evaluation process. This helps us assess their performance and ensures we only engage with suppliers who consistently provide high-quality products and services.

To further strengthen our supply chain resilience and sustainability, HSIB is committed to sourcing responsibly and ethically. All suppliers are expected to:

- Respect internationally recognized human rights and labor standards
- Eliminate forced labor, child labor, and discrimination
- Promote fair wages, safe working conditions, and equal opportunities
- Adopt sustainable practices in energy, water, waste, and biodiversity
- Maintain transparent governance and ethical conduct
- Comply with all applicable laws and regulations

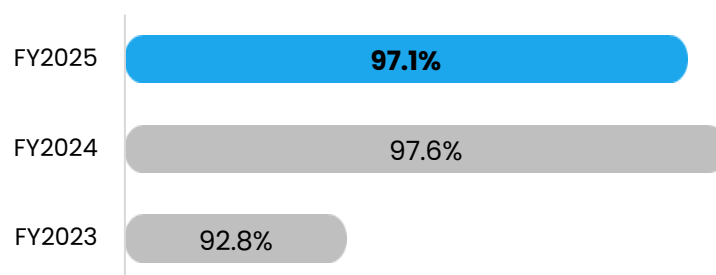
Moving forward, ESG compliance will be formally integrated into our supplier evaluation framework. Suppliers will be assessed on environmental practices, social responsibility, and governance integrity. Non-compliance may result in corrective actions or contract termination. We also encourage suppliers to set ESG goals, disclose progress, and participate in capacity-building initiatives to improve sustainability performance.

By regularly reviewing our suppliers, we make informed decisions that enhance the efficiency and reliability of our supply chain. This process also allows us to identify opportunities for improvement and collaborate with local vendors to drive positive change and innovation.

OUR PERFORMANCE

In FY2025, we are pleased to announce that 97.1% of our procurement are sourced from local suppliers.

Proportion of spending on local suppliers (%) (GRI 204-1)



OUR PRIORITIES PILLAR 2:

OUR PLANET AND ENVIRONMENT

- *Energy Management*
- *Climate Change*
- *Materials*
- *Waste Management*
- *Water Management*

As part of the food and beverage processing industry supply chain, HSIB Group recognizes the significant sustainability challenges the industry faces, notably the high costs associated with obtaining food certification standards (e.g., food safety, quality management), managing greenhouse gas emissions, water usage, waste generation, and sourcing safe and healthy materials. We acknowledge the environmental impact of our operations and is committed to supporting pollution prevention and environmental protection across all our business activities.

We are committed to complying with the standards and regulations set by the Department of Environment (DOE) Malaysia and minimizing carbon footprints across our value chain, including manufacturing, packaging, storage, logistics, and disposal. These include:

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

We are proud to report that over the past three financial years, there have been no incidents of non-compliance with environmental regulations, reflecting our commitment to transparency and cooperation with regulatory authorities.

Environmental Commitment

To guide our environmental practices, HSIB adopts a set of internal principles that reflect our sustainability priorities. These commitments focus on five key areas:

- **Sustainable Sourcing & Materials:** Prioritizing local suppliers, tracking material usage, and seeking recyclable packaging.
- **Water Stewardship:** Monitoring consumption, conserving resources, and ensuring wastewater meets DOE standards.
- **Climate & Energy:** Improving energy efficiency, transitioning to cleaner energy, and reducing GHG emissions
- **Waste & Circular Economy:** Minimizing waste, promoting reuse and recycling, and guiding consumers on responsible disposal.
- **Compliance & Governance:** Ensuring full regulatory compliance, maintaining robust environmental systems, and fostering a culture of responsibility.

These commitments are reviewed annually to ensure they remain relevant and effective in addressing evolving environmental challenges.

Energy Management

Utilizing the most efficient mix of energy sources help reduce our operating costs, enhance energy efficiency, and contribute to mitigating global warming. Fostering a culture of conservation and sustainability, not only reduce our environmental impact but also improve operational efficiency.

■ Our Approach

The Group continues to pursue the most efficient energy mix to lower operating costs, boost energy efficiency, and combat global warming. We are investing in energy-efficient technologies, increasing the local production of renewable energy, enhancing energy efficiency, and working towards the use of sustainable alternative fuels.

Our Electrical Energy Management (EEM) Committee is responsible for reviewing and recommending energy-saving initiatives. We make it a practice to turn off lights in our office buildings during lunch breaks and invest in eco-friendly, energy-efficient lamps and fixtures that help reduce heat generation and energy consumption. Additionally, we encourage employees to submit innovative ideas for energy conservation by rewarding their contributions.

We continue to embrace modern technology to reduce production costs—such as lowering fuel expenses—improve product quality and hygiene, minimize waste, and be more environmentally friendly.

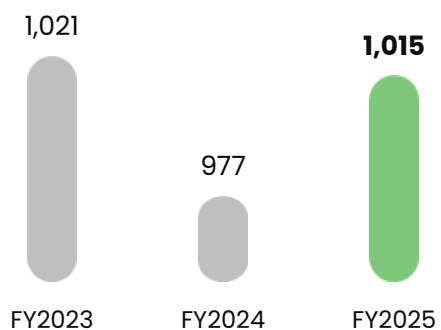
OUR PERFORMANCE

In 2024, we embraced clean energy by installing a solar energy system at our biscuit manufacturing facility. In 2025, the solar energy system generated a total of 1,068,262 kWh of electricity, which covers 13% of total electricity consumption of our factory sites.

Energy consumption within the Group (mil kWh) (GRI 302-1)



Energy intensity (kWh per tonne) (GRI 302-2)



Note:

- 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.
- Data for 2023 and 2024 have been restated following a refinement of our calculation methodology to ensure greater accuracy and alignment with industry standards.

Climate Change

The urgency to address climate change has grown as its effects become more apparent, including extreme weather events, rising sea levels, and disruptions to supply chains. It is essential for businesses to promote sustainable practices that conserve resources for future generations.

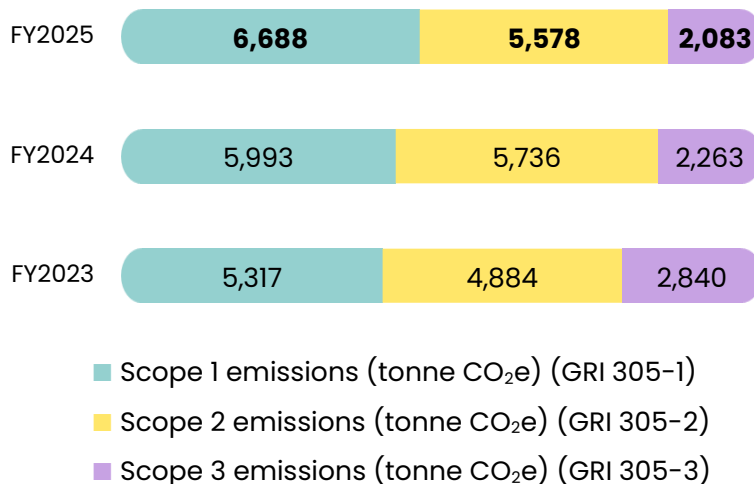
■ Our Approach

We are committed to enhancing efficiency in our operations to ensure responsible energy consumption and sustainable production. We acknowledge the importance of environmental protection and recognizes the impact of climate change on our value chain. Our business depends on a wide range of raw materials and natural resources, including energy and water. Understanding the value of these natural resources is essential for our long-term sustainability and success. As part of our commitment to addressing climate change, we conducted an assessment of our GHG emissions inventory, identifying and analyzing key emissions from entities within our control across the Group.

