



Together We Excel

MCE HOLDINGS BERHAD

Registration No.: 201501033021 (1158341-K)

2025 ANNUAL REPORT

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

MCE Holdings Berhad (“MCE”) and its subsidiaries (“the MCE Group” or “the Group”) recognise that our operations are deeply connected to the wider world around us. The way we conduct our business influences not only our own growth but also the economy, the environment, and society. Guided by this awareness, we are committed to operating responsibly and pursuing sustainable growth that delivers long-term value for all stakeholders.

MCE Group’s 2025 Sustainability Statement (Statement) communicates our sustainability commitments, strategies, initiatives as well as our sustainability performance in financial year ended 2025 (FY2025). This marks our second Sustainability Statement. In demonstrating our commitment this year, the Statement highlights the Group’s impact across Environmental, Social, and Governance (ESG) dimensions. These disclosures reflect our ongoing efforts to operate responsibly and sustainably, while our economic performance is reported in the Marketplace section.

It is worth noting that our Board recognises the importance of addressing the ESG factors that influence the sustainability of the Group’s business as we continue to create long-term shareholder value while safeguarding the interest of all stakeholders. In this Statement, we share our ongoing efforts to address some of the ESG aspects that are material to our business operations and long-term growth.

For a better understanding of our sustainable initiatives we integrated into our business strategy and operations, stakeholders should read this report together with the Annual Report 2025.

Reporting period

This Statement covers our ESG performance and discloses our sustainability initiatives and updates from 1 August 2024 to 31 July 2025, unless specified otherwise.

Scope of Reporting

The scope of this Statement covers our business operations in Malaysia only and encompasses two (2) subsidiaries – Multi-Code Electronics Industries (M) Berhad (“MCEIB”) and Multi-Code Technologies (M) Sdn Bhd (“MCT”) – located in Malaysia. Unless specified, this Statement excludes outsourced activities or joint ventures. It is worth noting that we have endeavoured to report all issues deemed material to the Group. Unless otherwise specified, the report contains internally sourced qualitative and quantitative data. This Statement is available on our website: <https://www.multicode.com.my/>

Reporting Framework

This Statement has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards and adheres to the following standards, where applicable, to address significant ESG-related aspects. It is also aligned with global sustainability agendas, particularly the United Nations Sustainable Development Goals (UN SDGs). It is also guided by:

- Bursa Malaysia Main Market Listing Requirements
- Malaysian Code on Corporate Governance (MCCG) by the Securities Commission Malaysia
- Bursa Malaysia Sustainability Reporting Guide

Assurance

This Statement contains data and information sourced internally from all companies included within the scope of reporting. All data and information have been vetted and verified by the contributing subsidiaries, and subsequently reviewed by the Risk Management and Sustainability Working Committee (RMSWC) before they are presented to the Board of Directors for approval.

The RMSWC, as the Board-level committee overseeing sustainability, has oversight of the Group’s sustainability reporting and the overall business sustainability. This forms part of our continued commitment to upholding good corporate governance practices and ensuring the production of a credible, fair and balanced Sustainability Statement.

SUSTAINABILITY STATEMENT (CONT'D)

ABOUT THIS STATEMENT (CONT'D)

Feedback

Feedback, suggestions and comments on this Statement are welcomed and maybe directed to mcejb@multicode.com.my.

A. OUR PRESENCE

Our operations

The MCE Group is a leading Original Equipment Manufacturer (“OEM”) specialising in the full spectrum of design, manufacture and supply of automotive electronics and mechatronic parts for both Malaysian and regional markets.

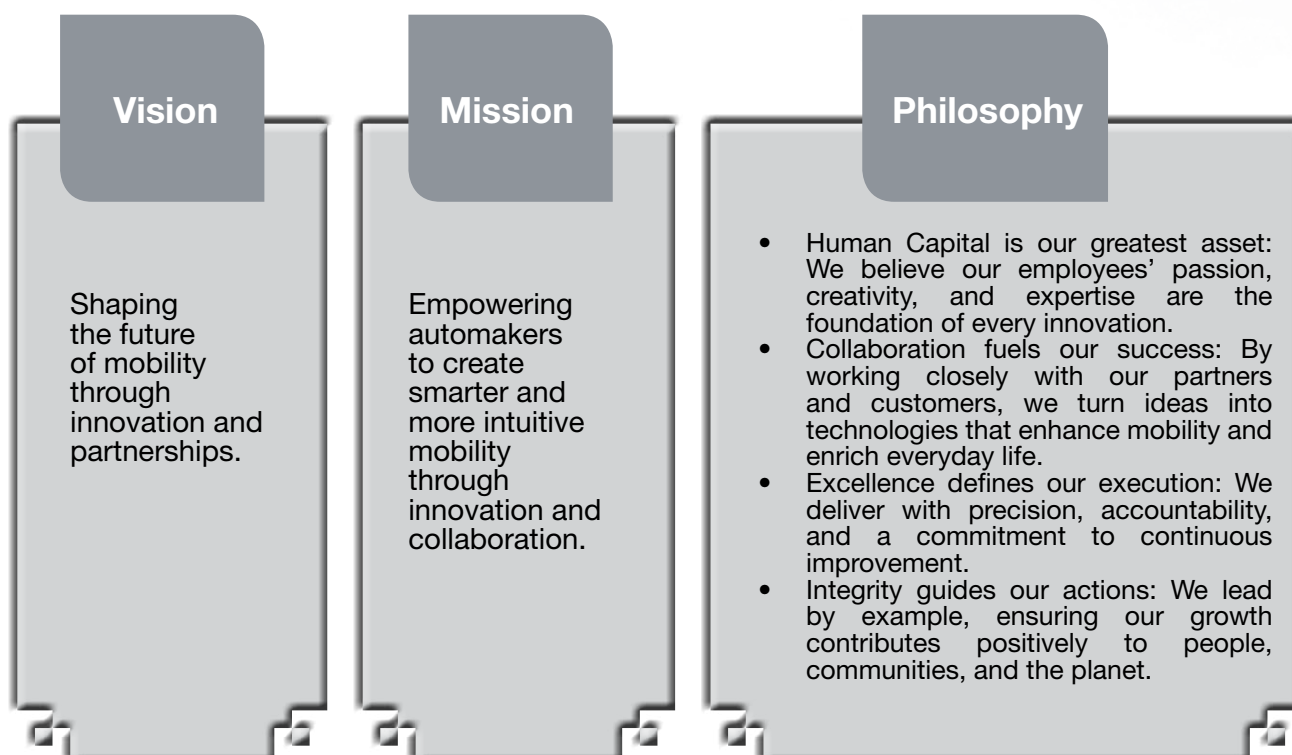
The Group currently operates two facilities, employing over 600 full-time employees, including more than 80 engineers, who make up over 13% of our workforce, reflecting our ongoing commitment to strengthening our research and development capabilities.

