

STRATEGY PILLAR 1

STABLE AND SAFE PLANT OPERATIONS



OCCUPATIONAL SAFETY AND HEALTH

At LCT, we prioritise the safety and health of our employees. Our Occupational Safety and Health (“OSH”) policies guide both Management and employees in cultivating a safe and healthy workplace, aligning with our organisational purpose and culture. We are committed to preventing workplace accidents by continuously identifying and mitigating hazards to reduce risks, injuries and exposure to harmful substances in our operations.

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Operational Risk
- Compliance Risk – OSH

Business Capitals



Financial Capital

- Invested in necessary resources to implement safety and health measures to improve safety and health management systems and ensure compliance with local regulations.



Intellectual Capital

- We remain guided by our established OSH management system, equipment and tools to ensure the safety and health of all stakeholders within our business premises.



Skilled Talent

- The Occupational, Safety, Health and Environment (“OSHE”) Steering Council at LCT is overseen by the Management and the OSHE team.



Social and Relationship Capital

- We actively collaborate with contractors to ensure compliance with safety and health standards via our Contractor Management Programme.

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

Governance, Policies and Procedures

We have established safety and health standards to safeguard our workforce from risks in our operations. In compliance to local regulations and OSH guidelines, we strive to cultivate a workplace that prioritises the safety and health of all within our premises.



MALAYSIA

Our Malaysian operations adhere to the OSH Policy, which is reviewed annually to regulate and enhance practices at our manufacturing facilities. All employees and contractors are mandated to comply with this policy. The governance structure is outlined as follows:



The OSHE Steering Committee is responsible for overseeing issues related to occupational safety and health of our employees of our Malaysian facilities.



The OSHE Steering Committee comprises Top and Senior Management from various departments who provide direction and have full authority on OSHE-related matters. Our President & CEO serves as the Chairman of the OSHE Steering Committee, which convenes annually to review LCT’s OSHE performance.



In line with the Occupational Safety and Health Act 1994, we have established a Safety, Health and Environment (“SHE”) committee. This committee includes a Chairman, secretary and representatives from Management and employees. The Operations Director chairs the SHE committee meetings, with employer representatives from various disciplines appointed by the Chairman for their operational knowledge and who are also given decision-making responsibilities.



We remain committed to fostering a robust safety culture and an effective Process Safety Management (“PSM”) – TRANSFORM Programme. A PSM governance committee was established to ensure the sustainability of the programme.

STABLE AND SAFE PLANT OPERATIONS

Since the PSM – TRANSFORM Programme was implemented in FY2021, notable improvements have been observed in safety management, including improved leadership qualities and heightened safety compliance among employees and contractors. This programme aims to enhance processes and cultivate a robust safety culture throughout the premises, with 10 times per year PSM Committee Meetings to convey safety performance updates, address concerns and promote a culture of continuous improvement. The annual Insurance Risk Engineering Survey conducted by the risk engineers from LCT's insurers and brokers also follow up on the implementation of the PSM system.

Apart from that, to efficiently track, manage and coordinate our OSHE data, we employ an Environmental, Health and Safety ("EHS") Legacy system. This system is accessible to all employees and includes functions such as incident reporting, tracking Lost Time Incident ("LTI") cases, field risk assessment audit, maintenance of legal register, issuance of Personal Protective Equipment ("PPE"), management of trainings and oversight of contractor management.

In FY2024, the system was enhanced to improve the tracking of contractor-related compliance matters, such as Safety Warning Notices ("SWNs") and banned notice features.



INDONESIA

In our Indonesian operations, we have in place a Quality, Safety, Health and Environmental ("QSHE") Policy along with an OSHE Management System to effectively manage our safety and health practices, which are in line with government regulations.

The OSHE Committee, spearheaded by Top Management, includes representatives from both Management and employees, ensuring that OSHE policies are effectively implemented across our operations. The Manufacturing Director is responsible for overseeing all aspects related to OSHE. Moreover, our operations have designated representatives for the Merak Industrial Emergency Response Team ("MIERT"), comprising representatives from various companies in the vicinity. The MIERT conducts monthly meetings to deliberate and assess OSHE-related matters.

EMPLOYEES PARTICIPATION AND COMMUNICATION PROCEDURE

We encourage and value employees' feedback on our OSHE policies. We believe that by actively engaging with our employees, we can gain insights on how we can further improve our safety and health practices and discuss ways to manage the safety challenges within our facilities. Maintaining consistent communication is essential to ensure compliance to safety and health standards.



MALAYSIA

Within our Malaysian operations, employees are given opportunities to give feedback on the development, implementation and evaluation of our OSH Management System (ISO 45001:2018 MS). This is achieved through structured forums designed for employees to share their perspectives and discuss aspects such as SHE committee toolbox meetings, permit issuances, workplace inspections and risk assessments.

LCT focuses on fostering a culture of workplace incident reporting among employees. Bi-weekly sharing of incident investigation lessons to improve safety awareness among all employees. This initiative results in improved management and a greater willingness to conduct incident reporting, viewing each case as an opportunity for improvement.

Our Contractor Management Programme facilitates engagement with contractors on safety and health compliance. OSH requirements are shared with all LCT's contractors, emphasising compliance to cultivate a safety mindset and culture. Quarterly safety meetings are conducted with their Top Management while monthly safety meetings are with the safety representative and site supervisor.

Additionally, to further improve contractor management, LCT mandates training for all contractors prior to commencing work. Regular reviews of Hazard Identification, Risk Assessment and Risk Control ("HIRARC") align with the latest workplace risks.

In FY2024, LCT introduced the 'Best Contractor Safety Award' where two (2) companies were awarded for best contractor performance. Going forward, we plan to update our contractor safety management procedure that covers contractor selection to post-contract evaluation, as well as appoint a Field Contract Administrator to serve as the primary liaison with contractor personnel during ongoing work. These measures will help elevate safety standards across LCT's operations.



INDONESIA

At our operations in Indonesia, employees report OSHE concerns to their immediate superiors or the OSHE Committee. The Committee convenes quarterly to discuss and implement corrective actions for issues raised. The secretary follows up on recommendations and reports their status in subsequent meetings. Non-compliance issues are reported to the local government (Manpower Department of Banten Province).

In FY2024, we implemented the following measures to strengthen OSHE compliance in our facilities:

- Conducted routine examinations of our operations, encompassing safety audits and permit audits to ensure compliance to OSHE procedures and practices.
- Organised safety talks within each department, to raise understanding of SHE standards among employees and partners in our supply chain.
- Collaborated closely with our contractors which involved implementation of safety coaching, safety audits/inspections and comprehensive safety audits. These procedures are formalised in our Contractor Safety Management System.

STABLE AND SAFE PLANT OPERATIONS

OSH INITIATIVES IN FY2024

Since 2019, the LOTTE Group has been committed to fostering a “Global Top Sustainable Safety Culture” in safety management. This involves implementing the LOTTE Global Culture Transform journey, referred to as the TRANSFORM programme, which guides our facilities to transition towards more sustainable operations.

To this end, we executed the following initiatives across all our operations:

- All employees are encouraged to report unsafe acts and conditions observed at the workplace in the EHS legacy system.
- The Field Risk Assessment (“FRA”) Programme minimises potential hazardous incidents through structured observations using the Barriers of Protection – Personnel, Facilities, Technology concept during Field Safety Observations at process plants. In FY2024, LCT completed a new FRA reporting system for the Operation Shift team to prevent process safety incidents through identification and mitigation actions before the incidents occur.
- The Pre-Startup Safety Review (“PSSR”) ensures comprehensive safety measures are considered for new or modified facilities before startup.
- The Emergency Response Management Approach identifies gaps in emergency response readiness and formulates improvement plans, establishing incident command teams and protocols for efficient incident management during site operations.

Additionally, specific initiatives were conducted in our Malaysia and Indonesia operations:



MALAYSIA

- The enhancement of Ergonomic Management Programme continued to be implemented to enhance awareness of ergonomic and manual handling in the workplace. A ‘Functional Capability Evaluation Test’ was performed to evaluate employees’ capacity to meet the physical requirements of their roles, identifying risks in daily manual tasks and determining necessary modifications to prevent future injuries.
- A Hearing Conservation Programme was implemented since FY2019 and includes training on hearing conservation and the use of Personal Protective Equipment (“PPE”). A two (2) year Hearing Fit Test Programme was implemented for FY2024 and FY2025, where 60% of the manufacturing employees have completed the test. The remaining 40% will complete the hearing test by the end of FY2025. This real-world measurement is referred to as Personal Attenuation Rating and assesses individual auditory fitness, highlighting the effectiveness of their hearing protection devices.
- The ‘Life-Saving Rule’ initiative has been introduced to emphasise workplace activities with high potential for severe injuries or death. Communication methods include quizzes, informative cards, LED board displays and screensaver reminders.
- The Safety Leadership Capability Development Programme organised a workshop to elevate front-line supervisor skills in Production and Maintenance, through hazard and risk identification training, emphasising their leadership responsibilities in establishing and maintaining safety standards.
- The Asset Integrity Manual was established to manage process safety critical equipment effectively, with rapid assessments conducted to identify opportunities and assess their value. In FY2024, the Total Asset Integrity Programme has achieved approximately 91% of the overall improvement scope.



INDONESIA

- Similar to operations in Malaysia, Indonesia conducts a FRA called ‘HIRAC’ for every routine and non-routine jobs.
- Noisy machines are controlled by adding reducers, limiting working time and providing PPE ear plugs and earmuffs. Noise measurements are carried out every six (6) months by a licensed third party. Next, the employee’s hearing ability is tested annually through Medical Check-up.
- Educate employees on safety information through safety signs, videos, cards, boards and banners.
- Conduct an annual SHE Training Programme which includes compliance with OSHE expert certification regulations and supported a national safety month yearly to increase safety awareness.
- Implemented mechanical integrity programme, including the identification and categorisation of equipment and instrumentation, development of maintenance procedures, training for process maintenance activities, inspection and testing, correct any deficiencies in equipment.

SAFETY AND HEALTH TRAINING

We remain steadfast in our commitment to maintaining rigorous safety and health standards across our entire supply chain. To achieve this, we provide training to our employees and contractors, ensuring a comprehensive and collective understanding of safety practices in our business operations.



MALAYSIA

In the year under review, our operations in Malaysia diligently conducted 41 safety and health training programmes, totaling 138 training sessions and 22,205 training hours. A significant emphasis was placed on confined space training as well as Authorised Entrant and Standby Person (“AESP”) and Authorised Gas Tester and Entry Supervisor (“AGTES”) training courses. The AESP course focuses on educating workers about confined space hazards and preventive measures, while the AGTES course provides knowledge on gas testing to ensure confined spaces are safe for Authorised Entrants to enter and perform their job. Both courses are in strict compliance with the Industrial Code of Practice (“ICOP”) for Safe Working in a Confined Space, 2010 which is mandatory for employees involved in confined space activities, requiring refresher courses every two (2) years.

LCT appreciates the commitment and dedication shown by its employees in attending safety-related trainings. Positive participation was achieved, whereby LCT’s employees surpassed the target for training hours this year. These trainings are essential as they help employees understand potential workplace hazards, equipping them with the knowledge to recognise and mitigate risks, and enhance overall productivity by reducing accidents and associated downtime.

Additionally, we conducted 149 Safety Orientation Course (“SOC”) classes, covering essential aspects such as PPE requirements, OSH regulations, work permit systems and gas detection training for the contractors to facilitate the Turnaround (“TA”) 2024. Our commitment to enhancing safety awareness and competence is reflected in two (2) key training programmes: the three (3)-hour General Safety Training for new joiners and the introduction of OSH regulations and on-the-job training tailored with personnel handling specific risks. The team consistently reviews training needs to ensure compliance to local requirements.

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Other OSH training programmes conducted in FY2024 include:

- Incident Investigation Management
- Confined Space Rescue
- Hearing Conservation Administrator (“HCA”)
- Management of Change (“MOC”) and Pre-Startup Safety Review (“PSSR”)
- Basic Fire Fighting Training
- Work Permit System Training
- SHE Committee Training
- FRA Workshop
- Field Contract Administrator
- Working at Heights
- Process Safety Management Overview

For contractors at LCT, specialised training sessions include Work Supervisor Briefing (“WSB”), Permit to Work (“PTW”), Fire Watch Training and General Risk Assessment (“GRA”). Our multifaceted approach demonstrates our unwavering commitment to fostering a culture of safety and competence across our workforce and contractor base.



INDONESIA

Our operations in Indonesia delivered 1,906 hours of safety and health training to our employees, including drills simulating a factory surrounded by burning ships, safety inductions and training on safety toolboxes.

Similar to Malaysia, we provided safety and health trainings for employees in our Indonesia operations such as:

- Material Safety Data Sheet (“MSDS”) and Chemical Handling
- Incident/Accident Reporting
- Ergonomics Training for Office Staff
- Hazards of Chemical Handling
- Hot work permit authority
- Training on statutory turnaround
- Fire protection system class D & C
- First aider officer

IN-PLANT MEDICAL CLINICS

At our operational sites, in-plant medical clinics are established to address both communicable and non-communicable diseases, including HIV/AIDS, tuberculosis and malaria. A designated Occupational Health Doctor oversees the management of these health issues and implements on-site action plans. Prevention programmes and health campaigns are conducted occasionally, aligning with the Ministry of Health (“MOH”) requirements and recommendations from the Communicable Disease Control Unit in Malaysia.

Our on-site Occupational Health Protocols and Procedures are routinely updated to meet evolving national requirements. Comprehensive communication ensures that all personnel are informed and have constant access to this vital information.

Additionally, we have implemented the Mental Wellness Support Programme to enhance employees’ wellbeing, mental health and work-life balance while preventing mental illness. In our Malaysian operations, a health campaign was organised with speakers from Regency Specialist Hospital, KPJ Puteri Specialist Hospital and KPJ Johor Specialist Hospital to discuss topics such as workplace ergonomics, anxiety, occupational illnesses and obesity. LCT’s in-plant clinics also provided free basic health screening to all employees in collaboration with Regency Specialist Hospital.

As for our contractors and local communities, the following provisions are in place:

- Fitness screening prior to work commencement
- Emergency medication and treatment

These initiatives underscore our commitment to the health and wellbeing of both employees and the wider community, aligning with our proactive approach to OSH.

ELIMINATION/MINIMISATION OF POTENTIAL HAZARDS/RISKS AT THE WORKPLACE

To ensure the safety of our operations, we regularly conduct various safety audits, including the PTW Audit, Interlock Bypass Audit and Fire Water Pump Tests. These audits ensure strict compliance with our policies and local safety and health requirements. In the event of an accident related to process or occupational safety, the respective OSH teams will investigate the incident and effectively manage associated hazards.



MALAYSIA

Within our Malaysian operations, our hazard identification process is divided into two (2) categories: process safety and OSH.

i. Process Safety

- **Process Hazards Analysis (“PHA”):** We conduct PHA to identify, evaluate and control hazards associated with highly hazardous processes. This best practice is applied to both greenfield and brownfield facilities. The PHA is executed through the widely recognised HAZOP methodology. Recommendations based on the HAZOP exercise are pursued and closed within specified timeframes. In FY2024, our commitment to safety continued to lead us in conducting HAZOP studies for our existing process and utility areas.
- **Risk Management:** To effectively manage operational risks, we emphasise the importance of updated risk assessments and a comprehensive understanding of current operations. LCT conducts HAZOP studies and periodic revalidation to mitigate or eliminate potential hazards, preventing accidents and injuries. In FY2024, LCT successfully completed a HAZOP revalidation study for the BTX plant.
- **Change Management:** In FY2024, LCT prioritised strengthening its Change Management framework by upgrading the MOC procedures to enhance their robustness and alignment with industry best practices. Training sessions focusing on procedural updates and practical application were conducted for Managers, Engineers and Superintendents from Operations, to ensure seamless implementation.