OUR PERFORMANCE

Scope 1 refers to direct GHG emissions from sources controlled or owned by HSIB, such as company vehicles, logistics fleets, and stationary combustion sources such as fuel used in production. Scope 2 includes indirect emissions from purchased electricity, while Scope 3 covers emissions from operations or assets not owned or controlled by the Group but part of our value chain, including business travel and employee commuting.

In FY2025, with the implementation of the solar energy system, we avoided 827 tonne CO₂e by utilizing 1,068,262 kWh of electricity generated by the solar system.



Note:

1. Source of emission factors of 2025 data: UK DEFRA Emission Factors 2025, MEI H Emission Factor 2022, ICAO calculator.
2. Scope 1 emissions for 2023 and 2024 have been restated following a refinement of our calculation methodology to ensure greater accuracy and alignment with industry standards.

Materials

As a responsible food producer, we recognize that the raw materials, components, and packaging we use play a significant role in our operations. Therefore, we are committed to reducing the negative impacts of these elements in our value chain by improving the sourcing of raw materials and packaging materials.

■ Our Approach

We are dedicated to implementing sustainable practices that emphasize the conservation of natural resources and the protection of the environment. This includes focusing on reducing the use of materials that negatively impact the environment.

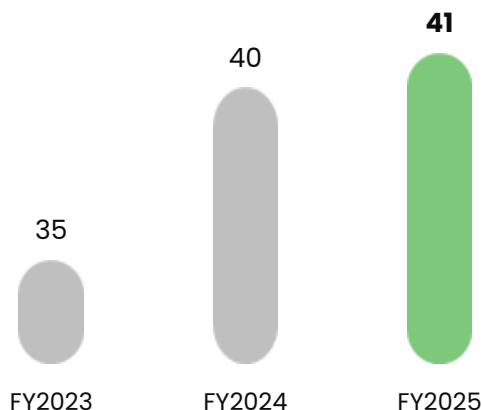
To manage material usage effectively, we focus on the following:

- Collaborating closely with our suppliers to ensure that our raw and packaging materials align with our purchasing policy and meet high-quality standards.
- Tracking, measuring, and monitoring any losses that occur during the manufacturing process, while identifying key categories and waste streams.
- Reducing and recycling generated waste through proper planning and ongoing monitoring.

OUR PERFORMANCE

The total weight of materials used in FY2025 was 41 thousand tonnes, reflecting a 2.0% increase from the previous year.

**Materials used by weight
(thousand tonnes) (GRI 301-1)**



Waste Management

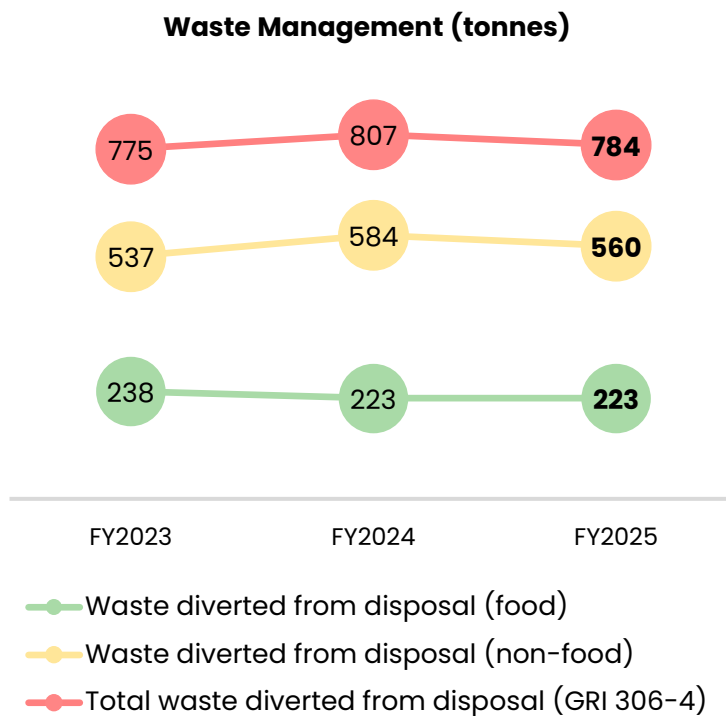
■ Our Approach

Waste is a common challenge across the food and beverage production industry, with both local and cost-related impacts on the business. As a responsible company, we are committed to managing waste by adopting a minimal-waste approach, following the waste-management hierarchy of prevention, reduction, reuse, and recycling in our operations. We believe that effective waste management is crucial for developing sustainable, value-driven operations.

We continuously monitor our waste generation, seek innovative methods to repurpose waste materials and adopt sustainable solutions throughout our value chain.

OUR PERFORMANCE

The food waste diverted from disposal includes biscuit and oil scraps, which are repurposed as animal feed and biodiesel. Non-food waste, such as metal and plastic scraps, is recycled by waste collectors.



Water Management

HSIB relies on water throughout our manufacturing facilities and supply chain for every product we produce. This highlights the importance of fully understanding and responsibly managing this critical resource. While water is renewable, its availability is limited during droughts and water cuts.

■ Our Approach

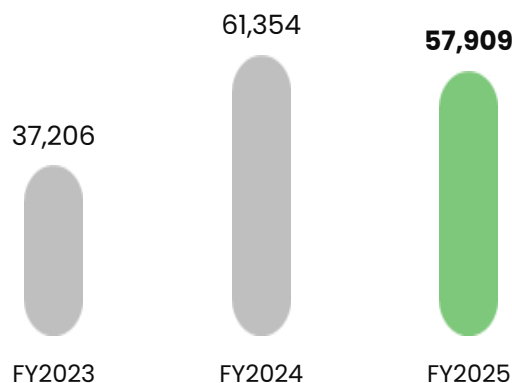
We regularly measure and monitor our water consumption and effluent discharge to track progress. We are committed to finding sustainable water management solutions and ensuring efficient water use in our operations.

Furthermore, we ensure that wastewater generated at our facilities is treated to meet all regulatory requirements before being discharged into the environment. Our wastewater treatment system effectively removes contaminants and converts it into effluent that can be safely returned to the water cycle. Additionally, we engage an independent testing laboratory, accredited by the Department of Standards Malaysia, to monitor our industrial effluent discharge monthly. Over the past three financial years, we have consistently met the acceptable discharge conditions set out in standard B. The rainwater harvesting systems are installed at both our manufacturing sites and the workers' hostel, reducing dependence on municipal water sources and contributing to more resilient water management practices.

OUR PERFORMANCE

In FY2025, there is a 6% decrease in the water consumption as compared to 2024. A total of 743 m³ of rainwater has been collected in both manufacturing sites and workers' hostel for non-portable use such as cleaning.

**Water consumption within the Group (m³)
(GRI 303-5)**



OUR PRIORITIES PILLAR 3:

OUR SOCIETY'S FUTURE

- *Health and Safety*
- *Labour Standards and Practices*
- *Diversity and Inclusion*
- *Community Investment*

HSIB prioritizes a culture of trust, respect, and opportunity, recognizing that its success is driven by the dedication of its employees. The company focuses on employee performance, commitment, and loyalty to achieve business objectives and long-term sustainability. Sustainability programs at HSIB emphasize training, diversity, well-being, fair labour practices, safe working conditions, and fair compensation. Employees are regularly oriented to company culture and policies, with annual appraisals, while a collaborative environment encourages continuous growth and excellent customer results.