The Group’s primary facility in Johor Bahru, Johor, serves as our main manufacturing hub, integrating advanced design and testing capabilities and housing our corporate headquarters.

The second facility in Pelabuhan Klang, Selangor, supports expanded manufacturing and serves as a key centre for warehousing business development, marketing, and customer support. Strategically located near major ports, it enables efficient distribution and seamless service to our customers.

An additional facility in Serendah, Selangor, is expected to be commissioned by the end of calendar year 2025. Once operational, it will further expand our manufacturing and warehousing capacity, and be located near one of our major customers, helping to reduce carbon emissions through improved logistic efficiency.

The three facilities are strategically located to keep the Group closely connected with domestic customers while supporting our overseas business and export activities via Malaysia’s major air and seaports.



SUSTAINABILITY STATEMENT (CONT'D)

B. OUR SUSTAINABILITY APPROACH

Sustainability Materiality Matters

As part of our annual assessment of sustainability materiality matters, MCE Group formally conducted a formal materiality assessment to identify and prioritise sustainability issues relevant to our operations. While the assessment was limited to internal stakeholders and not exhaustive, it served as a foundational step in our journey toward formal ESG adoption.

Purpose and Outcomes

The process enabled us to:

- Identify current material topics across our business value chain
- Review our sustainability strategy
- Develop impact-based solutions to address key sustainability matters

Material Topics and ESG Matrix

Based on the assessment, we categorised our material topics according to their impact on our operations and stakeholder interests. These topics are mapped across the MCE Group's four ESG pillars:

MCE Group's 4 Pillars	Environmental Stewardship	Empowering Our People and Communities	Good Governance	Sustainable Business
High	<ul style="list-style-type: none"> Environmental Management System (EMS) Facility Management 	<ul style="list-style-type: none"> Safety and Health Talent management 	<ul style="list-style-type: none"> Governance 	<ul style="list-style-type: none"> Product Quality Sustainable supply chain Economic performance Customer satisfaction
Medium				Product technology and innovation
Low	<ul style="list-style-type: none"> Waste Management 	<ul style="list-style-type: none"> Corporate Social Responsibility ("CSR") 		

Following the assessment, internal stakeholders agreed on the importance of periodically reviewing our sustainability material matters to reflect evolving business dynamics and stakeholder expectations. To ensure continued relevance, MCE Group has proposed a biennial review cycle for our materiality assessment.

Our Sustainability Strategy

As one of the leading automotive electronics and mechatronics parts manufacturers and suppliers, MCE Group is committed to addressing our identified sustainability materiality matters by aligning them with the sustainability pillars defined in our ESG frameworks (environmental, social and governance).

Our ESG Framework serves as the focal point for how we address the materiality topics identified by our stakeholders and shape our sustainability strategy, helping us promote, adopt and embed our sustainability aspirations into our operations for the long term.

Our ESG frameworks is built on four (4) key pillars – Environmental Stewardship (Environmental), Empowering Our People and Communities (Social), Good Governance (Governance) and Sustainable Business (Marketplace). This framework guides us in addressing sustainability materiality issues that impact our business.

By embedding these four main pillars into our operations, we believe it will not only improve our operational efficiency but also enable us to operate ethically and responsibly while safeguarding our long-term economic viability, thus, enhancing value for the Group and our stakeholders. This marks a strong start to our sustainability journey and has become our beacon in driving our business operations.

SUSTAINABILITY STATEMENT (CONT'D)

B. OUR SUSTAINABILITY APPROACH (CONT'D)

Our Sustainability Strategy (Cont'd)

ESG Frameworks	MCE's 4 Pillars	Objectives	UN SDGs
Environmental	Environmental Stewardship	Institute measures to reduce our carbon footprint while promoting sustainable operational practices within our operations.	SDG 9: Industry, Innovation & Infrastructure SDG 13: Climate Change
Social	Empowering Our People and Communities	Facilitate strategic support, partnerships and training programmes to empower our people and communities while promoting health and safety awareness.	SDG 3: Good Health & Well Being SDG 4: Quality Education
Governance	Good Governance	Committed to upholding the highest standards of ethics, integrity and accountability in our business practices.	SDG 16L Peace, Justice & Strong Institutions
Marketplace	Sustainable Business	Formal adoption and integration of our ESG matters into our operations while managing our ESG risks and opportunities towards a sustainable future.	SDG 8: Decent Work & Economic Growth SDG 11: Sustainable Cities & Communities SDG 12: Responsible Consumption & Production

Stakeholders' Engagements

MCE Group recognises that close engagement with our stakeholders is key to creating progress and value in our sustainability journey and understanding our stakeholders' expectations and concerns.

Our strong commitment to our stakeholders drives us to engage with both our internal and external parties, especially our key stakeholders, namely shareholders, investors and analysts, employees, customers, suppliers, regulators and government bodies, through various communication platforms.

Through these engagements, MCE Group is able to better understand their expectations and concerns, and, in turn, effectively determine key sustainability matters that are material to both the organisation and our stakeholders.



