Overview

SUSTAINABILITY STATEMENT 2025

Overview

FY2025 Sustainability Highlights

Sustainability is central to maintaining our leadership in the industry, and we are committed to driving continuous improvement across EESG factors relevant to our business. Accordingly, this SS details the progress we have made over the past year in embedding sustainability into our operations, along with our performance across key metrics.

ECONOMIC

RM228.7 million
in economic value generated for our stakeholders

100.0%
of suppliers assessed for compliance with environmental legislation and regulations

54.2%
of procurement spent on local suppliers

ENVIRONMENTAL

1,023.4 GJ
of renewable energy generated from solar panels

283.4 $mtCO_2e$
avoided due to installation of solar panels

22.4%
of waste diverted from disposal

SOCIAL

91.0%
overall grand total score for CSS

8.5 hours
of average training per employee

Zero
substantiated complaints concerning breaches of customer privacy

Zero
workplace fatalities

Zero
substantiated complaints concerning human rights violations

RM0.4 million
invested for the benefit of over 2,500 external beneficiaries

GOVERNANCE

Zero
confirmed incidents of corruption

Zero
confirmed whistleblowing cases

Zero
legal actions related to anti-competitive behaviour, anti-trust violations, or monopolistic practices

Overview

Our Sustainability Achievements

Pecca is proud to have been included by Bursa Malaysia as a constituent of both the F4GBM Index and the F4GBMS Index, effective 24 June 2024.

FTSE4Good

The F4GBM Index measures the performance of public listed companies with good liquidity that demonstrate strong ESG practices.

On the other hand, the F4GBMS Index tracks constituents in the F4GBM that are Shariah-compliant, in accordance with the Shariah Advisory Council screening methodology.

These inclusions reflect the Group's commitment to strong ESG practices, while the assessments provide our stakeholders with meaningful insights into our progress in sustainability and long-term value creation.

Reporting Practice

ABOUT THIS REPORT

We are honoured to present our annual SS for FY2025. It provides an overview of our sustainability performance for the period of 1 July 2024 to 30 June 2025, unless otherwise stated.

SCOPE AND BASIS OF SCOPE

This SS covers our sustainability performance and progress across both local and global operations, namely in Malaysia and Indonesia.

RESTATEMENT OF INFORMATION

Certain information and performance data disclosed in this SS have been restated to reflect enhanced accuracy and alignment with applicable reporting standards. Restatements were undertaken following refinements in data collection and calculation methodologies. All restated figures are duly noted to maintain transparency and to provide stakeholders with a reliable and comparable account of the Group's sustainability performance.

REPORTING FRAMEWORKS AND STANDARDS

This SS has been developed in accordance with the Bursa Malaysia MMLR, and with reference to the Bursa Malaysia SR Guide, the GRI Standards, the TCFD Recommendations, and the UN SDGs.

ASSURANCE

We have implemented robust governance and internal reporting processes to ensure the accuracy and reliability of this SS. Specifically, the statement's content has been subjected to a thorough review by our dedicated reporting team, and has been endorsed by our Board and SWC.

We are committed to enhancing the credibility and transparency of our SS. As we continue to advance our sustainability initiatives, we will consider obtaining external assurance for future statements.

FEEDBACK

We welcome and encourage our stakeholders to provide feedback regarding this SS and the issues covered. Please contact us at peccasr@peccaleather.com.

Sustainability Approach

Sustainability Approach

Sustainability Governance

In line with our aspiration to embed sustainability across the organisation, the responsibilities of our Board and its SWC have been expanded to cover a broader range of sustainability matters. Under this updated division of responsibilities, the Board maintains overall accountability for defining our sustainability strategy, while the SWC supports its execution through delegated authority.

To ensure effective strategic oversight and improved performance, our sustainability governance is centred around the SWC. This structure enables strategic management and alignment across all material ESG areas. Chaired by the Board and supported by a Group-level Sustainability Team, the SWC includes representatives from various functions, enabling a coordinated, multidisciplinary approach.

The SWC plays a key role in identifying sustainability issues and developing related strategies and action plans. It convenes to discuss relevant developments, challenges, and opportunities, fostering a shared understanding of ESG matters across the Group. In addition to acting as subject matter experts, the SWC also coordinates our broader sustainability efforts, including performance tracking and leading the materiality assessment process.

The Board remains committed to strengthening its sustainability oversight, particularly in managing sustainability and climate-related risks and opportunities. Members participate in periodic capacity-building programmes, with ongoing evaluations of their sustainability competencies. This continuous development enhances the Board's ability to monitor our objectives, policies, and strategies, and to review the SWC's implementation progress.

The diagram below illustrates our sustainability governance structure and outlines the respective roles and responsibilities at each level.

Sustainability Approach

SUSTAINABILITY WORKING COMMITTEE	ROLES AND RESPONSIBILITIES
The Board Management	• Oversees our ESG strategies and progress • Reviews our sustainability-related policies and procedures • Provides strategic guidance to the SWC
Sustainability Team	• Prepares our annual SS in alignment with applicable frameworks • Supports and coordinates with the SWG in managing and consolidating our sustainability-related performance data
Sustainability Working Groups Sales & Marketing - OEM Sales & Marketing - REM (Local & Export) Sales & Marketing - Emerging Ventures Group Marketing Stylelab Purchasing Operation, Product Development, Shipping, Warehouse Group Finance and Costing MIS/IT Group Human Resource & Administration Aviation Indonesia Operation Sports and Social Club & CSR	• Identifies and addresses our sustainability-related matters, including risks and opportunities • Develops our sustainability strategies and goals, and supervises their implementation • Monitors our sustainability indicators and assesses our performance • Reports and updates the Board and Management on our sustainability matters • Provides ESG-related data

To reinforce accountability, the remuneration of our Directors and Senior Management is linked to key ESG performance indicators, including employee safety and health, renewable energy, cost savings in utilities, product innovation, employee engagement and well-being, as well as diversity and inclusion in recruitment.

Sustainability Approach

OUR POLICIES & PROCEDURES

- Purchasing Policies and Guidelines
- Human Rights
- OHS Policy
- External Auditors Assessment Policy
- Whistle-blower Policy
- Environmental Policy
- Non-Discrimination and Equal Opportunities
- Right to Freedom of Association
- Director and Senior Management Remuneration Policy
- Personal Data Protection Notice
- Diversity Policy
- Prevention of Forced Labour
- Prevention of Child Labour
- Directors' Assessment Policy
- Terms of Reference – ARMC
- Elimination of Excessive Working Hours
- Right to Collective Bargaining
- Right to Minimum Wage
- Terms of Reference – NC
- Sustainability Policy
- Employment of Under-Privileged Groups
- Grievances Procedure and Disciplinary Policy
- Code of Ethics of Directors
- Directors' Fit and Proper Policy
- Terms of Reference – RC
- ABAC Policy
- Board Charter
- Corporate Governance Report
- Employee Code of Conduct & Ethics

ECONOMIC ENVIRONMENTAL SOCIAL GOVERNANCE

Sustainability Approach

Stakeholder Engagement

At Pecca, we believe that open, consistent communication and meaningful engagement with both internal and external stakeholders are essential to our aspiration of becoming a reputable and sustainable business.

Our key stakeholder groups include customers, investors, employees, suppliers, governments and regulators, and members of local communities. These groups are identified based on their varying levels of influence over, and reliance on, our business, with their perspectives playing a key role in shaping our strategies and driving our efforts to achieve ongoing improvements.

We engage with our stakeholders through a mix of formal and informal channels, including public events, investor briefings, feedback surveys, and AGMs, with the frequency of engagement varying based on context. Our engagements enable us to identify relevant material matters, understand stakeholder concerns and expectations – including those related to the ESG impacts of our products and services – and anticipate emerging risks and opportunities.

The table below summarises our key stakeholder groups, their engagement platforms and frequencies, their areas of interest or concern, and our responses.

KEY STAKEHOLDERS	ENGAGEMENT PLATFORM	AREAS OF INTEREST OR CONCERN	OUR RESPONSE
Customers	**As needed** - One-on-one and group meetings - Public engagement events (e.g. roadshows and campaigns) **Ongoing** - Customer support channels - Print, digital, and social media **Annually** - CSS - Feedback channels	- Product quality and safety - Product innovation - Ethical sourcing and production - Customer satisfaction - Customer data privacy	- Adhere to stringent product quality standards - Maintain an effective customer relationship management system for timely responses - Adhere to our Personal Data Protection Notice
Investors	**As needed** - Press releases - One-on-one and group meetings **Ongoing** - Site visits **Quarterly** - Financial reports and announcements - Investor briefings **Annually** - AGMs - IARs	- Business strategies and future plans - Dividend payouts - Overall financial and non-financial performance and stability - Long-term growth and resilience - Ethical business practices - Good management and corporate governance - Timely and accurate announcements - Transparent financial reporting	- Provide timely updates on our strategy as well as financial and non-financial performance - Uphold good governance across our Group and supply chain - Monitor our sustainability targets and performance indicators

Sustainability Approach

KEY STAKEHOLDERS	ENGAGEMENT PLATFORM	AREAS OF INTEREST OR CONCERN	OUR RESPONSE
Employees	**As needed** - Workshops and training sessions - Town halls **Ongoing** - Employee feedback surveys - Meetings - Internal communication (e.g. newsletters and emails) - Employee engagement programmes and events **Annually** - Employee appraisals and performance reviews	- Business growth and strategic direction - Remuneration and benefits - Workplace health, safety, and well-being - Diversity and equal employment opportunities - Training, career development, and upskilling opportunities - Corporate culture and values - Human rights - Employee welfare	- Promote open and transparent internal communication - Provide equal employment opportunities and non-discrimination - Offer industry-competitive remuneration and benefits - Provide relevant upskilling and development opportunities - Comply with relevant regulations through an effective OHS management system
Suppliers	**As needed** - Meetings **Ongoing** - Purchasing Policies and Guidelines - Supplier selection forms - Supplier assessments and audits	- Ethical sourcing and procurement practices - Compliance with quality standards and performance expectations - Supply chain sustainability - Strategic partnerships	- Ensure transparent procurement processes - Conduct ESG briefings on our ESG practices and policies - Ensure adherence to our procurement practices
Governments and Regulators	**As needed** - Scheduled and ad-hoc meetings **Ongoing** - Regulatory reporting and compliance submissions - Participation in government and regulatory events	- Compliance with regulations - Ethical and responsible business practices - Corporate governance practices - Contributions to the local economy - Public health and safety - Environmental and social impact	- Ensure full compliance with all applicable regulatory requirements - Adopt practices outlined in the MCCG - Support government initiatives
Community	**Ongoing** - Print, digital, and social media - CSR programmes	- Environmental and social impact of our operations - Community development and well-being - CSR initiatives - Job creation and economic contributions	- Promote volunteerism through community initiatives - Actively support local infrastructures through our provision of services to the transportation and healthcare sectors

Sustainability Approach

Materiality Assessment

Our material issues influence our business strategies and resource allocation decisions, directly impacting our ability to generate long-term value for our business and stakeholders.

In FY2023, we conducted a full-scale materiality assessment involving our key stakeholders, with the intention of ensuring that their interests and concerns are addressed and that our priorities remain aligned with their expectations.

Further to this, we conducted annual reviews of our previously selected topics in both FY2024 and FY2025, making adjustments where necessary to ensure that they remained relevant to evolving strategic and stakeholder needs.

Further details on these exercises are provided below.

FY2023

- Conducted a full materiality assessment with our internal and external stakeholders, referencing the Bursa Malaysia SR Guide and the GRI Standards
- Identified nine relevant material matters and six key stakeholder groups, with outcomes reviewed by our SWC and endorsed by the Board

FY2024

- Reviewed our FY2023 materiality matrix – a visual summary of our material matters ranked by stakeholder importance and business impact – and list of key stakeholder groups
- Reaffirmed the continued relevance of our prioritised material matters and key stakeholder groups

FY2025

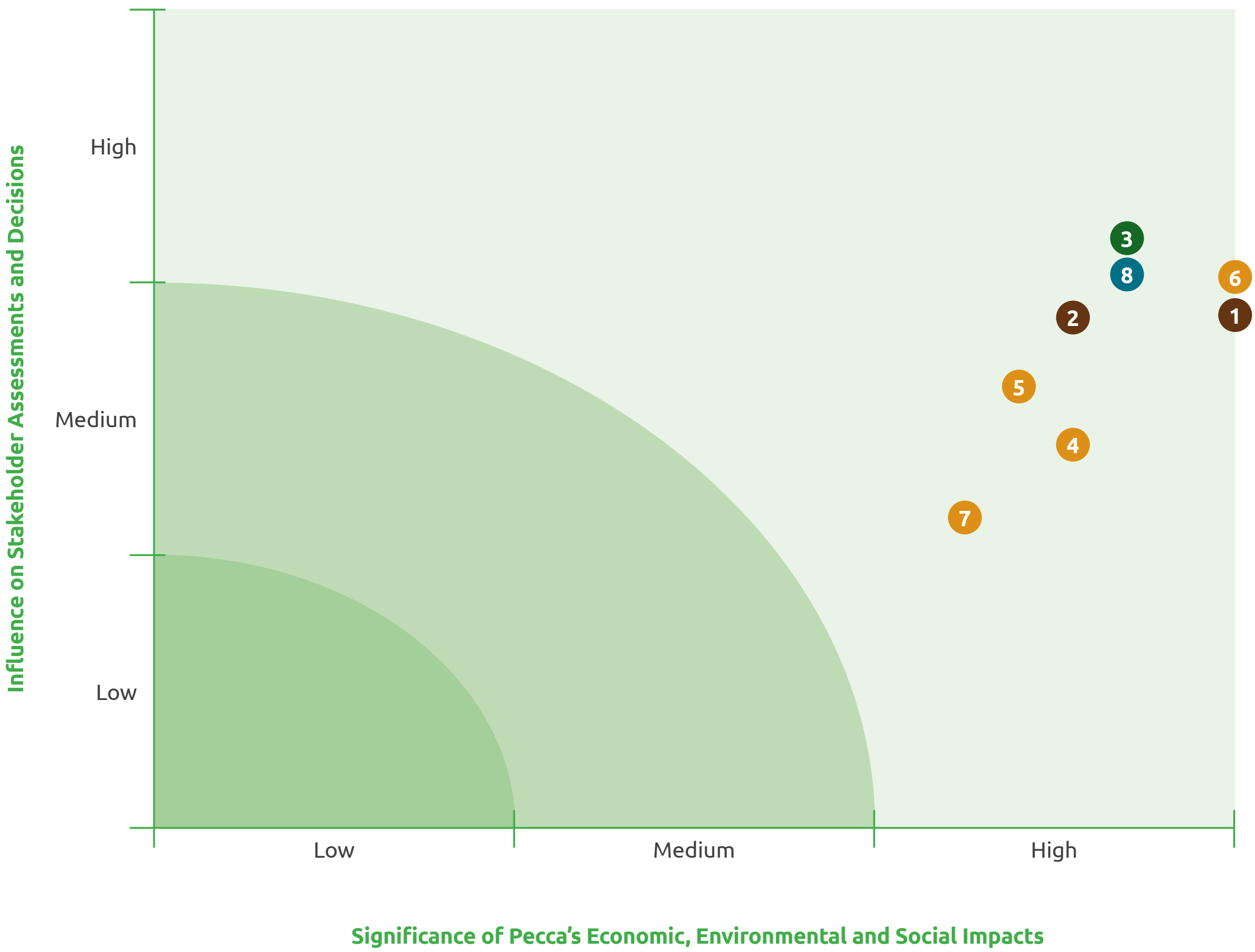
- Reviewed our FY2024 materiality assessment, referencing the Bursa Malaysia SR Guide and the GRI standards while benchmarking against industry peers
- Revised our material matters to eight while retaining our six key stakeholder groups, with outcomes reviewed by our SWC and endorsed by the Board

Sustainability Approach

OUR REVISED MATERIAL MATTERS

Both the materiality assessment process and the resulting materiality matrix have been reviewed and endorsed by the Board accordingly.