Social Commitment

As part of our "Our Society's Future" sustainability pillar, HSIB is committed to fostering a socially responsible, inclusive, and respectful workplace. Our internal principles focus on four key areas:

- **Labour Practices, Human Rights & Employee Development:** We uphold ethical labour standards, prohibit child and forced labour, and maintain zero tolerance for discrimination and harassment. We provide fair wages, safe working conditions, and equal access to recruitment, training, and advancement—regardless of gender, ethnicity, age, disability, or background. We also respect employees' rights to freedom of association.
- **Health & Safety:** We enforce strict safety protocols, comply with occupational health regulations, and conduct regular training. Our goal is zero work-related fatalities and reduced lost-time injury rates.
- **Diversity & Inclusion:** We promote equal opportunity in recruitment, promotion, and compensation, and uphold a diversity policy that respects all individuals. We are committed to merit-based advancement and maintaining zero incidents of discrimination or harassment.
- **Community Investment:** We contribute positively to local communities through annual resource allocation for development initiatives, support for relief programs and donations, and collaboration with NGOs and local organizations.

These commitments are reviewed annually to ensure they remain relevant and effective in addressing evolving environmental challenges.

Health and Safety

We go beyond our commitment to keeping all our employees safe by creating and promoting conditions that aim to improve their long-term health and well-being. Given the importance of health and safety, HSIB adopts a zero-tolerance approach to occupational health and safety (“OHS”) violations, adhering to the Occupational Safety and Health (Amendment) Act 2022 and other applicable regulations.

■ Our Approach

Our OHS policy is regularly reviewed to ensure the health and safety of all employees, including full-time and part-time staff. This is achieved through daily workplace inspections, on-the-job training, safety awareness briefings, induction training for new employees, and specific skill training for machine and forklift operators. To maintain a robust safety culture, our Health and Safety Committee meets quarterly to proactively manage operational risks and ensure the continuous improvement of safety protocols across our manufacturing facilities.

The establishment of an OHS committee enables employees to identify areas for improvement, provide feedback to management, and take responsibility for their own work environment. Additionally, mitigation measures such as periodic safety training, inspections, and incident monitoring are incorporated into our risk management system.

To ensure safety personnel are equipped with the necessary knowledge and skills, the following OHS training was provided in FY2025:

- CHRA Introduction and Chemical Handling
- Seminar Organisasi Keselamatan Kebakaran
- Effective Safety And Health Committee
- Occupation Safety and Health Conference: Accident Prevention (OSHCON 2025)
- Industrial Hygiene Seminar 2025 Enhancing Excellence in Worker Protection
- Memahami Dan Melaksanakan Pindaan Akta Keselamatan Dan Kesihatan Pekerjaan (OSHA) 2022
- World OSH Day 2025 Seminar: The Impacts on Digitalization and Artificial Intelligence (AI) On Workers Safety and Health
- And other health and safety related-training

Basic First Aid & CPR Training



OUR PERFORMANCE

In FY2025, a total of 827 employees underwent health and safety training, and we observed a 25% reduction in LTIR compared to FY2024. Achieving zero workplace fatalities has been a shared objective across all our business units, and we are pleased to announce that this goal was successfully met in FY2025, thanks to the health and safety practices carefully designed for our operations.

	FY2023	FY2024	FY2025
Number of work-related fatalities (GRI 403-9)	NIL	NIL	NIL
Number of accident cases (GRI 403-9)	4	4	3
Lost time incident rate ("LTIR") (Rate per millionth man hours) (GRI 403-9)	1.39	1.33	0.99
Number of employees trained on health and safety standards	754	865	827
Employees trained on health and safety standards (%) (GRI 403-5)	60.8	67.0	63.6

Labour Standards and Practices

In line with our company values, HSIB is committed to ensuring compliance with labour standards while respecting and promoting the human rights of all employees, regardless of their nationality. All workers are treated with respect and are granted the same rights, privileges, and opportunities in accordance with local laws. This commitment is embedded within existing policies and procedures designed to uphold this objective in our operations. These policies include Code of Conduct, Diversity Policy and Remuneration Policy.

Effective training and development are key to business growth, helping keep the workforce skilled and aligned with industry trends. These opportunities foster professional growth, enhance employee skills, and enable adaptation to market changes.

■ Our Approach

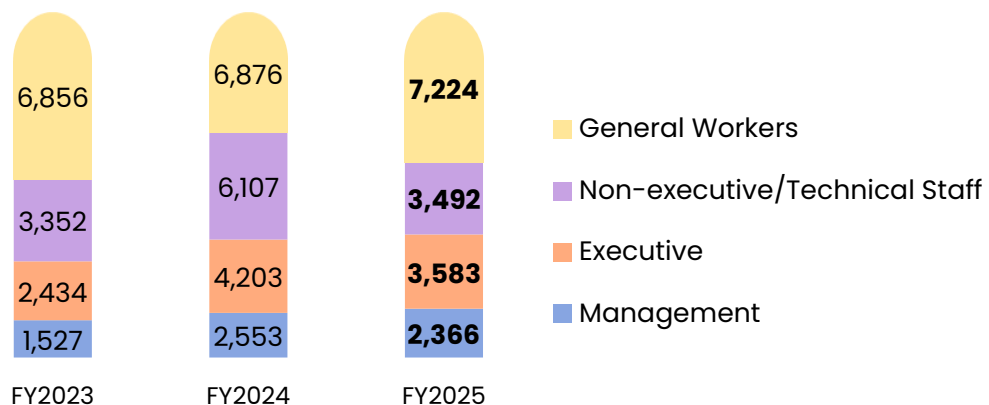
A well-managed talent pool leads to increased productivity, better decision-making, and higher employee satisfaction. Investing in talent enhances the company’s reputation, attracting top talent and boosting customer loyalty. To support employees’ career growth and develop future leaders, we provide career development and professional training opportunities.

Training needs analysis is conducted yearly during performance appraisals to identify employees’ goals and skill gaps. Employees’ strengths and development areas are discussed, and training programs are tailored to help them achieve their goals. After training, their effectiveness is evaluated by both supervisors and the HR department.

OUR PERFORMANCE

We consider our people one of HSIB’s greatest assets and remain committed to promoting a culture of learning and development. We combined online learning tools with in-person training programs and expanded the variety of sessions offered across departments.

Total hours of training by employee category



Total training hours

FY2023	FY2024	FY2025
14,169 hours of training	19,739 hours of training	16,665 hours of training

Average hours of training per year per employee (GRI 404-1)

FY2023	FY2024	FY2025
11.4 average hours of training	15.3 average hours of training	12.8 average hours of training

Here are some of the training programs conducted in FY2025:

- Anti-Bribery and Corruption Management System Training



- Cybersecurity Awareness Program
- Latihan Kesedaran Dan Kepentingan Pensijilan Halal
- Climate Change and GHG Management
- Together We Build Sustainable Performance
- Reporting Transformation: Redesigning Financial Statements Presentation – MFRS 18 Presentation and Disclosure in Financial Statements
- Industry Specific E-Invoicing for Manufacturers And Traders
- Seminar Prosedur Permohonan Pekerja Asing & Ekspatriat
- Seminar Pengurusan Sumber Manusia: Waktu Kerja, Cuti Dan Upah Di Bawah Perundangan Dan Pindaan Terkini
- And other training programs