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ii. Occupational Safety and Health

As part of our standard OSH measures, we execute the following across our operations:

- **The GRA:** A GRA is mandated for both routine and non-routine work activities. The assessment is in line with the DOSH' Guidelines for HIRARC and the ISO 45001:2018 OSH Management System standard, which aims to identify, analyse and evaluate the risk levels associated with each activity. Periodic assessments including Chemical Exposure Monitoring ("CEM"), Noise Risk Assessment ("NRA"), Indoor Air Quality ("IAQ") monitoring and Chemical Health Risk Assessment ("CHRA") are also conducted as part of our OSH risk management.
- **PTW:** For both mandated routine and non-routine work activities, the objectives of PTW implementation are (i) to ensure the safety measures of workers, properties and environment, (ii) to identify, prevent or minimise all possible risks prior to the work commencement and (iii) to ensure effective communication among all parties involved.
- **Discipline-Specific Training:** Trained personnel from various work disciplines including Operation, Technical, Safety, Mechanical, Electrical and Instrument are assigned to conduct Incident Investigation and GRA. Each department is responsible for ensuring that all work conducted by its personnel undergoes a rigorous assessment. Significant risks with potential elimination opportunities are recorded in the Risk and Opportunity Register, as per the ISO 45001 clause 6.1 requirement.
- **Employee Reporting Responsibility:** Employees play a crucial role by immediately reporting any work-related hazards or hazardous conditions to their immediate superiors or the Safety Department. All incidents are documented in the Incident Reporting System within the EHS Legacy System.
- **Learning from Incidents:** Root causes and proposed corrective actions from incident investigations are shared across the Malaysian operations complex for learning purposes. Each leader reviews the findings to identify the presence of similar hazards in their process units. In cases of identified hazards, immediate actions are taken to prevent the recurrence of similar incidents within their process units.



INDONESIA

In our Indonesian operations, hazard identification is categorically divided into two (2) areas:

i. Process Hazard Identification (related to Process Safety)

- **Periodic Process Hazard Analysis ("PHA"):** A PHA is conducted every five (5) years, to identify, evaluate, prioritise, control and monitor hazards. The PHA is conducted through recognised methods such as HAZOP. Alternatively, a Pre-HAZOP may be undertaken as a preliminary risk assessment to determine if the residual risk is at an 'Unacceptable' or 'Not tolerable' level, which requires a subsequent HAZOP analysis.

ii. Hazard Identification Risk Assessment Control (related to OSH)

- **Hazard Identification Risk Assessment Control ("HIRAC") for New Projects:** A HIRAC is conducted for new projects and is a prerequisite before commencing routine and non-routine work. Site supervisors who are responsible for risk assessments play a pivotal role in providing recommendations to minimise hazards.
- **Employee and Contractor Awareness:** Both our employees and contractors are expected to be well-versed in the HIRAC procedure. To reinforce awareness, HIRAC and PTW documents are distributed to employees and contractors, serving as reminders of potential hazards.
- **Preventive Measures and Root Cause Analysis:** In our commitment to preventing recurrent incidents, we identify and recommend preventative measures by leveraging identified cause-based evidence through methodologies such as the Five-Why, Failure Modes and Effects Analysis ("FMEA") and Comprehensive List of Causes ("CLC"). These analytical tools allow us to examine root causes, enabling effective preventive measures.

OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT SYSTEM

At LCT, we are committed to ensuring the effectiveness of our OSH management system by actively pursuing nationally and internationally recognised certifications.



MALAYSIA

- Our Malaysian operations are currently ISO 45001:2018 certified, underscoring our commitment to robust OSH practices. The OSH-related internal audits that are conducted involve all levels of employees, from Senior Management to field technical staff, ensuring ongoing compliance with the ISO standard. OSH Management System conformity and effectiveness are evaluated through a yearly audit by the certification body, further validating our commitment to safety. In FY2024, LCT successfully passed the audit, and was recertified in ISO 45001:2018 with zero non-conformities ("NCRs").
- Any identified risks are presented during the annual management review meeting of the OSH Management System. Plant SHE Committee quarterly meetings, department safety meetings and contractor safety meetings are held to identify, assess and manage unsafe acts and behaviour.
- To enhance OSH awareness, we conducted training sessions for both employees and contractors, focusing on the ISO 45001:2018 OSH Risk Assessment procedure. These sessions, delivered through physical platforms, aimed to empower our workforce with the latest safety practices. We also conducted an annual management review meeting to evaluate our OSH performance and risks.

In recognition of our outstanding OSH performance, we received the following awards:

- One (1) Gold Merit and three (3) Gold Class 1 Awards from the Malaysian Society for Occupational Safety and Health ("MSOSH").
- The annual Chief Government Security Office ("CGSO") Audit resulted in a remarkable score of 94%.

STABLE AND SAFE PLANT OPERATIONS



- In Indonesia, we have recently renewed the SMK3 (OSH Management System) certificate, achieving a gold rating from the Kementerian Tenaga Kerja (Occupational Minister) for our outstanding OSH implementation. This prestigious certification is valid until 2025, reflecting our continuous dedication to maintaining exceptional OSH standards.

OUR OUTPUT – HOW WE PERFORMED

In FY2024, we achieved zero (0) fatalities across our operations in Malaysia and Indonesia. We will continue to strive towards achieving zero Lost Time Accident (“LTA”) cases.

We strive to promptly respond to OSH violations. All incidents are reported by process unit within 24 hours to the Safety Department. Subsequently, an incident investigation committee is established to identify the root cause of the incident. Corrective measures will be proposed and implemented to prevent the recurrence of similar violations in the future.

PERFORMANCE DATA

Description	 Malaysia			 Indonesia		
	2022	2023	2024	2022	2023	2024
Number of work-related fatalities	0	0	0	0	0	0
Lost time incident rate	0.12	0.12	0.29	0	0	0
Number of employees trained on safety and health standards	1,467	950	867	53	51	74

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

Given the inherent nature of our operations and products, the importance of safety and health at the workplace is not only a paramount concern but also a guiding operational principle shaping our organisations’ internal ethos and our relationship with external stakeholders.

Additionally, we strive to enhance our compliance to safety and health standards and regulations. We will actively pursue additional certifications to demonstrate our commitment to the highest standards of safety.

FUTURE OUTLOOK – OUR PRIORITY

Going forward, LCT will prioritise employee health and process safety to enhance our OSH measures. We established an annual target of zero (0) LTAs for all our operations. We will continue to conduct regular safety refresher training for our employees.

In addition, LCT is in the process of implementing stringent safety and health standards throughout its supply chain by undertaking initiatives to enhance contractor safety management. Simultaneously, LCT is committed to the development and provision of training for leadership roles, emphasising their responsibility in establishing and upholding safety standards. This initiative aims to bolster leadership engagement and facilitate continuous improvement in the safety management system.

LCT will also focus on heightening employees’ operational awareness, by fostering the right attitude to ensure tasks are performed with precision. In the long-term, LCT plans to invest in emergency safety equipment at our plant sites, further contributing to the safety of workers in their daily tasks.

STABLE AND SAFE PLANT OPERATIONS



SUPPLY CHAIN MANAGEMENT

A robust supply chain management is imperative for optimising our operational efficiency. We consistently evaluate our procedures and policies governing supply chain management to uphold efficiency. This ongoing review aims to identify and prioritise risks, facilitating effective monitoring and mitigation strategies.

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Cyclicity in Petrochemical Industry Risk
- Supply of Feedstock Risk
- Foreign Exchange Risk
- Market Risk

Business Capitals



Financial Capital

- Procurement expenditure on local suppliers across both Malaysia and Indonesia operations.



Skilled Talent

- Employees with an understanding on managing supply risks through demand forecast and margin impact assessment.



Social and Relationship Capital

- Maintaining a good relationship with all our suppliers and vendors.

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

We consistently collaborate with suppliers to secure products and services that are vital to our operations. These include raw materials, packaging, machinery supplies like spare parts and consumables which are essential for maintaining our production plants. Furthermore, we partner with third-party service contractors for various needs, such as maintenance, inspections, engineering, IT and warehousing.

We actively support local economic development by promoting local procurement and sourcing from established suppliers in Malaysia and Indonesia. In line with our environmental efforts, we are exploring more efficient sourcing practices to reduce waste.

At LCT, ensuring operational continuity with minimal disruption is paramount. We mitigate risks by diversifying our sources and engaging multiple suppliers to reduce the risk of supply interruptions. Additionally, we maintain supply continuity by conducting regular inventory checks and closely monitoring delivery statuses.

To prevent delays due to shipping, we collaborate closely with suppliers on logistics arrangements and optimise buffer stocks.

POLICIES AND PROCEDURES

Our supply chain management is guided by the Supplier Code of Conduct ("SCOC") throughout our operations.



MALAYSIA

The SCOC for the Malaysian operations outlines our expectations for suppliers and contractors to engage in responsible and ethical business practices in compliance with all relevant laws and regulations. The SCOC mandates the following:

- Prohibits forced labour and child labour – all suppliers are expected to fully comply to the employment and human rights laws and regulations, including aspects such as working hours, salary, living conditions and freedom of association.

- Commits to environmental, safety and health standards – all suppliers to comply to environmental laws, regulations and related safety standards.

We communicate our SCOC to suppliers and contractors through various channels via the Company website and email. To ensure clarity, both Bahasa Melayu and English versions are provided. For new vendors, the SCOC is included as part of the Vendor Validation Questionnaire ("VVQ") required for registration. The SCOC is conveyed to existing vendors participating in tenders via a Bidder Declaration Form through email. Additionally, vendors participating in tenders for contracts worth over RM300,000 must acknowledge the SCOC in their Bidder Declaration Forms.

Additional requirements for LCT's suppliers include:

- A revalidation of the declaration of interest for existing vendors submitting tender bids if the declaration exceeds one (1) year.
- Inclusion of Anti-Bribery & Anti-Corruption ("ABAC") related questions in the VVQ and the annual Vendor Self-Assessment Questionnaire for key vendors.
- Implementation of a safety pre-evaluation checklist as part of the vendor registration process for on-site contractors.

LCT conducts screenings for new local suppliers through the Malaysian Anti-Corruption Commission ("MACC") website to ensure compliance with anti-corruption standards. For new international suppliers, LCT performs sanction screenings and requires them to complete a sanction declaration within the VVQ form. Additionally, both MACC and sanction screenings are applied to bidders participating in contracts valued at RM300,000 or above. Beyond these screenings, LCT has enhanced its evaluation of the financial stability of new suppliers and tender bidders, aiming to partner only with those who are financially robust and reliable.

Additionally, LCT continues to adopt its e-procurement system that was implemented in FY2023 to digitalise LCT's value chain processes and reduce paper wastage. The transition has been smooth overall and LCT strives to implement bidding by e-procurement for all purchases moving forward.

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INDONESIA

In our operations in Indonesia, suppliers must adhere to the specified clauses in the Business Ethics & Code of Conduct ("BECOC") and Program Penilaian Peringkat Kinerja Perusahaan ("PROPER") Guidelines. Compliance with these guidelines ensures adherence to policies related to human rights, forced labour and non-discrimination. Furthermore, we routinely assess the compliance status of our Indonesian suppliers using the sanctions search website.

SUPPLIER ASSESSMENT

Apart from conveying our expectations to new suppliers, we consistently evaluate the practices of our existing suppliers to verify their alignment with our values.

We routinely conduct supplier performance reviews, assessing suppliers based on a set of criteria that encompass Environmental, Social and Governance ("ESG") considerations in addition to evaluating their performance in key areas such as price, quality, service, delivery, documentation and safety compliance. Furthermore, we conduct due diligence reviews on potential new suppliers through risk assessments. There were no instances of non-compliance identified through our regular supplier audits for both our Malaysian and Indonesian operations, in the year under review.



MALAYSIA

In Malaysia, new potential suppliers are assessed on their quality, SHE, ABAC, governance, risk management and conflict of interest standards. LCT also conducts affiliate checking on new suppliers.

For our current selected key suppliers, we mandated the completion of a supplier self-assessment questionnaire. This questionnaire covers various aspects, including ESG considerations such as Greenhouse Gas Emissions ("GHG"), quality management systems, governance, legal and compliance, human rights, supplier management and risk management.



INDONESIA

Within our operations in Indonesia, existing suppliers and vendors must complete a questionnaire to evaluate their adherence to regulatory requirements. Additionally, we conduct annual supplier audits, selecting suppliers based on supplier's grouping of chemical, mechanical, electric, project and consumables. Two (2) suppliers from each group are selected for the audit and are assessed on quality, raw material control, certification and traceability.

VENDOR MANAGEMENT

We actively employ measures to oversee and conduct thorough assessments of all our vendors, including contractors. LCT conducted the following due diligence activities:

- **New Vendors:** In FY2024, all 65 new vendors were required to complete a declaration form to confirm their compliance with LCT's established standards and policies.
- **Assessment and Reassessment:** LCT's vendor assessment process is ongoing, with a target to reassess existing vendors every three (3) years. Since August 2023, a total of 629 declarations have been collected, encompassing both new and existing vendors, to ensure continued adherence to our standards and policies.

- **Site Visits:** In FY2024, LCT conducted site visits for two (2) selected vendors, including one (1) contractor and one (1) scrap collector. Vendors undergoing site visits were required to complete a questionnaire, covering areas such as quality, safety, environment, governance and legal and compliance. The responses provided during the assessment were verified on-site by LCT's Person-In-Charge ("PIC").

Additionally, new on-site contractors must complete a safety pre-evaluation checklist during the vendor registration process, with additional criteria on anti-corruption, sanction declaration and financial conditions. Furthermore, contractors are required to submit a form affirming the adequacy of their SHE procedures. Failure to meet these requirements results in the non-engagement of potential contractors. In FY2024, LCT's Safety Team reviewed and updated the contractor safety management procedure to ensure continuous improvement and compliance with the latest regulations.

In Indonesia, two (2) vendor site visits were jointly conducted with the user and SHE to assess the vendor's equipment, performance and safety. There were no instances of non-compliance identified during the vendor due diligence process, in the year under review.

VENDORS' CAPABILITY TRAINING

At LCT, safety is a top priority. We require all contractors to adhere to stringent safety, environmental and health standards, implementing best practices to ensure service delivery. This commitment is reinforced through LCT's safety training sessions and compulsory supplier meetings, where contractors gain insight into our expectations. These sessions also provide valuable opportunities for feedback, helping us understand the challenges contractors face in meeting our standards.



MALAYSIA

To keep our vendors well-informed about the new systems and processes in place, guidelines on LCT's e-procurement system and new vendor registration have been disseminated to all vendors.

Furthermore, material suppliers have been briefed on the practices and procedures for handling chemical spills during transit to enhance their awareness and response capabilities. Our commitment to keeping our suppliers informed on the latest information underscores our dedication to maintaining a seamless and efficient collaboration.



INDONESIA

In our Indonesian operations, safety training sessions are key to the bidding process for contractors, given the escalating restrictions on safety requirements. LCT is committed to verifying contractors' certifications in safety training to ensure their eligibility before a contract is awarded.

STABLE AND SAFE PLANT OPERATIONS

SECURE FEEDSTOCK SUPPLY

LCT's feedstock supply is mainly sourced from the regions of Asia, the Middle East and Europe. To safeguard our feedstock supply and mitigate supply chain disruptions, we implemented the following measures:

- **Spot Pricing** – to maintain cost-effectiveness throughout our supply chain, we employ spot pricing for short-term price advantages and establish long-term supply contracts with a pre-determined pricing formula based on market prices. Price counting is distributed to mitigate the impact of market volatility.
- **Compliance with Import/Export Regulations** – our Malaysian and Indonesian operations actively engage with regulators to ensure efficient customs clearance processes for the import/export of materials.
- **Recognition of Supply Chain Risks** – we have identified and addressed potential risks in our Risk Register, accompanied by relevant action plans and emergency procedures.
- **Petrochemical Market Risks** – recognising the cyclical nature of the petrochemical market and the related feedstock and product price volatility, we ensure that there is optimal buffer stock in our operations and maintain close communication with suppliers to minimise any potential supply chain disruptions.