MARII
BEST LOCAL
AUTOMOTIVE SUPPLIER
AWARD 2024



PDKM
OVERALL BEST PAINTER
VENDOR
AWARD 2024



TOYOTA
BEST IMPROVEMENT IN
SAFETY
AWARD 2024



TADME
SUSTAINABLE
PARTNERSHIP
AWARD 2024/25

SUSTAINABILITY STATEMENT (CONT'D)

B. OUR SUSTAINABILITY APPROACH (CONT'D)

Stakeholders' Engagements (Cont'd)

MCE Group's initiatives on our stakeholders' engagement are briefly illustrated in the table below:

Stakeholder Group	Area of Interest	Engagement Methods
Suppliers	<ul style="list-style-type: none"> Manufacturing capabilities & competencies; Fair procurement; Anti-corruption & anti-bribery; and Sustainability matters. 	<ul style="list-style-type: none"> Technical presentation; Field audit at supplier's premises; Yearly Performance Review; and Business meeting.
Local community	<ul style="list-style-type: none"> Social & environmental issue; Local employment; and Community development. 	<ul style="list-style-type: none"> Hiring advertisement; Internship programme with colleges & universities; Social media & Group's website; and CSR activities.
Customers	<ul style="list-style-type: none"> Product Technology Quality, Cost & Service Promote new product Promote our company capability and capacity 	<ul style="list-style-type: none"> Monthly vendor briefing by customers Annual customer satisfaction survey Business meetings Customers' field audit Information shared through Group's website Road show and technology fair Overseas & local exhibitions
Employees	<ul style="list-style-type: none"> Remuneration Career Planning & development Staff welfare & benefits Safety & Health Shop floor management 	<ul style="list-style-type: none"> Daily morning market meetings Morning briefing / Department meeting by HODs Monthly HODs Meeting Coffee break/lunch session between employees and GMD Social activities organised by CSR Committee Training programmes Communication/feedback via Group's social media account Annual dinner Long service awards Birthday celebration Sports activities & competition Team building activities
Shareholders	<ul style="list-style-type: none"> Financial performance 	<ul style="list-style-type: none"> Annual General Meeting; Annual Report; Quarterly Report; Media releases; Feedback through the Group's website and emails
Government regulators	<ul style="list-style-type: none"> Compliance to laws, regulations and guidelines 	<ul style="list-style-type: none"> Meetings and events; Forums

SUSTAINABILITY STATEMENT (CONT'D)

B. OUR SUSTAINABILITY APPROACH (CONT'D)

Stakeholders' Engagements (Cont'd)

MCE Group's initiatives on our stakeholders' engagement are briefly illustrated in the table below (Cont'd):

Stakeholder Group	Area of Interest	Engagement Methods
Suppliers	<ul style="list-style-type: none"> Supply chain Fair procurement practices Quality of goods & services Mutually beneficial collaboration 	<ul style="list-style-type: none"> Business meetings; and Field audit at suppliers' premises
Local community	<ul style="list-style-type: none"> Risk Management Impacts of the Group's operations on the surrounding communities Local community development and investment 	<ul style="list-style-type: none"> Social activities organized by the Group's CSR Committee; Media releases.

C. ENVIRONMENT

Materiality Aspect	Key Impact Areas	Focus in 2025
Environmental stewardship	<ul style="list-style-type: none"> Environmental Management System (EMS) <ul style="list-style-type: none"> Facility management Waste management Water management 	<p>Operational Facilities (electric)</p> <ul style="list-style-type: none"> Reduce power wastage by 1% with thermal Cost saving (ensure no power leakage scanning) 80% of the workplace is using LED 64% of all Exit Sign is using LED <p>Waste Management</p> <ul style="list-style-type: none"> Operational Facilities All scheduled waste and recycled items to be segregated and collected <p>Water Management</p> <ul style="list-style-type: none"> Operational facilities To arrange and conduct regular leak inspection by contractor registered under Air Selangor & Ranhill SAJ

Managing Our Environmental Footprint

As part of the automotive industry supply chain, MCE Group recognises the significant sustainability challenges facing the industry, notably rapid change in regulatory standards (e.g. zero-emission vehicles), greenhouse gas emissions, water use and waste generation, material sourcing challenges, as well as extended producer responsibility requirements. In this regard, MCE GROUP recognises that our actions impact the environment and thus supports pollutions prevention and environmental protection in all our business operations.

To demonstrate our commitment, the Group has obtained ISO 14001 Environmental Management Systems standard for our main manufacturing locations. This certification represents our first step in ensuring that the Group prioritises the environmental impact of our operations and we have set appropriate targets for improved environmental performance.

In addition, we have introduced upgrades and improvements across our operations, particularly at our manufacturing plants in Johor Bahru and Telok Gong, by progressively switching lighting and air conditioning fixtures to energy-efficient system. In 2025, 80% of all lighting fixtures in our two manufacturing plants use LED technology, while 41% of air-conditioning units are inverter type.

SUSTAINABILITY STATEMENT (CONT'D)

C. ENVIRONMENT (CONT'D)

Managing Our Environmental Footprint (Cont'd)

The Group has also initiated sustainability programmes throughout our entire value chain and these include the following areas:

- Energy use across all our sites.
- Materials and components used in our products.
- Product innovation to increase recycling rates, substitute materials, energy use in production, and end-of-life-cycle disposal.
- CO2 emissions related to transportation, packaging, and logistics.