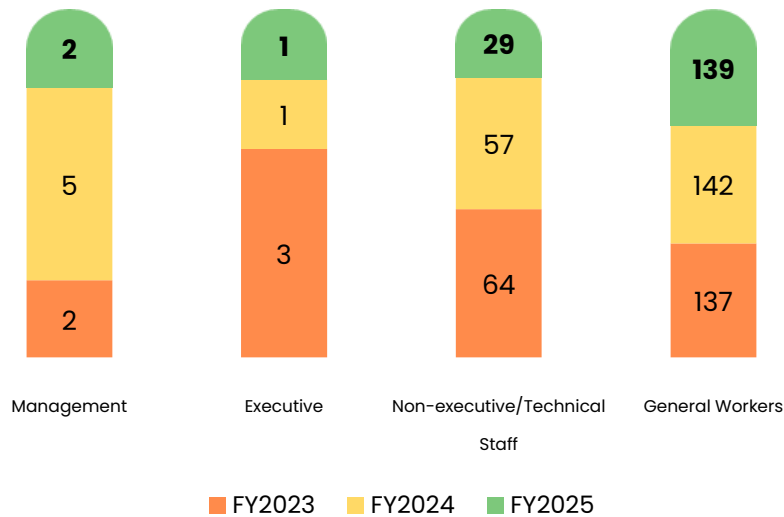
To stay competitive with our peers and align with prevailing local market rates, we regularly review our compensation packages to ensure fair remuneration and working conditions for all employees. The benefits offered to all full-time employees include medical benefits, maternity leave, parental leave,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

15 Years Long Service Award



Our dedication to fair labour practices and employee welfare was further recognized when HSPM received the Kumpulan Wang Simpanan Pekerja (KWSP) Majikan Terbaik dan Rakan Strategik award. Presented by KWSP Batu Pahat, this award honors employers who demonstrate exemplary compliance with KWSP contributions – including timely and accurate remittances – while showing strong commitment to employees’ financial well-being. Being selected for this recognition underscores HSPM’s role as a responsible employer and trusted partner in advancing workforce welfare.

Total number of employee turnover by employee category (GRI 401-1)



Diversity and Inclusion

■ Our Approach

HSIB naturally strive to build and nurture an inclusive culture that promotes and values diversity in our recruitment of workers. Our Diversity Policy recognizes that building a diverse and inclusive group of people is essential to the Group's success. We acknowledge the advantages of having a diversified management and will make use of differences in gender, age, ethnicity, disability, and social/cultural background, along with the character, experience, integrity, competence, and time commitment of the individual. This approach helps to attract, retain, and develop a diverse team of skilled individuals who are committed to the Group's objectives. The Diversity Policy can be found on the company website at www.hsib.com.my/corporate-governance.

The Group is also committed to maintaining a workplace free of harassment and discriminatory practices. We believe that by preventing discrimination, we can create a more inclusive and welcoming workplace culture and enhance the well-being of our employees.

OUR PERFORMANCE

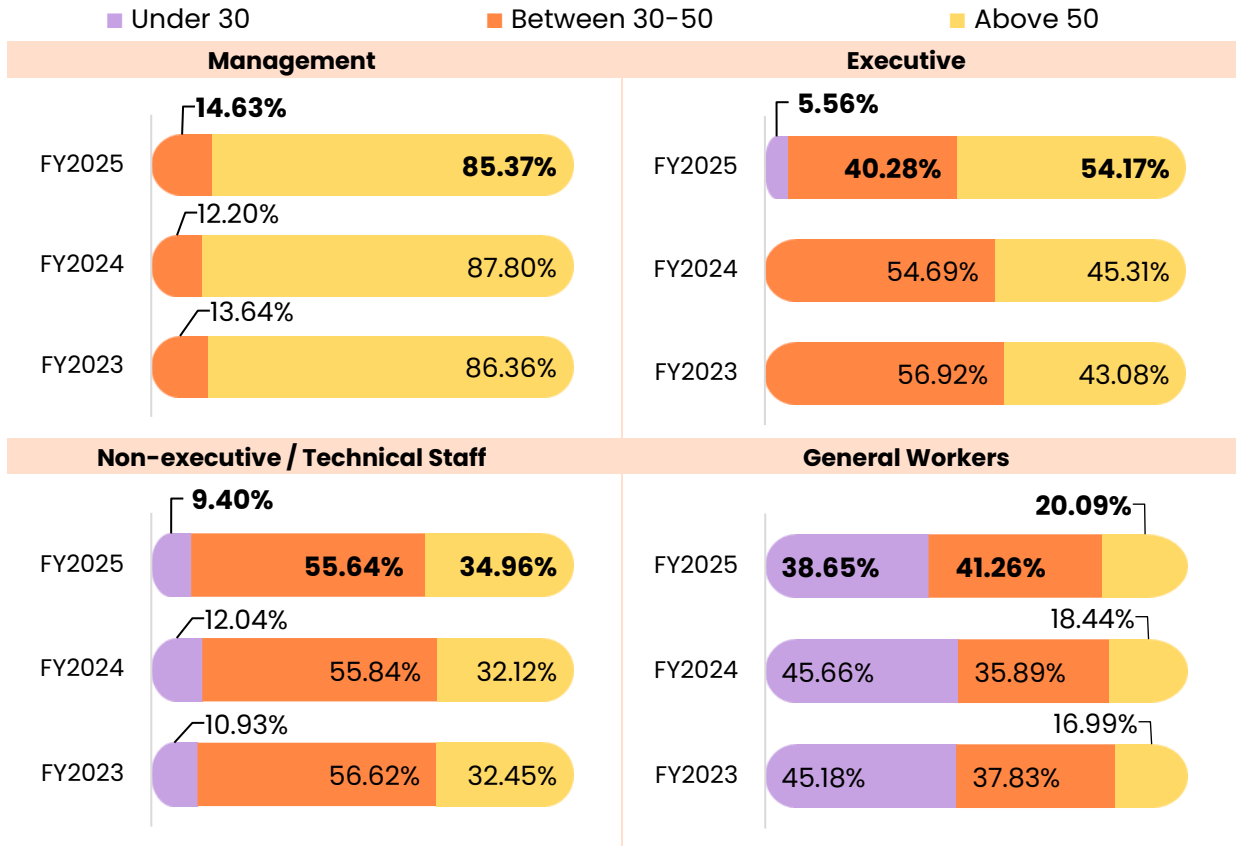
As of 31 December 2025, we employ 1,300 people, with 77.38% being permanent employees and the rest consisting of contractors or temporary staff. We have made steady progress in achieving gender equality, with women representing over 38.62% of our workforce. Our team includes individuals under the age of 30, who contribute fresh perspectives and help ensure a strong talent pipeline for future leadership roles. Additionally, a significant portion of our employees are between the ages of 30 and 50, providing valuable on-the-job training and mentorship to younger colleagues. The remainder of our workforce is over 50 years old, contributing stability and a clear sense of direction to the Group.

