

SUSTAINABILITY STATEMENT 2025

OUR APPROACH TO SUSTAINABILITY

This Sustainability Statement, which is prepared with reference to the Sustainability Reporting Guide (3rd Edition) issued by Bursa Malaysia Securities Berhad, United Nations Sustainable Development Goals ("SDG") and Global Reporting Initiative ("GRI") Standards which covers the management of material economic, environmental, social and governance matters of our Group for FY2025.

Hexza Corporation Berhad ("Hexza") was established in 1969 under the name Norsechem (M) Sdn. Bhd. In 1986, we acquired Chemical Industries (Malaya) Sdn. Bhd. which is Malaysia's first ethanol manufacturer established since 1960. In 1993, we started our resins operations in Sarawak via Norsechem Sarawak Sdn. Bhd., which is now known as Hexzachem Sarawak Sdn. Bhd. In 1985, Norsechem (Sabah) Sdn. Bhd. was founded as a 40/60 joint venture between Hexza and Permodalan Bumiputra Sabah respectively. Our shareholding was reduced to 19.6% when Innoprise Corporation Sdn. Bhd. bought 51% of the shares from the joint venture partners.

Since its establishment, Hexza has progressed together with Malaysia and corporate social responsibility has been deeply rooted in our Company culture throughout the years. The Board of Directors is conscious of its corporate and social responsibilities to its various stakeholders to always operate ethically. Our sustainability efforts also take into account the economic, environmental and social aspects in addition to the corporate governance considerations, as detailed in our Corporate Governance Overview Statement and Corporate Governance Report. Our Group's mission is to enhance value for all stakeholders whilst taking into consideration its continued social obligations.

Corporate Social Responsibility and Sustainability are important components of long-term business success. For our Group, Corporate Social Responsibility is about conducting business with a conscience, caring for employees, the community, the environment, customers, shareholders and all stakeholders. Our Corporate Social Responsibility mission is for all our Directors, senior executives, management and staff to be community players in the promotion of a caring and civil society.

SCOPE

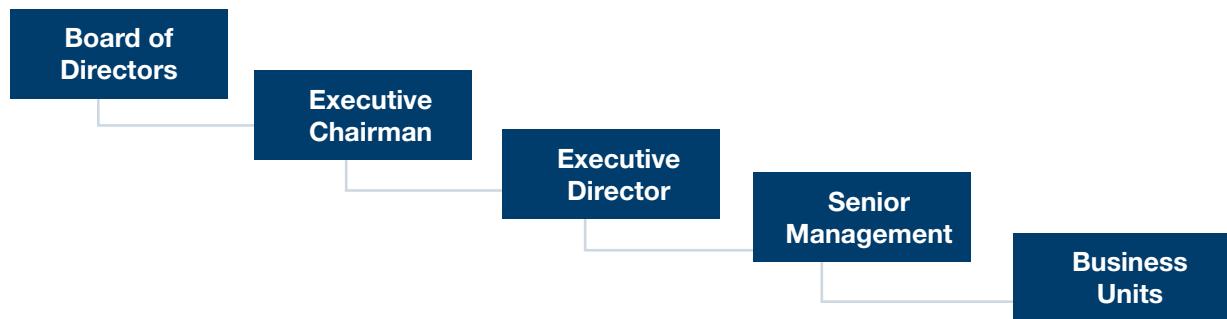
This Sustainability Statement covers our holding company, Hexza, in Ipoh, Perak as well as our main operating subsidiaries, comprising the ethanol division and natural vinegar plant in Ipoh, Perak and our resins division in Kuching, Sarawak. The period covered is for the financial year commencing 1 July 2024 to 30 June 2025.

GOVERNANCE STRUCTURE

The ultimate responsibility to embed sustainability in Hexza's business strategy and operations rests with the Board of Directors. Our Board is responsible for reviewing sustainability matters that are considered material to the Group's business and stakeholders. Our Executive Chairman ("EC"), with support from the Executive Director ("ED"), is responsible for developing our Group's sustainability strategy, implementing and overseeing the implementation of this strategy.

Our Group's senior management and their respective business units support the EC and ED in the execution of our Group's sustainability strategy, stakeholder engagement process, materiality assessment, management of material sustainability matters and preparation of sustainability disclosures.