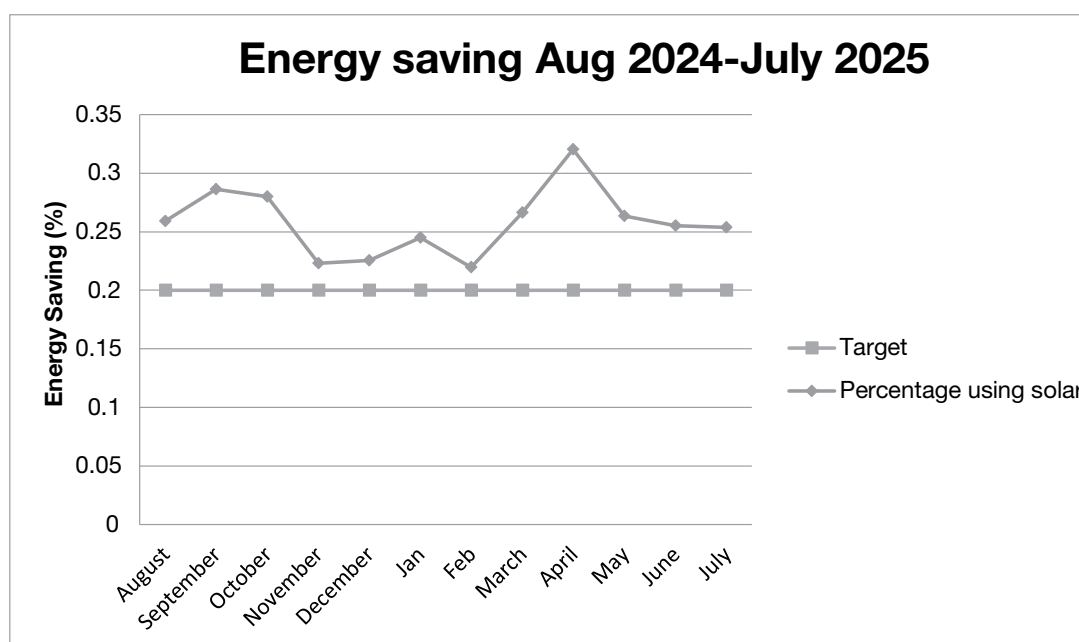
Energy Use and Management

Electricity consumption form a major portion of the operational cost, hence, lowering our energy consumption is a priority for reducing both our environmental impacts and our business costs. In this respect, the Group took proactive measures to reduce electricity cost by adopting clean energy at the end of 2021.

The Group installed a solar energy system at our Telok Gong manufacturing facility in 2021 with a 20% saving target. This implementation not only achieved our target, but also resulted in improved energy efficiency.

Based on our data in 2025, the solar system continued to outperform expectations, with average savings rising from 24.94% to 25.88%, against the 20% savings target. The initiative delivered cost savings of RM353,022.55 in 2025.

Year	TNB (kWh)	Solar (kWh)	Total (kWh)	Average % using solar	Target	Profit/savings (RM)	CO2 usage	Saving Co2
2025	1,998,477	693,561	2,692,038	25.88%	20.00%	353,022.55	1,384,944.56	480,637.77
2024	1,932,309	667,897	2,600,206	24.94%	20.00%	339,959.57	1,464,690.22	586,265.93
2023	1,837,824	720,201	2,558,025	28.25%	20.00%	366,582.31	1,393,070.59	545,912.36



SUSTAINABILITY STATEMENT (CONT'D)

C. ENVIRONMENT (CONT'D)

Energy Use and Management (Cont'd)

Our energy consumptions are as follow:

Year	Energy Usage							
	2025		2024		2023		2022	
Type of Energy	Electricity – kWh per year	Petrol and Diesel – Litres per year	Electricity – kWh per year	Petrol and Diesel – Litres per year	Electricity – kWh per year	Petrol and Diesel – Litres per year	Electricity – kWh per year	Petrol and Diesel – Litres per year
Unit per Year	4,054,540	59,185.69	3,487,241	49,265.54	3,861,078	57,384.65	3,359,119	53,135.48
CO2 (MT)	3,073.34	136.72	2,643.33	118.37	2,926.70	132.56	2,546.21	122.74

MCE Group's environmental management data is currently limited to two businesses (MCEIB & MCT). We intend to gradually expand our data collection to include all subsidiaries in Malaysia. MCE Group reports all emission under Scope 1, which covers direct emissions from company-owned and controlled resources, such as our company vehicle usage and all firm-level activities that used fuels which produce GHG emissions. Our Scope 2 emissions data is derived from electricity purchased from Tenaga Nasional Berhad (TNB).

We began gathering Scope 3 data in FY2024, focusing on employees' commuting patterns to and from work (Scope 3 - Category 7). The data includes their mode of transport and commuting distance. In FY2025, private vehicle users accounted for 40% of the workforce, forming the largest commuting group. The second-largest group (23%) used public or company transport, while 17% walked to work.

Mode of Transport - Employee Travel from House to/from Factory in FY2025						
	Public (bus) / Company Transport	Car	Motorcycle	Lorry	Walking	Total No. of employees
Number of employees	137	240	116	1	99	593
	23%	40%	20%	0%	18%	100%

Employee Distance from House to/from Factory (km) in FY2025						
Type of transport	Public (bus) / Company Transport	Car	Motorcycle	Lorry	Walking	Total
Distance (km)	85,596	1,737,377	813,488	2,132	96,200	2,738,793
Carbon Footprint of travel (kgCO ₂ e)	8,691	295,354	92,738	365	0	397,147

Note:

Using the carbon footprint of travel per kilometer 2022 data from the UK Department for Energy Security and Net Zero, we estimated the carbon footprint of travel in grams of carbon dioxide equivalents per passenger kilometer travelled :

- The carbon footprint by diesel car is 171 gCO₂e
- The carbon footprint by petrol car is 170 gCO₂e
- The carbon footprint by motorbike is 114 gCO₂e
- The carbon footprint by bus (average) is 97 gCO₂e

SUSTAINABILITY STATEMENT (CONT'D)

C. ENVIRONMENT (CONT'D)

Energy Use and Management (Cont'd)

In managing these material matters more objectively, MCE intends to establish a GHG emission baseline before setting a target for our GHG emission improvement in 2026.

Year	2025	2024	2023	2022
Scope 1 - Petrol and Diesel (tonnes of CO ₂ e)	136.72	118.37	132.56	122.74
Scope 2 - Electricity (tonnes of CO ₂ e)	3,073.34	2416.66	2675.73	2327.87
Scope 3 - Employee Commuting to and from work	397.15	335.19	-	-

Notes on CO₂ Emission Factor:

Electricity – 0.758 GgCO₂e/GWh (Source: Grid emission factor 2021)

Waste Management

MCE Group is committed to upholding good waste management practices, as we believe effective waste management is key to developing a sustainable and value-added operation. Although the Group has yet to set a specific recycling or waste-deduction target, we have begun collecting data in an effort to establish a baseline dataset starting from FY2022 to FY2024.