Team Building Activity

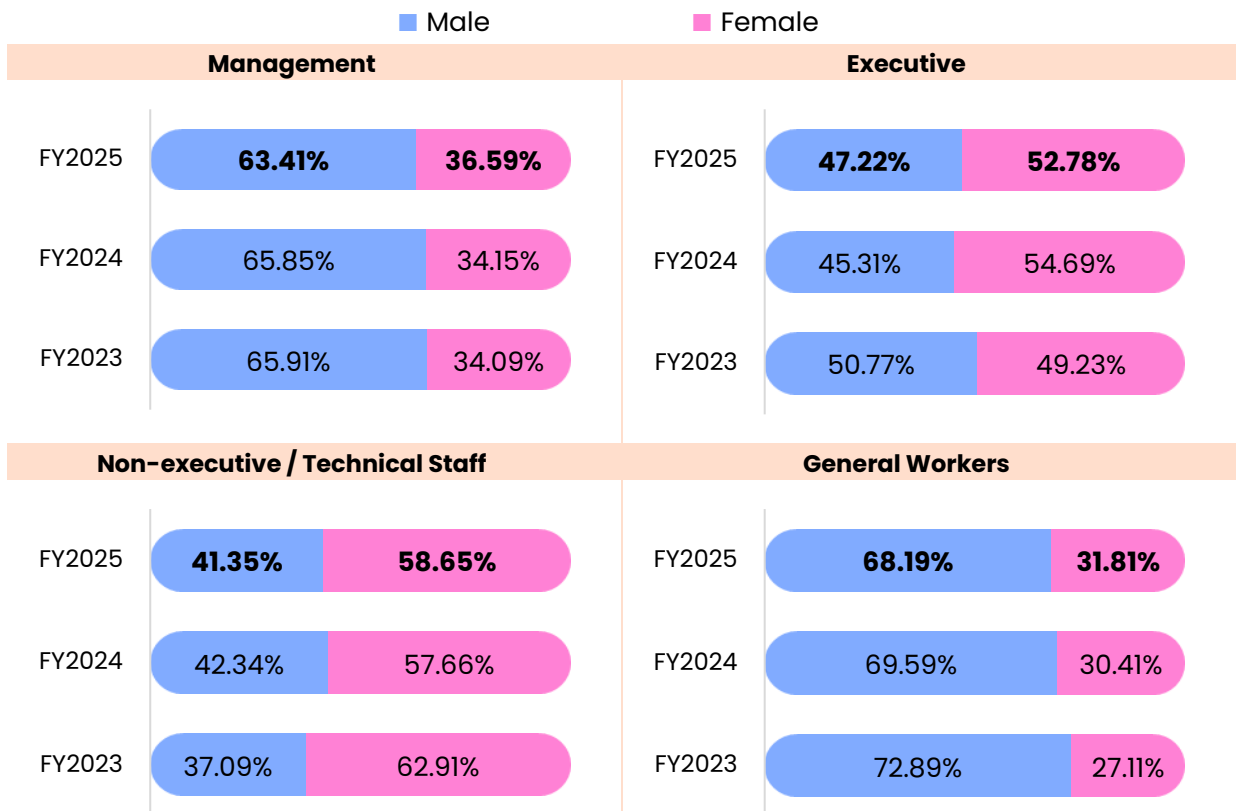


Percentage of employees by gender and age group, for each employee category (GRI 405-1)

Age Group by Employee Category



Gender Group by Employee Category



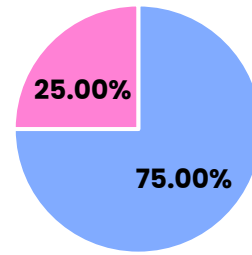
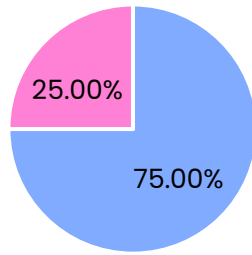
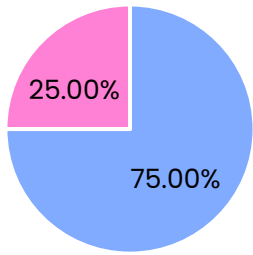
Percentage of directors by gender and age group (GRI 405-1)

FY2023

FY2024

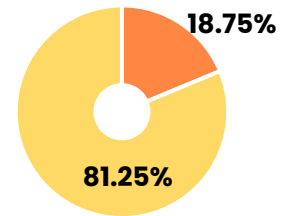
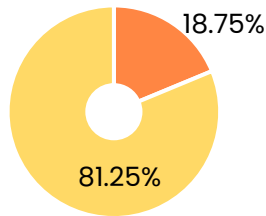
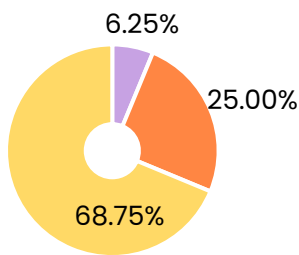
FY2025

By gender



■ Male ■ Female

By age



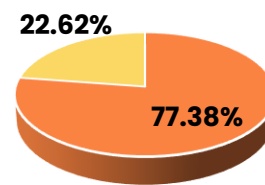
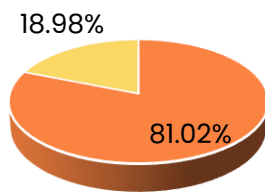
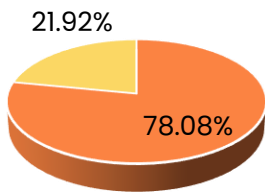
■ Under 30 ■ Between 30-50 ■ Above 50

Percentage of employees that are contractors or temporary staff

FY2023

FY2024

FY2025



■ Permanent ■ Contractors or Temporary Employees

HSIB is committed to ensuring compliance with labour standards while respecting and promoting the human rights of all employees, regardless of their nationality. There have been no complaints or incidents of discrimination, human rights violations or labour law infringements in the past three financial years.

	FY2023	FY2024	FY2025
Incidents of discrimination and corrective actions taken (GRI 406-1)	NIL	NIL	NIL
Number of substantiated complaints concerning human rights violations	NIL	NIL	NIL

Community Investment

■ Our Approach

HSIB is deeply committed to corporate social responsibility (“CSR”) and creating long-term value in the communities where we operate. Our primary goal in community development is to empower and support underprivileged members of society by providing opportunities through educational programs, job training, and other forms of assistance.

We are also dedicated to environmental conservation and sustainability, actively seeking partnerships with like-minded organizations to achieve these goals. Over the years, HSIB has worked closely with non-governmental organizations, government agencies, and educational institutions to support community-based programs, including food donations and fundraising campaigns.

These initiatives are made possible through the dedication and generosity of our employees, who volunteer their time and resources to make a positive impact in the communities we serve.

OUR PERFORMANCE

In FY2025, our total community development expenditure was RM151,945 with 363 beneficiaries in the area of our operation.

Total amount invested in the community where the target beneficiaries are external to the listed issuer (GRI 201-1)

Amount invested in the communities (RM)

FY2023

FY2024

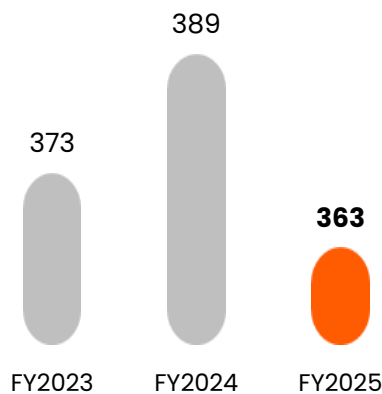
FY2025

RM 127,419

RM 140,061

RM 151,945

Number of beneficiaries

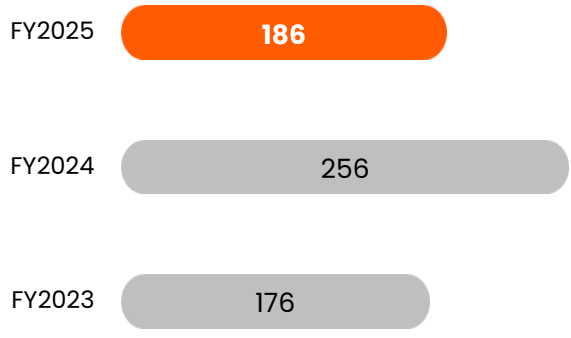


We have also included below a list of some the beneficiaries of our CSR activities for FY2025:

- Che Eng Khor Moral Uplifting Society
- Gabungan Persatuan-Persatuan Cina Batu Pahat
- Kelab Sukan, Rekreasi Dan Kebajikan, Pejabat Tanah Batu Pahat
- Persatuan Peniaga Kedai Runcit Batu Pahat
- Persatuan Kebajikan Thirumular Malaysia
- Persatuan Ping Pong Negeri Johor (Cawangan Batu Pahat)

The Group acknowledges that cultivating collaborative relationships with our stakeholders is imperative for our sustained success and growth. We are committed to attracting diverse and qualified employees, while also providing support to our local community.