SUSTAINABILITY STATEMENT 2025



At Hexza, we conduct our business with integrity by adhering to the following:

- I. The Hexza Code of Ethics and Conduct which outlines guiding principles for general ethical standards that are applicable to all our employees and Directors.
- II. The Anti-Bribery and Anti-Corruption Policy which prohibits any acts, either directly or indirectly of inducing, soliciting, seeking, offering and receiving any and all sorts of benefits, incentives, commissions, gifts and advantages either in cash or in kind in all business dealings with Hexza. Employees and management should identify and report fraud, bribery and corruption in their respective business units at all times.
- III. Our Whistleblowing Policy provides an avenue for employees and the public to lodge complaints of corrupt practices or wrongdoings in a confidential manner. Employees or other persons making such reports will be treated fairly and protected from reprisals. The management adopts an open-door policy, where employees are able to communicate anti-bribery and anti-corruption issues or lodge a report to senior management. If the employee or external party does not feel comfortable or it is inconvenient to lodge the report to senior management, he or she may make a confidential report of improper conduct in writing to the Audit Committee Chairman via e-mail to whistleblowing@hexza.com.my.
- IV. The Internal Auditors ("IA") independently assists the Audit Committee ("AC") to assess the integrity of our financial reporting process and the effectiveness of risk management and internal controls. The IA engagements are carried out based on an annual audit plan approved by the AC. Depending on the auditable areas assessed and the scope of audit, the level of exposure to the relevant fraud, bribery or corruption risks will be taken into consideration during the audit process. The results of the audits in the IA reports are reviewed by the AC and also reported to the Board of Directors.

Hexza adopts a zero-tolerance approach to violations of the Hexza Code of Ethics and Conduct and Anti-Bribery and Anti-Corruption Policy (collectively referred to as "ethical policies and standards") to uphold the corporate integrity, prevent fraud and irregularities, and comply with all applicable laws and regulations.

STAKEHOLDER ENGAGEMENT

In determining and prioritising sustainability matters that are material to our Group and our stakeholders, we take into consideration the perspective of various stakeholders.

The table below summarises how key stakeholder groups have been engaged:

Stakeholder Group	Areas of Concern	Our Action	Engagement Approach
Shareholders/ Investors	<ul style="list-style-type: none"> • Financial performance and business strategy; • Regulatory compliance; • Environment, Social and Governance; • Ethical business conducts; • Risk management; • Dividend 	<ul style="list-style-type: none"> • Provide timely financial performance update; • Conduct business with integrity; • Adherence to good governance standards and principle; • Focus on shareholder value creation 	<ul style="list-style-type: none"> • Annual General Meetings; • Annual Report; • Corporate Website; • Media Releases; • Analyst Briefing; • Quarterly Results Announcements

SUSTAINABILITY STATEMENT 2025 (continued)

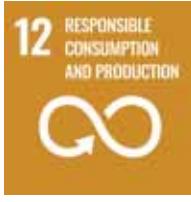
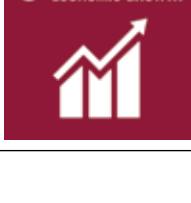
Stakeholder Group	Areas of Concern	Our Action	Engagement Approach
Employees	<ul style="list-style-type: none"> Safe and healthy workplace; Career development and training; Human rights and fair labour practices; Welfare and benefits 	<ul style="list-style-type: none"> Employee anti-bribery and anti-corruption declaration; Strict adherence to labour laws; Ensures workplace health and safety measures in place; Ensures equal employment opportunities without discrimination 	<ul style="list-style-type: none"> Management meetings; Business unit meetings; Discussions/Meetings with trade union; Induction programme; Training and seminars
Customers	<ul style="list-style-type: none"> Product quality, customer service and customer satisfaction; Regulatory compliance and certification; Relationship management 	<ul style="list-style-type: none"> Ensure product quality and customer service meets the highest standards; Strict adherence to Anti-Bribery and Anti-Corruption Policy with zero tolerance; Adherence to Personal Data Protection Act 2010 	<ul style="list-style-type: none"> Customer feedback; Business meetings; Site visits to customer's premises/offices; Customer audit
Suppliers	<ul style="list-style-type: none"> Relationship management; Products and services quality; Ethical sourcing; Supplier concentration / dependence 	<ul style="list-style-type: none"> Ensures product quality meets the highest standards; Strict adherence to Anti-Bribery and Anti-Corruption Policy with zero tolerance; Reduce supplier concentration / dependence 	<ul style="list-style-type: none"> Supplier feedback; Business meetings; Site visits to supplier's premises/offices; Supplier audit and assessment
Government/Regulators	<ul style="list-style-type: none"> Regulatory and environmental compliance; Health and safety compliance; Labour laws 	<ul style="list-style-type: none"> Ensures compliance with legal and regulatory frameworks across all jurisdictions 	<ul style="list-style-type: none"> Feedback from regulatory bodies; On-site inspections by government agencies and regulatory bodies; Meetings with government agencies; Discussions with compliance officers
Communities	<ul style="list-style-type: none"> Community engagement; Job creation; Corporate social responsibility; Responsible corporate citizen 	<ul style="list-style-type: none"> Promote local job opportunities; Provide education scholarships and sponsorships 	<ul style="list-style-type: none"> Engagement with non-government organisations; Engagement with local charities; Education Sponsorships; Internships