As a responsible Group, we are committed to reducing the waste we generate and improving our waste management practices. Currently, we categorised our waste as either production or non-production waste. Non-production waste includes carton boxes and plastic reels.

In FY2025, we reduced overall waste generated, conserve natural resources, and lowered our environmental footprint. We recycled 19.12% of the 228 metric tonnes of waste generated, marking a 0.5-percentage-point improvement over FY2023, when 18.55% of 230.51 metric tonnes was recycled.

Scheduled Waste (Metric tonnes)	JB Production waste	JB (Non-production)	JB Sub Total	TG Production waste	TG (Non-production)	TG Sub Total	Recycled Sub Total	% Recycled	Total
2022	6.03	57.75	63.78	8.18	57.00	65.18	58.08	31.05%	187.04
2023	10.46	77.70	88.16	25.79	73.80	99.59	42.76	18.55%	230.51
2024	6.58	88.20	94.78	21.98	67.80	89.78	43.65	19.12%	228.21
2025	27.00	77.70	104.70	37.71	73.20	110.91	36.06	14.33%	251.67
Total	50.07	223.65	246.72	93.66	271.80	365.46	180.54	-	897.42

Water Consumption

As our operations are not water-intensive, water conservation was not ranked highly in our materiality assessment. Nevertheless, a culture of water conservation remains a key part of our internal practices, and we have set a zero leak target across all facilities. In FY2025, water consumption increased by 21% as compared to 2024.

Water Consumption	2025	2024	2023	2022
Total volume of water used (megalitre)	29.01	23.99	23.03	20.02

SUSTAINABILITY STATEMENT (CONT'D)

D. SOCIAL

Our Employee

Materiality Aspect	Key Impact Areas	Focus in 2025
Empowering Our People and Communities	<ul style="list-style-type: none"> Talent Management Safety & Health 	<p>Talent Development</p> <ul style="list-style-type: none"> - At least 2 hours of training per employee per year <p>Safety & Health</p> <ul style="list-style-type: none"> - Zero accident - Zero breach in health & safety regulations - To increase of awareness of safety and health level

As a Group, MCE holds fast to the belief that its operational success is owed to its employees. They are the driving force behind the Group's success, their know-how, creativity, and ability to implement and innovate ultimately convince and inspire customers. Hence, our key management philosophy is "Human capital is our greatest asset".

Employees' performance, commitment and loyalty are critical not only in achieving the Group's vision and mission, but also for its long-term survival and sustainability.

In line with our journey to create long-term value and built a sustainable organisation, MCE Group focuses on strengthening sustainability programmes in the following areas:

In line with our journey to create long-term value and build a sustainable organisation, MCE Group focuses on strengthening programmes in the following areas:

- Employee training and development.
- Diversity and inclusiveness.
- Well-being of employees.
- Implementing fair labour practices to attract and retain a skilled workforce.

All employees are required to undergo proper orientation on the Group's culture and policies, and are formally appraised at least once a year. We also maintain and promote a healthy work environment by fostering a collaborative culture where people are motivated to develop their competencies and deliver the best results for the Group and the customers.



SUSTAINABILITY STATEMENT (CONT'D)

D. SOCIAL (CONT'D)

Human Capital Development

To sustain business growth, the Group provides comprehensive training and development opportunities for all employees. In FY2025, most employee categories experienced an increase in training hours. Management employees recorded a 27% jump in training hours, from 721 hours in FY2024 to 917 hours in FY2025.

Total hours of training by employee category	2022	2023	2024	2025
Director	419.5	318	363	266.5
Management	144	281	721	917
Executive	1,041	1,831	3,003	2,730
Non-executive	337	798.5	3,115	1,265

Promoting Diversity and Inclusiveness

In FY2025, we had a total of 600 employees including seven company directors. As a Malaysian listed Group, we strive to build and nurture a culture that actively promotes and values diversity and inclusiveness in our workforce.

This commitment is reflected in our Board Diversity Policy, introduced on 1 November 2018 and revised on 27 June 2022, which aims to maintain a Board comprising talented and dedicated directors with a diverse mix of expertise, experience, skills and backgrounds.

Although we do not have a dedicated diversity and inclusiveness policy at the employee level, our recruitment policies and practices have always been practical and merit-based. Drawing from our Board Diversity Policy, we recruit individuals from various backgrounds, experiences and cultures, with an emphasis on skills and specialisations that support our business priorities.

MCE Group has zero tolerance for discrimination, whether based on gender, age, disability, political views, or any other factors. By preventing discrimination, we create an inclusive and welcoming workplace that enhances the well-being of our employees.

The Group believes that incidents of discrimination should be reported, and all reports will be handled with discretion and without reprisals for the person reporting. In FY2025, there were no reported incidents of discrimination.

Group	Gender	Below 30 years old		Between 30-40 years old		Between 40-50 years old		Above 50 years old		Grand Total	
		Nos	%	Nos	%	Nos	%	Nos	%	Nos	%
Director	Female (F)	–	–	–	–	1	14.29	1	14.29	2	28.58
	Male (M)	–	–	–	–	3	42.86	2	28.56	5	71.42
Sub total		–	–	–	–	4	57.15	3	42.85	7	100.00
Management	F	–	–	4	13.33	3	10	–	–	7	23.33
	M	–	–	8	26.67	15	50	–	–	23	76.67
Sub total		–	–	12	40.00	18	60.00	–	–	30	100.00
Executive	F	7	6.73	26	25.00	9	8.65	–	–	42	40.38
	M	13	12.51	39	37.50	10	9.62	–	–	62	59.63
Sub total		20	19.24	65	62.50	19	18.27	–	–	104	100.01

SUSTAINABILITY STATEMENT (CONT'D)

D. SOCIAL (CONT'D)

Promoting Diversity and Inclusiveness (Cont'd)

		Below 30 years old		Between 30-40 years old		Between 40-50 years old		Above 50 years old		Total	
Group	Gender	Nos	%	Nos	%	Nos	%	Nos	%	Nos	%
Non-executive	F	56	12.20	61	13.29	41	8.93	4	0.87	162	35.29
	M	141	30.72	147	32.03	7	1.54	2	0.44	297	64.73
Sub total		197	42.92	207	45.32	48	10.47	6	1.31	459	100.02
Total		217	36.17	285	47.50	89	14.83	9	1.50	600	100.00

Age

In terms of diversity, the majority of employees fall within the 30-40 age group, representing 47.50% (285 employees), followed by those below 30 years old, comprising 36.17% (217 employees). The third-largest group consists of employees aged 40-50, accounting for 14.83% (89 employees), while those above 50 formed the smallest group at 1.50% (9 employees). As for the Board of Directors, members are represented across two age categories: above 50 years old (3 members) and between 40-50 years old (4 members).