MATERIALITY MATRIX



Sustainability Approach

Risk Management

Recognising the importance of identifying and proactive mitigating against potential risks to our business, we maintain a comprehensive risk management process that is aligned with ISO 31000:2018 Risk Management Guidelines. Further to this, we adhere closely to our Risk Management Procedure, which provides us with a necessary overview of our risk landscape, helping us drive readiness and long-term resilience.

To ensure that our focus remain up to date, all identified risks within our risk appetite are monitored and – if necessary – revised by designated risk owners and the Management, with further deliberation by the Board's ARMC.

MATERIAL MATTERS	RISKS	OPPORTUNITIES	STAKEHOLDERS INVOLVED
CONTRIBUTING TO ECONOMIC GROWTH			8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Economic Performance	Economic downturns can adversely impact consumer spending in downstream markets, affecting demand for our products and impacting our ability to deliver long-term value for our stakeholders	Developing sustainable leather treatments, collaborating with partners on eco-friendly initiatives, and reinvesting in leading-edge technologies to future-proof our business	
Sourcing Management	Non-compliance of our suppliers or contractors to our procurement principles and expectations may potentially disrupt our operations or impact our ability to deliver our business strategies	Refreshing our supplier base and streamlining our procurement processes to prioritise environmental and social concerns	
ENVIRONMENTAL CONSERVATION			6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION
Environmental Footprint	• Non-compliance with environmental regulations may impact our standing in the eyes of governments and authorities, leading to fines or penalties, with negative impacts compounded by activist action • Inadequate climate adaptation and mitigation actions may cause damage to our physical assets, lead to financial losses, or result in operational disruptions • Poor water management may lead to a scarcity of water resources, resulting in higher operating costs	• Introducing an effective mitigation and adaptation strategy to ensure business continuity • Adopting efficient water management practices to promote water conservation and reduce operational costs • Reducing waste and increasing resource efficiency to drive cost and operational efficiencies	

Sustainability Approach

MATERIAL MATTERS	RISKS	OPPORTUNITIES	STAKEHOLDERS INVOLVED
PEOPLE FIRST			
Employee Welfare	• Accidents and injuries at the workplace may lead to a loss of productivity, legal repercussions, and reputational damage • Failure to engage or invest adequately in the professional development of our employees may lead to non-optimal productivity and performance, impacting our ability to meet our business targets	• By upholding a culture of safety and providing conducive working environments, we can support our employees to deliver their best • Effective talent development and upskilling programmes enable us to retain and attract top-quality industry talent and drive a high-performance culture	
Labour Practices	• Discriminatory employment practices may impact the Group's reputation, affecting our ability to build strong stakeholder relationships and meet our targets • Unattractive benefits and remuneration packages may affect employee motivation and decrease our attractiveness as an employer	• By creating an inclusive, diverse, and empowering work culture, we can attract high-quality talent and bring a range of viewpoints to the table, enhancing the quality of our decision making • Attractive benefits and remuneration packages enable us to retain and attract top quality industry talent and build a high-performance culture	
Quality Products and Services	• Any quality-related incidents may lead to product recalls, which would affect the trust of our customers and stakeholders as a whole	• Taking proactive steps to maintain our image as a manufacturer of safe and high-quality products, and thereby establishing a strong competitive advantage	
Community Engagement	• Organising community-based programmes incurs additional expenses, which may affect our ability to invest in business growth initiatives	• By championing community causes, we can strengthen our reputation as a caring, socially responsible organisation	

Sustainability Approach

MATERIAL MATTERS	RISKS	OPPORTUNITIES	STAKEHOLDERS INVOLVED
CORPORATE GOVERNANCE			8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Ethical Governance	Poor corporate governance practices may undermine investor confidence and tarnish our reputation	By maintaining robust governance practices and a strong track record in compliance, we can enhance our reputation and unlock business growth opportunities	

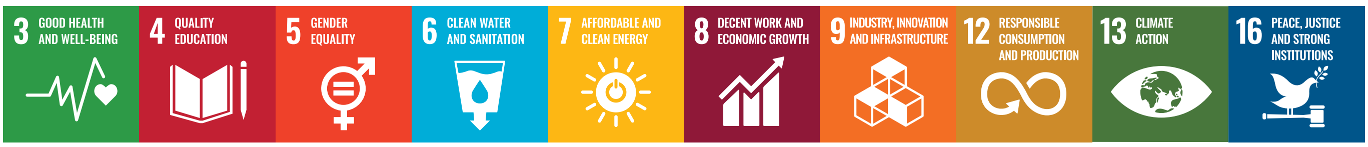
Sustainability Approach

Sustainability Framework

Our sustainability framework and its four focus areas are designed to align with our business strategy while meeting stakeholder expectations, minimising our environmental impact, and making a positive contribution to the communities where we operate. As illustrated below, each focus area aligns with our material matters, which we address by setting clear objectives and tracking progress through a performance scorecard to drive improvement and ensure accountability.

OUR FOCUS AREAS			
CONTRIBUTING TO ECONOMIC GROWTH	ENVIRONMENTAL CONSERVATION	PEOPLE FIRST	CORPORATE GOVERNANCE
Delivering stakeholder value through responsible business practices, with a strong focus on transparency, accountability, and long-term financial sustainability.	Identifying and actively working to reduce our environmental footprint through responsible resource use, waste minimisation, and other targeted initiatives.	Fostering a culture that values the well-being, safety, and development of our employees, customers, and communities.	Maintaining strong governance frameworks and upholding ethical business practices to support the sustainability of our business.
• Economic Performance • Sourcing Management	• Environmental Footprint	• Employee Welfare • Labour Practices • Quality Products and Services • Community Engagement	• Ethical Governance

Our sustainability efforts are aligned with the following UN SDGs:



Sustainability Approach

Our Sustainability Goals

MATERIAL MATTERS	GRI STANDARDS	SUSTAINABILITY GOALS	UN SDGs ALIGNMENT
CONTRIBUTING TO ECONOMIC GROWTH			
Economic Performance	• GRI 201: Economic Performance 2016 • GRI 203: Indirect Economic Impacts 2016 • GRI 207: Tax 2019	• Enhance economic performance by promoting responsible financial practices • Increase value generated for our stakeholders • Foster economic growth within our communities	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Sourcing Management	• GRI 204: Procurement Practices 2016	• Establish a responsible and sustainable supply chain • Ensure ethical sourcing	
ENVIRONMENTAL CONSERVATION			
Environmental Footprint	• GRI 301: Materials 2016 • GRI 302: Energy 2016 • GRI 303: Water and Effluents 2018 • GRI 305: Emissions 2016 • GRI 306: Waste 2020	• Optimise energy consumption • Increase energy efficiency • Reduce GHG emissions • Prevent water pollution • Optimise water usage • Reduce waste generation • Promote recycling and responsible waste management	3 GOOD HEALTH AND WELL-BEING 6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
PEOPLE FIRST			
Employee Welfare	• GRI 403: Occupational Health and Safety 2018 • GRI 404: Training and Education 2016	• Achieve zero workplace incidents • Ensure a safe and healthy work environment for all employees • Prioritise employee welfare, including physical and mental well-being • Provide training and educational opportunities for employees • Enhance employees' skills and knowledge • Contribute to personal growth and career development	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH

Sustainability Approach

MATERIAL MATTERS	GRI STANDARDS	SUSTAINABILITY GOALS	UN SDGs ALIGNMENT
Labour Practices	• GRI 202: Market Presence 2016 • GRI 401: Employment 2016 • GRI 402: Labour/Management Relations 2016 • GRI 405: Diversity and Equal Opportunity 2016 • GRI 406: Non-discrimination 2016 • GRI 407: Freedom of Association and Collective Bargaining 2016 • GRI 408: Child Labour 2016 • GRI 409: Forced or Compulsory Labour 2016	• Promote diversity and inclusion	
Quality Products and Services	• GRI 416: Customer Health and Safety 2016 • GRI 417: Marketing and Labeling 2016 • GRI 418: Customer Privacy 2016	• Prioritise customer requirements and stay updated with current market developments and trends	
Community Engagement	• GRI 413: Local Communities 2016	• Acknowledge the impacts and influence of our business on local communities through continuous engagement	
CORPORATE GOVERNANCE			
Ethical Governance	• GRI 205: Anti-corruption 2016 • GRI 206: Anti-competitive Behavior 2016	• Ensure full compliance with applicable laws and regulations • Promote responsible and ethical business conduct	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Sustainability Approach

Our Sustainability Performance Scorecard

Achieved

Ongoing

Below are our key targets and progress to date:

FOCUS AREAS	MATERIAL MATTERS	TARGETS	FY2025 PERFORMANCE	CURRENT PROGRESS
Contributing to Economic Growth	Economic Performance	Achieve economic value generation of at least RM 200.0 million	Achieved economic value generation of RM 228.7 million	
	Sourcing Management	Assess 100% of suppliers for compliance with relevant environmental laws and regulations[1]	Assessed 100% of suppliers for compliance with relevant environmental laws and regulations	
Environmental Conservation	Environmental Footprint	Reduce Scope 1 and Scope 2 GHG emissions by 5.0% from the 2025 baseline by 2030[1]	Accounted for a total of 2,137.8 mtCO$_2$e of Scope 1 and Scope 2 GHG emissions	
		Reduce water consumption intensity per revenue by 5.0% from the 2025 baseline by 2030[1]	Accounted for a total of 0.3 ML/ RM mil of water consumption intensity per revenue	
		Increase waste diversion rate to 10.0% by 2030	Increased waste diversion rate to 22.4%	
People First	Employee Welfare	Achieve zero workplace fatalities annually	Achieved zero workplace fatalities	
		Achieve an average of at least 8.0 training hours per employee	Achieved an average of 8.5 training hours per employee	
	Labour Practices	Achieve at least 30.0% women representation at the Senior Management level annually	Achieved 25.0% women representation at the Senior Management level	
		Record zero substantiated complaints of human rights violations annually	Recorded zero substantiated complaints of human rights violations	
	Quality Products and Services	Achieve a minimum overall CSS grand total score of 80.0% annually	Achieved an overall CSS grand total score of 91.0%	
		Record zero substantiated complaints concerning breaches of customer privacy and losses of customer data annually	Recorded zero substantiated complaints concerning breaches of customer privacy and losses of customer data	
Corporate Governance	Ethical Governance	Record zero confirmed incidents of corruption annually	Recorded zero confirmed incidents of corruption	

Note:

1. *The targets are internal benchmarks established by the Group and have been revised in line with the Group's ongoing internal assessments.*

Sustainability Topics

Sustainability Topics

Economic Growth

Economic Performance

WHY IS THIS IMPORTANT?

Our economic performance supports our ability to invest in innovative leather treatments, expand our product offerings, and maintain the artisanal quality that sets us apart, driving our resilience and enhancing our ability to create long-term value.

OUR APPROACH

Undertaking Strategic Business Planning

We drive economic performance by undertaking strategic business planning in close alignment with evolving market trends and stakeholder expectations. Through continuous awareness and responsiveness to these trends and needs, we are able to develop and execute strategies effectively, delivering a strong financial performance and maintaining a healthy balance sheet.

Additionally, we have identified 4 Key Pillars – OEM, REM, Aviation, and Emerging Ventures – as part of our sustainability initiatives to ensure long-term growth and drive strong economic performance for all our stakeholders. Concurrent to this, we continue to expand and diversify our market presence to enhance our reach and access a larger customer base, thereby improving our ability to generate economic value.

Carefully Managing Risks

Conscious of the increasingly complex risk landscape, we allocate resources to identify such trends and capitalise on emerging opportunities affecting our business and industry. Our Board-led ARMC oversees a comprehensive risk management framework, supporting a healthy enterprise risk profile.

In line with the growing importance placed on considering climate-related impacts, we have undertaken an assessment of climate-related risks and opportunities, encompassing our Scope 1, Scope 2 and Scope 3 emissions. This is reflected in the publication of our first TCFD-Aligned disclosures in this report. By thoughtfully evaluating how climate change may affect our business, we aim to strengthen stakeholder trust and position ourselves for success in an evolving landscape.