SUSTAINABILITY STATEMENT 2025 (continued)

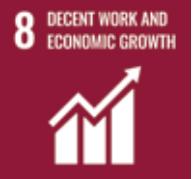
MANAGING SUSTAINABILITY MATTERS

Materiality Assessment

We have identified sustainability areas that are significant to our businesses and stakeholders and have categorised them into respective pillars as follows:

Pillars	Sustainability Areas	United Nations SDGs	GRI	Stakeholder Groups
1. Environmental	<ul style="list-style-type: none"> • Emissions; • Waste management; • Water consumption; • Energy and resource management; • Carbon footprint management 	 	302: Energy 303: Water & Effluents 305: Emissions 306: Waste	<ul style="list-style-type: none"> • Government/Regulators • Shareholders/Investors • Suppliers • Customers • Communities
2. Social	<ul style="list-style-type: none"> • Competitive employment compensation and benefits; • Occupational safety and health; • Talent management; • Diversity and inclusivity 	   	401: Employment 403: Occupational Health & Safety 404: Training & Education 405: Diversity & Equal Opportunity 406: Non-Discrimination	<ul style="list-style-type: none"> • Employees • Government/Regulators • Shareholders/Investors • Communities

SUSTAINABILITY STATEMENT 2025 (continued)

3. Economic	<ul style="list-style-type: none"> • Product quality; • Corporate governance; • Code of conduct; • Anti-bribery and anti-corruption; • Assets and Capital management; • Legal and regulatory compliance; • Risk management 	 	2-23: Policy Commitments 2-27: Compliance with laws and regulations 203: Indirect Economic Impacts 205: Anti-corruption	<ul style="list-style-type: none"> • Employees • Government/Regulators • Shareholders/Investors • Suppliers • Customers
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Environmental Management

As with any manufacturing company, emission and waste management are important considerations and key issues to deal with. It is within our culture to uphold environmental integrity and focus on efforts towards conservation and preservation of the environment. We ensure that we follow proper procedures and environment friendly methods when dealing with our emissions and effluent.

We are subject to the regulations set by the Department of Environment (“DOE”) and any infringement would result in major reputational and monetary risks to the Company. We are committed to follow the regulations set by the DOE, particularly on emissions standards and effluent management.

In June 2025, our ethanol division under Chemical Industries (Malaya) Sdn. Bhd. (“CIM”) successfully completed the installation of the corn-based ethanol plant project, converting our existing plant from using molasses to using corn as primary feedstock for our ethanol production. This is an important milestone for CIM and the Group and further exemplifies our unwavering commitment to quality, sustainability and the advancement of our operations through modern, circular production methods.