Gender

When it comes to gender diversity, the group's total female representation stands at 35.50%.

At Board level, two out of seven (7) directors are female.

Gender Group by Employee Category	Measurement Unit	2022	2023	2024	2025
Management Male	Percentage	64.71	68.42	73.08	76.67
Management Female	Percentage	35.29	31.58	26.92	23.33
Executive Male	Percentage	46.30	51.77	57.00	59.63
Executive Female	Percentage	53.70	48.23	43.00	40.38
Non-executive Male	Percentage	62.82	67.56	66.74	64.73
Non-executive Female	Percentage	37.18	32.44	33.26	35.29

Percentage of directors by gender and age group	Measurement Unit	2022	2023	2024	2025
Male	Percentage	66.66	66.66	71.42	71.42
Female	Percentage	33.34	33.34	28.58	28.58
Below 30 years old	Percentage	-	-	-	-
Between 30 to 40 years old	Percentage	16.67	16.67	14.29	-
Between 40 to 50 years old	Percentage	50.00	50.00	57.15	57.15
Above 50 years old	Percentage	33.33	33.33	28.56	28.56

SUSTAINABILITY STATEMENT (CONT'D)

D. SOCIAL (CONT'D)

Gender (Cont'd)

Category of employees	Measurement Unit	Total Number of Employee Turnover			
		2022	2023	2024	2025
Director	Number	-	-	-	-
Management	Number	2.00	1.00	4.00	6.00
Executive	Number	30.00	29.00	18.00	34.00
Non-executive	Number	102.00	136.00	111.00	88.00
Bursa C6(d) Number of substantiated complaints concerning human right violations	Number	-	-	-	-

Well-being of Employees - Fair Pay and Workers Benefits

In recognising the dedication, commitment and loyalty of our employees, the Group strictly complies with local labour regulations. The minimum wage policy is implemented across the Group by paying the required base wage of RM1,700 per month as stipulated under the Minimum Wages Order, which first came into effect in 2020 and was last updated on 1 February 2025.

Beyond this base wage, all employees are entitled to other benefits such as annual leave, medical benefits, allowances and incentives. In line with the Employment (Amendment) Act 2021, all female employees are entitled to 98 days of paid maternity leave, while their male counterparts are entitled to seven days of paid paternity leave. The benefits and incentives we offer are summarised below:

Level of workers	Type of benefits and Incentives	Comments
Leaves		
All workers	Annual leave	No of days depends on length of service and workers grade
	Sick leave	
	Hospitalisation leave	
All female workers	Maternity leave	
All male workers	Paternity leave	
All confirmed workers only	Special leaves – marriage, examination and compassion leave	
Medical & Other Benefit		
All workers	Normal illness	Amount depends on workers grade
	Hospitalisation Benefit	
Insurance Coverage		
All workers	Group Personal Accident Insurance	Amount depends on workers grade
Depends on workers grade	Group Hospitalization and Surgical Insurance	

SUSTAINABILITY STATEMENT (CONT'D)

D. SOCIAL (CONT'D)

Well-being of Employees - Fair Pay and Workers Benefits (Cont'd)

Level of workers	Type of benefits and Incentives	Comments
Allowance & Incentives		
	Attendance allowance	
	Shift allowance	
	Responsible allowance	
Production workers only	Perfect attendance award	
Awards & Recognition		
All workers who fulfilled work requirement	Long service award	Incentive depends on workers length of service

Labour Standards and Practices

As an equal opportunity employer, MCE Group is committed to ensuring that the rights of all employees, irrespective of their nationality, are safeguarded. All employees are respected and accorded the same rights, privileges and opportunities in accordance with local laws. As such, we do not differentiate or discriminate based on nationality; instead, we uphold our commitment to provide equal benefits, including wages and medical provisions to all employees.

We have also put in place a grievance procedure that allows employees to raise issues and seek redress. In FY2025, there were no complaints or incidents of human rights violations.

Creating a Safe Working Environment - Towards a Zero-accident Workplace

Health and safety features prominently in MCE Group's materiality list, as we firmly believe that the safety of our employees contributes directly to the integrity of our operations. We also believe that a strong commitment to operational safety and adherence to well-defined procedures not only protects our employees but also enhance efficiency and quality in our work.

In this regard, our internal Safety, Health and Environment Management Committee ("SHEC") oversees and ensures that safety and health are properly implemented and observed by all employees.

The SHSEC team is responsible for ensuring compliance with these procedures, conducting risk assessments to identify new health and safety risks, and taking appropriate steps to eliminate or manage them effectively.

The SHEC team is responsible for ensuring compliance with these procedures, performing risk assessments to identify new health and safety risks, and taking appropriate steps to eliminate or manage them effectively.

During the financial year under review, staff participated in fire safety trainings sessions conducted by Jabatan Bomba Malaysia at our Johor Bahru and Telok Gong premises.

We remain committed to creating and maintaining a safe working environment for all employees, contractors and visitors. In FY2025, there were no work-related accidents, no lost time incident nor any non-compliance with safety regulations.