Number of new local hires



FY2025 CSR Highlight:

Together WE Build Sustainable Future

In 2025, HSIB proudly launched the "Together WE Build Sustainable Future" initiative, mobilizing 223 employees across two meaningful programs that championed environmental stewardship, team collaboration, and sustainable development.

Held at Pantai Port Dickson and Pantai Kota Kinabalu

This campaign resulted in the collection of 701 kg of waste, contributing to cleaner coastlines and heightened environmental awareness. Beyond its ecological impact, the initiative fostered team spirit and reinforced HSIB's alignment with the following SDGs: 12 Responsible Consumption, 13 Climate Action, 14 Life Below Water, 15 Life on Land, and 17 Partnerships for the Goals.



Biscuit Packaging DIY Upcycling Activity

Creatively reusing 1,120 biscuit wrappers to produce 12 handbags, 3 bottle holders, and 2 ketupat decorations. The activity promoted circular economy principles and ESG awareness, aligned with SDGs 12, 13, 14, and 17.



These initiatives reflect HSIB's commitment to environmental stewardship, employee engagement, and community collaboration.

CORPORATE INTEGRITY AND GOVERNANCE

- *Anti-Bribery and Anti-Corruption*
- *Data Privacy and Security*

HSIB is committed to strong corporate governance and adheres to the Malaysian Code on Corporate Governance (“MCCG”) issued by the Securities Commission Malaysia. The Board believes that good governance enhances accountability and creates long-term shareholder value. To support long-term sustainability, HSIB follows three key principles from the revised MCCG:

1. Principle A: Board Leadership and Effectiveness
2. Principle B: Effective Audit and Risk Management; and
3. Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

For more details on our corporate governance, please refer to HSIB’s website at www.hsib.com.my/corporate-governance.

Anti-Bribery and Anti-Corruption

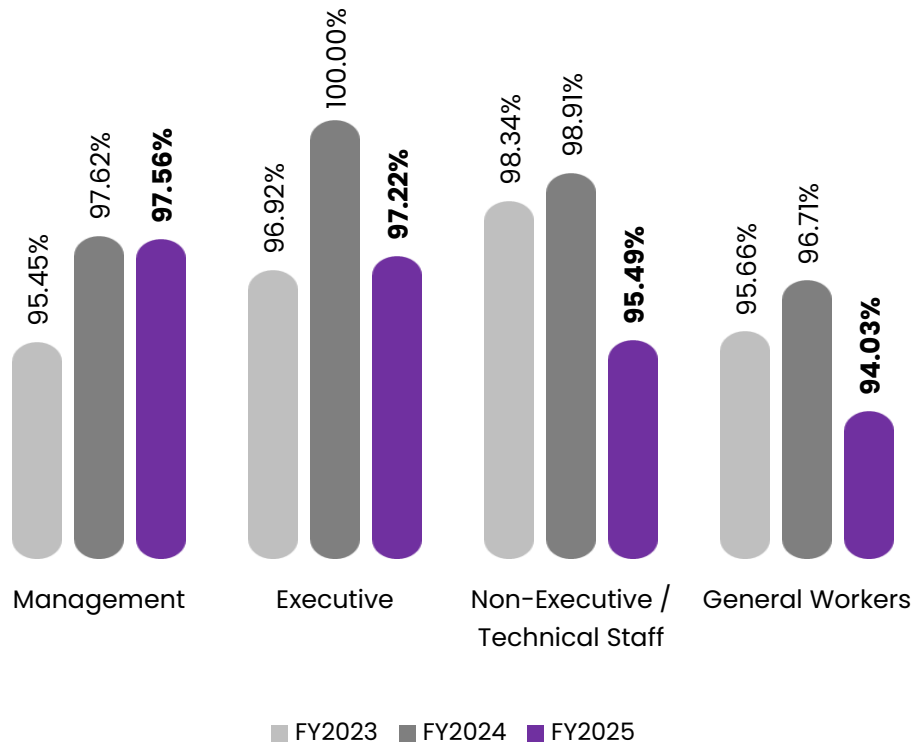
■ Our Approach

HSIB are committed to integrity in business and compliance with the Malaysian Anti-Corruption Commission Act. The Group adopts a zero-tolerance policy toward all forms of bribery and corruption. Employees who refuse to engage in bribery or corruption will not be penalized, even if it results in lost business or unmet targets. The Anti-Bribery and Anti-Corruption (“ABAC”) Policy aligns with the Group’s Code of Conduct and covers all bribery-related circumstances. Compliance with the policy is mandatory and is monitored.

OUR PERFORMANCE

In FY2025, there were no reported breaches, as HSIB maintains a zero-tolerance approach towards corruption, including bribery. We are fully committed to upholding the highest ethical standards in compliance with all relevant laws and regulations. To reinforce our commitment, we continue to provide training to our employees on ABAC policy.

Percentage of employees who have received training on anti-corruption by employee category (GRI 205-2)



	FY2023	FY2024	FY2025
Percentage of operations assessed for corruption-related risks (GRI 205-1)	NIL	100%	100%
Confirmed incidents of corruption and action taken (GRI 205-3)	NIL	NIL	NIL

Data Privacy and Security

■ Our Approach

We strictly adhere to the Personal Data Protection Act (PDPA) 2010 in managing our system and data, supported by a clear policy on data collection, storage, and usage. Our mission is to ensure the uptime of information systems, data integrity, availability, and business continuity. The following internal controls and IT policies have been established to safeguard our systems and data.

Policy / Procedure	Purpose
System Requisition Policy	To control and manage system user access rights, as well as the maintenance of application systems and reports.
Computer System Security Policy	To strengthen password security and system data backup procedures.
Backup Data Encryption Policy	To protect sensitive data like financial records.
IT Disaster Recovery Plan	To ensure data integrity, system uptime, and business continuity in the event of an emergency.

We also provided Cybersecurity Awareness Training to all system and email users, focusing on key topics such as company policies, password management, safe internet practices, and the protection of sensitive data. The training also covers secure practices for data classification, processing, storage, and disposal. In FY2025, 201 participants successfully completed the training.

OUR PERFORMANCE

In view of our data protection practices, we have recorded zero report and complaint of data mismanagement during this reporting period.

	FY2023	FY2024	FY2025
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data (GRI 418-1)	NIL	NIL	NIL

INDEPENDENT LIMITED ASSURANCE STATEMENT



RAPID
GENESIS

Independent Limited Assurance Report

Terms of Engagement

Rapid Genesis Sdn. Bhd. (“RGSB”) was engaged by Hup Seng Industries Berhad (“HSIB”) to perform an **independent limited assurance engagement** over selected *Sustainability Information* included in HSIB’s Sustainability Report 2025 (“SR 2025”). The Report has been prepared by HSIB in accordance with its stated reporting criteria.

Our engagement was conducted in accordance with the International Standard on Assurance Engagements ISAE 3000 (Assurance Engagements Other than Audits or Reviews of Historical Financial Information) and ISAE 3410 (Assurance Engagements on Greenhouse Gas Statements). The scope of assurance covers selected performance indicators aligned with the Global Reporting Initiative (“GRI”) Standards and Bursa Malaysia Securities Berhad’s (Bursa Malaysia) Main Market Listing Requirements, of which HSIB has determined to be material to its environmental, social, and governance (“ESG”) performance for the financial year ended 31st December 2025.