CIM’s corn-based ethanol plant can produce high quality ethanol with an annual capacity of up to 10 million litres, and with minimal waste. A key byproduct of the ethanol production process, Distiller’s Dried Grains with Solubles (“DDGS”) is repurposed into high-value livestock feed and sold to local farms in Malaysia, reinforcing CIM’s adoption of sustainable production principles. This makes CIM the first and only manufacturer and supplier of locally produced DDGS in Malaysia, helping to reduce the country’s dependence on imported animal feed and supporting both food security and sustainable agriculture. This new corn-based ethanol plant not only underscores CIM’s position as the leading ethanol manufacturer in Malaysia, with our strong commitment towards producing high quality ethanol and DDGS, but also Hexza’s commitment to ESG principles.

Product Responsibility

In terms of product mix for our resins division under Hexzachem Sarawak Sdn. Bhd., we are producing a higher mix of environmentally friendly products, e.g., a higher proportion of low formaldehyde emissions resins or also known as E0 resins. E0 is a European standard requiring formaldehyde emissions to be equal to or less than 0.5 mg/l. Meanwhile, we are also producing super E0 resins, which have an emission level of below 0.3 mg/l. E0 and super E0 resins currently make up about 43% of our total resins sales volume. Many of our clients sell their low emission wood products to markets such as Japan, Europe and USA.

SUSTAINABILITY STATEMENT 2025 (continued)

Employee well-being

Hexza aspires to be the employer of choice in the cities that we operate in. As a caring employer, we offer competitive compensation and benefits. We provide employees with generous health and insurance benefits, annual leave and paid public holidays that are higher than the statutory minimum. We provide some of our employees the option to extend their employment beyond the retirement age, prioritise workplace health and safety of employees, support human capital development through various training and workshops and promote workplace diversity that is free from any discrimination.

The health and welfare of our employees are very important to our Group. We recognise our employees contributions to our Group, and as the building blocks of our Group, their health and welfare are essential for the efficient functionality of operations of the Group. Our employees are provided with adequate medical, hospitalisation and personal accident insurance benefits.

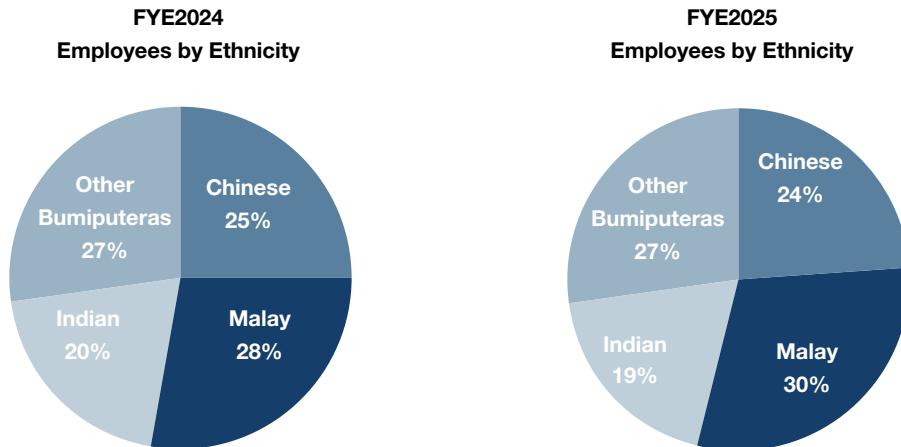
On top of the statutory minimum annual leave of 8 days, our employees are given between 12 days and up to 22 days of annual leave depending on seniority and length of service with our Group. While the statutory entitlement for paid public holidays is 11 days for Peninsular Malaysia and 16 days for Sarawak, we observe 16 days of public holidays in both Peninsular Malaysia and Sarawak for the benefit of our employees.

As life expectancy has improved in this day and age, we re-employ some of our capable employees who have reached the statutory retirement age to continue providing them with a source of income.

We place great importance to and prioritise occupational safety and health standards in our operations. We are committed to promoting and maintaining a healthy and safe workplace for our employees. We currently comply with the relevant laws and regulations set by the Department of Occupational Safety and Health and continuously work on identifying and improving the safety and health areas for the benefit of our employees, and the Group as a whole. The Group has taken proactive action to ensure our employees' safety, however, overall safety and health of our employees is a group effort. As such, safety and health in the workplace also fall on the employees. Therefore, employees are given safety and health training from time to time to ensure that standards, rules, and regulations put in place by the Group have been closely adhered to for the benefit of all our employees. Employees are provided with safety equipment, personal protective equipment, and other safety devices for their protection.