OUR OUTPUT – HOW WE PERFORMED

Total Number of Suppliers

LCT strives to maintain cost-effectiveness of our supplier base through ongoing collaboration with local vendors.

Number of suppliers appointed	2022		2023		2024	
	MY	IN	MY	IN	MY	IN
Local suppliers	635	332	608	361	603	339
Foreign suppliers	143	36	152	46	128	30
Total	778	368	760	407	731	369
Percentage of local suppliers	82%	90%	80%	89%	82%	92%
Percentage of foreign suppliers	18%	10%	20%	11%	18%	8%

Note: MY = Malaysia Operations, IN = Indonesia Operations.

Note: The data excludes feedstock suppliers.

New Suppliers

Number of new suppliers	2022	2023	2024
Malaysia	63	73	65
Indonesia	52	71	53
Total	115	144	118

Note: The data excludes feedstock suppliers.

Amount of Expenditure for Suppliers

Value of Expenditure	2022 (RM Million)		2023 (RM Million)		2024 (RM Million)	
	MY	IN	MY	IN	MY	IN
Local suppliers	451	145	343	172	389	129
Foreign suppliers	173	25	156	32	66	27
Total	624	170	499	204	455	156
Proportion of spending on local suppliers	72%	85%	69%	84%	86%	83%

Note: The data excludes feedstock suppliers.

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

We enhanced our supply chain processes by shortening delivery times and achieving cost reductions. In doing so, we have offered contract terms to suppliers, enabling us to enjoy flexibility in switching suppliers based on supply availability and prices.

In addition, we actively support our suppliers in upholding safety and health standards through regular safety training sessions and meetings. In FY2024, we supported the turnaround for spare part purchase and engaged contractors for major plant equipment cleaning, repair and overhaul services.

FUTURE OUTLOOK – OUR PRIORITY

Going forward, LCT aims to increase its engagement in supply chain management by fostering close communication with key major suppliers. We will strengthen our supply chain resilience by diversifying the sourcing of suppliers and vendors. This will help reduce the risk of supply disruptions during both production and maintenance activities.

STABLE AND SAFE PLANT OPERATIONS



SUSTAINABLE MANUFACTURING AND PRODUCT QUALITY

Our commitment to business sustainability empowers us to capitalise on stable and safe plant operation, ensuring long-term business viability.

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Cyclicalities in Petrochemical Industry Risk
- Operation Risk

Business Capitals



Financial Capital

- Investment in maintaining a stable and safe plant operation and management system.



Manufactured Capital

- Existing infrastructure, machineries and systems used at production site.



Natural Capital

- Utilise various natural and manufactured resources in the production process such as naphtha, hydrogen gas, water and electricity.



Skilled Talent

- A team of highly qualified employees who specialise in research and development.



Intellectual Capital

- Leveraging the expertise and knowledge from our resourceful manufacturing and technical workforce.

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

Our Day-to-day Manufacturing Process

LCT prioritises operational excellence in daily manufacturing by regularly improving our machinery for enhanced output. We conduct preventive maintenance to minimise equipment breakdown risks and gradually upgrade existing machinery for optimal performance.

Safety is paramount to our operations; we cascade necessary measures to protect our workers. Our Malaysian facilities comply with the Occupational Safety and Health (Amendment) Act 2022. Compliance is ensured through periodic maintenance, machinery refurbishment and risk-based inspection programmes.

Plant Enhancement Initiatives

Efforts to increase operational efficiency

We continue to implement various improvements and cost savings initiatives. This involves carrying out regular maintenance, refurbishing and modifying machinery and equipment.



MALAYSIA

In our aim to maintain stable and safe plant operations, we completed the upgrading and enhancement of our facilities with the Emergency Shutdown System ("ESD") and Distributed Control System ("DCS") in FY2024. These improvements aim to safeguard existing facilities and ensure employee safety during operational emergencies, enhancing the control and monitoring of operational stability within the production plants.

With the implementation of Operator Training Simulator ("OTS") in the Naphtha Cracker Plant 2 ("NC-2"), the OTS helps in training new operators, refining the skills and knowledge of existing operators and boosting their confidence for smoother plant start-ups and shutdowns. The OTS has also contributed to reducing abnormal situations, trips and other untoward incidents at the plant.



INDONESIA

In FY2024, following the successful completion of the TA in 2023, our Indonesia operations prioritised stable and safe plant operation at the PE-1, PE-2 and PE-3 plants.

Additionally, LCT undertook several projects aimed at enhancing reliability to ensure stable operations:

- Replacement of the Gear Pump for Extruder-1 to enhance reliability and product quality.
- Acquisition of a new X-Ray Fluorescence ("XRF") Spectrometer to ensure product quality, replacing the outdated model with obsolete spare parts.
- Installation of an additional plate heat exchanger in PE-3 to optimise the cooling system and support high-capacity operations.

STABLE AND SAFE PLANT OPERATIONS

PRODUCT QUALITY ASSURANCE

We are committed to upholding the highest quality standards in our operations, ensuring every product undergoes regular quality assessments and meets customer expectations.



MALAYSIA

Our operations in Malaysia remain guided by the Quality Policy and Quality Principle. Our quality management system aligns with the ISO9001:2015 Quality Management System, enabling us to conduct Quality Control ("QC") tests in compliance to international standards and licensors' method statements, ensuring the delivery of excellence.

As part of our quality management system, we executed the following initiatives:

- An annual audit conducted by the external certification bodies to ensure compliance with ISO Standards – this assessment encompasses operational control of organisational processes, internal auditing, management review and management responsibility for organisational policies.
- Designated facilities in Malaysia performed QC testing on our products – for feedstock and petrochemical products, QC tests are performed in a monomer laboratory and two (2) polymer laboratories. Rigorous QC procedures were implemented at each stage, from feedstock to in-process products, extending to final monomer and polymer products while QC tests are conducted on all monomer products and all grades of polymers, in accordance with product specifications and international standard methods.
- Conducted quality tests on our products in our Malaysian operations, with resampling in the event of discrepancies in specifications – in our QC process, close communication with the Technical Services ("TS") and Production Departments ensured proper coordination before products are bagged, ensuring the delivery of quality products.
- Purchased new equipment – including melt index analysers to enhance production quality and efficiency.



INDONESIA

In our Indonesian operations, we proactively conducted regular quality checks and consistently upgraded our equipment to attain the highest production standards. Our commitment to sustaining high-quality performance and elevating customer satisfaction is reflected in our customer satisfaction surveys, distributed via email. Additionally, we monitor the effectiveness of our production processes through regular surveys and ensure our employees participate in refresher training courses to uphold stringent quality control.

PRODUCT RESPONSIBILITY AND INNOVATION

Product responsibility and innovation are two (2) critical imperatives in our approach towards creating real change in sustainable production and consumption of our products that have positive impacts on society and the environment. The synergy between innovation and our steadfast commitment to product responsibility shapes our business sustainability and drives our competitive edge to deliver customer satisfaction and value.

TECHNICAL SERVICES AND SUPPORT

Our Plastic Technical Centre ("PTC") in Malaysia and the Technical Service and Product Development ("TSPD") Department in Indonesia offer extensive customer support for product applications, development, production consultancy and technical training. The majority of our customers are local Small and Medium-sized Enterprises ("SMEs"). To strengthen collaborations and elevate the knowledge and expertise of our customers, our PTC conduct partnership programmes by request. These programmes focus on new applications, product developments and enhancements in quality and productivity. Meanwhile in Indonesia, our TSPD Partnership programme focuses on modification on properties of existing product.



MALAYSIA

In FY2024, the PTC team from our Malaysian operations provided training for 138 employees from 17 customers, enhancing their product and market knowledge while boosting production output and product performance. The training programmes covering topics such as fabrication and product development. Moving forward we plan to continue this effort by offering diverse training courses based on customers' requests, including new initiatives, like training on new products.

Additionally, we responded to 61 lab analysis requests, aiding customers in market development and troubleshooting.



INDONESIA

Our operations in Indonesia maintain customer engagement through periodic visits, adhering to safety and health protocols and conducting technical training and sharing sessions. This reflects our appreciation to our customers and strengthens customer relations.

CONTRIBUTION TO THE PETROCHEMICAL INDUSTRY



MALAYSIA

In our Malaysian operations, our PTC provides technical support to local government entities, Non-Governmental Organisations ("NGOs"), schools and industry associations, such as the Malaysian Plastics Manufacturers Association ("MPMA") and the Malaysia Petrochemicals Association ("MPA")– Plastics Resin Producers Group ("MPAPRG").

In the year under review, LCT has participated in industry discussions:

- Participated in Post Council session for Solid Waste Management Technical Working Group under National Circular Economy Council ("NCEC") on the utilisation of Material Flow Analysis ("MFA") for plastic to calculate the national recycling rate and way forward.
- Participated in the National Standards Committee on Plastic and Plastic Products (NSC10, NSC 10/TC3 and NSC10/TC5).
- Participated as committee member for technical committee and video competition to support the MPA Technical Sustainability Seminar 2024 to create awareness in public on the sustainable approach in plastic industry.
- Supported MPMA International Plastics Conference ("MIPC") 2024 by attending as a participant.

STABLE AND SAFE PLANT OPERATIONS

LCT was invited by the MPMA Johor Branch to take part in the annual Johor Bahru Chingay Festival, a century-old festival, on 29 February 2024. The objective was to promote "A Litter Free Chingay". More than 20 volunteers from LCT, MPMA and other plastic manufacturers were stationed at four (4) different locations along the Chingay route. Each station was equipped with bins for recyclables, non-recyclables and food waste, to educate the public on the proper segregation and disposal of rubbish. Banners and signages were raised along the road to catch the attention of public to promote 3R awareness.

On 22 June 2024, 25 volunteers from LCT participated in a beach cleanup at Desaru Public Beach. This initiative focused on removing plastic waste and general waste from the shoreline, helping to restore the beach and promote a cleaner environment. The effort not only contributed to preserve the environment but it also raised awareness among the participants and community about the importance of protecting our beaches from pollutants.



INDONESIA

In Indonesia, LCT supported initiatives through its membership in the Asosiasi Industri Plastik ("INAPLAS") Indonesia and contributed to the AllPack Indonesia 2024 Exhibition by providing consultations and hosting a seminar.

POLICY/LAWS AND COMPLIANCE

For our Malaysian operations, customers can easily access our Product Guide Status through our Company website and request product certificates. Our online system also allows for the self-preparation of specific chemicals and ensures regulatory compliance, tailored to meet individual needs.

In Indonesia, we rigorously assessed 100% of our products for compliance with the Restriction of Hazardous Substances ("RoHS"). Furthermore, we conducted migration tests in alignment with Commission Regulation (EU) 2016/1416, focusing on plastic materials and articles intended for food contact.

Refer to 'Our Products and Quality' in Section 1 for the list of certifications received by LCT.

OUR OUTPUT – HOW WE PERFORMED

We are steadfast in our efforts to prevent any unscheduled plant shutdowns and safety incidents, aiming to maintain stable and safe plant operations.

a) Total Production Volume (KT)

Year	Malaysia	Indonesia
2022	2,382	361
2023	2,052	331
2024	1,714	330

b) Plant Utilisation (%)

Year	Malaysia	Indonesia
2022	76%	80%
2023	66%	74%
2024	55%	73%

c) Product Quality Assessment on Safety and Health

	Number of Products Tested in Year 2024	
Type of Assessment	Malaysia	Indonesia
1	15 ⁽¹⁾	58 ⁽³⁾
2	39 ⁽²⁾	58 ⁽⁴⁾

Notes:

- ROHS for compliance Directive (EU) 2015/863.
Products tested: HDPE (3 grades), LDPE (1 grades), PP (11 grades).
Remark: One PP grade was not tested due to no production.
- FDA Internal Analysis.
Product tested: HDPE (10 grades), LDPE (9 grades), PP (20 grades).
- ROHS for compliance Directive (EU) 2015/863.
Products tested: HDPE (31 grades), LLDPE (27 grades).
- Migration Test for compliance Commission Regulation (EU) No.10/2011.
Product tested: HDPE (31 grades), LLDPE (27 grades).

d) Incidents of Non-Compliance of Products and Services related to the Safety and Health

There were zero reported cases of non-compliance in relation to safety and health throughout our operations in Malaysia and Indonesia, in the year under review.

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

We continue to enhance operational efficiency and optimise resource utilisation. Our focus remains on sustainable manufacturing, product quality and maintaining high standards of safety and health across our processes.

FUTURE OUTLOOK – OUR PRIORITY

We remain dedicated to process integration and continuous improvement to support stable and safe plant operations. This includes maintaining equipment and systems to enhance efficiency while reducing the risk of disruptions. Additionally, LCT remains focused on managing long-term operational costs, improving product quality and mitigating operational risks.

STRATEGY PILLAR 2

BUSINESS SUSTAINABILITY



CUSTOMER VALUE CREATION

Customer engagement is crucial for fostering collaborative partnerships that drive value creation and enhance business competitiveness. We view our customers as key partners who contribute to our innovative processes.

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Supply of Feedstock Risk
- Market Risk – Competition

Business Capitals



Skilled Talent

- A dedicated sales and marketing team to ensure we exceed customers' expectations.



Social and Relationship Capital

- Strong relationships with our customers based on trust and ethical business practices.



Manufactured Capital

- Leverage the expertise and knowledge from our resourceful manufacturing and technical workforce to collaborate with our customers to develop and diversify our products.



Intellectual Capital

- Collaborate with business partners, utilising our combined areas of expertise to develop new products and diversify applications of our existing products.

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

Building and sustaining positive customer relationships remains a top priority in delivering products and services that exceed expectations. We continue to disseminate information through various communication platforms, with initiatives in Customer Management, Customer Engagement, Customer Partnership Initiatives and Customer Satisfaction Survey.

CUSTOMER MANAGEMENT

Effective customer management is vital to ensuring customer satisfaction, understanding their evolving needs and building long-term relationships that are essential for our sustained business growth.



MALAYSIA

The Sales, PTC, Quality Management, Operations and Logistics Departments have oversight of our customer management in Malaysia. They work closely with the Production Department in planning and coordinating delivery arrangements, managing after-sales services and addressing technical queries or customer complaints. During the year, we received 38 enquiries regarding quality and physical issues, including those related to visual appearance and packaging matters.

Our new employees from Sales and Technical Services are obliged to attend product training sessions to improve their proficiency in addressing customer product enquiries. Meanwhile, ongoing coaching programmes were conducted to consistently elevate job competency. We also organised additional training sessions with our additive vendors, assisting our Technical Service Engineers in enhancing their understanding of current and emerging technologies and their impact on our products.



INDONESIA

At LCT Indonesia, Customer Management, which includes domestic sales, exports and technical services, falls under the purview of the Commercial Department. We provide training sessions to enhance our customers' technical expertise, aiding them with ISO and other standards audits. Additionally, all employees are mandated to undergo annual compulsory training in product knowledge pertaining to production and procurement.

CUSTOMER ENGAGEMENT

We continue to preserve our relationship with our customers by regularly engaging with them and serving their needs.



MALAYSIA

We engage with our customers through regular site visits and annual gatherings for domestic customers while virtual meetings are held for export customers. Additionally, LCT connects with export customers annually in global events such as the leading plastic and rubber exhibition, CHINAPLAS.

During these engagements, we introduce innovative products that leverage technological advancements to enhance operational efficiency. We also gather feedback and share insights with the respective departments for continuous improvements.

This year, PTC conducted a total of 149 customer engagements, strengthening our relationships and providing valuable insights to enhance our offerings.

BUSINESS SUSTAINABILITY



INDONESIA

LCT Indonesia conducted physical engagements with customers to boost rapport. Site visits were organised to gather and share insights while physical training sessions were held to share product knowledge and technical competency.