Read more:

1. *TCFD-Aligned Disclosures, page 119*
2. *Audit and Risk Management Committee Report, page 153*

Sustainability Topics

Tax Governance

We view responsible tax governance as a key pillar of sustainable economic growth. Our approach here is guided by transparency, regulatory compliance, and proactive engagement with tax authorities, whereby we:

- Comply with all applicable tax laws and regulations across all jurisdictions
- Maintain open and constructive dialogue with tax authorities
- Address queries and concerns promptly and comprehensively
- Settle tax obligations in a timely and accurate manner

The Group's Finance Department is responsible for ensuring adherence to our tax approach, working closely with tax authorities and auditors to maintain transparent, compliant disclosures and implement sound tax-related risk management practices.

OUR PERFORMANCE

Value Generation

Our primary source of revenue is the automotive segment, where we design, manufacture, distribute, and install leather seat covers, as well as supply leather cut pieces to the automotive upholstery industry. Beyond OEM product offerings, we are also spearheading efforts to expand our REM and Aviation segments through various initiatives, diversifying our revenue generating capabilities. This is also closely tied to our ability to generate value for our stakeholders.

	UNIT	FY2023	FY2024	FY2025
Revenue	RM mil	221.3	242.5	224.5
Financial investment income (i.e. interest income and investment income)	RM mil	2.4	4.2	4.1
Revenue from sales of assets (i.e. sale of physical or intangible assets)	RM mil	0.3	0.4	0.1
Economic Value Generated (A)	RM mil	224.0	247.1	228.7

	UNIT	FY2023	FY2024	FY2025
Operating costs	RM mil	153.5	146.6	128.0
Employee wages and benefits	RM mil	35.9	43.1[1]	35.6
Payment to providers of capital	RM mil	15.9	28.0	62.8
* *Dividend to shareholders*	*RM mil*	*15.6*[1]	*27.7*[1]	*62.5*
* *Finance costs*	*RM mil*	*0.3*	*0.3*	*0.3*
Payments to governments (i.e. tax)	RM mil	7.7	17.5	20.9
Community investments (i.e. donations and charity)	RM mil	0.1	0.2	0.4
Economic Value Distributed (B)	RM mil	213.1[1]	235.5[1]	247.7

	UNIT	FY2023	FY2024	FY2025
Economic Value Retained (A-B)	RM mil	10.9[1]	11.6[1]	(19.0)[2]

Note:

1. *FY2023 and FY2024 figures have been updated to align with the Group's current calculation methodology.*
2. *Primarily attributable to dividend payments made to shareholders, reflecting the Group's appreciation for their unwavering support, alongside its continued growth.*

Read more: Financial Statements, page 164

Sustainability Topics

Sourcing Management

WHY IS THIS IMPORTANT?

Sourcing is a key area of our operational focus as it directly influences product quality, cost control, and supply chain reliability, all of which are essential to meeting customer expectations and maintaining our reputation. Effective sourcing also enables us to manage environmental, social, and regulatory risks while supporting stable, long-term supplier relationships.

OUR APPROACH

Supplier Engagement

We take a responsible and structured approach to sourcing to ensure our products meet high-quality standards.

Our Purchasing Department briefs all active direct local and overseas suppliers on our policies, covering social responsibility, environmental sustainability, workplace safety, and ethical business conduct. These sessions highlight our zero-tolerance stance on bribery and corruption, the enforcement of NDAs to safeguard intellectual property and confidential information, and our expectation that all suppliers uphold the highest standards of integrity, fairness, and transparency in their operations.

To further strengthen ESG practices across our supply chain, we are enhancing engagement with our direct material suppliers. The objective here is to ensure they not only understand ESG requirements, but are also encouraged to actively participate in initiatives that promote sustainability, compliance, and responsible business conduct.

Through continuous communication, policy reinforcement, training, and supplier audits, we aspire to build a supply chain that meets regulatory and compliance standards, and reflects our corporate values of trust, accountability, and long-term sustainability.

Supplier Audits & Assessments

As part of our supplier onboarding and development, the Purchasing Department performs factory audits for new potential suppliers to ensure compliance with our quality, operational, and sustainability standards. These audits are conducted as needed based on the criticality of the component and supplier's background.

Additionally, we conduct yearly assessments on our supplier pool – covering the areas outlined below – to ensure a continuous supply of quality raw materials and exceed customers' expectations.

CRITERIA	ASSESSMENT CRITERIA
Delivery	• On-time delivery without repeated follow-ups • Accurate fulfilment of goods and services • Short order lead times and availability of buffer stock
Quality	• Reliable supply of quality products and services • Willingness to address defects or complaints • Accurate documentation • Consistency in product and service quality
Price/Cost	• Competitive price and overall value • Price stability • Cost-saving mechanisms such as volume rebates and flexible payment terms
Services	• Fast and reliable response times • Regular updates on market trends • Accessible sales or customer service teams • Availability of technical support
EHS & ESG	• Relevant certifications, including ISO 14001 and ISO 45001 • Compliance with relevant environmental laws and regulations • Integration of ESG-related practices into their operations

Sustainability Topics

Material & Product Knowledge Expansion

As part of our continuous improvement and professional development, the Purchasing Department actively explores opportunities to enhance our sourcing portfolio and support future business needs. In addition to discovering new product possibilities, this exercise enables us to benchmark current market standards, compare technical specifications, and assess the competitiveness of existing and potential suppliers.

By learning from industry experts and exchanging insights with other professionals, purchasers strengthen their sourcing expertise and broaden their understanding of product innovation and supplier capability. This knowledge is crucial for identifying new opportunities, supporting product development initiatives, and making informed sourcing decisions that align with both quality and cost-efficiency goals.

The insights and connections gained are also incorporated into our sourcing evaluations and shared internally to drive cross-functional improvement and supplier development.

OUR PERFORMANCE

Supplier Adherence

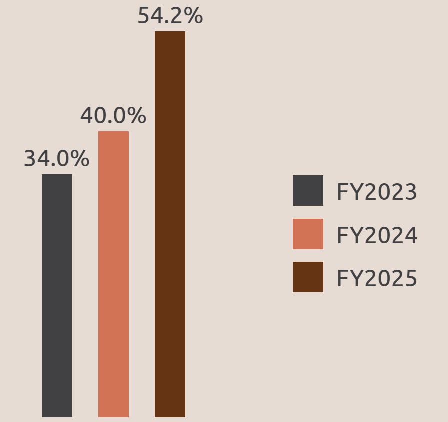
In the current reporting period, we completed a full assessment of our suppliers for compliance with relevant environmental laws and regulations. This reflects our ongoing efforts to strengthen responsible sourcing practices and support environmental sustainability within our supply chain. By engaging with suppliers and monitoring their adherence to applicable requirements, we aim to minimise compliance risks and encourage continuous improvement in environmental performance across our value chain.

Local Supplier Pool

To support the local economy, we prioritise the sourcing of goods and services from local suppliers whenever feasible. This helps build sustainable partnerships while reducing logistical challenges and our environmental impacts. However, factors such as raw material availability and customer supplier preferences influence the size of our supplier pool, which in turn determines the mix of local and foreign suppliers we engage with. Due to this, foreign purchases account for a higher percentage of our total procurement, as key materials such as leather, PVC, fabric, and microfibre are only available overseas.

In FY2025, nonetheless, we managed to increase our proportion of spending on local suppliers to 54.2%, up from 39.6% in FY2024.

PROPORTION OF SPENDING ON LOCAL SUPPLIERS (%)



Leather Supplier Certification

As we embed sustainability within our supply chain, we recognise the importance of responsible leather manufacturing. To that end, we are proud to disclose that our main leather suppliers are Leather Working Group-certified (gold-rated) tanneries.

By working with these tanneries, we ensure that our raw materials are produced to audited standards in water and energy efficiency, chemical management, waste treatment, and traceability, ultimately reinforcing our commitment to offering high-quality, responsibly manufactured leather goods.

Sustainability Topics

Environmental Performance

Environmental Footprint

WHY IS THIS IMPORTANT?

With escalating concerns over climate change and environmental degradation, reducing our environmental footprint is essential to maintaining our good standing as an organisation. Inadequate action may lead to regulatory risk, reputational damage, operational disruption, and lasting harm to ecosystems and communities. Conversely, the proactive management of our environmental impacts helps safeguard natural resources, enhances our business resilience, and contributes to long-term, sustainable growth in a resource-constrained world.

OUR APPROACH

Environmental Stewardship

Guided by our Environmental Policy, we are committed to addressing the potential impacts of our operations on the environment. To this end, we are committed to doing the following through our facilities:

1. Complying with all applicable environmental legislation and regulations
2. Carrying out environmental protection by organising and prioritising environmental management, involving all employees and interested parties
3. Promoting environmental management programmes to mitigate and minimise environmental impacts and prevent pollution
4. Providing sufficient education, training, and awareness to all employees on risk-based thinking, life cycle perspectives, and environmental impact, driving greater awareness and fostering continual improvement in management skills

Ongoing initiatives to promote environmental stewardship within our facilities include:

1. Utilisation of solar PV systems
2. Utilisation of auto motion sensor lighting and solar-powered lighting
3. Utilisation of solar-powered LEDs for street lighting
4. Utilisation of LEDs for office and production area lighting
5. Utilisation of water-based cooling systems in our employee hostel and factory
6. Consolidation of shipments for fleet efficiency

Sustainability Topics

Upholding Globally Recognised Best Practices

In line with our goal to uphold global best practices in environmental management, our main manufacturing facility in Malaysia continues to be certified by ISO 14001:2015 - the international standard for EMS. To maintain this accreditation, we thoroughly integrate and prioritise environmental considerations throughout our manufacturing processes, while meeting customer expectations and regulatory requirements.

Our Malaysian factory, in line with ISO 14001:2015 standards, also has an EMS in place. It facilitates our policy setting, planning, execution, performance evaluation, and improvement relating to environmental concerns, driving our stringent adherence to environmental laws and regulations.

Addressing Climate-related Risks & Opportunities

Our business may be impacted by various physical and transitional climate-related risks, and it is imperative that we consider such risks comprehensively within our business strategies and processes. Furthermore, there is growing demand from stakeholders for transparency and accountability in environmental disclosures, heightening the need for in-depth climate-related analyses to be undertaken.

To meet these expectations, we closely monitor global developments and evolving regulations, continuously evaluating our internal controls to ensure compliance. We have also conducted a qualitative scenario analysis to contextualise and assess our climate-related risks and opportunities, examining both business-as-usual and net-zero pathways. Moving forward, we aim to broaden and deepen the scope of this analysis to support more informed decision-making on climate-related issues.

Read more:
1. *Economic Performance, page 88*
2. *TCFD-Aligned Disclosures, page 119*

Energy & Carbon Emission Monitoring

Through our EMS, we systematically record and monitor energy consumption across our facilities, enabling us to evaluate performance data for opportunities in energy optimisation. In addition, we continuously work to strengthen and enhance our EMS to drive greater cost efficiency while effectively tracking and managing our carbon emissions. On top of the existing Scope 1 and Scope 2 carbon emissions, we are also expanding this system to cover Scope 3 emissions, particularly those arising from business travel and employee commuting.

Water Management

Although our manufacturing processes do not involve intensive water usage - with water consumption primarily limited to domestic purposes and sourced from third-party water providers - we remain committed to responsible water management throughout our operations. As an ISO 14001:2015 certified facility, we continuously monitor and strive to improve our water consumption patterns. We also foster responsible water use across our workforce by raising awareness through strategically placed signages and notices, highlighting the importance of mindful consumption.

Material Tracking

We believe that proper management of raw materials used in our production processes will minimise resource wastage. In this respect, we ensure efficient usage via the SAP accounting software system. A BOM is also utilised to record resource usage and ensure the correct number of materials are used for each job specification.

Waste Management

Through our EMS, meanwhile, we implement structured pollution control and waste management procedures to ensure proper handling across all operations. In compliance with local regulatory requirements, we segregate applicable waste before disposal, effectively reducing the volume of industrial waste sent to local landfills.

Additionally, we also implement the recognised 3Rs Approach: Reduce, Reuse, and Recycle within our manufacturing facility. In line with this effort, we fully optimise materials' cutting layout, utilise balance-cut leather to make souvenir products, and recycle scrap materials wherever possible.

OUR PERFORMANCE

Regulatory Environmental Compliance

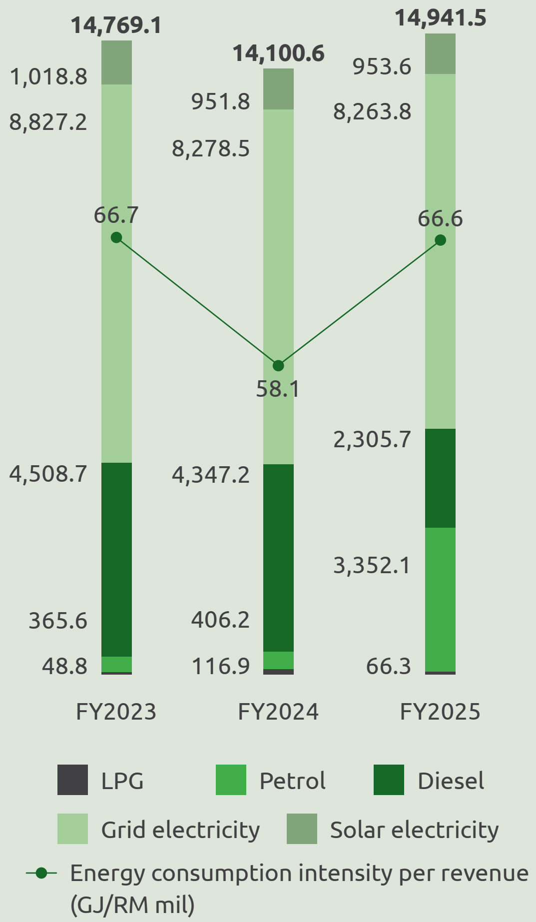
For the current reporting period, we recorded zero incidents of non-compliance with environmental laws and regulations relating to energy, emissions, water, and waste management. This achievement reflects our strong commitment to environmental stewardship and adherence to all applicable standards, ensuring our operations are conducted responsibly.