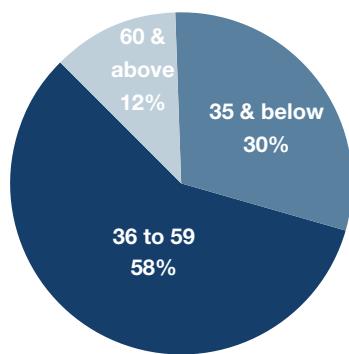
We endeavour to provide sustainable job opportunities and support our employees' development through various training programs and workshops. We encourage and sponsor our employees to improve their skills and intellectual development through courses and other training programs. In our efforts to create an inclusive environment, we strive to maintain a diverse workforce in terms of gender, age group and ethnicity. We are supportive of equal opportunities with regard to employment and are opposed to any form of discrimination. We evaluate potential candidates by their capabilities, skills, experience and overall suitability to the role.

Our Group maintains a diverse workforce by gender and ethnicity in promotion of the spirit of unity and harmony among the different races and prohibits any form of discrimination based on background, race, religion, gender or age. The diversity in age across our employees provides us with benefits such as a mix of skills and abilities, a wide range of knowledge and experience, as well as a platform for talent development and succession planning. Our workforce diversity is shown below:

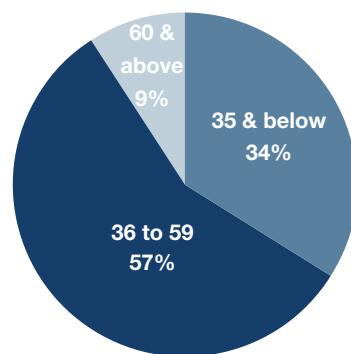


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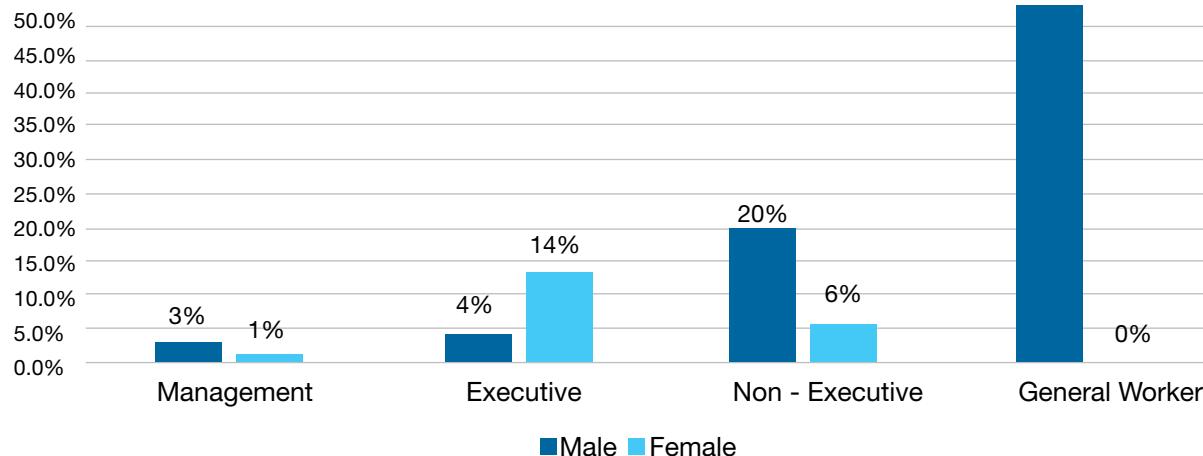
FYE2024
Employees by Age Group