Scope of Assurance

The scope of our limited assurance engagement was restricted to the evaluation of the selected performance indicators specified under GRI standards (herein refers to as “*Sustainability Information*”) included in HSIB’s Sustainability Report 2025 for the reporting period **1st January 2025 to 31st December 2025**, as set out below:

- GRI 2-7: Employees
- GRI 204-1: Proportion of Spending on Local Suppliers
- GRI 205-1: Operations assessed for risks related to corruption
- GRI 205-2: Communication and Training on Anti-Corruption Policies and Procedures
- GRI 205-3: Confirmed Incidents of Corruption and Actions Taken
- GRI 302-1: Energy Consumption within the Organization
- GRI 302-3: Energy Intensity
- GRI 303-5: Water Consumption
- GRI 305-1: Scope 1 Direct GHG Emissions
- GRI 305-2: Scope 2 Indirect GHG Emissions
- GRI 305-3: Scope 3 Indirect GHG Emissions (Business Travel and Employee Commuting only)
- GRI 401-1: New Employee Hires and Employee Turnover
- GRI 403-5: Worker Training on Occupational Health and Safety
- GRI 403-9: Work-related Injuries
- GRI 404-1: Average Hours of Training per Employee
- GRI 405-1: Diversity of Governance Bodies and Employees
- GRI 406-1: Incidents of discrimination and Corrective Actions Taken
- GRI 418-1: Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data
- C2(a) Bursa Malaysia: Total Amount Invested in the Community where the Target Beneficiaries are External to the Listed Issuer
- C2(b) Bursa Malaysia: Total Number of Beneficiaries of the Investment in Communities
- C6(d) Bursa Malaysia: Number of Substantiated Complaints Concerning Human Rights Violations

Scope of Coverage

The assurance engagement covered the following entities under HSIB’s **operational control approach**:

- Hup Seng Perusahaan Makanan (M) Sdn. Bhd.
- Hup Seng Hoon Yong Brothers Sdn. Bhd.
- In-Comix Food Industries Sdn. Bhd.

Geographical boundary: Johor, Malaysia

Reporting Criteria

The reporting criteria applied by HSIB in the preparation of the selected sustainability information comprise:

- Main Market Listing Requirements, Bursa Malaysia Securities Berhad (Bursa Malaysia)
- Bursa Malaysia's Sustainability Reporting Guide and Toolkits (3rd Edition)
- Bursa Malaysia's Enhances Sustainability Reporting Framework
- United Nations Sustainable Development Goals (UN SDG)
- Global Reporting Initiative (GRI) Standards 2021

Assurance Procedures Performed

A limited assurance engagement involves performing procedures to obtain evidence about the selected *Sustainability Information*. The procedures performed were limited in nature compared with those required for a reasonable assurance engagement and included, on a test basis:

- Reviewing the Sustainability Report and relevant internal documentation to obtain an understanding of HSIB's sustainability reporting processes, methodologies, and controls;
- Making inquiries of management and personnel responsible for sustainability data collection, compilation, and reporting;
- Performing analytical procedures and limited substantive testing, on a sample basis, of selected data by reference to underlying records and supporting documentation;
- Reperforming selected calculations, including those relating to energy consumption, GHG emissions, and water usage, to assess consistency with applicable GRI methodologies;
- Evaluating the appropriateness of emission factors, assumptions, and calculation methods applied for GHG-related disclosures;
- Assessing selected internal controls relevant to the preparation of the selected *Sustainability Information* to ensure that it is complete, accurate, and consistent with supporting records. This included evaluating processes for tracking employee training hours, work-related injuries, diversity metrics, anti-corruption training, and procurement spend on local suppliers; and
- Reviewing HSIB's policies on ethics, anti-corruption, health and safety, and sustainability, and evaluated their communication to employees, suppliers, and other stakeholders, and its alignment with the reported *Sustainability Information*.

Responsibilities of HSIB

HSIB is responsible for:

- The preparation and presentation of the SR 2025 in accordance with the stated reporting criteria;
- Determining material sustainability topics and selecting appropriate performance indicators;
- Ensuring that the SR 2025 is accurate, complete, and consistent to the best of its knowledge, supported by appropriate records, documentation, and underlying assumptions.
- Designing, implementing, and maintaining internal controls relevant to the preparation of sustainability information that is free from material misstatement, whether due to fraud or error; and
- Ensuring compliance with applicable reporting frameworks, laws, and regulations.

Responsibilities of Rapid Genesis

Our responsibility is to express a limited assurance conclusion on the selected *Sustainability Information* in HSIB's SR 2025 based on the procedures performed and the evidence obtained. A limited assurance engagement conducted in accordance with ISAE 3000 (Revised) and ISAE 3410 involves assessing the suitability of the reporting criteria, identifying and responding to risks of material misstatement, and evaluating the overall presentation of the selected information. Such an engagement is substantially less in scope than a reasonable assurance engagement and does not enable us to obtain the level of assurance that would be required to express a reasonable assurance conclusion.

Independence and Quality Management

Rapid Genesis maintains a documented quality management system certified to ISO 9001:2015, which governs the planning, performance, supervision, review, and reporting of assurance engagements. The system is designed to support consistent engagement quality and is aligned, where relevant, with the principles of the International Standard on Quality Management 1 (ISQM 1).

We are independent of HSIB and have conducted this engagement in accordance with our internal independence and ethical requirements applicable to non-accountant assurance practitioners. Our practitioners uphold ethical and professional standards, including adherence to independence, objectivity, and professional competency that is aligned with the fundamental ethical principles of the IESBA Code of Ethics for Professional Accountants.

Inherent Limitations of the Assurance Engagement

Our assurance engagement was subject to the following inherent limitations:

- The procedures performed were conducted on a sample basis, and therefore do not provide assurance over all underlying data; and
- The scope of our work was limited to the specific performance indicators identified above and did not extend to other sustainability disclosures or external third-party information unless otherwise stated.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the selected *Sustainability Information* included in HSIB's Sustainability Report 2025 has not been prepared, in all material respects, in accordance with the stated reporting criteria.

Rapid Genesis Sdn Bhd



Tang Kok Mun
Lead Consultant
27 February 2026



GRI CONTEXT INDEX

Statement of Use

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

GRI 1 used

GRI 1: Foundation 2021

GRI Standard

Disclosure

Page

GRI 2: General Disclosures 2021

2-1	Organizational details	2-4
2-2	Entities included in the organization's sustainability reporting	7
2-3	Reporting period, frequency and contact point	7
2-4	Restatements of information	36, 37
2-5	External assurance	56-58
2-6	Activities, value chain and other business relationships	3-6
2-7	Employees	47-49
2-8	Workers who are not employees	49
2-9	Governance structure and composition	12-13
2-10	Nomination and selection of the highest governance body	CG Overview Statement www.hsib.com.my/nomination-committee
2-11	Chair of the highest governance body	12-13
2-12	Role of the highest governance body in overseeing the management of impacts	12-13
2-13	Delegation of responsibility for managing impacts	12-13
2-14	Role of the highest governance body in sustainability reporting	13
2-15	Conflicts of interest	Anti-Bribery and Anti-Corruption: Code of Conduct www.hsib.com.my/corporate-governance
2-16	Communication of critical concerns	Anti-Bribery and Anti-Corruption: Code of Conduct www.hsib.com.my/corporate-governance
2-17	Collective knowledge of the highest governance body	12-13

GRI Standard		
	Disclosure	Page
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Report
2-19	Remuneration policies	www.hsib.com.my/corporate-governance
2-20	Process to determine remuneration	www.hsib.com.my/corporate-governance
2-21	Annual total compensation ratio	Information on key management personnel compensation available in Annual Report
2-22	Statement on sustainable development strategy	9–11
2-23	Policy commitments	12–14
2-24	Embedding policy commitment	12–14, 27, 30, 34, 35, 41, 47, 53, 55
2-25	Processes to remediate negative impacts	Anti-Bribery and Anti-Corruption, Whistleblowing Policy www.hsib.com.my/corporate-governance
2-26	Mechanisms for seeking advice and raising concerns	Anti-Bribery and Anti-Corruption www.hsib.com.my/corporate-governance
2-27	Compliance with laws and regulations	35, 41, 42, 53, 55
2-28	Membership associations	-
2-29	Approach to stakeholder engagement	15–17
2-30	Collective bargaining agreements	-
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	18
3-2	List of material topics	18–22
3-3	Management of material topics	18–22
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	27–29
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local supplier	34
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	54
205-2	Communication and training about anti-corruption policies and procedures	54