CUSTOMER PARTNERSHIP INITIATIVES

Building strong partnerships with our customers enables us to deliver tailored solutions through our products and services. By collaborating with industry players, we develop innovative, industry-driven solutions that support mutual growth. These partnerships expand our capabilities, address diverse market needs and create shared value for all stakeholders. Our focus on forging strong customer relationships enables us to improve our offerings and provide effective solutions, helping our customers remain competitive in their respective industries.

Notably, we work with our business partners to source locally produced goods, aiming to achieve cost-effectiveness and ease in logistics.



MALAYSIA

In 2024, LCT has continued to explore sustainable innovation through strategic collaborations with valued customers that showcase PB210, LCT's biodegradable polypropylene resin. These partnerships, including a significant collaboration with a leading food container manufacturer in Johor Bahru, resulted in the fabrication of 10,000 biodegradable food containers featured at the Majlis Bandaraya Pasir Gudang ("MBPG") Green Dinamika event at Pasir Gudang. This initiative aligns with both organisations' dedication to reducing environmental impact through responsible material choices. Similarly, LCT has also collaborated with another local fabricator of packaging products to produce 45,000 biodegradable food containers, which were then integrated into LCT's in-house cafeteria operations. By incorporating PB210 containers into daily cafeteria operations, LCT has set an internal benchmark for adopting biodegradable solutions that contribute to a greener workplace. With these collaborations, LCT is paving the way for scalable, sustainable solutions that provide lasting value to both our customers and the environment.

Looking ahead, LCT remains committed to working closely with supply chain partners and industry stakeholders to create a sustainable ecosystem for mechanical post-consumer recycling in plastic product. LCT has been actively helping our clients to meet their sustainability goals while providing competitive and high-quality products that meet the rigorous standards of today's industries through the mechanical Post-Consumer Recycling ("mPCR") approach. This year, we have successfully developed one (1) new mPCR grade for pail application in response to customer demand for sustainable manufacturing. From the test and trial outcome, the product grade met the quality performance required and has similar impact properties as compared to virgin resin.

The growth of the biodegradable polypropylene resin and mPCR segment will largely depend on market interest and potential regulatory support. Given the current challenges, LCT will continue to explore opportunities to enhance product quality and expand business partnerships while monitoring market demand for sustainable solutions.

OUTPUT – HOW WE PERFORMED

Turnover for Customer Service

We strive to address all customer feedback promptly. Upon receiving feedback, we engage the relevant internal departments internally to ensure effective resolution of any issues.

Customer complaints/feedback received

Types of Complaints	Number of Complaints	
	Malaysia	Indonesia
Resolved Complaints	38	12
Unresolved Complaints	0	0
Total number of Complaints received in FY2024	38	12

In FY2024, our Malaysian and Indonesian operations received complaints primarily related to visual appearance and packaging of products, specifically related to handling during transportation. These complaints were addressed following our Customer Complaint Handling Procedure, with process controls improved and material replacements made after investigation. At LCT Indonesia, complaints mainly concerned product appearance. Investigations were conducted to resolve the issues, and appropriate measures implemented to address the concerns.

We have successfully resolved all complaints from both countries within the targeted response time of three (3) working days and will continue to work towards accomplishing zero (0) customer complaints while ensuring that any complaints received are effectively resolved.

Customer Satisfaction Survey

We conduct our annual Customer Satisfaction Survey to measure our customers' satisfaction level with our products and services. The survey is carried out with our domestic and international customers from various portfolios to provide a comprehensive view of our performance. The results from the survey offer us insights to improve and strengthen our relationships with our customers.

In Malaysia, a total of 182 customers, comprising 81 domestic and 101 export customers, participated in our survey, which revealed a 100% satisfaction rating. In Indonesia, 45 customers participated, and a 99% satisfaction rating was recorded. The ratings were applicable to LCT's product quality, response and communication, technical services, product development/improvement, shipping and delivery and supply reliability.

LCT takes low ratings seriously as we cascade the results to relevant departments to understand and address the area of dissatisfaction.

Year	Malaysia	Indonesia
2022	100%	97%
2023	100%	95%
2024	100%	99%

BUSINESS SUSTAINABILITY

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

Our customer engagement stems from a proactive approach focused on prioritising customers' needs, fostering trust and enhancing loyalty. Despite challenges in the overall market in FY2024, including increased supply from China and other Southeast Asian countries, LCT maintained customer loyalty by upholding high service standards and promptly addressing feedback and complaints. Through robust partnerships, we aim to bolster customer confidence by continuously improving our products to remain competitive in the market.

FUTURE OUTLOOK – OUR PRIORITY

LCT remains committed to sustainable growth by focusing on resource efficiency, product quality and customer relationships. Moving forward, we will prioritise business sustainability, explore opportunities for sustainable product development and strengthen customer engagement through ongoing interactions and market monitoring.



BUSINESS SUSTAINABILITY



BUSINESS DEVELOPMENT

The global business environment remains challenging, with geopolitical uncertainties and market fluctuations impacting the petrochemical industry. The rapid expansion of global petrochemical capacity has outpaced demand growth, leading to persistent oversupply and affecting our business performance. In response, LCT remains committed to sustaining its business through operational efficiency and strategic adaptability.

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Cyclicity in Petrochemical Industry Risk
- Market Risk – Competition
- Project Risk

Business Capitals



Financial Capital

- We remain focused on prudent financial management to ensure liquidity and long-term stability.



Skilled Talent

- Our experienced leadership and skilled workforce are key to navigating challenges and driving project execution.



Social and Relationship Capital

- Strong partnerships with government bodies, business partners, suppliers, customers and local communities support our operational resilience and growth.

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

The uncertainty in the global business environment is expected to persist, influenced by factors such as inflationary pressures, government sanctions, regulatory changes and market oversupply. Despite these challenges, LCT continues to monitor developments closely while seeking opportunities to strengthen its position.

In this context, the LOTTE Chemical Indonesia New Ethylene ("LINE") Project in Merak, Indonesia, is expected to be completed this year. LCT will continue to assess domestic and regional market dynamics to ensure a smooth transition to commercial operations.

OUTPUT – HOW WE PERFORMED

LCT will continuously assess market conditions to maintain strategic alignment and operational readiness for its development projects.

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

LCT remains committed to business sustainability by closely monitoring financial stability, market dynamics and regulatory changes. The Company continues to explore opportunities for operational improvements and long-term resilience.

FUTURE OUTLOOK – OUR PRIORITY

Moving forward, LCT will adapt its business model to evolving market conditions, balancing growth opportunities with prudent risk management to sustain operations and navigate industry challenges effectively.



STRATEGY PILLAR 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



ENVIRONMENTAL MANAGEMENT AND CLIMATE CHANGE

As a lifetime value creator, we are committed to reducing our environmental impacts and addressing climate change. We focus on efficient operations, complying with local regulations and optimising processes to minimise emissions and waste.

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Operational Risk
- Compliance Risk – Safety, Health and Environment

Business Capitals



Financial Capital

- Invested in environmental facilities and environmental systems to maintain regulatory compliance, mitigate risks and improve operational efficiency.



Natural Capital

- We utilise natural resources such as water and natural gas in our manufacturing processes. We are also guided by environmental policies, guidelines and accreditations in our approach to environmental sustainability management.



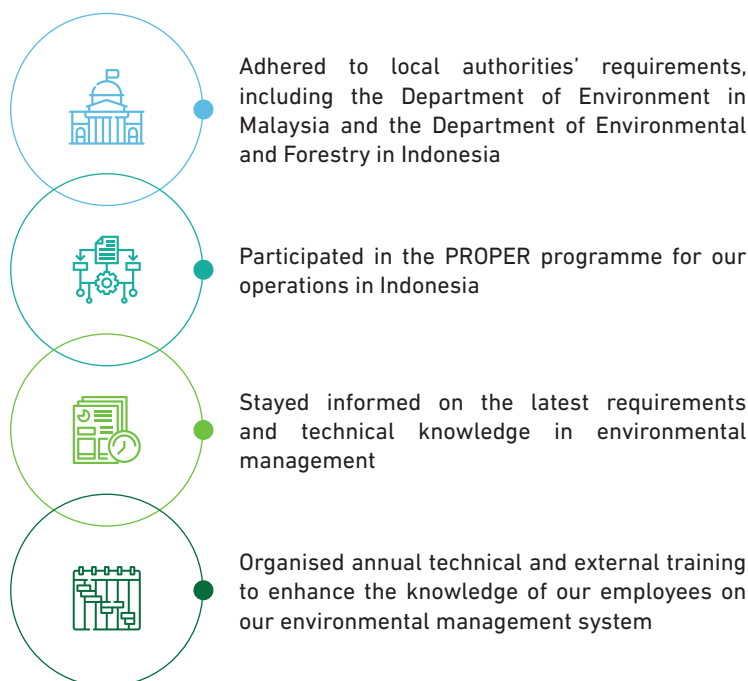
Skilled Talent

- Employed a diverse team to oversee environmental monitoring, ensure compliance and drive continuous improvement.

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

All our manufacturing activities fully comply with the ISO 14001:2015 Environmental Management System standard. We are committed to maintaining full compliance with ISO 14001 for all Olefins and Derivatives and Polymers' products manufacturing processes.

Additionally, we have taken the following measures:



WASTE MANAGEMENT

Our waste management in Malaysian and Indonesian plants are regularly overseen by the respective Environment and Operation Departments. They manage the monitoring, management and disposal of our industrial and general waste.



MALAYSIA

In Malaysia, we have in place the Scheduled Waste (“SW”) Management Procedure and General Waste Management Procedure, which guide our waste management processes.

In FY2024, we implemented the following to optimise waste management:

- **Daily Life Waste:** We continued implementing our 3R Recycling Programme by introducing segregated waste bins at production sites for various types of everyday waste. The establishment of a mini “3R shelter” has significantly improved 3R activities and reduced daily life waste, while a centralised 2R system enhanced the efficiency of scheduled recycled waste collection across all plants.
- **Non-Polymer Scrap Waste:** Various items including torn bags, used yarn, pallets, drums, carboys, lube oil, palladium, catalyst, etc., undergo a value recovery process through saleable scrap.
- **Polymer Scrap Waste:** Our Procurement team is tasked with the management of polymer waste, directly involved in its acquisition or purchase, often for recycling purposes.
- **Electronic-Waste and Others:** Adopted a “Pay-As-You-Throw” system for selected general waste and SW. Disposal costs are based on the volume or type of waste. The e-waste is segregated prior to disposal to maximise e-waste recovery.
- **SW Enhancement Programme:** Activities such as SW Audit Inspection, introduction of new SW Label and ERA Site Audit Inspection are conducted regularly. SW shelters are inspected daily for labelling and inventory compliance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



INDONESIA

In Indonesia, we maintain our waste management practices in compliance to the Environment Management Performance Rating/ Program Penilaian Peringkat Kinerja Perusahaan (“PROPER”) Guidelines and Environmental Law No. 22/2021 on Environmental Protection and Management.

WATER MANAGEMENT



MALAYSIA

In our Malaysian operations, the Environment Department is responsible for ensuring compliance and overseeing the monitoring of water treatment facilities. Meanwhile, the Manufacturing Department operates the treatment systems and ensures performance monitoring is conducted for each processing unit.

We maintained sufficient water for internal use, enabling uninterrupted plant operations for over 48 hours in accordance with the Water Services Industry Act 2006 (Water Reticulation and Plumbing) Rules 2014.



INDONESIA

The Health, Safety and Environment (“HSE”) Department and Production Department oversee our water management initiatives at our operations in Indonesia. The HSE Department is responsible for regular reporting to the government as mandated. Our Indonesian operations currently adhere to the requirements outlined in PERMEN LHK No. 1/2021 at PROPER. In FY2024, we continued implementing the following water recycling systems:

- **Recycle Coal Boiler Wet Ash Water:** Our current coal boiler system utilises a wet ash conveyor system that uses water to cool coal ash post-combustion. We continue to implement a sedimentation process to separate water from the coal ash, enabling the water to be recycled in our coal boiler system. We also use high-quality coal with less bottom ash and fly ash.
- **Utilise Prepolymer Drier Cooling Water for Fire Water Tank:** In the manufacturing processes of our PE-1 and PE-2 plants, we employ prepolymerisation reactors to produce catalysts. This process includes the utilisation of cooling water for the prepolymerisation drying process. The resulting by-product, demineralised water, is recycled for the fire water tank.

In addition, we executed the following initiatives to reduce our water consumption:

- Reduced the operating hours for the coal boiler in our production plant, leading to a reduction in the consumption of cooling water from the bottom ash cooler.
- Set up an on-site in-house lab to enhance monitoring and treatment processes.
- Regularly monitored our wastewater data to ensure consistent long-term water management.
- Conducted daily checks on industrial and domestic wastewater levels to ensure compliance to regulatory requirements. Furthermore, a third party has been engaged to monitor quality levels in compliance to local government requirements.

- Conducted checks on all potable and demineralised water network to identify any potential leaks.
- Improved boiler quality, allowing for the operation of a single boiler.

AIR EMISSIONS AND CARBON EMISSIONS



MALAYSIA

In our Malaysian operations, the Environment and Operation Departments oversee the monitoring of air emissions and performance. They are tasked with conducting emissions monitoring, ensuring compliance with environmental regulations and periodically reporting these emissions to the government in line with the national Environmental Management Plan (“EMP”) requirements. The following measures have been implemented to monitor our emissions:

- Implemented a Continuous Emission Monitoring System (“CEMS”) and Predictive Emission Monitoring System (“PEMS”) for all our boilers and Heat Recovery Steam Generators (“HRSG”) respectively. The CEMS and PEMS allow continuous, 24-hour online monitoring of the boilers and Heat Recovery Steam Generators (“HRSG”). Emissions reported by the CEMS and PEMS remained within the acceptable thresholds as per DOE’s guidelines. Established online data connection to DOE’s i-Remote to facilitate DOE’s monitoring.
- Conducted regular noise and vibration inspections and assessments during heavy flaring at boundary and residential areas to ensure our emissions are within acceptable limits. These inspections are carried out by a third-party accredited laboratory.
- Monitored Volatile Organic Compound (“VOC”) readings every six (6) hours at 13 of our locations to ensure smooth and safe operations.
- Additional VOC Photo Ionisation Detector (“PID”) equipment to monitor VOC levels around our Tanjung Langsat plant vicinity is in progress of installation, with completion expected by the end of April 2025.
- Modified four (4) Air Pollution Control Systems (“APCS”) for more effective control of emissions.



INDONESIA

In Indonesia, the HSE Department and Risk Department oversee the monitoring of air emissions and performance. We have implemented the following initiatives to minimise our environmental impacts:

- Operated an Ethylene Recovery Unit (“ERU”) to mitigate GHG emissions by capturing hydrocarbons from plant flares.
- Collaborated with independent third-party assessors to measure the VOC levels in the plant vicinity.
- Submitted reports of GHG emission levels from boilers and plant flares to the Ministry of Environmental and Forestry every six (6) months, in compliance with Indonesian regulations.
- Conducted regular maintenance on our recycled gas compressor equipment.
- Installed solar panels for LCT Merak office to decrease carbon emissions.
- Submitted Liquefied Petroleum Gas (“LPG”) forklifts to electric forklifts in Merak plant.
- Switched to electric forklifts from diesel forklifts.
- Demolished incinerator used for burning waste to reduce the release of waste gases.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

ENERGY MANAGEMENT



MALAYSIA

Our Technical Department currently oversees the energy usage of our Malaysian operations. Their responsibilities include optimising energy consumption in plant operations and developing action plans to implement energy-saving opportunities.



INDONESIA

In Indonesia, the Energy Management Task Force Team, comprising the Technical, Operations, Maintenance and HSE Departments, oversee energy management. We have obtained an Energy Audit Certificate from the Department of Energy and Mineral Resources, complying with the Indonesian regulations established for the implementation of our energy management system.