Sustainability Topics

Energy

In FY2025, we consumed over 14,900 GJ of energy, the majority of which supported our manufacturing operations and business travels. Although renewable energy accounted for only 6.4% of our total energy consumption during the year, we remain committed to exploring ways to enhance our energy profile. Additionally, our solar panels had a total yield of 1,023.4 GJ, of which 69.8 GJ was sold to Tenaga Nasional Berhad, demonstrating our efforts to increase renewable energy composition within the national energy mix.

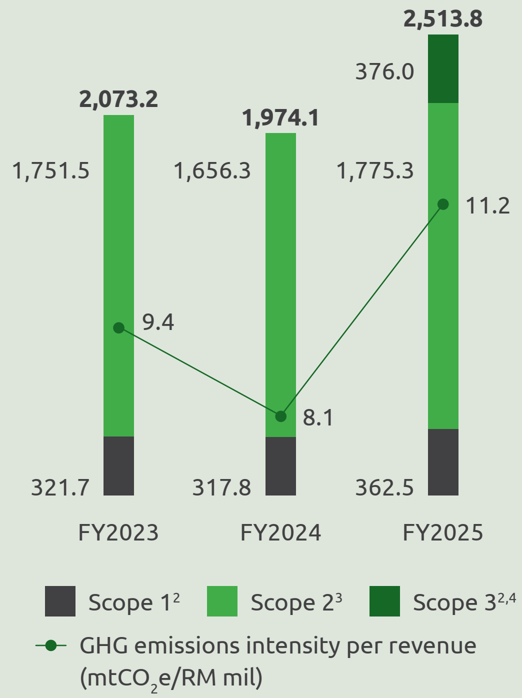
TOTAL GROUP ENERGY CONSUMPTION (GJ)



GHG Emissions

In FY2025, our total GHG emissions increased to 2,513.8 $mtCO_2e$. This rise reflects improved data collection, the inclusion of Scope 3 emissions for the first time, and more detailed tracking of our energy consumption, which has provided clearer visibility into our emissions profile.

TOTAL GROUP EMISSIONS ($mtCO_2e$)[1]



Notes:

1. *GHG emissions were calculated following the methodology outlined in the GHG Protocol: A Corporate Accounting and Reporting Standard (2004)*
2. *Emission factors were obtained from the UK's Department for Energy Security and Net Zero*
3. *The grid emission factor for Malaysia was taken from Suruhanjaya Tenaga's Grid Emission Factor, and for Indonesia, from the national electricity provider, PT Perusahaan Listrik Negara*
4. *Scope 3 reporting commenced in FY2025, covering Category 6: Business Travel and Category 7: Employee Commuting*

At our main manufacturing facility, Pecca Leather Sdn. Bhd., we have installed solar panels as part of our renewable energy adoption drive. This enabled us to avoid up to 283.4 $mtCO_2e$ of emissions in FY2025, as compared to 183.6 $mtCO_2e$ in the previous financial year.

	FY2024	FY2025
Emissions avoided due to utilisation of solar panels ($mtCO_2e$)	183.6	283.4

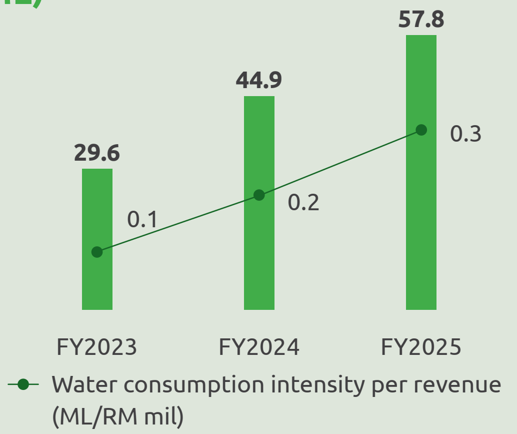
Sustainability Topics

Additionally, by installing a water-cooling system at both our Malaysian manufacturing site and employee hostel, we reduced our reliance on conventional air-conditioning systems that rely on refrigerants, a key contributor to fugitive emissions, further displaying our efforts towards environmental improvement efforts.

Water Utilisation

As our operations rely more on manual labour than on complex machinery or hazardous substances - and our wastewater contains no harmful industrial pollutants - local authorities do not require us to undertake water discharge monitoring. Nonetheless, we conduct annual wastewater testing to ensure compliance with current regulations and to mitigate any potential environmental impact.

WATER CONSUMPTION (ML)[1]



Notes:
1. *Water consumption volume is equal to the amount drawn from the municipal water supply*
2. *Water consumption volume and water consumption intensity units have been updated to align with current Group calculation methodology*

Material Consumption

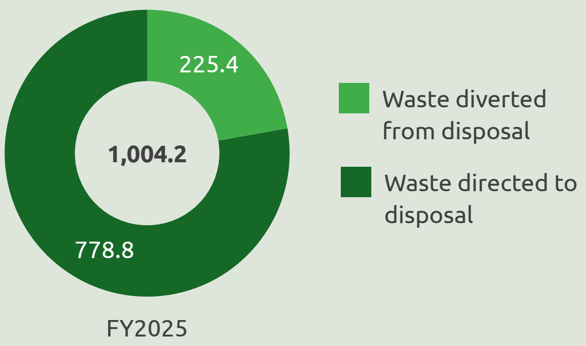
For the current reporting period, we utilised more than 4,000,000 metres of raw materials in our manufacturing processes. This figure reflects the scale of our production activities and provides a baseline for monitoring material efficiency. By keeping track of usage levels, we are able to assess performance over time and identify areas for improvement in resource management.

MATERIAL CONSUMPTION	FY2025
Leather (sq ft)	6,304,745.1
Fabric (m)	1,363,998.8
PVC (m)	625,369.7
Microfibre (m)	38,213.9
Foam (m)	1,842,892.5
Carpet (m)	299,110.1
PU (m)	6,846.2

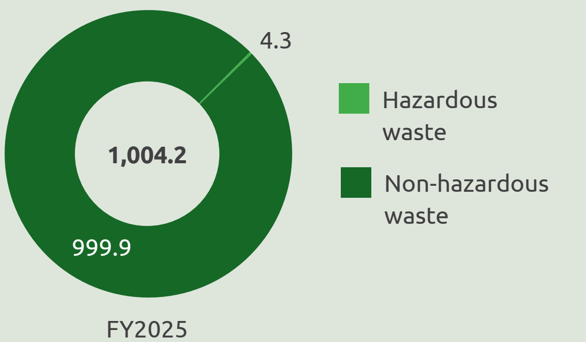
Waste Generation

As a manufacturing organisation, we acknowledge the importance of responsible waste management in our operations. In FY2025, we generated a total of 1,004.2 MT of waste, comprising 4.3 MT of hazardous waste and 999.9 MT of non-hazardous waste. Of this amount, 225.4 MT, or 22.4% of the total waste generated, was successfully diverted from disposal through recycling and recovery initiatives.

WASTE GENERATED (MT)



TYPES OF WASTE GENERATED (MT)



Sustainability Topics

Material Circularity

Among the outcomes of our efforts to improve material circularity is the utilisation of balance-cut leather from our production process in the manufacturing of souvenirs. This practice contributes to minimising production waste and supports our resource efficiency initiatives by ensuring that off-cuts are not discarded unnecessarily. This is in line with our waste management and sustainability aspirations, helping us optimise material usage while reinforcing our dedication to responsible production practices.

Sustainability Topics

Employee Welfare

WHY IS THIS IMPORTANT?

As a key player in the automotive upholstery industry, it is vital for us to maintain a competent and motivated workforce, protect our people from workplace safety and health hazards, and provide platforms for their continuous growth and development. Doing so enables them to work more effectively and achieve their respective departments' objectives and targets.

OUR APPROACH

Continuous Learning Culture

We are committed to providing our employees with opportunities to enhance their professional skills, cognisant of the important role that continuous professional development plays in helping them reach their full potential. In doing so, we focus our training on upholding the highest standards of quality, making it mandatory for employees from relevant departments to undergo specialised training in product quality standards, including ISO 9001:2015, IATF 16949:2016, Advanced Product Quality Planning, and the Product Part Approval Process.

At the same time, we recognise the importance of staying up-to-date with evolving trends and requirements in the automotive and aviation industries. To this end, we encourage our employees to participate in relevant external training.

Health & Safety Governance

Our local Health and Safety Committees, comprising both employee and management representatives, work collaboratively to make decisions on workplace safety. They are responsible for planning, coordinating, and overseeing EHS programmes, as well as monitoring the workplace environment to ensure health and safety standards are maintained.

We have established an OHS framework to foster a culture of safety. Through our OHS Policy, we aim to promote ongoing health and safety improvements by proactively mitigating potential occupational hazards, thereby ensuring the well-being of our skilled workforce. To support this, we have implemented an emergency response flow that includes certified first aiders and trained firefighters, allowing us to take immediate action when required.

Sustainability Topics

Furthermore, we have adopted measures in line with our ISO 45001:2018 certification to:

- Prevent work-related injuries, illnesses, and deaths
- Motivate and engage staff to promote health, safety, and competency across the organisation
- Provide a safe and healthy workplace
- Improve OHS performance and effectiveness
- Demonstrate corporate responsibility, including compliance with applicable legal and regulatory requirements

Hazard Identification, Risk Assessment & Risk Control

At our factory in Malaysia, we identify work-related hazards and assess risks in accordance with the Guidelines for HIRARC 2008, as outlined by DOSH Malaysia. HIRARC reviews are conducted annually by trained personnel, led by a Safety and Health Officer. Any reported high risks or hazards are addressed promptly through corrective responses and are flagged as part of our OHS management system improvement programme.

HAZARD AND INCIDENT REPORTING PROCESS

Employees report hazards or hazardous situations through the Initial Accident Report Form or during EHS Committee meetings

→ The EHS Committee reviews the report to assess the nature and seriousness of the incident

→ The EHS Committee communicates with the involved employees and departments to understand the details and context of the incident

→ The EHS Committee conducts an investigation and recommends corrective and preventive actions to address the issue

→ The EHS Committee regularly reviews reports in line with the annual HIRARC reviews to ensure continuous improvement and alignment with safety standards

We also conduct monthly self-assessments of risk management, as required by our customers. These assessments cover the safety aspects of our operations, including workplace conditions, environmental impact, safety systems, and hazardous material handling, as well as cost, quality, and delivery.

Sustainability Topics

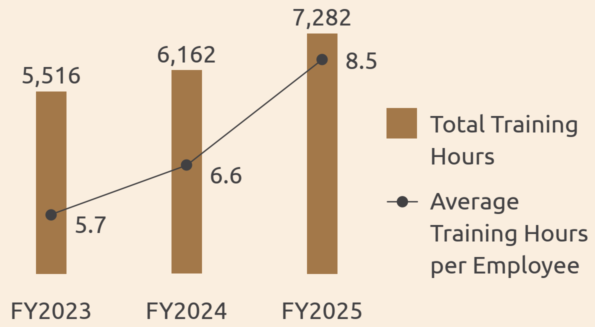
OUR PERFORMANCE

Capacity Building & Development

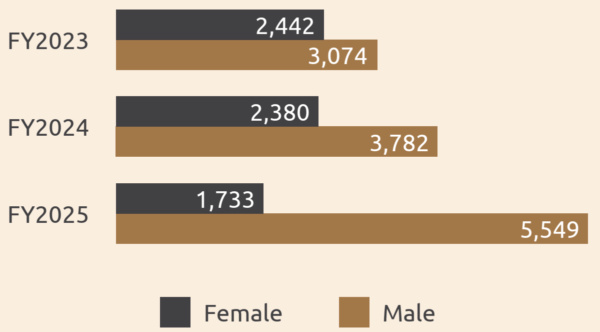
In FY2025, our employees collectively completed 7,282 hours of training and development, which among others, covered the following topics:

1. Branding & Marketing Strategy
2. Risk Management
3. OHS Standards & Requirements
4. Finance & Costing

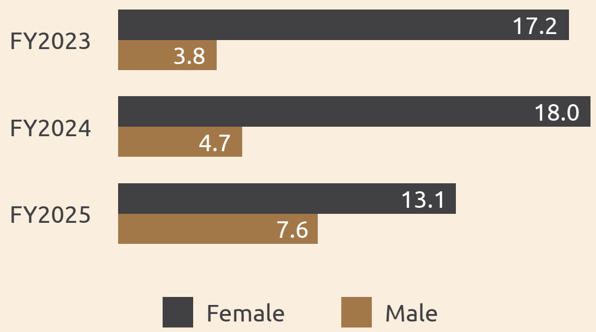
TOTAL TRAINING HOURS



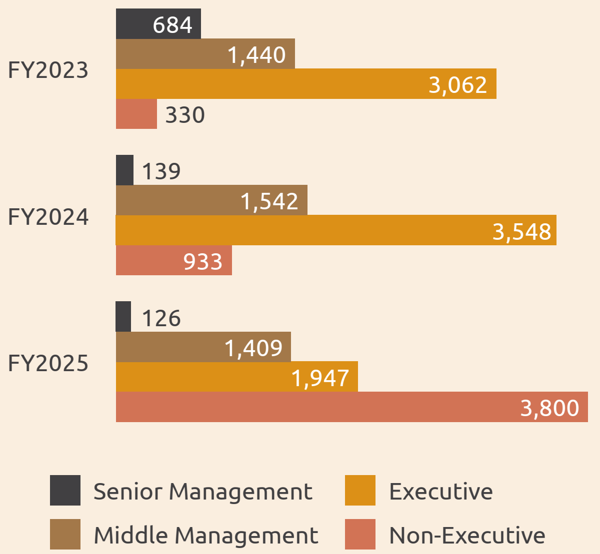
TOTAL TRAINING HOURS BY GENDER



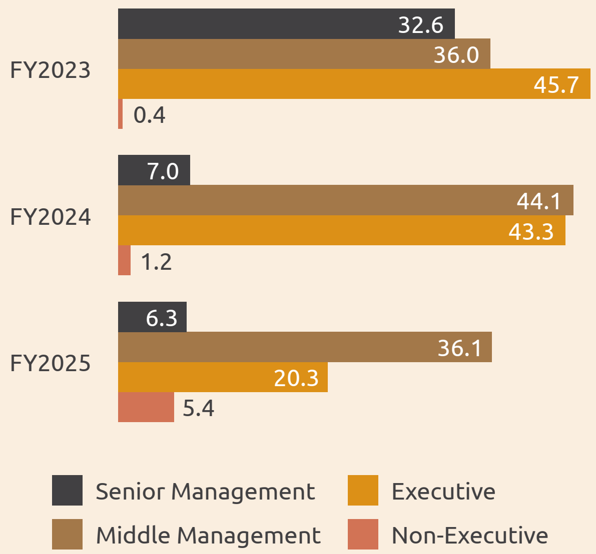
AVERAGE TRAINING HOURS BY GENDER



TOTAL TRAINING HOURS BY EMPLOYEE CATEGORY



AVERAGE TRAINING HOURS BY EMPLOYEE CATEGORY



Sustainability Topics

In addition to work-related training, we support personal development and well-being beyond the workplace by offering recreational and team-building opportunities through our Sports and Social Club. Activities held during the year included volleyball, badminton, and bowling tournaments, along with other fun activities.