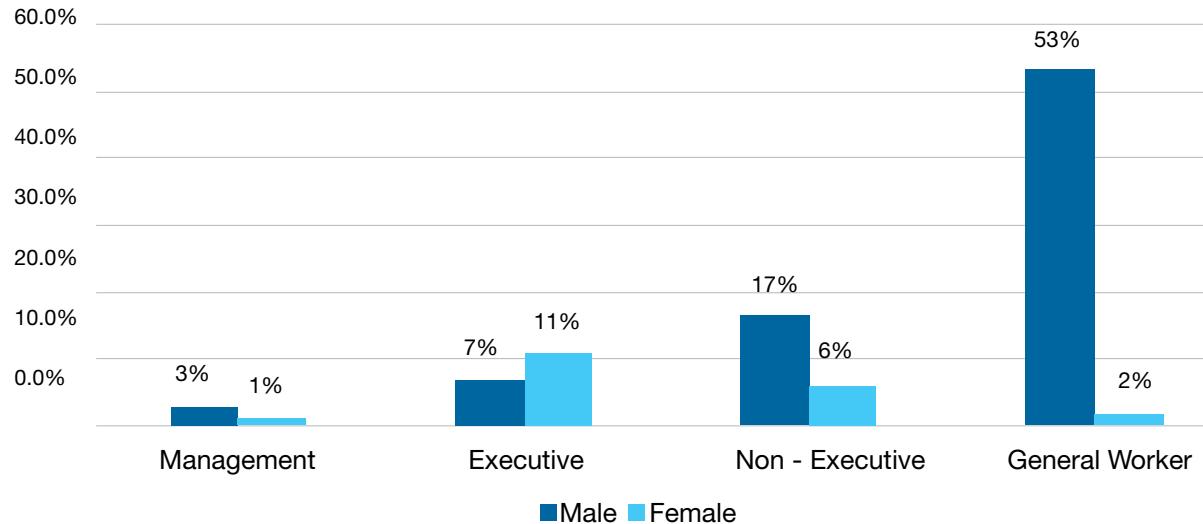
FYE2025
Employees by Age Group



FYE2024 Gender Group by Employee Category



FYE2025 Gender Group by Employee Category



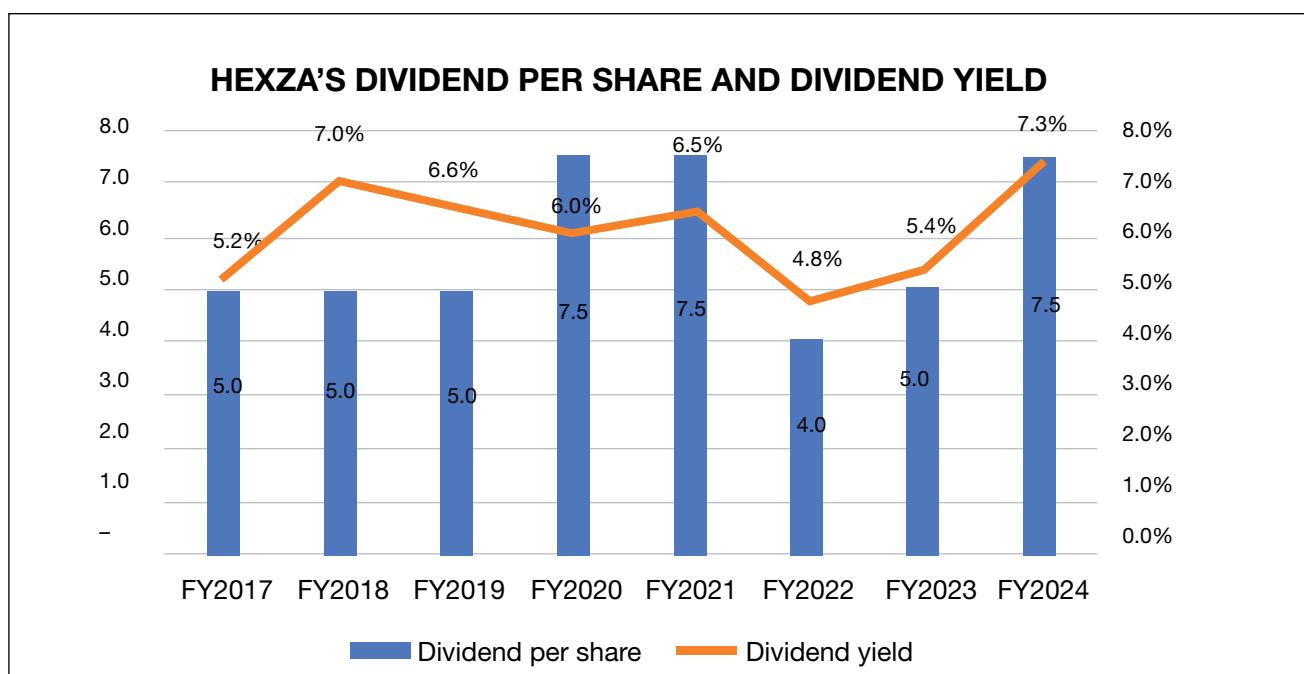
SUSTAINABILITY STATEMENT 2025 (continued)