ENVIRONMENTAL-RELATED TRAINING AND CAPACITY BUILDING



MALAYSIA

In our Malaysian operations, we identified enhancements in environmental compliance through on-site observations, focusing on SW Management, clean air regulations, effluent discharge compliance and the implementation of environmental aspects and impacts.

As part of our environmental training initiatives, we engaged external consultants and organised in-house training sessions for our employees. We have implemented several procedures to enhance employee capabilities and optimise our operations:

- **Training for Contractor Environmental Officers:** During turnaround periods, we prioritise specialised training for Contractor Environmental Officers to minimise major incidents related to environmental management and enhance the overall effectiveness of our scheduled waste management practices.
- **Environmental Risk Assessments (“ERA”):** We frequently conduct ERAs involving our operations, maintenance, environment teams and contractors. This ensures the identification of all environmental aspects and impacts well before the commencement of any plant activities, enabling immediate corrective actions in case of environmental risk issues.
- **Competency-based Training:** Our employees undergo a range of competency-based training programmes covering modules such as SW Management (“CePSWaM”), Industrial Effluent Treatment (“CePIETSO-PCP”, “CePIETSO-BP”) and Scrubber and Bag Filter Operation (“CePSO”, “CeBFO”). These programmes equip our employees with the skills and knowledge necessary for responsible and compliant operations within their respective fields.
- **Training on Environmental Management Systems:** Employees at our Pasir Gudang and Tanjung Langsat operations receive training on Environmental Management Systems, equipping them with knowledge to implement and maintain environmentally sustainable practices, demonstrating our commitment to robust environmental management practices.
- **In-House Training Modules:** Our in-house training approach encompasses diverse modules, covering areas such as SHE Committee, Incident Investigation, TRANSFORM’s Root Cause Analysis (“RCA”), OSH Awareness, Noise Exposure Regulations 2019 and Incident Command System.
- **Quarterly Competent Person Meeting:** In FY2024, we initiated the quarterly Competent Person Meeting to foster teamwork, synergy and information sharing. The meeting focuses on regulatory updates, best practices, discussions and performance monitoring.



INDONESIA

In our Indonesian operations, we conduct training programmes focused on environmental protection, to establish effective pollution control methods.

- **Environmental Training:** To facilitate environmental management, LCT delegates personnel to participate in training on air pollution control and prevention, hazardous waste management, ISO14001 environmental management and water pollution control.
- **ERA:** LCT consistently conducts ERA across all tasks in every department. These assessments are carried out regularly and are updated to reflect the latest regulations, with a focus on identifying aspects and environmental impacts.

OUR OUTPUT – HOW WE PERFORMED

Energy Consumption

In line with global climate goals, we track and manage energy consumption, aiming for continuous improvement across our plants to address challenges encompassing climate change, energy security and competitiveness.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



MALAYSIA

Energy Consumption	Units	2022	2023	2024
Natural gas ^(a)	MW	197	162	150
Fuel gas ^(b)	MW	808	622	564
Purchased electricity ^(c)	MW	39	45	41
Total energy consumption	MW	1,044	829	755
Production	Kilotonnes (kT)	2,382	2,052	1,714
Energy intensity	MW/kT	0.44	0.40	0.44



INDONESIA

Energy Consumption	Units	2022	2023	2024
Natural gas ^(a)	MW	1.58	2.30	4.44
Coal	MW	2.44	2.05	1.46
Fuel gas	MW	0.14	0.11	-
Purchased electricity ^(c)	MW	24.93	23.26	23.86
Total energy consumption	MW	29.09	27.72	29.76
Production	Kilotonnes (kT)	361	331	330
Energy intensity	MW/kT	0.08	0.08	0.09

Notes:

^(a) Natural gas consumption covers data from boilers and gas turbines.

^(b) Fuel gas consumption covers data from production plants at Pasir Gudang, including fuel gas usage in boilers and gas turbine.

^(c) Purchased electricity covers all production sites as well as Johor and Merak offices only.

GHG EMISSIONS



MALAYSIA

GHG Emissions	Units	2022	2023	2024
Scope 2 GHG emissions	tCO ₂ eq	268,153	303,229	282,329

Note:

Data for FY2022 and FY2023 have been restated based on the updated Grid Emission Factor (“GEF”) in Malaysia published in 2024.



INDONESIA

GHG Emissions	Units	2022	2023	2024
Scope 2 GHG emissions	tCO ₂ eq	172,498	160,973	165,089

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

WATER CONSUMPTION

We routinely assess water management plans, monitor our progress and enhance water consumption through conservation efforts, process improvements and the integration of technologies for treating, reusing and recycling water from our operations.



MALAYSIA

Water Consumption	Units	2022	2023	2024
Water consumption ^(a)	Megalitres	12,053	10,596	10,453
Production volume	kT	2,382	2,052	1,714
Water intensity	Megalitres/kT	5.06	5.16	6.10

Note:

^(a) Water consumption reported is only applicable to our plant operations in Pasir Gudang and Tanjung Langsat.



INDONESIA

Water Consumption	Units	2022	2023	2024
Water consumption ^(a)	Megalitres	101	104	117
Production volume	kT	361	331	330
Water intensity	Megalitres/kT	0.28	0.31	0.35

Note:

^(a) Water consumption reported is only applicable to our plant operations in Merak.

WASTEWATER DISCHARGE QUALITY

LCT regularly monitors and assesses the quality of discharged wastewater, including drainage system integrity, to minimise our environmental and ecosystem impacts.



MALAYSIA

Wastewater Discharge	Units	2022	2023	2024
Temperature	°C	31.93	32.09	33.28
Potential of Hydrogen (pH)	-	7.18	7.23	7.26
Biological Oxygen Demand (BOD ₅)	mg/L	11.89	17.82	12.80
Chemical Oxygen Demand (COD)	mg/L	50.64	75.88	53.55
Suspended solids	mg/L	21.84	23.94	16.69
Oil and grease	mg/L	1.61	2.40	1.86
Ammoniacal Nitrogen	mg/L	4.23	3.87	3.83

Note:

^(a) The data for FY2022 and FY2023 have been restated following a revision of the data scope.



INDONESIA

Wastewater Discharge	Units	2022	2023	2024
Temperature	°C	28.83	29.50	28.16
Potential of Hydrogen (pH)	-	7.87	7.97	7.65
Biological Oxygen Demand (BOD ₅)	mg/L	11.08	11.92	8.00
Chemical Oxygen Demand (COD)	mg/L	27.25	31.00	20.92
Suspended solids	mg/L	51.25	37.67	23.33
Oil and grease	mg/L	2.74	2.47	2.00
Ammoniacal Nitrogen	mg/L	0.28	0.81	0.44

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

AIR EMISSIONS

As part of our sustainability efforts, LCT is committed to minimising air emissions in its operations. We employ advanced technologies, complying to strict regulations and collaborating with stakeholders to reduce pollutants throughout our operations.



MALAYSIA

Air Emissions	Units	2022	2023	2024
Nitrogen Oxides (NO _x)	kg	2,389,363	1,739,859	2,092,432
Sulfur Oxides (SO _x)	kg	197,999	145,141	110,142
Carbon Monoxide (CO)	kg	643,184	483,413	560,469
Particulate Matter (including dust)	kg	134,779	85,600	136,312

The data for FY2022 and FY2023 have been restated due to revisit of calculation methodology.



INDONESIA

Air Emissions	Units	2022	2023	2024
Nitrogen Oxides (NO _x)	kg	63,340	76,860	33,570
Sulfur Oxides (SO _x)	kg	91,900	200,330	205,810
Carbon Monoxide (CO)	kg	225,659	123,843	148,623
Particulate Matter (including dust)	kg	18,590	23,070	23,720

WASTE MANAGEMENT

We monitor both hazardous and non-hazardous waste. Our operations generate hazardous waste, including waste oil, spent solvent, used batteries, e-waste, sludge, spent catalyst, contaminated rags and filters, mixed chemicals, used drums and filters and coal ash. We continued to monitor our non-hazardous waste, including waste such as used plastics, wood and metal scraps and tin cans, among other types of general waste.



MALAYSIA

Waste Generation	Units	2022	2023	2024
Hazardous waste	tonne	2,553.44	3,754.01	21,056.18
Non-hazardous waste	tonne	4,292.24	3,791.97	3,491.05
Total waste generation	tonne	6,845.68	7,545.98	24,547.23
Total waste diverted from disposal	tonne	4,325.99	4,594.29	9,744.09
Total waste directed to disposal	tonne	2,519.69	2,951.69	14,803.14

Note:

^(a) Data for 'non-hazardous waste' and 'total waste diverted from disposal' in FY2022 and FY2023 have been restated following a revision of the data scope.



INDONESIA

Waste Generation	Units	2022	2023	2024
Hazardous waste	tonne	610.88	470.05	621.54
Non-hazardous waste	tonne	291.75	208.48	333.39
Total waste generation	tonne	902.63	678.53	954.93
Total waste diverted from disposal	tonne	0	0	0
Total waste directed to disposal	tonne	902.63	678.53	954.93

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

LCT strives to reduce environmental impacts in the countries it operates in. We prioritise the maintenance and enhancement of our environmental management systems and monitoring equipment. Additionally, continuous efforts are made to identify opportunities for advanced environmental monitoring equipment, especially in emissions monitoring to address climate change risks.

LCT is dedicated to environmental compliance in all our operations and any identified non-compliance or issues will be promptly rectified, demonstrating our commitment to ethical conduct and regulatory standards.

FUTURE OUTLOOK – OUR PRIORITY

Our approach to environmental management is driven by a commitment to develop, maintain and operate our business while complying with industry standards and best practices. In our Malaysian operations, we remain committed to continuously upgrading the Air Pollution Control Systems (“APCS”) and Industrial Effluent Treatment Systems (“IETS”).

In Indonesia, we aim to transition PROPER’s rating from blue to green by initiating a waste recycling programme. Going forward, LCT will persist in its efforts to minimise waste production and water consumption through ongoing waste and water recycling initiatives.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



COMMUNITY DEVELOPMENT

LCT acknowledges the potential we have in creating positive impacts on communities, especially in our operational areas within Malaysia and Indonesia. As such, we invest in community development programmes through purposeful CSR initiatives.

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Compliance Risk – Safety, Health and Environment

Business Capitals



Financial Capital

- Expenditure on CSR programmes.



Skilled Talent

- Employees' participation in CSR activities.



Social and Relationship Capital

- Maintaining good relationships with the local community in our operating areas.





OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

We are guided by our CSR theme encompassing People, Education, Aid, Community and Environment, or “P.E.A.C.E” when engaging with our communities. The “P.E.A.C.E” theme enables us to support as many aspects as needed by the community, gaining their confidence and trust which is essential for fostering sustainable development.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Our CSR initiatives in FY2024 are as follows:

CSR Theme	CSR activities in FY2024
 <p>People</p> <p><i>Providing financial assistance to underserved groups.</i></p>	<ul style="list-style-type: none"> • Supplied nutritious food to pregnant women and infants. • Covered the Badan Penyelenggara Jaminan Sosial (“BPJS”) Kesehatan health insurance fees for underprivileged individuals in Rawa Arum, Gerem Village and Cilegon City. • Conducted a socialisation programme on HIV/AIDS for pregnant women in collaboration with Puskesmas Gerogol.
 <p>Education</p> <p><i>Providing learning skills development, learning tools and financial incentives to underprivileged students.</i></p>	<ul style="list-style-type: none"> • A group of 30 students and a lecturer from the Chemical Engineering Faculty at UTM participated in a study tour. The visit included an informative briefing and a guided tour of our plant facilities. • Covered the educational fees for underprivileged children in Untirta Cilegon City through the implementation of the Sustainable Scholarship Programme. • Provided stationeries and school bags to students in Rawa Arum and Gerem Village. • Donated materials for school renovation. • Provided opportunities for residents to participate in free diploma education programmes in collaboration with the Ministry of Industry, enabling them to compete for job opportunities in the industry based on qualifications and company requirements. • Provided education for elementary, senior high school and college students through events that introduce the Korean language, engineering professions and industry needs.
 <p>Community</p> <p><i>Assisting local communities to improve their wellbeing by enhancing public amenities and facilities.</i></p>	<ul style="list-style-type: none"> • LCT, as the main sponsor, organised the Bubur Lambuk Perdana Pasir Gudang initiative, successfully distributing 10,500 packs to the community. • In collaboration with MBPG, LCT contributed towards the organisation of the Dynamic Sports Day Fun Run and Fun Ride 2024 as the main sponsor. • Donated cement and other materials for the construction of public facilities. • Provided basic food supplies to the community around the plant as part of the Ramadhan Programme. • Donated livestock to residents near the plant for Eid Adha. • Assisted farmers within the local community, aiming to increase their household income by providing necessities such as plant seeds, fertiliser, mulch, fence construction and other essentials. • Provided design and packaging support to Usaha Mikro, Kecil dan Menengah (“UMKM”) Gagin in Rawa Arum Village. • Offered assistance with fish seed provision for Situ Rawa Arum.
 <p>Environment</p> <p><i>Increasing environmental awareness by organising recycling programmes in collaboration with the local community, local authorities and industrial associations.</i></p>	<ul style="list-style-type: none"> • Participated in the Desaru Public Beach Clean-Up 2024, an initiative organised by MPMA. • Supported the Waste Bank by donating trash bins and renovating the Waste Bank. • Provided plant fruits to support green areas at Public Facility in Rawa Arum Village. • Donated trash bins to elementary schools in Gerem and Rawa Arum Village.

We aim to better understand our local communities to address their needs more effectively. As we continue to work closely with local councils, government agencies and NGOs, we strive to enhance our ongoing efforts to best serve our communities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

COMMUNITY ENGAGEMENT

Active engagement with communities is essential to building trust and promoting social inclusion. In FY2024, we enhanced our Safety, Health and Environment (“SHE”) efforts by hosting an Information to Public (“ITP”) session to share updates on TA activities. We collaborated with MBPG to disseminate information through their Facebook page and public electronic billboards. Additionally, we expanded our network of community leaders to include representatives from Taman Mawar and Taman Air Biru, ensuring broader outreach and support. These initiatives underscore our commitment to addressing local needs and fostering a sustainable future.

- No major safety and environmental incidents were reported in 2024.
- Regularly monitor noise pollution and vibration from flaring.
- Gained recognition from the Mayor of Cilegon and the Cilegon government for our CSR initiatives.
- Regularly attend government CSR programmes organised for industrial companies.

GRIEVANCE MECHANISM – LOCAL COMMUNITIES

We advocate transparency by ensuring that our stakeholders have a channel to express their concerns without fear of reprisal. To this end, we implemented a grievance mechanism, serving as a vital tool for discovering, understanding and addressing issues promptly.



MALAYSIA

- Local communities can engage with us by giving their feedback and/or complaints by calling our hotline or visiting our registration counter located at our security guardhouse.
- To date, we have not received any major complaints on either platform.





INDONESIA

- We have a WhatsApp platform for receiving grievance reports, to which we have committed to responding and resolving complaints within a day.
- During the year under review, we have not received any reported cases on the platform.

OUTPUT – HOW WE PERFORMED

Contribution for FY2024

Giving back to communities has helped us build an enduring relationship with them, especially when a crisis arises and is resolved together. Additionally, these contributions provide a fulfilling platform for our people and foster a sense of ownership and commitment among the community members, ensuring the sustainability of the Company's investments in the long run.

Items	 Malaysia		 Indonesia	
	2023	2024	2023	2024
Volunteering hours	578	379	212	422
Number of beneficiaries	12,258	11,731	2,856	11,900

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

The community will continue to benefit from our “P.E.A.C.E” driven CSR initiatives. By proactively engaging them through dialogues and collective action with stakeholders, our social projects are designed not only to make an immediate positive impact but also to build trust and promote sustained social change within these communities.