Health and safety	Measurement Unit	2022	2023	2024	2025
Bursa C5(a) Number of work-related fatalities	Number	NIL	NIL	NIL	NIL
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	NIL	NIL	NIL	NIL
Bursa C5(c) Number of employees trained on health and safety standards	Number	365	500	579	599

SUSTAINABILITY STATEMENT (CONT'D)

D. SOCIAL (CONT'D)

Creating a Safe Working Environment - Towards a Zero-accident Workplace (Cont'd)

Though we did not have any incidents of work-related fatalities, lost time incident due to accidents or non-compliance with safety regulations, we continued to proactively implement safety and health awareness programmes aimed at promoting a strong safety culture. These initiatives includes regular reminders for employees to wear personal protective equipment, ensuring compliance with occupational health and safety regulations, and conducting routine inspection on machinery and building structures, among others.

In FY2025, a total of 599 employees underwent health and safety training, up from the 500 employees in 2023.



Communities

An important part of our community investment (CI) strategy is focused on delivering meaningful value to the communities and the national economy in which we operate in. In FY2025, we welcomed interns from 11 universities and technical colleges across the Group's operations.

Our total community development expenditure amounted to an estimated RM41,571.42, reaching 19 beneficiaries in FY2025. The objective of these initiatives was to build goodwill and foster stronger ties with the local communities.

Community / Society)	Measurement Unit	2022	2023	2024	2025
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	23,910.20	38,204.33	86,852.65	41,571.42
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	7	12	28	19

SUSTAINABILITY STATEMENT (CONT'D)

E. MARKETPLACE

Materiality Aspect	Key Impact Areas	Focus in 2025/4
Supply Chain	<ul style="list-style-type: none"> Suppliers 	<ul style="list-style-type: none"> Establish Supplier Evaluation Form and Certificate of Analysis (COA) mechanism as COA conveys information from a material supplier to a material user about the identity, quality, and purity of that specific material.
<ul style="list-style-type: none"> Product Quality Sustainable supply chain Economic performance Customer satisfaction 	<ul style="list-style-type: none"> Customers Supply chain 	<ul style="list-style-type: none"> More engagement with customers especially with an establishment of a Customer Satisfaction Survey, customer complaint form as well as customer audit.

DATA PRIVACY & SECURITY

Customers' Privacy and Data Protection

Our business primarily operates on a B2B model, and we believe it is important to ensure that our customers' data and privacy are protected in accordance with the Personal Data Protection Act ("PDPA") 2010. In MCE Group, access to customer data is strictly limited to authorised personnel. As a result of our data protection practices, no reports or complaints of data mismanagement were recorded during the reporting period.

Supply Chain Management

MCE Group understands that it is a component within a larger automotive industry supply chain, and that achieving sustainability requires promoting responsible practices throughout all levels of the supply chain. To support this, we focus on prioritising local vendors before seeking international alternatives.

In this respect, we have established mutually beneficial and long-term relationships with a variety of local suppliers across our operations. However, due to the nature of our business, we are unable to rely entirely on local suppliers as certain materials and components are not available locally.

In FY2025, the Group is pleased to report that 65% of our procurement budget was sourced from local suppliers, consistent with FY2024.

Suppliers	2025		2024		2023		2022	
	Local	Overseas	Local	Overseas	Local	Overseas	Local	Overseas
Bursa C7(a) Proportion of spending on local suppliers	65%	35%	65%	35%	63%	37%	50%	50%

On this matter, we have put in place a responsible sourcing practice across the Group where each tender process requires a minimum of three quotations.

SUSTAINABILITY STATEMENT (CONT'D)

E. MARKETPLACE (CONT'D)

Our Approach to Sustainability Governance

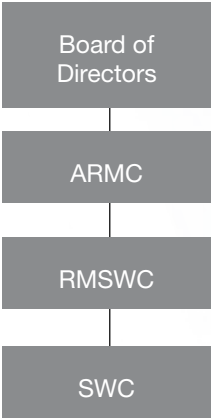
In our effort to achieve our sustainability goals, we have established a clearly defined sustainability governance structure with specific roles and responsibilities at each operational level to ensure accountability and effectiveness in executing sustainability initiatives across the Group.

Paramount decision-making authority	Board of Directors	<ul style="list-style-type: none"> Oversee the Group's sustainability agenda Provide leadership and stewardship in setting the tone and direction for creating and delivering sustainable values.
Highest level of authority at working level	Audit and Risk Management Committee (ARMC)	<ul style="list-style-type: none"> Oversee the implementation of sustainability policies and disclosures as required by laws and/or rules, and recommend them for the Board's approval. Advise the Board and recommend strategies and policies related to sustainability and sustainability for adoption.
Working level 1	Risk Management and Sustainability Working Committee (RMSWC)	<ul style="list-style-type: none"> Monitor the implementation of sustainability strategies as approved by the Board; Oversee the overall management of stakeholder engagement, ensuring grievance mechanisms are in place; Oversee the management of sustainability matters, with particular focus on matters material to the Group organisation; and
Working level 2	Sustainability Working Committee	<ul style="list-style-type: none"> Collect and compile sustainability data Implement sustainability programmes and policies

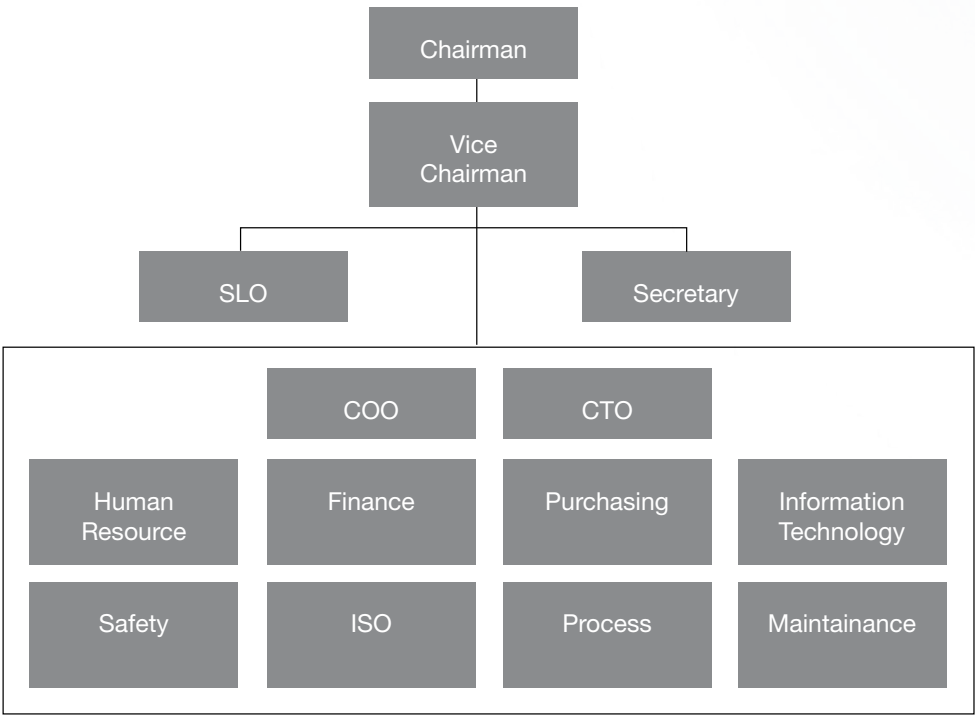
SUSTAINABILITY STATEMENT
(CONT'D)