Community Service

We strive to provide mentorship opportunities to potential intern candidates and expose them to real work-life situations and challenges. We also provide sponsorship to deserving Malaysian students to further their education at the local tertiary level.

Economic Impact

We always strive to distribute dividends to our shareholders and distribute a portion of our profits generated back to shareholders. We reward our shareholders for their support by ensuring a consistent dividend yield that is generally higher than the fixed deposit rate.



Note: Dividend yield is calculated based on Hexza's closing share price on the date of announcement of the dividend entitlement for the respective financial years.

With healthy cash reserves ready to be deployed for investment purposes, we continuously seek the best investments and value-creation opportunities for our shareholders either through mergers and acquisitions or venturing into new businesses for growth and/or to diversify our earnings base.

Hexza believes in contributing to the economy of Malaysia by providing job opportunities to Malaysians and improving local skill levels and capabilities. We believe in paying wages appropriate for the cities that we operate in so as to provide our employees and their families with a decent standard of living.

As a responsible corporate citizen, we have also been contributing to the country via the payment of taxes. On an annual basis, we contribute significantly to government revenues, directly in the form of corporate tax and sales and services tax, as well as indirectly through our customers' payments of excise duty through sales of our ethanol products. Our businesses will continue to contribute not only to the economy of Malaysia but also to fellow Malaysians.

Conclusion

The Board is committed to continuously improve its integration of environmental, sustainability and social responsibility initiatives into all of the Group's business operations, to ensure that our businesses operate in an efficient, ethical and responsible manner at all times.

PERFORMANCE DATA TABLE FROM BURSA MALAYSIA'S ESG REPORTING PLATFORM

Indicator	Measurement Unit	2025
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management 35 & below	Percentage	0.00
Management Between 36-59	Percentage	75.00
Management 60 & above	Percentage	25.00
Executive 35 & below	Percentage	45.00
Executive Between 36-59	Percentage	50.00
Executive 60 & above	Percentage	5.00
Non-executive/Technical Staff 35 & below	Percentage	12.00
Non-executive/Technical Staff Between 36-59	Percentage	68.00
Non-executive/Technical Staff 60 & above	Percentage	20.00
General Workers 35 & below	Percentage	42.00
General Workers Between 36-59	Percentage	52.00
General Workers 60 & above	Percentage	6.00
Gender Group by Employee Category		
Management Male	Percentage	75.00
Management Female	Percentage	25.00
Executive Male	Percentage	39.00
Executive Female	Percentage	61.00
Non-executive/Technical Staff Male	Percentage	74.00
Non-executive/Technical Staff Female	Percentage	26.00
General Workers Male	Percentage	96.00
General Workers Female	Percentage	4.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	80.00
Female	Percentage	20.00
35 & below	Percentage	34.00
Between 36 to 59	Percentage	56.00
60 and above	Percentage	10.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	2,941.84
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	99.230000
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	21
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	102
Executive	Hours	112
Non-executive/Technical Staff	Hours	112
General Workers	Hours	301

Internal assurance

External assurance

No assurance

(*)Restated

PERFORMANCE DATA TABLE FROM BURSA MALAYSIA'S ESG REPORTING PLATFORM

Indicator	Measurement Unit	2025
Bursa (Labour practices and standards)		
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	16.00
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	1
Executive	Number	7
Non-executive/Technical Staff	Number	0
General Workers	Number	1
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100.00
Executive	Percentage	100.00
Non-executive/Technical Staff	Percentage	100.00
General Workers	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	25.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer		0.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	78.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Waste management)		
Bursa C10(a) Total waste generated	Metric tonnes	11,191.77
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	11,185.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	6.77
Bursa (Emissions management)		
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	121.47
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	2,937.77
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	0.00