GRI Standard		
	Disclosure	Page
205-3	Confirmed incidents of corruption and actions taken	54
GRI 301: Materials 2016		
301-1	Materials used by weight or volume	38
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	36
302-3	Energy intensity	36
GRI 303: Water and Effluents 2018		
303-5	Water consumption	40
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	37
305-2	Energy indirect (Scope 2) GHG emissions	37
305-3	Other indirect (Scope 3) GHG emissions	37
GRI 306: Waste 2020		
306-3	Waste generated	39
306-4	Waste diverted from disposal	39
306-5	Waste directed to disposal	-
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	46, 51
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	42-43
403-4	Worker participation, consultation, and communication on occupational health and safety	42-43
403-5	Worker training on occupational health and safety	43
403-9	Work-related injuries	43

GRI Standard		
	Disclosure	Page
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	45
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	47-49
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	49
GRI 417: Marketing and Labelling 2016		
417-1	Requirements for product and service information and labelling	32
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	55

BURSA MALAYSIA PRESCRIBED TABLE

As a listed issuer, HSIB is required to provide mandatory ESG disclosures in accordance with the Main Market Listing Requirements. The required performance data related to our key concerns is presented in the tables across the subsequent pages.

Hup Seng Industries Berhad
BMLR Transition Period

Date & Time: 2026-03-18_16:11:54
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category - Management	Percentage	9756	—	External (Limited)
Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category - Executive	Percentage	9722	—	External (Limited)
Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category - Non-executive/Technical Staff	Percentage	95,49	—	External (Limited)
Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category - General Workers	Percentage	94,03	—	External (Limited)
Anti-corruption	Percentage of operations assessed for corruption-related risks	Percentage	100	100	External (Limited)
Anti-corruption	Confirmed incidents of corruption and action taken	Number	NIL	NIL	External (Limited)
Community/Society	Total amount invested in the community where the target beneficiaries are external to the listed issue	RM	151,945	—	External (Limited)
Community/Society	Total number of beneficiaries of the investment in communities	Number	363	—	External (Limited)
Diversity	Percentage of employees by gender and age group, for each employee category - Management Under 30	Percentage	NIL	—	External (Limited)
Diversity	Percentage of employees by gender and age group, for each employee category - Management Between 30-50	Percentage	14,63	—	External (Limited)

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Page 1 of 5

Hup Seng Industries Berhad
BMLR Transition Period

Date & Time: 2026-03-18_16:11:54
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity	Percentage of employees by gender and age group, for each employee category – Management Above 50	Percentage	85.37	—	External (Limited)
Diversity	Percentage of employees by gender and age group, for each employee category – Executive Under 30	Percentage	5.56	—	External (Limited)
Diversity	Percentage of employees by gender and age group, for each employee category – Executive Between 30-50	Percentage	40.28	—	External (Limited)
Diversity	Percentage of employees by gender and age group, for each employee category – Executive Above 50	Percentage	54.17	—	External (Limited)
Diversity	Percentage of employees by gender and age group, for each employee category – Non-executive/Technical Staff Under 30	Percentage	9.40	—	External (Limited)
Diversity	Percentage of employees by gender and age group, for each employee category – Non-executive/Technical Staff Between 30-50	Percentage	55.64	—	External (Limited)
Diversity	Percentage of employees by gender and age group, for each employee category – Non-executive/Technical Staff Above 50	Percentage	34.96	—	External (Limited)
Diversity	Percentage of employees by gender and age group, for each employee category – General Workers Under 30	Percentage	38.65	—	External (Limited)
Diversity	Percentage of employees by gender and age group, for each employee category – General Workers Between 30-50	Percentage	41.26	—	External (Limited)

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity	Percentage of employees by gender and age group, for each employee category - General Workers Above 50	Percentage	20.09	—	External (Limited)
Diversity	Percentage of employees by gender and age group, for each employee category - Management Male	Percentage	63.41	—	External (Limited)
Diversity	Percentage of employees by gender and age group, for each employee category - Management Female	Percentage	36.59	—	External (Limited)
Diversity	Percentage of employees by gender and age group, for each employee category - Executive Male	Percentage	47.22	—	External (Limited)
Diversity	Percentage of employees by gender and age group, for each employee category - Executive Female	Percentage	52.78	—	External (Limited)
Diversity	Percentage of employees by gender and age group, for each employee category - Non-executive/Technical Staff Male	Percentage	41.35	—	External (Limited)
Diversity	Percentage of employees by gender and age group, for each employee category - Non-executive/Technical Staff Female	Percentage	58.65	—	External (Limited)
Diversity	Percentage of employees by gender and age group, for each employee category - General Workers Male	Percentage	68.19	—	External (Limited)
Diversity	Percentage of employees by gender and age group, for each employee category - General Workers Female	Percentage	31.81	—	External (Limited)
Diversity	Percentage of directors by gender and age group - Male	Percentage	75.00	—	External (Limited)

Hup Seng Industries Berhad
BMLR Transition Period

Date & Time: 2026-03-18_16:11:54
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity	Percentage of directors by gender and age group - Female	Percentage	25.00	—	External (Limited)
Diversity	Percentage of directors by gender and age group - Under 30	Percentage	NIL	—	External (Limited)
Diversity	Percentage of directors by gender and age group - Between 30-50	Percentage	18.75	—	External (Limited)
Diversity	Percentage of directors by gender and age group - Above 50	Percentage	81.25	—	External (Limited)
Energy management	Total energy consumption	mil kWh	39	43	External (Limited)
Health and safety	Number of work-related fatalities	Number	NIL	NIL	External (Limited)
Health and safety	Lost time incident rate ("LTIR")	Rate	0.99	1.5	External (Limited)
Health and safety	Number of employees trained on health and safety standards	Number	827	820	External (Limited)
Labour practices and standards	Total hours of training by employee category - Management	Hours	2,366	—	External (Limited)
Labour practices and standards	Total hours of training by employee category - Executive	Hours	3,583	—	External (Limited)
Labour practices and standards	Total hours of training by employee category - Non-executive/Technical Staff	Hours	3,492	—	External (Limited)
Labour practices and standards	Total hours of training by employee category - General Workers	Hours	7,224	—	External (Limited)
Labour practices and standards	Percentage of employees that are contractors or temporary staff	Percentage	22.62	25	External (Limited)
Labour practices and standards	Total number of employee turnover by employee category - Management	Number	2	—	External (Limited)

Hup Seng Industries Berhad
BMLR Transition Period

Date & Time: 2026-03-18_16:11:54
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Labour practices and standards	Total number of employee turnover by employee category - Executive	Number	1	—	External (Limited)
Labour practices and standards	Total number of employee turnover by employee category - Non-executive/Technical Staff	Number	29	—	External (Limited)
Labour practices and standards	Total number of employee turnover by employee category - General Workers	Number	139	—	External (Limited)
Labour practices and standards	Number of substantiated complaints concerning human rights violations	Number	NIL	NIL	External (Limited)
Supply chain management	Proportion of spending on local suppliers	Percentage	971	95	External (Limited)
Data privacy and security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	NIL	NIL	External (Limited)
Water	Total volume of water used	Cubic meter (m3)	57,909	63,000	External (Limited)