Healthcare Benefits

We provide our employees with access to non-occupational medical and healthcare services through our outpatient and dental treatment scheme. All employees are also covered by insurance that includes hospitalisation. In parallel, we ensure full compliance with statutory social security and health insurance contribution requirements in every region where we operate, extending coverage to all employees.

OHS Prioritisation

In FY2025, our Malaysian facility maintained a Grade A rating in the workplace audit conducted by the DOSH. This achievement reflects our consistent efforts in upholding strong OHS practices. Building on this foundation, we remain committed to further strengthening our OHS performance by embedding a culture of safety, ensuring compliance, and continuously improving workplace health and safety standards.

Health & Safety Training

As means of instilling a safety-first culture within our operations, all our new hires undergo compulsory health and safety induction during their onboarding process. This enables us to foster a responsible and secure work environment from day one.

To maintain high standards in health and safety, our employees also took part in the following training sessions throughout the financial year:

1. Medical surveillance briefing
2. First aid training
3. Forklift safety & competency training
4. Fire prevention training
5. Chemical safety training
6. Noise exposure safety training

	FY2023	FY2024	FY2025
Number of employees trained on health and safety standards	537	470	322
Work-related Injuries			
Number of fatalities as a result of work-related injuries	0	0	0
Number of high-consequence work-related injuries	0	0	0
Number of recordable (minor) work-related injuries	3	4	0
Number of LTIs	2	4	0
Total lost days	4	58	0
Number of close calls	0	0	0
Incident Rate per Million Hours Worked			
Rate of fatalities as a result of work-related injuries	0	0	0
Rate of high-consequences work-related injuries	0	0	0
Rate of recordable (minor) work-related injuries/Incident rate	1.9	1.8	0
LTI rate	1.2	1.8	0

Sustainability Topics

Labour Practices

WHY IS THIS IMPORTANT?

Fair labour practices are fundamental to driving employee satisfaction as they ensure our people feel valued, respected, and treated fairly, thereby leading to improved performance, productivity, and talent retention. Additionally, by promoting inclusivity and equal treatment, we foster diverse work environments that bring together a variety of perspectives - driving innovation and enhancing the sustainability of our business.

OUR APPROACH

Adhering to Good Governance Practices

We uphold strong corporate governance through our various internal policies including, but not limited to: the Board Charter, Code of Ethics for Directors, Diversity Policy, and Grievance Mechanism, each of which are designed to meet employee needs and comply with current employment standards.

Read more: Ethical Governance, page 116

Upholding Employee & Human Rights

Respect for human rights is the cornerstone of our commitment to treating people with dignity, fairness, and respect. We uphold human rights through the following policies and practices:

- **Prohibition of Child & Forced Labour**
  As outlined in our Employee Handbook, we strictly prohibit all forms of child and forced labour within our operations. This standard is also extended to our suppliers and business partners, whom we actively encourage to adopt and maintain the same practices.

- **Freedom of Association & Collective Bargaining**
  We engage constructively with recognised trade unions and workers' representatives, supporting collective bargaining to establish fair employment terms, address workplace concerns, and enhance employee well-being, all while complying with internationally recognised labour standards. Additionally, notice period and provisions for consultation and negotiation are also specified in our collective agreements.

- **Fair Compensation & Benefits**
  Our Group Human Resource & Administration Department strives to ensure fair and equitable remuneration, guaranteeing that entry-level wages meet legal minimums with a 1:1 gender ratio, and that all contributions are recognised appropriately.

- **Non-Discrimination & Equal Opportunities**
  In accordance with legal standards and human rights principles, we maintain a workplace free from discrimination where no one is treated unfairly because of personal attributes such as race, ethnicity, gender, gender identity, religion or beliefs, disability, age, or sexual orientation. Likewise, all employment decisions are based on merit, qualifications, and performance.

- **Diversity & Inclusion**
  We actively promote a diverse and inclusive work environment where everyone feels respected, valued, and able to contribute meaningfully. Our Diversity Policy guides inclusive hiring, training, leadership development, and daily practices to ensure these principles are embedded throughout the organisation.

- **Grievance Mechanism**
  Clear and accessible grievance procedures are in place – and communicated to all employees via our Employee Handbook – providing an avenue for concerns to be raised and addressed fairly.

Caring for our Employees

We provide our employees with a suite of competitive benefits on top of meeting the requirements of labour laws and regulations. These include:

- Company vehicles
- Employee hostel
- Employee purchase programme
- Employee wellness activities
- Group term life and personal accident insurance
- Coverage for outpatient and dental treatment
- Subsidies for professional fees
- Staggered working hours

Sustainability Topics

Additionally, as part of our efforts to foster greater productivity among our employees, we have introduced the following initiatives:

- Subsidised meals and beverages
- Skills allowance
- Night shift allowance
- Competency allowance
- Hostel cleanliness competition award
- Best attendance award
- Best production line of the month
- Line leader allowance
- Subsidised laundry
- Team building programmes

Supporting Well-Rounded Development

We invest in continuous learning, offering internal and external training programmes to equip employees with the skills needed to meet evolving industry and customer demands.

Additionally, as Pecca strives to foster a continuous development culture, we ensure our workforce receive annual performance and career development reviews. This involves the implementation of KPIs that are meticulously planned under four pillars, Financial, Customer, Internal Process, and Learning & Growth. These pillars are strategically aligned with critical indicators such as the Group's financial year budget, profitability, market and industry benchmarking, and adherence to the bell curve model.

OUR PERFORMANCE

Safeguarding Human Rights & Labour Standards

For the current reporting period, we recorded no incidents of human rights or labour standards violations across our operations. This reflects our ongoing responsibility to fair treatment, compliance with labour regulations, and respect for human rights. We continue to maintain oversight of our practices to support a responsible and ethical working environment.

Prioritising the well-being of our employees, our Malaysian facility has achieved certification under Jabatan Tenaga Kerja's Act 446 for employee accommodation. We are also working to enhance the overall workplace experience through planned upgrades to amenities such as the canteen, offices, production floor, and other shared facilities.

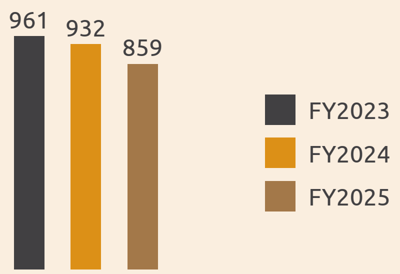
	FY2023	FY2024	FY2025
Number of complaints received concerning human rights violations	0	0	0
Number of discrimination incidents	0	0	0
Number of child labour incidents	0	0	0
Number of forced or compulsory labour incidents	0	0	0

Maintaining a Strong Talent Pool

Maintaining a strong talent pool is critical to business continuity. To this end, we closely track the size of our workforce and assess performance across key indicators that influence our ability to attract and retain high-quality employees. This disciplined approach allows us to sustain an optimal workforce-to-operation ratio year-round.

Additionally, reflecting our commitment to prioritise local talents, all members of our Senior Management team are locally hired.

NUMBER OF EMPLOYEES



Sustainability Topics

Supporting Workplace Diversity

Mindful that diversity drives productivity and underpins our success, we are committed to equitable treatment, equal opportunities for advancement, and the promotion of inclusive, non-discriminatory practices.

Board Diversity

GENDER	FY2023		FY2024		FY2025	
Female	2	28.6%	2	28.6%	2	25.0%
Male	5	71.4%	5	71.4%	6	75.0%
Total	**7**	**100.0%**	**7**	**100.0%**	**8**	**100.0%**

AGE	FY2023		FY2024		FY2025	
<30	1	14.3%	1	14.3%	0	0.0%
30-50	1	14.3%	1	14.3%	2	25.0%
>50	5	71.4%	5	71.4%	6	75.0%
Total	**7**	**100.0%**	**7**	**100.0%**	**8**	**100.0%**

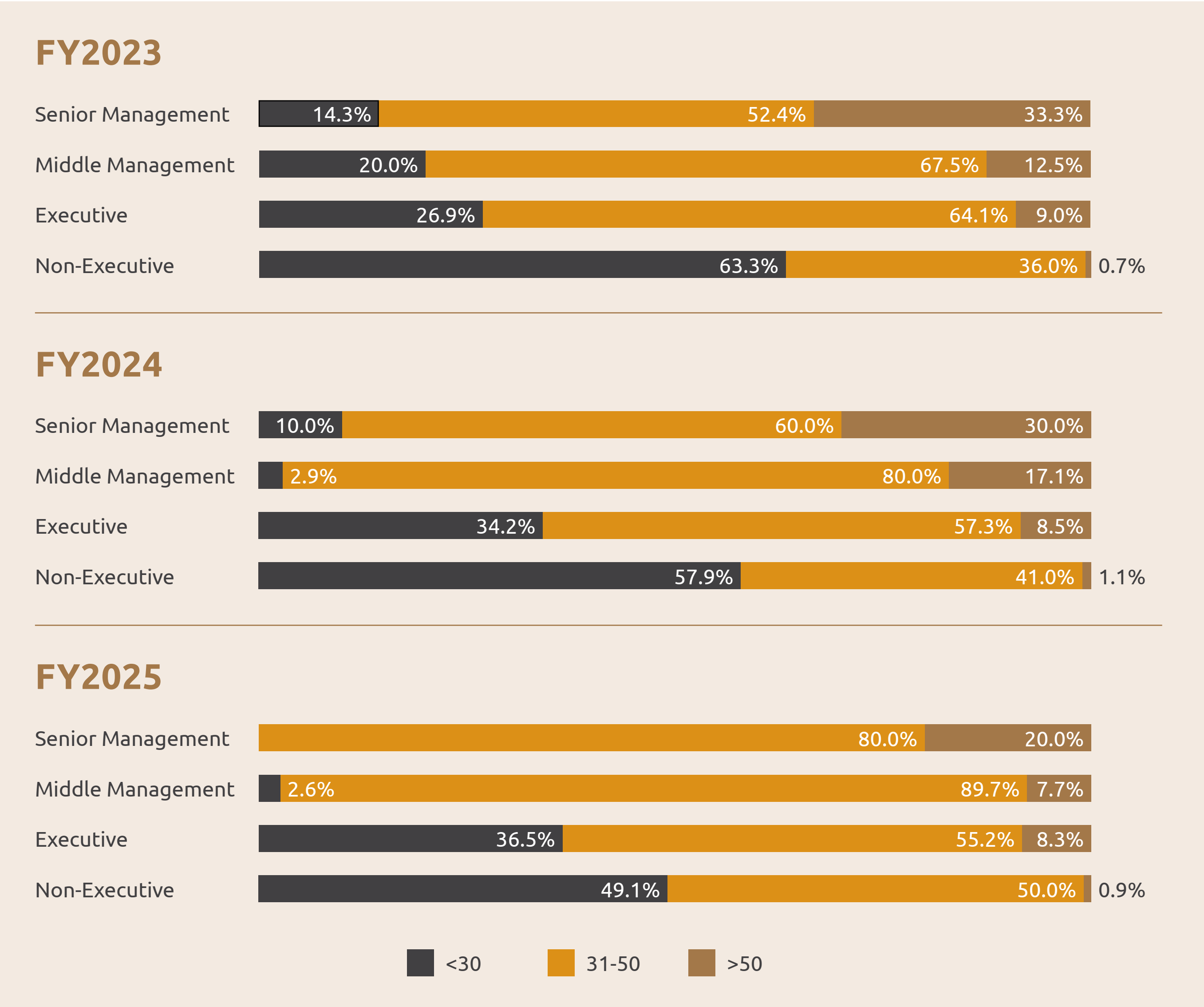
Workforce by Employee Category & Age Group

	FY2023				
	<30	**31-50**	**>50**	**Total**	**Percentage**
Senior Management	3	11	7	21	2.2%
Middle Management	8	27	5	40	4.1%
Executive	18	43	6	67	7.0%
Non-Executive	527	300	6	833	86.7%
Total	**556**	**381**	**24**	**961**	**100.0%**
Percentage	**57.9%**	**39.6%**	**2.5%**	**100.0%**	

	FY2024				
	<30	**31-50**	**>50**	**Total**	**Percentage**
Senior Management	2	12	6	20	2.1%
Middle Management	1	28	6	35	3.8%
Executive	28	47	7	82	8.8%
Non-Executive	460	326	9	795	85.3%
Total	**491**	**413**	**28**	**932**	**100.0%**
Percentage	**52.7%**	**44.3%**	**3.0%**	**100.0%**	

Sustainability Topics

	FY2025				
	<30	31-50	>50	Total	Percentage
Senior Management	0	16	4	20	2.3%
Middle Management	1	35	3	39	4.5%
Executive	35	53	8	96	11.2%
Non-Executive	346	352	6	704	82.0%
Total	**382**	**456**	**21**	**859**	**100.0%**
Percentage	**44.5%**	**53.1%**	**2.4%**	**100.0%**	