FUTURE OUTLOOK – OUR PRIORITY

Amidst challenging business landscape, LCT remains committed to driving meaningful CSR initiatives that create long-term value for communities. Our approach will focus on delivering high-impact programmes that align with our corporate values while ensuring the efficient use of resources.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



DATA SECURITY AND PROTECTION

Digitalisation is gaining prominence in our business as we continue to increase the amount of data we create and store. Consequently, safeguarding information through robust data protection is critical. We prioritise data recovery and restoration with the fastest turnaround time in case of system corruption. Protecting data against being compromised and ensuring data privacy are integral aspects of our data protection measures.

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- System Integrity and Cybersecurity Risk

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

We prioritise IT and data security, with our system supervised by the IT Department under the IT Policy and Group Information Security Policy, ensuring a robust security programme. All employees are required to understand, acknowledge and comply with these policies, including procedures for remote working with the necessary security directives and guidelines to ensure organisational risks are mitigated.

SAFEGUARDING CYBERSECURITY

LCT focuses on data security and stakeholder information protection by implementing robust cybersecurity measures. These include firewalls to detect external threats, spam and email virus filtering systems, antivirus software for all devices and an offsite disaster recovery centre with real-time server replication to mitigate business interruptions. Regular information security training and quarterly ITS Newsletters further enhance employee awareness. These efforts underscore LCT's commitment to minimising cyber risks, ensuring operational continuity and safeguarding stakeholder trust.



MALAYSIA

We have implemented the following initiatives to safeguard our cybersecurity:

- Utilised Virtual Private Network (“VPN”) and Remote Desktop Service (“RDS”) for authorised employees working remotely, enhancing security by encrypting confidential information and incorporating Two-Factor Authentication (“2FA”) for enhanced protection.
- Ensured employees adhere to IT policies to safeguard proprietary information and minimise data breach risks while using the VPN and RDS.
- Regularly reminded employees about IT policies via email to reinforce compliance.
- Increased employee awareness by conducting at least two (2) phishing email mock tests, strengthening cybersecurity preparedness.
- Reviewed monthly firewall reports to monitor employees' internet usage patterns and identify potential vulnerabilities.
- Distributed Data Loss Prevention (“DLP”) and Document Rights Management (“DRM”) monitoring email to department managers for oversight, preventing potential data breaches.

Business Capitals



Financial Capital

- Invested in software and hardware as well as IT systems to reinforce data security.



Intellectual Capital

- Advanced IT architecture to ensure our Company's systems and information assets remain safe and secure.



Skilled Talent

- IT team to implement our centralised IT architecture to ensure robust information security across Group.

IT SECURITY SYSTEM AND INFRASTRUCTURE

The centralisation of information security systems in Malaysia and Indonesia is overseen by the Group IT Department in Korea which assumes leadership in driving and monitoring the implementation of cybersecurity initiatives. In FY2024, our Malaysian and Indonesian operations continue to implement secure measures and essential steps to enhance their respective IT infrastructure and vigilance.



MALAYSIA

- Observed all Information Security systems and continuously sought ways for improvement.
- Implemented Endpoint Detection Response (“EDR”) to help prevent virus attacks and to monitor and address any virus or malware-related issues.
- Incorporated an Advanced Persistent Threat (“APT”) prevention solution for email which reduces the risk of cybersecurity incidents due to zero-day threats and phishing/scam emails.



INDONESIA

- Annual renewal license and monitoring APT mail security system.
- Continued with the EDR system and performed monthly preventative maintenance.
- Replaced WAN optimiser devices.
- Implemented load balance Internet devices.

RISK MANAGEMENT EXERCISES

Our IT Department plays an important role in maintaining data privacy and information security. The Department is tasked to stay informed about the latest trends in threats and their corresponding solutions. Additionally, regular training sessions are conducted to heighten staff awareness of IT security, ensuring they are well-informed about evolving threats.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

IT AWARENESS TRAINING

LCT proactively prevents and mitigates user risks through security awareness training. Our various programmes also empower our employees to effectively combat information security breaches:

- Information Security Awareness training sessions are conducted online in the form of video contents. To enhance understanding, employees are required to participate in a quiz after the training session.
- Employees are required to participate in simulated phishing tests to assess their level of awareness and those who are unsuccessful will undergo further face-to-face training.
- Superiors are tasked to conduct pre-resignation checks on employees including data transfer history, access history on sensitive files, records of emails shared to personal emails and file backup records. This procedure, carried out prior to the employee leaving the organisation, safeguards LCT against potential risk of data breaches.
- Quarterly newsletters are distributed to employees, updating them on information privacy and security.
- Utilising desktop screensavers and banners as a platform, we incorporate cybersecurity awareness such as Clear Desk and Screen policy and phishing email prevention in all employees' computers to update them on policies and current security threats.

KEY INITIATIVES/ACTIVITIES

In FY2024, we undertook effective measures and implemented defensive strategies to strengthen the resilience of our IT, data privacy and security systems by:



MALAYSIA

- Implemented an off-site Disaster Recovery (“DR”) migration to cloud project to enhance the DR process and procedures. This ensures effective management of the DR replication process, optimising data recovery capabilities in the event of a security incident or data breach and minimising the risk of important data loss if the physical device is compromised.
- Deployed an email APT solution to safeguard our information assets from cybersecurity threats or attacks, including zero-day exploits and ransomware.
- Installed an updated WiFi system with WPA3, entailing higher speed and security.
- Distributed laptops to critical users for user mobility and management of risk during disasters or government movement control orders, which ensured minimal impact on business operations.
- Undertook a digital transformation journey, migrating to cloud facilities and introducing Robotic Process Automation (“RPA”) to optimise operational processes.
- Invested in an e-invoice system to meet government e-invoicing requirements and implemented an e-admin system to convert hardcopy documents into digital formats.
- Gradual implementation of m365 to all users starting Q3 2024 and target to complete by Q2 2025.



INDONESIA

Apart from frequent firmware updates, the effectiveness of the virtual machine infrastructure has guarded us against risk security issues for the IT services system, resulting in seamless operations. Additionally, we also executed the following:

- Developed annual information security plans.
- Conducted periodic PC and server security inspections.
- Administered security patches for PC and server.
- Delivered preventive maintenance for firewall, endpoint security, DRM and DLP.
- Organised training sessions for internal and external.
- Migrated database plant to the latest version.
- Implemented Cloud backup methods.

OUTPUT – HOW WE PERFORMED

During the year under review, we have recorded zero (0) cases of cybersecurity breaches and incidents, applicable to both the Malaysian and Indonesian operations.



MALAYSIA

Year	2022	2023	2024
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	0



INDONESIA

Year	2022	2023	2024
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	0

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

We fortified the organisation's IT security by developing robust cybersecurity practices and increasing employee awareness through training sessions. This also enabled the prevention of any loss or leakage of information on top of cybersecurity breaches.

FUTURE OUTLOOK – OUR PRIORITY

Moving forward, LCT will continue to explore new solutions pertaining to cybersecurity threats, aiming to enhance information security while aligning with the principles of cost-effectiveness. We hope that by embracing technological advancements, we can better assess and eliminate redundant data security protection mechanisms, such as outdated firewalls.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



HUMAN CAPITAL DEVELOPMENT

We recognise human capital as our most valuable asset in driving sustainable business growth. Our organisation's performance is driven by the strength of LCT's diverse team, whose talents and skills are key to our success. As such, we invest in workforce development to promote innovation and resilience, ensuring our organisation not only survives but thrives.

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Talent Management Risk

Business Capitals



Financial Capital

- Invested in training and career development programmes in our Malaysia and Indonesia plants, engaging an external consultant to enhance both technical and non-technical training outcomes.



Skilled Talent

- Led by the Board, a highly experienced Management team and supported by a skilled and committed workforce.

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

Policies and Procedures

At LCT, our employees' knowledge and competencies are top priorities in our human capital development agenda. We accomplish these priorities by implementing policies and procedures which define our approach to organising training and development, facilitating career advancement and conducting performance appraisal. Our commitment extends to implementing several systematic approaches to cover training procedures and certification modules. Regular reviews and updates to our policies and procedures are integral to providing continuous support and inspiration for our employees on their learning journey within our organisation.



MALAYSIA

In FY2023, the Employment (Amendment) Act 2022 came into effect, along with some key changes to the First Schedule which outlines employees who will be covered by the amended Employment Act. It is crucial to emphasise that we have actively observed and diligently complied with changes mandated by the Act.



INDONESIA

Indonesia's Ministry of Manpower (“MOM”) has introduced substantial changes to labour regulations in FY2024, prioritising adaptability and fairness.

The following are the key updates:

- Continued implementing the Omnibus Law to create a more flexible and attractive labour market.
- Focused on improving social protection (e.g., JKP, BPJS) for broader coverage.
- Adjusted minimum wage policies to align with economic conditions and inflation.
- Expanded worker protections for vulnerable sectors, including migrant workers and the gig economy.

- Emphasised skills development to adapt the workforce to digitalisation and automation.

TRAINING AND DEVELOPMENT PROGRAMMES

We are committed to supporting the professional development of our people. Our targeted training programmes are designed to align with individuals' career goals, fostering sustained motivation and continuous enhancement of competencies.

The training team consistently assesses the effectiveness of our programmes, making revisions for optimal outcomes and continuous improvement. We evaluate our training programmes through pre-test and post-test assessments to measure the impacts and successes of the respective training. This year, LCT continued to conduct employee training options and sustained HR Learning and Development Programmes to enhance learning awareness. Building on the success of previous initiatives, the programme's impact will be assessed through metrics such as Competency Gap, Learning Culture and Learning Effectiveness, fostering a culture of continuous learning and motivation among talents across Malaysia and Indonesia.



MALAYSIA

The foundation of our Learning and Development initiative is built upon five (5) main pillars:

- Job Competency
- Soft Competency (including motivational and mental wellbeing)
- Safety and Environment
- Leadership
- Compliance

In FY2024, LCT successfully conducted several training sessions for its staff, encompassing both in-person and virtual formats. These sessions addressed various areas, including job skills, safety, compliance, environment and soft skills. The programmes were strategically combined with performance management to emphasise strategic communication, providing invaluable insights crucial for shaping leaders' skills and competencies.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

The technical training modules were meticulously designed to enhance employees' proficiency in their respective roles, ensuring they remain abreast of the latest industry developments.

LCT also gave special attention to the refinement of soft skills through training sessions covering stress management, mental wellbeing and the cultivation of positive work habits and self-motivation skills. This holistic approach equips our staff with essential interpersonal and personal development tools for their daily work interactions. By combining technical proficiency with a focus on soft skills, our goal is to create an environment that encourages the well-rounded development of our employees.

Furthermore, a training evaluation survey was disseminated to gather participants' feedback on various training courses, revealing a preference for more case studies during sessions and expanded training opportunities for all levels.



INDONESIA

- In FY2024, we employed the comprehensive Training Needs Analysis (“TNA”) to design our training initiatives. Each Head of Department is assigned with the responsibility of identifying critical training needs essential for the upcoming financial year.
- We organised the training needs into three (3) categories:
 1. **Mandatory Training:** Encompasses essential skills such as forklift and crane operation.
 2. **Competency Training:** Targets crucial aspects like effective supervision, excellence in behaviour and cultivating a positive attitude.
 3. **Technical Skill Training:** Involves specific operational abilities, demonstrated by tasks like extruder and pump operation.
- We also provided accelerated programmes for future leaders at the employee level. Additionally, we offer Lifetime Empowerment and Acceleration Programme (“LEAP”), a six (6)-month initiative designed to develop both hard and soft competencies of identified potential leaders.
- To facilitate these training programmes, we utilised various platforms, including e-learning, online and offline libraries and on-site training within our plant facilities. This diverse approach ensured that our workforce received tailored and effective training, contributing to their professional development and overall competence.

CAREER DEVELOPMENT PROGRAMMES

We are dedicated to supporting the success and accomplishments of our employees. Hence, we have developed comprehensive programmes for our employees to advance their careers and realise their full potential. In FY2024, we conducted the following programmes:

- **Career Programme Development for all Employees:** Supported employees by helping them to recognise areas where their competencies may be lacking, enabling them to cultivate the skills required to bridge these gaps.

- **Internship, Scholarship Programmes and Apprenticeship:** We provide internship placements and scholarships for students at Sultan Agung Tirtayasa University and Politeknik Industri Petrokimia Banten, Indonesia. In FY2024, we conducted a three (3) to twelve months apprentice programme, with selected individuals being offered permanent positions. Additionally, we recently concluded interviews for scholarship candidates.

The internship programme accommodates university students, senior high school/vocational school students and educators, with up to 10 interns or lecturers accepted each month. These programmes are aligned with initiatives from the Ministry of Industry, Ministry of Education and Culture and Ministry of Labour.

- **Industrial Site Visits:** Provided students with the opportunity to engage in on-site visits to our manufacturing facilities.
- **Employee Transition Assistance Programme:** Facilitated smooth transitions to retirement, ensuring readiness and offering support with pension and insurance processes for retiring employees.
- **Customised Supervisory Programme:** Offered leadership skills training to selected individuals at the supervisory level, with a focus on strengthening their people management capabilities to better support their roles.
- **Job Grade Conversion:** This programme, applicable in Malaysia, allows employees who have furthered their studies to a degree or master's level to transition from the skilled group to the exempt group.

TALENT MANAGEMENT

At LCT, we cultivate a culture of excellence through robust training and development programmes. We empower our team with tailored initiatives, fostering skills, leadership and adaptability. Committed to continuous improvement, we invest in our greatest asset—our people—ensuring they thrive in a dynamic and evolving professional landscape.



MALAYSIA

In 2024, LCT Malaysia proactively boosted organisational performance by implementing performance management system across all leadership levels. To ensure clarity in staff expectations and goals, the Company introduced detailed Key Performance Indicators (“KPIs”) that serve as benchmarks for employee performance, establishing specific targets and objectives contributing to the overall success of the organisation.

As key part of the performance management process is a robust review mechanism, incorporating continuous feedback from officials. This feedback loop enables leaders to gain valuable insights into their performance, fostering a dynamic and responsive approach to improvement. LCT values officials' input, leveraging their perspectives to ensure a comprehensive assessment of leadership effectiveness.

LCT Malaysia also aligns individual performance with organisational goals, providing employees with a clear development roadmap and helping them understand the direct impact of their contributions on the Company's success.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



INDONESIA

Through our talent management initiatives, we aim to inspire, engage and retain employees, fostering improved performance using the following approach:

- **Talent Acquisition:** Identify the most suitable individuals for specific roles, whether through experienced hires or initiatives to cultivate new talent.
- **Talent Mapping:** Conduct gap analysis and position employees in roles that align with their identified talents through the talent mapping process.
- **Talent Development:** Enhance existing talent pool by tapping into the potential identified through talent mapping, achieved through training programmes and workshops based on employees' competencies.
- **Career Management:** Implement succession planning to support career progression, with “LEAP” as one of our talent development programmes.

In FY2024, we initiated the implementation of various people development programmes which include the following:

- **Engineering Development Trainee (“EDT”):** EDT provides experienced employees and certified engineers with the tools and support needed to enhance their contributions to business development, with a focus on fostering responsibility towards the surrounding community, particularly in our manufacturing environments. This programme is conducted in partnership with Politeknik Banten (Petrochemical Polytechnic) as part of a vocational initiative.
- **Apprenticeship Programme:** LCT established an internal apprenticeship programme, offering on-the-job training opportunities for students from schools and universities. In collaboration with the Ministry of Industry, we provide selected students with the chance to undertake a one-year apprenticeship within the Company.
- **Internship Programme:** LCT collaborated with the Ministry of Industry in a government internship programme, hosting two (2) candidates as part of this initiative.