Sustainability Topics

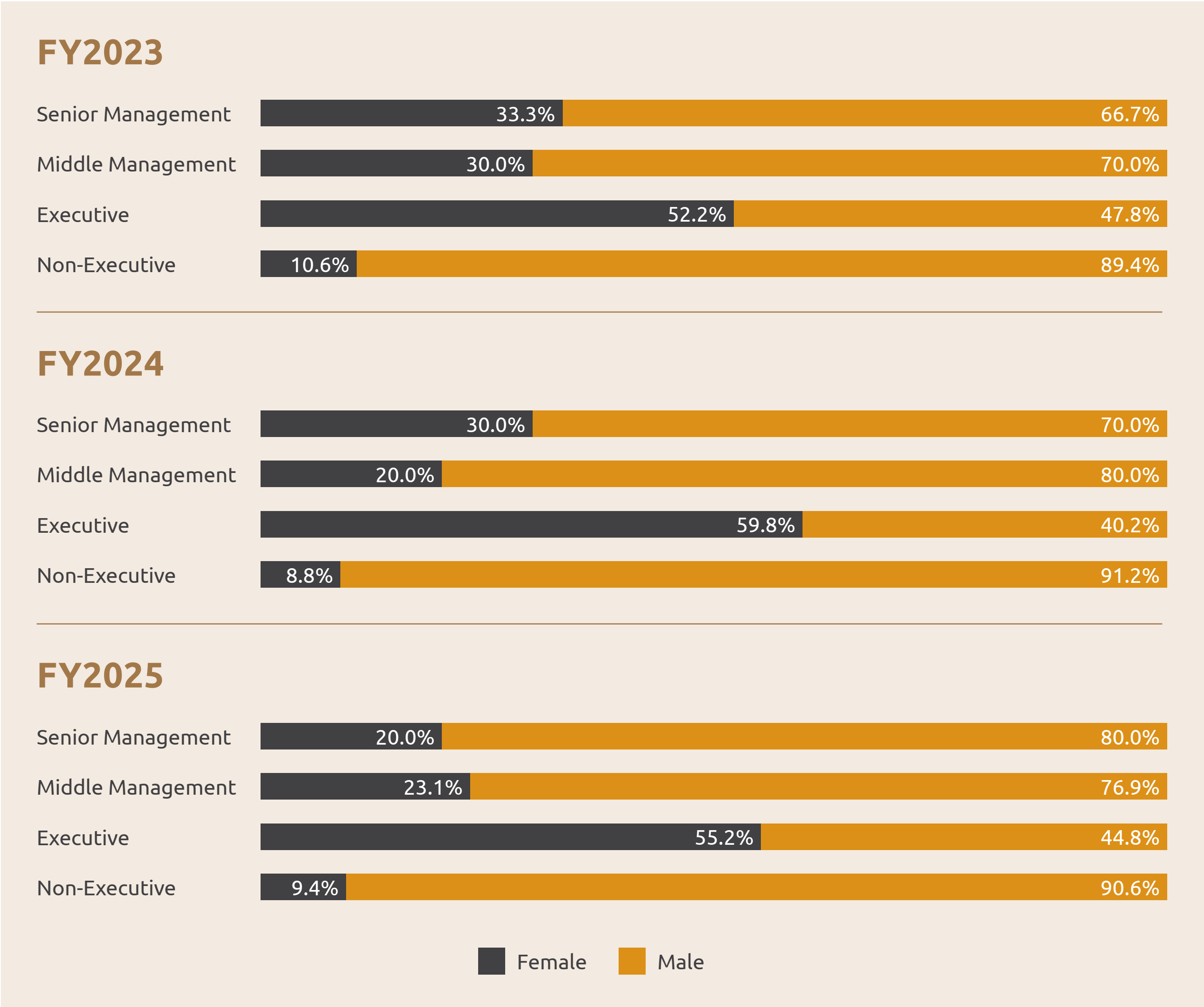
Workforce by Employee Category & Gender

	FY2023			
	Female	Male	Total	Percentage
Senior Management	7	14	21	2.2%
Middle Management	12	28	40	4.1%
Executive	35	32	67	7.0%
Non-Executive	88	745	833	86.7%
Total	**142**	**819**	**961**	**100.0%**
Percentage	**14.8%**	**85.2%**	**100.0%**	

	FY2024			
	Female	Male	Total	Percentage
Senior Management	6	14	20	2.1%
Middle Management	7	28	35	3.8%
Executive	49	33	82	8.8%
Non-Executive	70	725	795	85.3%
Total	**132**	**800**	**932**	**100.0%**
Percentage	**14.2%**	**85.8%**	**100.0%**	

	FY2025			
	Female	Male	Total	Percentage
Senior Management	4	16	20	2.3%
Middle Management	9	30	39	4.5%
Executive	53	43	96	11.2%
Non-Executive	66	638	704	82.0%
Total	**132**	**727**	**859**	**100.0%**
Percentage	**15.4%**	**84.6%**	**100.0%**	

Sustainability Topics



Sustainability Topics

Workforce by Employment Type

	FY2023	FY2024	FY2025
Permanent	94.6%	95.2%	94.2%
Contract/Temporary	5.4%	4.8%	5.8%

Total New Hires

	FY2023	FY2024	FY2025
Total	**547**	**130**	**98**
Rate	74.6%	13.7%	10.9%

Note:
Total new hire rate = Total new hires/Average of employee headcount at the beginning and at the end of the financial year x 100%

EMPLOYEE CATEGORY	FY2025	
Senior Management	3	3.0%
Middle Management	13	13.3%
Executive	25	25.5%
Non-Executive	57	58.2%
Total	**98**	**100.0%**

GENDER	FY2023		FY2024		FY2025	
Female	35	6.4%	35	26.9%	29	29.6%
Male	512	93.6%	95	73.1%	69	70.4%
Total	**547**	**100.0%**	**130**	**100.0%**	**98**	**100.0%**

AGE	FY2023		FY2024		FY2025	
<30	374	68.4%	64	49.2%	34	34.7%
31-50	170	31.1%	62	47.7%	64	65.3%
>50	3	0.5%	4	3.1%	0	0.0%
Total	**547**	**100.0%**	**130**	**100.0%**	**98**	**100.0%**

REGION	FY2023		FY2024		FY2025	
Malaysia	539	98.5%	109	83.8%	88	89.8%
Indonesia	8	1.5%	21	16.2%	10	10.2%
Total	**547**	**100.0%**	**130**	**100.0%**	**98**	**100.0%**

Sustainability Topics

Total Employee Turnover

	FY2023	FY2024	FY2025
Total	**147**	**95**	**208**
Rate	20.0%	10.0%	23.2%

Note:
Total employee turnover rate = Total employee turnover/Average of employee headcount at the beginning and at the end of the financial year x 100%

EMPLOYEE CATEGORY	FY2025	
Senior Management	9	4.3%
Middle Management	15	7.2%
Executive	25	12.0%
Non-Executive	159	76.5%
Total	**208**	**100.0%**

GENDER	FY2023		FY2024		FY2025	
Female	48	32.7%	40	42.1%	160	76.9%
Male	99	67.3%	55	57.9%	48	23.1%
Total	**147**	**100.0%**	**95**	**100.0%**	**208**	**100.0%**

AGE	FY2023		FY2024		FY2025	
<30	74	50.3%	46	48.4%	124	59.6%
31-50	72	49.0%	47	49.5%	80	38.5%
>50	1	0.7%	2	2.1%	4	1.9%
Total	**147**	**100.0%**	**95**	**100.0%**	**208**	**100.0%**

REGION	FY2023		FY2024		FY2025	
Malaysia	128	87.1%	68	71.6%	188	90.4%
Indonesia	19	12.9%	27	28.4%	20	9.6%
Total	**147**	**100.0%**	**95**	**100.0%**	**208**	**100.0%**

Sustainability Topics

Parental Leave Utilisation

Recognising the importance of childcare and valuing work-life balance, we offer parental leave to eligible new parents in line with contractual terms and applicable regional legal requirements.

PARENTAL LEAVE UTILISATION		FY2023		FY2024		FY2025	
Number of employees entitled to parental leave	Female	68	**193**	49	**194**	40	**159**
	Male	125		145		119	
Number of employees who took parental leave	Female	6	**14**	11	**28**	4	**9**
	Male	8		17		5	
Number of employees that returned to work after parental leave ended	Female	6	**14**	11	**28**	4	**9**
	Male	8		17		5	
Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	Female	2	**4**	5	**9**	3	**8**
	Male	2		4		5	
Return to work rate of employees that took parental leave	Female	100.0%	**100.0%**	100.0%	**100.0%**	100.0%	**100.0%**
	Male	100.0%		100.0%		100.0%	
Retention rate of employees that took parental leave[1]	Female	33.3%	**28.6%**	45.5%	**32.1%**	75.0%	**88.9%**
	Male	25.0%		23.5%		100.0%	

Note:

1. *FY2023 and FY2024 retention rates have been updated to align with the Group's current calculation methodology.*

Sustainability Topics

Quality Products and Services

WHY IS THIS IMPORTANT?

As a leading player in the automotive upholstery industry, we take great pride in delivering high-quality products and services. This commitment not only drives customer satisfaction but also strengthens the loyalty and trust of our customer base. This, in turn, reinforces our brand recognition and secures steady demand for our products and services, enhancing the long-term resilience of our business.

OUR APPROACH

Sales Processing & Planning

To ensure that our quality standards are upheld, we adhere to our Sales Processing and Planning Framework. The framework details systematic and efficient end-to-end processes for our teams to adhere to when processing all customers' sales orders, maximising our ability to meet the exacting and evolving requirements of our customers.

SALES PROCESSING AND PLANNING FRAMEWORK – KEY COMPONENTS	
Customer Inquiries and Order Handling	• Customer enquiries • Feasibility study and quotation preparation • Letter of intent/purchase agreement • Customer PO • Customer-provided items
Amendment of Order	• Letter of amendment or new PO
Customer Feedback/Satisfaction	• Customer feedback • Direct communication • Second-party audit • Customer complaint • CSS
Records	• All related records shall be maintained and controlled in accordance with the Control of Records
Customer Property	• Initial inspection activities • Secure storage conditions • Adequate identification
Risk and Opportunity Assessment	• Changes in processes, raw material usage, equipment/machines, and products/services • Changes in legislation, policy, or organisational structure • New control measures to be taken after a complaint

Customer Satisfaction Survey

We conduct our annual CSS every year end to assess customer perceptions and identify opportunities for improvement. The survey focuses on key performance areas that demonstrate our commitment to quality, service excellence, and customer-centricity:

- **Product**
  Encompasses the quality and pricing of our offerings, along with how well we meet customer requirements consistently
- **Service**
  Covers delivery timelines, responsiveness to enquiries or concerns, and the effectiveness of our sales support
- **People**
  Evaluates the technical expertise of our team, as well as their approachability, professionalism, and helpfulness

Sustainability Topics

Quality Assurance

In addition to the framework, our well-established production management system adheres to the following globally recognised standards:

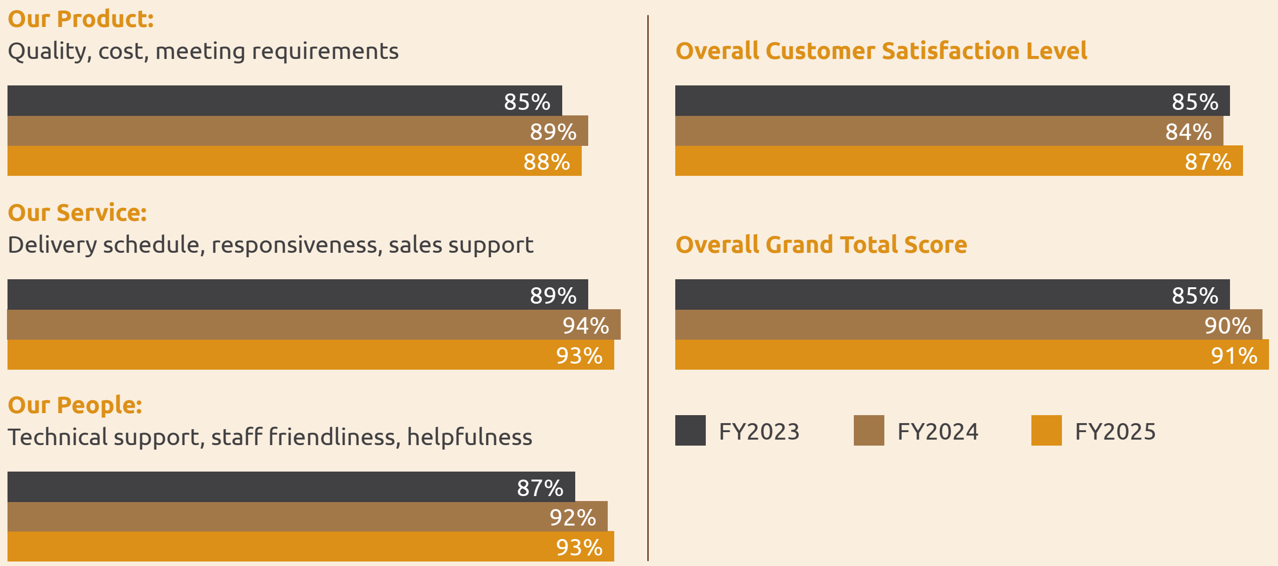
- IATF 16949:2016 Automotive Quality Management Systems
- ISO 9001:2015 Quality Management System
- ISO 13485:2016 Quality Management System for Medical Devices
- ISO 14001:2015 Environmental Management System
- ISO 45001:2018 Occupational Health & Safety Management System

Furthermore, we carry our meticulous quality checks at every stage of production, covering attributes such as flexing endurance, tensile strength, rub fastness, abrasion, and colour. This enables us to accurately identify and speedily rectify non-conformities to customer standards and requirements, minimising the risk of inadequate products reaching the market.

Sustainability Topics

OUR PERFORMANCE

CUSTOMER SATISFACTION LEVEL



Sustainability Topics

We observed an increase in our overall customer satisfaction score to 91.0% in FY2025, compared to 90.0% in the previous financial year.

As part of our commitment towards ever-improving customer satisfaction levels and self-improvement, we have outlined areas of improvement covering quality, cost, design, delivery, and service.

In addition, we also managed to achieve the following results in FY2025:

100%
of our products and services were evaluated for potential health and safety impacts, with improvements identified and actioned where applicable

100%
of our products and services were subject to assessment for compliance with information and labelling procedures

Zero
incidents of non-compliance with regulations or voluntary codes regarding product and service information and labelling

Zero
incidents of non-compliance with regulations or voluntary codes relating to the health and safety aspects of our products and services

Zero
cases of non-compliance involving marketing communications

Zero
substantiated complaints concerning breaches of customer privacy and losses of customer data

Zero
identified cases of data leaks, thefts, or losses involving customer information

Sustainability Topics

Community Engagement

WHY IS THIS IMPORTANT?

In line with our role as a responsible corporate citizen, we are committed to driving the advancement of local communities in the vicinity of our business. Through our support of meaningful social programmes, we promote inclusion, strengthen community resilience, and drive sustainable development, contributing to a more equitable and prosperous future for all.

OUR APPROACH

Local communities are integral to our sustainability journey, and we recognise their role as key stakeholders of our business. We create value for them through volunteering in community-based initiatives, donating to meaningful causes and via our bespoke CSR programmes, as well as through the job opportunities we provide.

To guide and coordinate these efforts, we have established a dedicated team of employees who work closely with grassroots organisations and local partners. Through this collaborative approach, we ensure that our initiatives are well-executed, inclusive, relevant, and aligned with defined priorities, thereby enhancing positive impact. Our commitment goes beyond implementation. We embed continuous monitoring, feedback loops, and strategic adjustments to enhance the effectiveness and long-term impact of our initiatives. This enables us to foster enduring, trust-based relationships, generate shared value, and reaffirm our dedication to inclusive growth and meaningful social impact.

Supporting Local Education

We continue to support the development of local talent by offering internship placements to undergraduates from nearby institutions. These placements aim to promote valuable learning experiences and deliver robust, practical training, enabling young individuals to develop the competencies needed to become future leaders in society.

Promoting Volunteerism

We actively promote a culture of volunteering among our stakeholders, encouraging them to contribute their time, skills, and resources towards meaningful causes that benefit the community. By fostering this spirit of giving back, we not only create opportunities for positive social impact but also cultivate a deeper sense of purpose, unity, and compassion within our organisation. Through various initiatives and programmes, we provide platforms for our stakeholders to participate in community service and charitable activities. In doing so, we strive to inspire personal growth, strengthen social responsibility, and empower them to find fulfilment in making a real difference in society.

Enhancing Local Infrastructure

As a responsible corporate citizen, we take pride in advancing the development and well-being of the communities we serve. Our contributions are focused on two essential infrastructure sectors – transportation and healthcare – where our products and services help meet critical local needs.

INFRASTRUCTURE SECTOR	HOW WE SUPPORT	IMPACT ON LOCAL COMMUNITIES
Transportation	Our automotive and aviation segments support the transportation industry by providing and manufacturing high-quality upholstery	• Improve commuting comfort • Reduce dependency on imports • Generate employment opportunities • Strengthen technical skills
Healthcare	Our healthcare segment supports the healthcare industry by manufacturing and supplying face masks, face shields, and PPE	

Sustainability Topics

OUR PERFORMANCE

Community Outreach

In the current reporting period, we carried out CSR initiatives aimed at uplifting local communities, with total contributions exceeding RM400,000, covering over 2,500 beneficiaries. Through this, we hope to provide the communities we are in with the necessities to develop and grow, as well as establish an industry-community communication platform to address the impact of our operations on them.

Our CSR engagements in FY2025 include:

- Multiple sponsorships to schools, universities, and community events amounting to over RM 270,000.00
- Donations to local cultural and religious associations amounting to over RM 134,700.00

	FY2023	FY2024	FY2025
Total amount invested where the target beneficiaries are external to Pecca (RM)	77,374.10	230,737.20	409,728.00
Total number of beneficiaries of the investment in communities	1,068	2,268	2,545

Notable examples include:

Clockwise from top left: Iftar with Balai Bomba Sungai Buloh, Blood Donation Drive, and Syawal Smiles Raya Open House

Sustainability Topics

Corporate Governance

Ethical Governance

WHY IS THIS IMPORTANT?

We recognise the vital role that good corporate governance plays in driving sustainable and mutually beneficial outcomes. Our commitment in this crucial area begins from the top, with responsible and ethical practices embedded into our leadership and cascaded across all subsidiaries. This consistent governance approach, underpinned by integrity, ethics, and accountability, strengthens our reputation among stakeholders and provides a solid foundation for business growth and long-term success.

OUR APPROACH

Comprehensive Governance

Governance of the Group is spearheaded by the Board, which is responsible for establishing and reinforcing our values and standards, and ensuring that our obligations to its stakeholders are continuously met. The Board also oversees risk management, ensuring that leadership capabilities, strategic direction, and internal controls are in place to mitigate potential risks.

Sustainability Topics

To support this, we have implemented a comprehensive set of governance policies, including Pecca's Code of Ethics for Directors, the ABAC Policy, the Whistle-blower Policy, and the Diversity Policy. We ensure that all relevant stakeholders, including customers, investors, employees, and suppliers, are well-informed of these policies throughout their engagement with the Group. Our governance policies are reviewed and updated as necessary and can be accessed via our corporate website: https://peccagroup.com/group/corporate-governance/

Regulatory Compliance

We are committed to upholding strict compliance with all applicable laws, regulations, and industry standards, ensuring that our operations are conducted with the highest level of integrity. In doing so, we remain dedicated to executing our business activities fairly, transparently, and responsibly, fostering trust among our stakeholders. This commitment extends across every aspect of our operations, reflecting our unwavering focus on ethical conduct and accountability as the foundation of long-term, sustainable success.

Adoption of ABAC & Whistle-blower Policies

As a responsible corporate citizen, we uphold a zero-tolerance stance against corruption and bribery, as set forth in our ABAC Policy. This policy provides clear guidance on definitions, responsibilities, and escalation procedures to ensure integrity across our operations. Complementing this, we have also established a Group-level Whistle-blower Policy that enables stakeholders to report any suspected or actual malpractices, misconduct, or wrongdoing. We strongly uphold a non-retaliation principle while safeguarding the anonymity of whistleblowers. To further reinforce transparency and independence, reports can be made directly to the Chairman of the ARMC, supported by a structured follow-up process to ensure timely and appropriate action is taken.

Read more:
1. *Our Policies and Procedures, page 75*
2. *Corporate Governance Overview Statement, page 134*

OUR PERFORMANCE

We uphold high standards of corporate governance, integrity, and ethical conduct across all aspects of our operations through a robust governance framework. This approach ensures compliance, fosters transparency and accountability, strengthens stakeholder trust, and supports sustainable value creation while effectively mitigating risks.

Our commitment delivered the following outcomes:

FY2023-FY2025

100.0%
of our operations were assessed for risks related to corruption

Zero
confirmed incidents of corruption

Zero
legal actions related to anti-competitive behaviour, anti-trust violations, or monopoly practices

Zero
confirmed whistleblowing cases

Additional Information

Additional Information

TCFD-Aligned Disclosures

We recognise that climate change presents both material risks and significant opportunities. As such, and in response to increasing stakeholder expectations and regulatory developments, we have taken steps to embed the TCFD Recommendations into our sustainability reporting.

This integration marks an important step in aligning our strategic approach with long-term climate resilience and positioning our business to successfully navigate a low-carbon future.

GOVERNANCE

Our governance structure ensures accountability for climate-related risks and opportunities at the highest levels.

The Board is ultimately responsible for overseeing climate matters and sets the tone for climate governance across the organisation. It is supported by the ARMC, which takes the lead in incorporating climate considerations into our Enterprise Risk Management processes. Climate-related issues, in addition to other material sustainability topics, are addressed through structured discussions at quarterly Board meetings.

At the operational level, climate risks and opportunities are identified, assessed, and managed by the SWG, which ensures the integration of climate considerations across departments and decision-making processes.

STRATEGY

We are developing a more climate-resilient business model by evaluating potential climate impacts on our operations and identifying areas for strategic response. As a starting point, we have held focus groups with key internal stakeholders to assess our exposure to climate-related risks.

In addition to this, we have conducted our first qualitative scenario analysis using the RCP adopted by the IPCC and NGFS scenarios.

Two contrasting scenarios were used to model the potential impacts of climate-related risks and opportunities:

SCENARIO	DESCRIPTION	FOCUS
IPCC RCP 8.5/4°C	High-emissions, business-as-usual pathway with limited mitigation efforts and severe warming	Physical risks
NGFS Net Zero 2050	Aggressive decarbonisation by 2050 scenario with stringent climate policies and rapid innovation	Transition risks and opportunities

Additional Information

These scenarios enabled us to better assess the effects of climate change on our operations, supply chains, and business continuity – as detailed below:

SCENARIO INSIGHTS AND BUSINESS IMPACTS

SCENARIO	RISK/ OPPORTUNITY CATEGORY	ISSUE	POTENTIAL IMPACT
IPCC RCP 8.5/4°C	Physical Risk – Acute	Increased occurrence of extreme weather events such as floods	• Flooding can cause significant damage to factory infrastructure, disrupt supply chain activities, and compromise the health and safety of our employees • Additional financial resources are required to implement effective mitigation and preventive measures
NGFS Net Zero 2050	Transition Risk – Regulation	Impacts from the introduction of carbon pricing mechanisms	• Complying with carbon pricing mechanisms would lead to higher operating costs
	Transition Risk – Reputation	Perception of climate inaction amongst stakeholders	• The Group's reputation may suffer if stakeholders perceive inaction or neglect on climate-related risks • Shareholders may divert their investments towards companies with stronger sustainability commitments
	Opportunity – Markets	Growing demand for low-emission products	• By aligning with evolving consumer preferences towards sustainability, we can strengthen our long-term competitive position • Introducing low-emission products and services gives us the opportunity to open new, sustainable revenue streams
	Opportunity – Resilience	Adoption of renewable energy solutions	• Renewable energy adoption leads directly to a reduction in our emissions footprint • By diversifying energy sources, we can reduce reliance on the national grid, enhancing both resource efficiency and energy security

Additional Information

INFORMATION MANAGEMENT

The Board recognises the importance of maintaining an effective approach to identify, manage, and report climate-related risks. To this end, we have integrated climate-related risks into our overall risk management framework, which is aligned with ISO 31000:2018.

Accordingly, risks are identified, assessed, and managed through the following processes:

1. **Risk Identification:** Each key function or operating unit is responsible for identifying and documenting relevant risks, including climate-related risks, that may hinder progress towards achieving the Group's business objectives. All functions and operating units are required to conduct semi-annual reviews of their risk profiles.

2. **Risk Assessment and Prioritisation:** We assess and rank risks based on their likelihood of occurrence and potential impact on the Group, with risks categorised into four ratings – low, medium, significant, or high – which are subsequently mapped to our overall risk profile. This prioritisation ensures that critical risks are addressed first.

3. **Strategic Response and Control Measures:** We formulate appropriate control measures to either:

   a. Mitigate the risks with control plans
   b. Transfer the risks to insurance providers where appropriate
   c. Accept the risk
   d. Avoid activity that increases the risk

4. **Risk Deliberation:** The Board reviews and updates the risk management framework semi-annually to ensure alignment with our strategic objectives and the evolving risk landscape.

METRICS AND TARGETS

We actively track a range of climate-related metrics, including but not limited to:

- Scope 1, Scope 2, and selected Scope 3 emissions (business travel and commuting) ($mtCO_2e$)
- Energy consumption (GJ)
- Waste generation (MT)
- Water consumption (ML)

Our emissions reporting follows the GHG Protocol Corporate Accounting and Reporting Standard guidelines. For the reporting year, we recorded:

- Scope 1 emissions: 362.5 $mtCO_2e$
- Scope 2 emissions: 1,775.3 $mtCO_2e$
- Scope 3 emissions (business travel and employee commuting): 376.0 $mtCO_2e$

Looking to the future, we aim to set comprehensive, measurable, time-bound targets to reduce our carbon footprint and improve resource efficiency. These targets will be aligned with best practices and evolving regulatory expectations, thus supporting meaningful progress in our climate action journey.