PERFORMANCE APPRAISAL

The evaluation and documentation of an employee's performance, with the aim of improving work quality, output and efficiency, constitute the performance appraisal process. At LCT, we apply an e-Appraisal system through the Employee Self Service (“ESS”), which features a 180-degree evaluation process involving the employee, their immediate superior and the Head of Department. This e-Appraisal system has been instrumental in identifying, evaluating and enhancing the long-term performance of employees.

SUCCESSION PLANNING

In line with our commitment to sustaining organisational excellence, our succession planning framework undergoes a thorough biennial review. Emphasising the cultivation of leadership skills and capabilities among our workforce, our focus extends to LCT leaders in Malaysia and Indonesia. Our succession programme for LCT leaders is built upon key pillars, including Leadership Modules, Leadership Development Programmes and Leadership Coaching and Mentoring initiatives. This holistic approach ensures a dynamic and well-prepared leadership pipeline, fostering the continuous growth and success of our teams across the region.



MALAYSIA

In our Malaysian operations, we utilise LOTTE Academy's 180-degree leadership assessment survey for employees holding managerial positions and above. The survey findings assist in recognising areas where employees may have opportunities for improvement, prompting the creation of plans to address these areas. Furthermore, the process extends to identifying potential successors and implementing designated Leadership Modules to enhance employees' leadership styles and competencies.

In FY2024, LCT Malaysia continued to implement the following succession planning initiatives:

- Restructuring of positions within job grading.
- Advancements based on competency, extending beyond specific job vacancies.
- Implementation of the Leader Allowance Policy, allowing qualified employees deemed competent to assume leadership responsibilities and receive corresponding leader allowances.

RETIREMENT PROGRAMME

We are committed to empowering individuals for a smooth transition into the next chapter of their lives by providing essential support and resources.

- **Pre-retirement:** Intended retirees are offered pre-retirement planning and those who are interested in extending their service, with one of the several post-retirement placement packages available. Our operations in Indonesia have implemented a pre-retirement planning initiative designed to facilitate the transition of employees approaching retirement. This programme aims to support individuals in preparing for non-working life, ensuring readiness for retirement and offering assistance with the submission of pension plan and insurance programme applications. Pre-retirement training is provided to employees who are approaching retirement. This training aims to cultivate a positive attitude towards retirement by offering seminars on retirement preparation. In addition to the training sessions, we also present retirees with souvenirs in various forms, such as precious gold and other special gifts, to serve as memorable tokens of appreciation for their contribution to the Company.
- **Post-Retirement:** The available packages encompass fixed-term employment, short-term project support, advisory service contracts and job placements within subsidiary companies. These options are determined based on factors such as age, length of service, experience and any specialised skills that contribute to the organisation. The Fixed Term Employment Contract Policy remains applicable in 2024.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

OUR OUTPUT – HOW WE PERFORMED

a) Total Training Hours

i. By employee category



MALAYSIA

Employee Category	2022	2023	2024
Senior Management	132	176	112
Middle Management	2,299	1,717	1,820
Executive	12,963	22,514	10,177
Technician and below	18,263	30,534	25,938



INDONESIA

Employee Category	2022	2023	2024
Senior Management	0	0	12
Middle Management	152	200	512
Executive	2,686	2,155	3,080
Technician and below	2,478	3,231	3,452

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

We empower our workforce by investing in their training and development, empowering them with the necessary expertise and knowledge to fulfil their responsibilities and manage challenges of our knowledge-intensive and skill-focused industry. Our efforts stand as an advantage in enhancing our competitive edge. Moreover, our commitment to sustainable value creation is underscored through the substantial emphasis we place on employee leadership and succession planning.

FUTURE OUTLOOK – OUR PRIORITY

We are committed to supporting employee growth by promoting continuous learning and development while nurturing future leaders to drive the Company's long-term success. Through diverse training programmes, we equip our employees with both soft and technical skills to excel in their roles. Looking ahead, LCT remains dedicated to fostering employee development by expanding learning opportunities, enhancing leadership programmes and introducing coaching initiatives to empower our leadership team. This commitment reflects our dedication to comprehensive employee growth and the well-rounded development of our workforce.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



HUMAN RIGHTS AND FAIR EMPLOYMENT PRACTICES

Compliance serves as a foundation for LCT's approach to employment and career opportunities. While we adhere to regulatory requirements, our sustainability plan sets a higher standard by actively safeguarding the rights of all stakeholders. We extend this commitment to employees, suppliers and communities. We believe that every employee should be afforded the opportunity for meaningful employment and fair remuneration.

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Talent Management Risk

Business Capitals



Financial Capital

- Hiring skilled talents (i.e., management and operational workforce) to ensure business continuity.



Skilled Talent

- Led by a highly experienced Management team and supported by a skilled and committed workforce.

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

Commitment to Human Rights and Non-Discriminatory Behaviour

We uphold internationally proclaimed human rights of all employees, condemning discrimination based on gender, age, religion, race, sexual orientation, disabilities, nationality or educational background. Our BECOC serves as a guide, outlining our commitment to diversity, equal opportunity and human rights, with a proactive stance against sexual harassment and workplace violence.

Within our BECOC, the following commitments and statements are outlined:

- Committed to promoting diversity and equal opportunities for every employee to foster an inclusive workplace.
- Our strong opposition to child labour is explicitly communicated in our recruitment and staffing policies. This policy prohibits the hiring of minors for any roles within LCT, extending to third-party service providers and contractors. Employment is exclusively open to individuals aged 18 and above.

We actively promote adherence to expected behavioural standards by maintaining continuous engagement with both employees and stakeholders. This includes comprehensive training sessions on policy content, annual declarations and refresher training on BECOC and specialised programmes addressing critical topics such as sexual harassment and bullying. We also publish an HR newsletter on the Company's zero-tolerance policy on sexual harassment, conduct online awareness training for employees and host expert talks in collaboration with the Ministry of Women, Family and Community Development (“JPW”) to promote collective responsibility in preventing misconduct. These initiatives are integrated into performance management processes to reinforce a culture of ethics and accountability.

ELIMINATION OF EXCESSIVE WORK HOURS

In our commitment to fostering a healthy work environment and preventing adverse effects such as employee burnout and work-life imbalances, our Overtime Compensation and Limitation Policy strategically guides us in tackling potential issues such as overtime, safety concerns, absenteeism and decreased productivity.

We strongly encourage our team leaders to actively oversee and manage their teams' overtime, emphasising the importance of utilising overtime only when absolutely necessary.

Taking a proactive stance, we have addressed the issue of equal pay and equal work within our organisation through comprehensive documentation, including our BECOC and Collective Labour Agreement (“CLA”). The principle of ‘Equal Employment Opportunity,’ outlined in our BECOC, also guides us in upholding equal opportunities for employment and advancement for all qualified individuals in the organisation. This helps in preventing any form of discrimination based on age, colour, national origin, race, religion, sex, physical or mental disability or veteran status. On an annual basis, we instil accountability by requiring all employees to certify compliance with both the BECOC and the ABAC Manual, reinforcing our dedication to maintaining a workplace of fairness and equal treatment.



MALAYSIA

Ensuring compliance with the Employment Act 1955, we prioritise fair compensation for our employees based in Malaysia. We diligently manage our workforce to meet operational requirements and foster a healthy work environment to prevent excessive work hours.







INDONESIA

Our operations in Indonesia consistently follow the relevant Indonesian legal regulations concerning payroll disbursements, particularly with regard to compensating shift members for overtime.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

FAIR AND EQUAL TREATMENT

Our internal policies and procedures for labour practices are designed to uphold fair and equitable treatment for all employees, promoting and safeguarding fundamental human rights. The BECOC, Whistleblowing Policy and CLA, alongside the recently revised Grievance Handling Procedure, specifically address staffing and selection, health and wellbeing, compensation and grievance handling. All employees are treated fairly regardless of nationality. Moreover, our approach emphasises equality, extending the same rights and considerations to expatriate employees, as stipulated in the CLA. No complaints were made regarding any unfair treatment of expatriate employees in FY2024. These policies underscore our commitment to the following:

-  **Strive for equal opportunity:** We hire and retain top talents based on merit and qualifications, without discrimination based on a person's age, race, religion, gender or physical disability.
-  **Ensure merit-based selection:** We screen applicants' basic qualifications, job experience and various aspects, verifying the details provided in their applications to select the right candidates.
-  **Maintain transparency:** We clearly communicate the recruitment process to candidates, from application to selection.
-  **Uphold ethical standards:** We formalise our commitment towards fair and ethical hiring practices, as stipulated in our BECOC.

We established a systematic process to identify, attract and hire qualified talents. Our recruitment procedures follow a general framework:

- Internal Manpower Requisition
- Job Vacancies Advertisement
- Candidates Screening
- Interview Sessions Invitation
- Technical and Skills Tests
- Management Approval
- Pre-Employment Medical Examination Tests
- Letter of Offer Issuance and Acceptance

In addition, we prioritise local hiring in our recruitment process, reflecting our commitment to community growth and creating job opportunities for residents in the areas where we operate.

EMPLOYEE REMUNERATION REVIEW

We offer equitable and competitive compensation packages to our employees, ensuring that they receive proper remuneration and recognition for their contributions in the workplace.



MALAYSIA

- Employee remuneration packages are shaped by individual performance, evaluated through KPIs. We gauge competency, innovation and development to determine annual increments, performance bonuses and promotions.
- The Human Resources Department conducts assessments, while the final decisions are made by the Heads of Department. This meticulous process aims to provide fair compensation for employees, reinforcing the principle of equal pay for equal work as outlined in our Salary Guideline policy, which defines remuneration based on job grade and salary range.



INDONESIA

- We conduct an annual remuneration review to ensure a thorough and equitable evaluation of our employees' remuneration packages.
- Remuneration packages are determined based on employees' achievements, innovation, as well as team development during the evaluation process.

The criteria for the annual remuneration review are outlined in the CLA, encompassing factors such as annual inflation, performance criteria and the Company's financial condition.

EMPLOYEE WELFARE AND BENEFITS

Our commitment to labour practices is firm, marked by our strict adherence to legal standards and proactive responsiveness to evolving regulatory requirements. Our remuneration packages not only meet but exceed current minimum wage requirements, demonstrating our commitment to fair and competitive compensation. We regularly benchmark against industry peers and conduct thorough reviews of remuneration packages, including extensive healthcare benefits for outpatient, hospitalisation and dental treatments. Other benefits include:

- Parental Leave
- Flexible Working Arrangements (Malaysia)
- Condolence and Calamity Donations
- Allowances and Subsidies
- Pension Fund
- Government Social Security Agency (BPJS Kesehatan and Ketenagakerjaan)

The terms specified in the individual contracts determine other welfare and benefits extended to our contract employees.

Employees in Malaysia and Indonesia benefit from interest-free loans, encompassing personal, education and emergency financial assistance.

EMPLOYEE ENGAGEMENT

We have conducted the Employee Engagement Survey (“EES”) and Employee Satisfaction Survey (“ESS”) across our Malaysian and Indonesian operations. The EES evaluates the employees' engagement levels, while the ESS assesses their satisfaction across various aspects. These surveys form part of our ongoing commitment to gain better insights and understanding of our employees' perceptions towards the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

In FY2024, we also conducted EES and Compliance Survey for our operations in Indonesia showing improved results as compared to last year’s findings. This result is attributable to the formation of the Compliance Task Force Team which was established to develop and implement the Employee Engagement and Corporate Compliance. As a result, employees are better able to adhere to all regulations and laws within the Company.

EMPLOYEE GRIEVANCES/TRADE UNION

For our operations in Indonesia, we remain guided by the CLA, which supports employees’ right to freedom of association and collective bargaining, as stipulated by the following clauses:

- All workers, without any discrimination, possess the right to join or establish trade unions of their choice and engage in collective bargaining.
- Employers are encouraged to maintain an open and supportive approach towards the activities of trade unions and their organisational endeavours.
- Workers’ representatives should not face discrimination and must be granted access to fulfil their representative functions within the workplace.
- In instances where legal restrictions impede the right to freedom of association and collective bargaining, the employer is obligated to facilitate, rather than impede, the development of alternative avenues for independent and unrestricted association and bargaining.



MALAYSIA

We have established an internal platform known as the Joint Consultative Committee (“JCC”) which serves as a grievance mechanism for our Malaysian employees. This forum facilitates monthly discussions and addresses various matters, including safety and health, employee benefits and compensation with around 30 employee-elected representatives. The involvement of employees is ensured by securing elected members through the 76 organisation’s constitution and providing them with compensation for serving as representatives in the JCC.

The JCC holds 10 annual sessions to address and resolve employee-company issues and follows a standard operating procedure with three (3) key steps:



It maintains an open-door policy, allowing anyone to raise concerns or problems.



An external advisor is involved in meetings to offer diverse perspectives on the issues at hand.



Unresolved issues are escalated to the president for high-level attention.

This approach reflects a commitment to fair decision-making and proactive issue resolution. In FY2024, 10 JCC sessions were held as mandated to address 38 issues.



INDONESIA

In Indonesia, Labour Union meetings are held at least once a month, and as needed. The CLA for the period of 2024 to 2026 has been renewed. The CLA was officially registered with the Ministry of Labor in August 2024, and we have briefed the details of the revised CLA to all of our employees.

We have also taken an active step to foster a collaborative work environment by founding a trade union for our employees. This union, led by an elected chairperson and deputy, comprises seven (7) representatives. Committed to upholding the principles outlined in Indonesian labour laws, our union has been a vital conduit for transparent communication between Management and employees. We are gearing up to propose a new CLA that will set the foundation for the union’s activities from 2024 to 2026, with a particular focus on accommodating new members to join our workforce.

OTHER EMPLOYEE ENGAGEMENT INITIATIVES

By consistently fostering open communication and collaboration, we aim to create a vibrant and enriching atmosphere that empowers our team members.



MALAYSIA

In FY2024, various employee engagement initiatives were implemented to foster a supportive and inclusive work environment. These included high tea events tailored to specific departments for non-executive groups, an open mental wellness support programme and updates on employment laws. Additionally, ESG Awareness and Wellbeing Engagement programmes were introduced, featuring Sexual Harassment and ABAC Awareness Talks.

LCT also organised Employee Wellbeing Service Counters in collaboration with Employees Provident Fund (“EPF”), Social Security Organization (“SOCSO”), Amanah Saham Nasional Berhad (“ASNB”) and Tabung Haji to provide employees with direct access to support services. LCT was also recognised by EPF under its Employer Well-Being Index, achieving a 100% score in the Compliance and Engagement matrices. These efforts underscore LCT’s dedication to employee welfare, mental wellbeing and fostering a culture of ethical practices and care.

These efforts aimed to strengthen employee relations, enhance the working environment and promote mental wellbeing and stress management, underscoring the Company’s commitment to employee welfare.



INDONESIA

In Indonesia, LCT implemented a range of engagement activities throughout FY2024. These included townhall events, Umrah trips, team building for each department, Employee of the Year Award and Department of the Year Award as well as Mini Olympic and health talk events for employees and their family. Additionally, LCT offers facilities such as lactation rooms and actively supports employees’ hobbies and activities. These efforts demonstrate a comprehensive approach to employee engagement and support within the Indonesian branch, showcasing LCT’s dedication to fostering a positive and inclusive work environment.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

OUR OUTPUT – HOW WE PERFORMED



Note:

The figures for our Malaysian operations exclude temporary staff.