Additional Information

GRI Content Index

GRI STANDARDS	DISCLOSURE		REFERENCE
General Disclosures			
GRI 2: General Disclosures 2021	2-1	Organisational details	About Pecca, page 9 Corporate Structure, page 23
	2-2	Entities included in the organisation's sustainability reporting	Reporting Practice, page 71
	2-3	Reporting period, frequency, and contact point	Reporting Practice, page 71
	2-4	Restatement of information	Reporting Practice, page 71
	2-5	External assurance	Reporting Practice, page 71
	2-6	Activities, value chain, and other business relationships	Corporate Structure, page 23
	2-7	Employees	Labour Practices, page 101
	2-8	Workers who are not employees	Labour Practices, page 101
	2-9	Governance structure and composition	Corporate Information, page 22 Labour Practices, page 101 Sustainability Governance, page 73
	2-10	Nomination and selection of the highest governace	Corporate Governance Overview Statement, page 134
	2-11	Chair of the highest governance body	Directors' Profile, page 31
	2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Governance, page 73 Corporate Governance Overview Statement, page 134
	2-13	Delegation of responsibility for managing impacts	Sustainability Governance, page 73
	2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance, page 73
	2-15	Conflicts of interest	Directors' Profile, page 31 Corporate Governance Overview Statement, page 134
	2-16	Communication of critical concerns	Ethical Governance, page 116 Audit and Risk Management Committee Report, page 153 Statement on Risk Management and Internal Control, page 158
	2-17	Collective knowledge of the highest governance body	Corporate Governance Overview Statement, page 134

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GRI STANDARDS	DISCLOSURE		REFERENCE
General Disclosures (Cont'd)			
GRI 2: General Disclosures 2021 (Cont'd)	2-18	Evaluation of the performance of the highest governance body	Corporate Govenance Overview Statement, page 134
	2-19	Remuneration policies	Sustainability Governance, page 73 Corporate Governance Overview Statement, page 134
	2-20	Process to determine remuneration	Corporate Govenance Overview Statement, page 134
	2-22	Statement on sustainable development strategy	Chairman & Group Managing Director Statement, page 25
	2-23	Policy commitments	Labour Practices, page 101 Corporate Governance Overview Statement, page 134
	2-24	Embedding policy commitments	Corporate Govenance Overview Statement, page 134
	2-25	Process to remediate negative impacts	Corporate Govenance Overview Statement, page 134
	2-26	Mechanisms for seeking advice and raising concerns	Corporate Govenance Overview Statement, page 134
	2-27	Compliance with laws and regulations	Ethical Governance, page 116
	2-28	Membership associations	About Pecca, page 9
	2-29	Approach to stakeholder engagement	Key Stakeholder Engagement, page 48 Stakeholder Engagement, page 76
	2-30	Collective bargaining agreements	Labour Practices, page 101
Material Topics			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Materiality Assessment, page 78 Material Matters (Appendix), page 131
	3-2	List of material topics	Materiality Assessment, page 78 Material Matters (Appendix), page 131

Additional Information

GRI STANDARDS	DISCLOSURE		REFERENCE
Economic Performance			
GRI 3: Material Topics 2021	3-3	Management of material topics	Economic Performance, page 88
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Economic Performance, page 88
	201-2	Financial implications and other risks and opportunities due to climate change	TCFD-Aligned Disclosures, page 119
	201-3	Defined benefit plan obligations and other retirement plans	Financial Statements, page 164
	201-4	Financial assistance received from government	Financial Statements, page 164
GRI 207: Tax 2019	207-1	Approach to tax	Economic Performance, page 88
	207-2	Tax governance, control and risk management	Economic Performance, page 88
	207-3	Stakeholder engagement and management of concerns related to tax	Economic Performance, page 88
Sourcing Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sourcing Management, page 90
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Sourcing Management, page 90
Environmental Footprint			
GRI 3: Material Topics 2021	3-3	Management of material topics	Environmental Footprint, page 92
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Environmental Footprint, page 92
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Environmental Footprint, page 92
	302-3	Energy intensity	Environmental Footprint, page 92
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Environmental Footprint, page 92
	303-3	Water withdrawal	Environmental Footprint, page 92
	303-5	Water consumption	Environmental Footprint, page 92
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Environmental Footprint, page 92
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental Footprint, page 92
	305-3	Other indirect (Scope 3) GHG emissions	Environmental Footprint, page 92
	305-4	GHG emissions intenstity	Environmental Footprint, page 92

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GRI STANDARDS	DISCLOSURE		REFERENCE
Environmental Footprint (Cont'd)			
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Environmental Footprint, page 92
	306-2	Management of waste-related impacts	Environmental Footprint, page 92
	306-3	Waste generated	Environmental Footprint, page 92
	306-4	Waste diverted from disposal	Environmental Footprint, page 92
	306-5	Waste directed to disposal	Environmental Footprint, page 92
Employee Welfare			
GRI 3: Material Topics 2021	3-3	Management of material topics	Employee Welfare, page 97
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Employee Welfare, page 97
	403-2	Hazard identification, risk assessment, and incident investigation	Employee Welfare, page 97
	403-3	Occupational health services	Employee Welfare, page 97
	403-4	Worker participation, consultation, and communication on occupational health and safety	Employee Welfare, page 97
	403-5	Worker taining on occupational health and safety	Employee Welfare, page 97
	403-6	Promotion of worker health	Employee Welfare, page 97
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee Welfare, page 97
	403-8	Workers covered by an occupational health and safety management system	Employee Welfare, page 97
	403-9	Work-related injuries	Employee Welfare, page 97
	403-10	Work-related ill health	Employee Welfare, page 97
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Employee Welfare, page 97
	404-2	Programmes for upgrading employee skills and transition assistance programme	Employee Welfare, page 97
	404-3	Percentage of employees receiving regular performance and career development reviews	Employee Welfare, page 97

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GRI STANDARDS	DISCLOSURE		REFERENCE
Labour Practices			
GRI 3: Material Topics 2021	3-3	Management of material topics	Labour Practices, page 101
GRI 202: Market Presence 2016	202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	Labour Practices, page 101
	202-2	Proportion of senior management hired from the local community	Labour Practices, page 101
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Labour Practices, page 101
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Labour Practices, page 101
	401-3	Parental leave	Labour Practices, page 101
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Labour Practices, page 101
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance body and employees	Labour Practices, page 101
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Labour Practices, page 101
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Labour Practices, page 101
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk of incidents of child labor	Labour Practices, page 101
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk of incidents of forced or compulsary labor	Labour Practices, page 101
Quality Products and Services			
GRI 3: Material Topics 2021	3-3	Management of material topics	Quality Products and Services, page 110
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service category	Quality Products and Services, page 110
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Quality Products and Services, page 110
GRI 417: Marketing and Labelling 2017	417-2	Incidents of non-compliance concerning product and service information and labelling	Quality Products and Services, page 110
	417-3	Incidents of non-compliance concerning marketing communications	Quality Products and Services, page 110
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Quality Products and Services, page 110

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GRI STANDARDS	DISCLOSURE		REFERENCE
Community Engagement			
GRI 3: Material Topics 2021	3-3	Management of material topics	Community Engagement, page 114
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Community Engagement, page 114
	413-2	Operations with significant actual and potential negative impacts on local communities	Community Engagement, page 114
Ethical Governance			
GRI 3: Material Topics 2021	3-3	Management of material topics	Ethical Governance, page 116
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Ethical Governance, page 116
	205-2	Communication and training about anti-corruption policies and procedures	Ethical Governance, page 116
	205-3	Confirmed incidents of corruption and actions taken	Ethical Governance, page 116
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust and anti-monopoly practices	Ethical Governance, page 116

Additional Information

Performance Data Table

Indicator	Measurement Unit	2023	2024	2025
Economic performance				
Economic value generated	MYR	224,000,000.00	247,100,000.00	228,700,000.00
Economic value distributed	MYR	213,100,000.00	235,500,000.00 *	247,700,000.00
Economic value retained	MYR	10,900,000.00	11,600,000.00 *	0.00 [1]
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	34.00	40.00	54.17
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	0.64	0.61 *	0.65
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	321.70	317.80	362.51
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	1,751.50	1,656.30	1,775.29
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	-	376.01
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	29.600000	44.900000	57.754000
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	283.48	1,260.19 *	1,004.17
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	282.38	332.19 *	225.37
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	1.10	928.00 *	778.80
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	1.20	1.80	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	537	470	322
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Senior management	Hours	684	139	126
Middle management	Hours	1,440	1,542	1,409
Executive	Hours	3,062	3,548	1,947
Non-executive	Hours	330	933	3,800
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	5.40	4.80	5.82

Internal assurance External assurance No assurance (*)Restated

Additional Information

Indicator	Measurement Unit	2023	2024	2025
Bursa (Labour practices and standards)				
Bursa C6(c) Total number of employee turnover by employee category				
Senior management	Number	0	1	9
Middle management	Number	0	13	15
Executive	Number	0	15	25
Non-executive	Number	0	39	159
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior management Under 30	Percentage	14.30	10.00	0.00
Senior management 31-50	Percentage	52.40	60.00	80.00
Senior management Above 50	Percentage	33.30	30.00	20.00
Middle management Under 30	Percentage	20.00	2.90	2.60
Middle management 31-50	Percentage	67.50	80.00	89.70
Middle management Above 50	Percentage	12.50	17.10	7.70
Executive Under 30	Percentage	26.90	34.20	36.50
Executive 31-50	Percentage	64.10	57.30	55.20
Executive Above 50	Percentage	9.00	8.50	8.30
Non-executive Under 30	Percentage	63.30	57.90	49.10
Non-executive 31-50	Percentage	36.00	41.00	50.00
Non-executive Above 50	Percentage	0.70	1.10	0.90
Gender Group by Employee Category				
Senior management Male	Percentage	66.70	70.00	80.00
Senior management Female	Percentage	33.30	30.00	20.00
Middle management Male	Percentage	70.00	80.00	76.90
Middle management Female	Percentage	30.00	20.00	23.10
Executive Male	Percentage	47.80	40.20	44.80
Executive Female	Percentage	52.20	59.80	55.20
Non-executive Male	Percentage	89.40	91.20	90.60
Non-executive Female	Percentage	10.60	8.80	9.40

Internal assurance External assurance No assurance (*)Restated

Additional Information

Indicator	Measurement Unit	2023	2024	2025
Bursa (Diversity)				
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	71.40	71.40	75.00
Female	Percentage	28.60	28.60	25.00
Under 30	Percentage	14.30	14.30	0.00
31-50	Percentage	14.30	14.30	25.00
Above 50	Percentage	71.40	71.40	75.00
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	77,374.10	230,737.20	409,728.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	1,068	2,268	2,545
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior management	Percentage	0.00	70.00	40.00
Middle management	Percentage	0.00	88.60	30.80
Executive	Percentage	0.00	63.40	37.50
Non-executive	Percentage	0.00	3.80	7.20
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0

Note:

1. *The performance data table's formatting adhere strictly to Bursa Malaysia's ESG Reporting Platform standards and cannot be amended*

Internal assurance | External assurance | No assurance | (*)Restated

Additional Information

Material Matters (Appendix)

Understanding how our sustainability matters impact our business – and how our practices affect our stakeholders and environment – is essential to creating long-term value.

Materiality assessments enable us to evaluate key sustainability risks and opportunities, identify and prioritise key sustainability matters, and effectively manage such issues, while also forming the foundation for shaping our overarching sustainability strategies and goals.

Full-scale materiality assessments are conducted every three years, with both our internal and external stakeholders engaged to identify the issues most critical to them and our business. This process also helps us reassess and realign our strategies in response to evolving expectations.

In FY2025, we carried out a materiality assessment process structured around three phases – Identification, Evaluation & Prioritisation, and Review & Validation.

OUR MATERIALITY ASSESSMENT PROCESS

PHASE 1
IDENTIFICATION

- Identified key stakeholders, including:
  - Internal stakeholders (i.e., the Board and employees)
  - External stakeholders (i.e., Customers, Investors, Suppliers, Governments and Regulators, and Community)
- Compiled an inventory of material matters based on:
  - Sustainability guidelines, frameworks, and standards (i.e., Bursa Malaysia SR Guide and GRI Standards)
  - Analysis of current sustainability trends within our operating environment
  - Peer benchmarking
- Incorporated insights from external engagement activities across the Group to better understand stakeholder interests and concerns
- Developed a preliminary list of sustainability matters as a result

PHASE 2
EVALUATION & PRIORITISATION

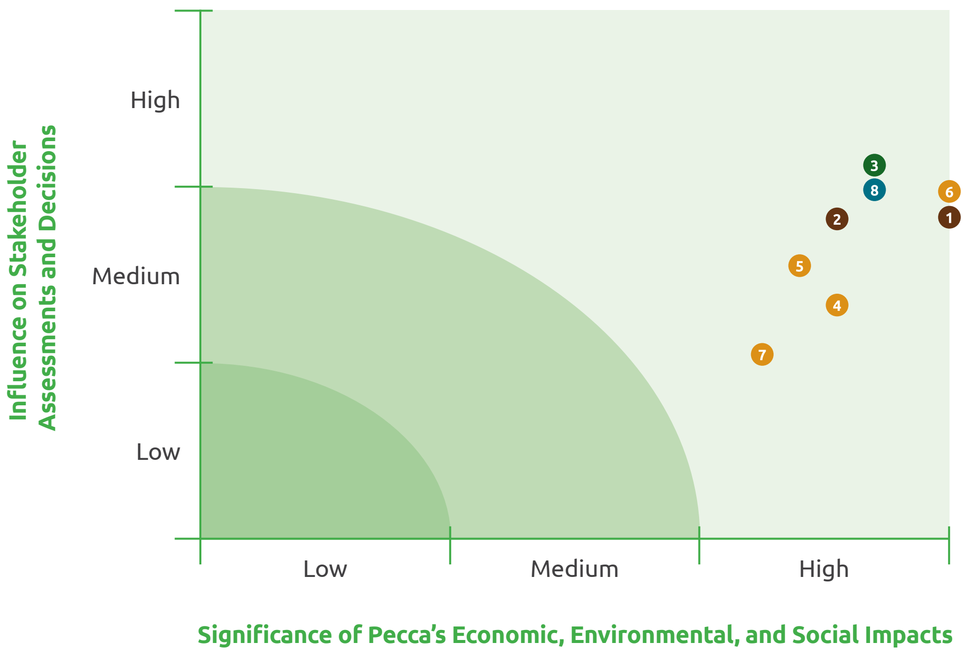
- Engaged our internal and external stakeholders through workshops and discussions
- Assessed the significance of each material matter on our operations and its influence on stakeholder decision-making through SWC internal discussions and stakeholder engagement
- Prioritised material matters based on two dimensions:
  - Severity and likelihood of ESG impacts on our business
  - Importance to stakeholders, determined based on insights from engagements
- Produced a preliminary materiality matrix as a result

Additional Information

PHASE 3
REVIEW & VALIDATION

- The SWC reviewed the preliminary materiality matrix generated to ensure alignment with our overall strategic direction
- Refined the materiality matrix and submitted it to the Board for formal endorsement
- Both Management and the Board will review the materiality assessment process undertaken by the SWC on a yearly basis to identify any gaps for further improvement of future assessments

MATERIALITY MATRIX



1 Economic Performance
Creating and distributing economic value to stakeholders through improved financial performance

2 Sourcing Management
Enhancing our supply chain by establishing a sustainable leather supplier base, streamlining our procurement practices and diversifying our suppliers

3 Environmental Footprint
Adapting our operations in response to natural and climate phenomena through monitoring of our resource consumption, emissions, and biodiversity impacts

4 Employee Welfare
Empowering our people through capacity-building and by fostering a healthy, safe, and conducive working environment

5 Labour Practices
Upholding employee rights through fair, just, and ethical employment practices

6 Quality Products and Services
Enhancing the customer experience by improving the quality of our products

7 Community Engagement
Contributing to society through meaningful and positive community engagement initiatives

8 Ethical Governance
Promoting ethical business practices and transparency across our operations

Read more: Materiality Assessment, page 78