Employee Profile

Indicator	 Malaysia						 Indonesia					
	2022		2023		2024		2022		2023		2024	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Total employees	1,156	-	1,150	-	1,125	-	341	-	341	-	331	-
Total new hires	109	-	129	-	83	-	32	-	16	-	25	-
Total attrition	95	8.22%	97	8.43%	83	7.38%	12	3.52%	8	2.35%	18	5.44%



Employees by Employment Type

Employment Type	 Malaysia						 Indonesia					
	2022		2023		2024		2022		2023		2024	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Employees that are contractors or temporary staff	8	0.69%	3	0.26%	4	0.36%	7	2.05%	5	1.47%	6	1.81%

Employees with a Disability



Disability	 Malaysia						 Indonesia					
	2022		2023		2024		2022		2023		2024	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Employees with a disability	0	0.00%	0	0.00%	0	0.00%	1	0.29%	1	0.29%	1	0.30%

New Hires by Gender



Gender	 Malaysia						 Indonesia					
	2022		2023		2024		2022		2023		2024	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Male	89	81.65%	102	79.07%	71	85.54%	27	84.38%	15	93.75%	20	80.00%
Female	20	18.35%	27	20.93%	12	14.46%	5	15.62%	1	6.25%	5	20.00%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Employee Turnover by Employee Category



Turnover by Employee Category	 Malaysia			 Indonesia		
	2022	2023	2024	2022	2023	2024
	Number	Number	Number	Number	Number	Number
Senior Management	1	0	1	0	0	1
Middle Management	2	2	3	0	0	0
Executive	47	34	44	9	7	14
Technician and below	45	61	35	3	1	3

Employee Diversity

Gender	 Malaysia						 Indonesia					
	2022		2023		2024		2022		2023		2024	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Senior Management												
Male	22	85%	20	80%	22	85%	4	100%	4	100%	2	100%
Female	4	15%	5	20%	4	15%	0	0%	0	0%	0	0%
Middle Management												
Male	47	69%	48	66%	46	64%	25	89%	25	89%	24	86%
Female	21	31%	25	34%	26	36%	3	11%	3	11%	4	14%
Executive												
Male	264	69%	255	67%	249	68%	107	74%	107	73%	103	73%
Female	118	31%	127	33%	117	32%	38	26%	39	27%	39	27%
Technician and below												
Male	610	90%	601	90%	593	90%	157	96%	157	96%	153	96%
Female	70	10%	69	10%	68	10%	7	4%	6	4%	6	4%
Below 30 years												
Male	103	27%	116	30%	97	27%	22	15%	20	14%	15	11%
Female	210	55%	195	51%	191	52%	96	66%	98	67%	98	69%
30 – 50 years												
Male	69	18%	71	19%	78	21%	27	19%	28	19%	29	20%
Female	148	22%	145	22%	135	20%	39	24%	40	24%	40	25%
Above 50 years												
Male	467	69%	458	68%	457	69%	89	54%	89	55%	90	57%
Female	65	9%	67	10%	69	11%	36	22%	34	21%	29	18%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Number of Substantiated Complaints Concerning Human Rights Violations

Indicator	 Malaysia			 Indonesia		
	2022	2023	2024	2022	2023	2024
	Number	Number	Number	Number	Number	Number
Number of substantiated complaints concerning human rights violations	0	0	0	0	0	0

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

Our unwavering commitment to responsible and ethical employment practices has generated tangible outcomes for every team member, including fair and equitable treatment. The results of our dedication to diversity and inclusivity are evident in our recruitment and promotion processes, consistently delivering equal opportunities regardless of ethnicity. By prioritising the value and growth of our employees and fostering an inclusive workforce, we have successfully attracted, developed and retained exceptional talent in the market. This has contributed to creating substantial value for our stakeholders and our Company.

In FY2024, there were zero (0) instances of discrimination or non-compliance related to labour standards reported in our operations in Malaysia and Indonesia.

FUTURE OUTLOOK – OUR PRIORITY

We remain steadfast to upholding human rights and promoting a diverse, inclusive workplace for our employees. We will continue prioritising internal communication to actively engage with our employees, while also leveraging our workforce to contribute to the local economy and create new job opportunities. Additionally, we remain dedicated to complying with labour laws and regulations, ensuring fair employment practices and the protection of human rights.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

**REGULATORY COMPLIANCE**

LCT is committed to maintaining high standards of corporate responsibility by ensuring compliance in all our activities. This dedication, at the core of our values, fosters strong connections with stakeholders, regulators and governmental agencies.

Contribution to the United Nations Sustainable Development Goals**Mapping to Our Risks and Opportunities**

- Compliance Risk – Safety, Health and Environment
- Compliance Risk – License

Business Capitals**Social and Relationship Capital**

- Maintaining good relationships with all stakeholders including government, regulators, suppliers, customers and the communities in which we operate.

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

At LCT, we diligently maintain the trust and confidence built over the years through our steadfast adherence to ethical principles and robust governance practices across our value chain. We believe that trust is not just a concept but is truly manifested in our actions, reflecting the integrity embedded in our organisational ethos.

With oversight and endorsement from our Board, our ethical conduct and governance are guided by our Anti-Bribery & Anti-Corruption (“ABAC”) Framework, including but not limited to the implementation of the following policies:

- Business Ethics & Code of Conduct (“BECOC”)
- ABAC Manual
- Whistleblowing Policy
- Supplier Code of Conduct

The framework and policies developed comply with the corporate liability provisions in the Malaysian Anti-Corruption Commission (Amendment) Act 2018. The Company maintains a zero-tolerance policy for any form of bribery or corruption and has established appropriate procedures and mechanisms to ensure full and continuous adherence to all applicable laws and regulations.

In FY2024, we maintained our commitment to implementing the monitoring programme within our Malaysian operations, as outlined in the ABAC Framework. This initiative included annual ABAC Certifications by all departments, regular ABAC reviews and continuous enhancements to our third-party due diligence processes. Additionally, mandatory annual ABAC training sessions were implemented from year 2024 onwards to ensure ongoing compliance and understanding across the organisation.

BECOC

Our BECOC is accessible to all of our employees in Malaysia and Indonesia, and is available in English, Bahasa Malaysia and Bahasa Indonesia. It outlines the following policies and procedures:

- Responsible and ethical business conduct from the Board of Directors to working-level employees, ensuring full compliance with applicable laws and regulations.

- Equal employment opportunity, diversity, faithful service and the prevention of corruption, abuse of power, sexual harassment and workplace violence.
- Guidelines governing employee conduct in business engagements with third parties, including suppliers and consultants.
- ABAC policies, including the No Gift Policy, which we practice with limited exceptions. The Legal and Compliance Team sends out regular email reminders on this policy to our people especially during festive seasons.

It is mandatory for all LCT employees to make an annual declaration in compliance with the BECOC.

ABAC MANUAL

Our ABAC Manual informs our strict zero-tolerance stance on bribery and corruption. We communicate this stance through existing and recurring BECOC, ABAC and Whistleblowing Policy refresher training sessions for our employees. The manual is readily available on both the employee portal and Company website. LCT consistently emphasises compliance with the ABAC Manual to our vendors by embedding it into our legal documentations.

WHISTLEBLOWING POLICY

Our Whistleblowing Policy promotes the reporting of wrongdoing or improper conduct within LCT. It sets clear procedures and a reporting channel for the Board of Directors, employees and third parties to voice concerns or report unethical or illegal behaviour.

- Whistleblowing forms are accessible on both our employee’s portal and Company’s website for reporting and submission of potential unethical or illegal behaviour.
- The policy ensures whistleblower protection whereby confidentiality is maintained, except in instances where disclosure is mandated by law.

Whistleblowing reports can be directed to either the immediate superiors, the Compliance Officer, President & CEO or the Chairman of the Audit Committee. This ensures independence, transparency and governance in protecting confidentiality.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

PERSONAL DATA PROTECTION ACT AND PERSONAL DATA PROTECTION LAW

Personal Data Protection Laws and Regulations

In today’s interconnected digital landscape, LCT places paramount importance on safeguarding personal data integrity. Our commitment extends beyond legal and compliance, embodying a core ethical principle. By prioritising transparency and respecting individual rights, we nurture enduring partnerships built on trust and integrity.



MALAYSIA

In Malaysia, our commitment translates into strict adherence to the Personal Data Protection Act (“PDPA”) 2010. Our compliance involves keeping abreast of new developments in the law, reflecting our dedication to safeguarding personal data against any unauthorised access or misuse. Additionally, LCT’s in-plant clinics are registered as data users with the Department of Personal Data Protection.



INDONESIA

Similarly, in Indonesia, we are proactive in responding to the newly enacted Law No. 27 of 2022 concerning Personal Data Protection (“PDP Law”). Since its enactment on 17 October 2022, we have embarked on a comprehensive journey to align our processes with the requirements of the PDP Law. This includes:

- Engaging in detailed assessments to identify areas for alignment with the PDP Law.
- Implementing necessary changes and enhancements in our data handling and privacy policies.
- Ensuring all relevant departments are fully informed and trained in compliance with the new law.

The Personal Data Protection (“PDP”) Policy, effective from 11 October 2024, has been established. Relevant departments, including Procurement, Commercial, and HR, are currently in the process of developing their respective PDP Standard Operating Procedures (“SOPs”). LCT issued a PDP Policy which dedicates a personal data protection officer to ensure compliance with PDP law through the establishment of the personal data protection system and procedures in collaboration with the relevant departments within the Company.

Our pledge to protect personal data is unwavering. As regulations evolve and technology advances, LCT remains steadfast in its commitment to privacy, viewing it as an essential component of the trust our stakeholders place in us. We continually strive to enhance our data protection measures, ensuring we remain at the forefront of compliance and ethical responsibility.

INSIDER TRADING

In Malaysia, we conduct regular briefings on insider trading for all employees. In Indonesia, such briefings are conducted annually for managerial staff and above. These training sessions encompass crucial topics including insider information, actions classified as insider trading, the liabilities facing both the Company and its employees and the legal ramifications of any breaches.

ONGOING EFFORTS TO MITIGATE BRIBERY AND CORRUPTION

In our ongoing efforts to reduce the risk of bribery and corruption across our operations, we proactively take the following initiatives:

- New staff receive ABAC briefings during their onboarding.
- Provided annual refresher training on ABAC policies to enhance awareness and enforce compliance to the Company’s ABAC Framework.
- Employees based in our Malaysian operations must make an online declaration, confirming their understanding and agreement to adhere to the BECOC, ABAC Manual and other relevant Group policies and procedures.
- Conflict of interest declarations are made annually by Malaysian employees and every three (3) years by employees in Indonesia, while new joiners declare any conflicts upon joining. The Company enhanced the conflict of interest policy by implementing additional measures and reporting procedures to manage conflict of interest situations.
- Anti-bribery clauses are integrated into our official documents, policies and standard agreements, obligating all parties to comply with these provisions.
- Each line department is responsible for obtaining a signed Third-Party Declaration form from new customers, suppliers, consultants and any third parties involved in business with LCT or its subsidiaries.
- All new customers, suppliers, consultants and any third parties dealing with LCT are required to complete a Third Party Due Diligence Questionnaire. This initiative is being implemented Company-wide in stages. Vendors, customers, suppliers, consultants and third parties dealing with LCT are assessed on their ABAC procedures.

The Group’s commitment to compliance with applicable laws and regulations is evident in annual reviews, focusing on areas such as the Business Compliance Processes, Legal Register updates and ABAC Framework improvements. In Indonesia, LCT has implemented Business Compliance Processes and Legal Registers across all departments to ensure and monitor compliance on all applicable laws and regulations affecting business operations. At the same time, continuous and relevant training on applicable laws for our employees ensures a strong understanding in our Group operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

OUR OUTPUT – HOW WE PERFORMED

a) ABAC related Training

Percentage of Employees Who Received Training Related to ABAC

LCT ensures that all employees receive ABAC training. Each employee is expected to refresh their ABAC training once every year.



MALAYSIA

	2023	2024
Senior Management	92%	77%
Middle Management	95%	94%
Executive	90%	93%
Technician and below	82%	88%

Note:

Prior to year 2024, each employee was required to refresh their ABAC training once every three (3) years.



INDONESIA

	2023	2024
Senior Management	100%	100%
Middle Management	100%	100%
Executive	100%	100%
Technician and below	100%	100%

b) Operations Assessed For Corruption-Related Risks

Percentage of Operations Assessed For Corruption-Related Risks

Year	2022	2023	2024
Malaysia	100%	100%	100%
Indonesia	100%	100%	100%

c) Confirmed Incidents of Corruption and Action Taken

Year	2022	2023	2024
Malaysia	0	0	0
Indonesia	0	0	0

d) Political Contribution

LCT prohibits any form of political contributions.

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

We are dedicated to continuously enhancing the Company’s corporate governance structure and corporate culture. LCT’s security and governance principles maintain the trust of our stakeholders’ so that they remain intact.

FUTURE OUTLOOK – OUR PRIORITY

LCT is steadfast in its commitment to strict compliance with laws and regulations across its operational countries. We emphasise strong ethical business practices through robust governance policies. Continuous enhancements on compliance and corporate governance practices are implemented where necessary.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2023	2024
Bursa (Anti-corruption)			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
Senior Management	Percentage	92.00	77.00
Middle Management	Percentage	95.00	94.00
Executive	Percentage	90.00	93.00
Technicians and below	Percentage	82.00	88.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	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	259,000.00	38,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	12,258	11,731
Bursa (Diversity)			
Bursa C3(a) Percentage of employees by gender and age group, for each employee category			
Age Group by Employee Category			
Senior Management Below 30	Percentage	0.00	0.00
Senior Management 30-50	Percentage	40.00	42.00
Senior Management Above 50	Percentage	60.00	58.00
Middle Management Below 30	Percentage	0.00	0.00
Middle Management 30-50	Percentage	67.00	68.00
Middle Management Above 50	Percentage	33.00	32.00
Executive Below 30	Percentage	30.00	27.00
Executive 30-50	Percentage	51.00	52.00
Executive Above 50	Percentage	19.00	21.00
Technicians and below Below 30	Percentage	22.00	20.00
Technicians and below 30-50	Percentage	68.00	69.00
Technicians and below Above 50	Percentage	10.00	11.00
Gender Group by Employee Category			
Senior Management Male	Percentage	80.00	85.00
Senior Management Female	Percentage	20.00	15.00
Middle Management Male	Percentage	66.00	64.00
Middle Management Female	Percentage	34.00	36.00
Executive Male	Percentage	67.00	68.00
Executive Female	Percentage	33.00	32.00
Technicians and below Male	Percentage	90.00	90.00
Technicians and below Female	Percentage	10.00	10.00
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	57.00	57.00
Female	Percentage	43.00	43.00
Below 30	Percentage	0.00	0.00
30-50	Percentage	14.00	0.00
Above 50	Percentage	86.00	100.00
Bursa (Energy management)			
Bursa C4(a) Total energy consumption	Megawatt	829.00	755.00
Bursa (Health and safety)			
Bursa C5(a) Number of work-related fatalities	Number	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.12	0.29
Bursa C5(c) Number of employees trained on health and safety standards	Number	950	867
Bursa (Labour practices and standards)			
Bursa C6(a) Total hours of training by employee category			

PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2023	2024
Senior Management	Hours	176	112
Middle Management	Hours	1,717	1,820
Executive	Hours	22,514	10,177
Technicians and below	Hours	30,534	25,938
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.26	0.36
Bursa C6(c) Total number of employee turnover by employee category			
Senior Management	Number	0	1
Middle Management	Number	2	3
Executive	Number	34	44
Technicians and below	Number	61	35
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0
Bursa (Supply chain management)			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	69.00	86.00
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
Bursa (Water)			
Bursa C9(a) Total volume of water used	Megalitres	10,596.000000	10,453.000000
Bursa (Waste management)			
Bursa C10(a) Total waste generated	Metric tonnes	-	No Data Provided
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	No Data Provided
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	No Data Provided
Bursa (Emissions management)			
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	-	No Data Provided
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	-	No Data Provided
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	No Data Provided

Internal assurance

External assurance

No assurance

(*)Restated

Notes:

1. The performance indicators "Waste Management" and "Emissions Management" have been removed as mandatory Bursa indicators following the recent amendment to the Main Market Listing Requirements. Kindly refer to the section on Environmental Management and Climate Change (pages 56 to 62) for data related to waste management and emissions management.
2. For more information on our sustainability performance, please refer to Section 4: Our Strategy based on Sustainability Matters in this IAR 2024, pages 40 to 81.