E. MARKETPLACE (CONT'D)

Governance Structure



MCE Group - Sustainability Working Committee (SWC)
Organisation Chart



- ARMC - Audit and Risk Management Committee
- RMSWC - Risk Management and Sustainability Working Committee
- SWC - Sustainability Working Committee
- SLO - Sustainability Liason Office
- COO - Chief Operations Officer
- CTO - Chief Technology Officer

SUSTAINABILITY STATEMENT (CONT'D)

E. MARKETPLACE (CONT'D)

Corporate Governance and Sustainability Policies

As a listed company, MCE Group recognises the importance of maintaining good corporate governance and is fully committed to adhering to the Malaysian Code on Corporate Governance ("MCCG") issued by the Securities Commission Malaysia (SC). From MCE Group's perspective, good governance means setting the right tone and environment for all stakeholders to play their roles effectively. This involves:

- An Effective Leadership: Diversity and inclusiveness at the top of the organisation foster good governance by offering a range of perspectives, backgrounds and experiences at the leadership level, ensuring decisions reflect the needs of all stakeholders.
- A Governance framework: Putting in place a robust governance framework serves as a guide to ensure that all operations and interactions are conducted in accordance with clear guidelines transparency, accountability and fairness.
- A Commitment to Good Practices: Upholding strong board practices begins at the helm the Board of Directors, plays a central role to ensuring the organisation embraces all elements of good governance. Regular evaluation of board performance, prioritising independence in board composition and maintaining a clear separation of powers between the Board and management are essential.

In view of our commitment to the Group's long-term sustainability, MCE Group is committed to following the three (3) Principles set out in the revised Malaysian Code on Corporate Governance issued by the SC on 28 April 2021 ("MCCG"):

- a) Principle A : Board Leadership and Effectiveness;
- b) Principle B : Effective Audit and Risk Management; and
- c) Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

This commitment should be read together with the Corporate Governance Report 2025 of MCET ("CG Report") which is accessible on MCE Group's website at <http://www.multicode.com.my> and via announcement on Bursa Malaysia Securities Berhad ("Bursa Malaysia")'s website. In addition, as a company operating in Malaysia, MCE Group is subject to all applicable laws and regulations governing the industry it operates in. As a responsible organisation, we remain fully committed to continuously improving and elevating the Group's level of sustainability. To this end, several policies aimed at delivering MCE Group's sustainability commitment have been introduced over the years, and we continue to encourage our clients, suppliers and partners to adopt similar practices.

SUSTAINABILITY STATEMENT (CONT'D)

E. MARKETPLACE (CONT'D)

Corporate Governance and Sustainability Policies (Cont'd)

ESG Indicator	Policy	Objective of Policy
Governance	Whistle-blowing Policy	<ul style="list-style-type: none"> Support the company's values and ethics set out in the Board's Policy on Code of Business Conduct & Ethics; Ensure employees have an avenue to raise concerns without fear of reprisals and safeguard such person's confidentiality Protect a whistle-blower from reprisal arising from making a disclosure; Provide a transparent and confidential process for dealing with concerns.
	Anti-Bribery and Corruption Policy	<ul style="list-style-type: none"> conduct business in an ethical and honest manner. uphold all laws relating to anti-bribery and corruption in all the jurisdictions in which we operate. recognize that bribery and corruption are both illegal and unethical, either of these activities could cause MCE Group serious damage to our reputation.
	Board Corporate Disclosure Policy	<ul style="list-style-type: none"> To promote and elevate a high standard of integrity and transparency through timely comprehensive, accurate, quality and full disclosure. To promote and maintain market integrity and investor confidence. To exercise due diligence to ensure the veracity of the information being disseminated is factual, accurate, clear, timely and comprehensive. To build good relationship with all stakeholders based on transparency, openness, trust and confidence. To have in place efficient procedures for management of information, which promotes accountability for the disclosure of material information.
	Fit and Proper Person Policy	<ul style="list-style-type: none"> ensure that MCE Group is led by persons of integrity, credibility and competency.
	Conflict of Interest Policy	<ul style="list-style-type: none"> ensure that actual, potential and perceived conflicts of interest are identified and managed effectively
Social	Board Diversity Policy	<ul style="list-style-type: none"> Seeks to maintain a Board comprised of talented and dedicated directors with a diverse mix of expertise, experience, skills and backgrounds.
	Occupational Safety and Health Policy	<p>Safety compliance: Comply with applicable Occupational safety and health act 1994.</p> <p>Awareness: Actively promote safety and health awareness through regular training and working sessions.</p> <p>Hazard prevention: Continuously identify and eliminate hazards to maintain a safe working environment.</p> <p>Accident reduction: reduce workplace accidents through proactive measures and continuous improvement.</p> <p>Cleanliness: Keep our workplace clean and organised to minimise risks and hazards.</p>
	Stakeholders' Communications Policy	<ul style="list-style-type: none"> sets out the aims and practices of the Company in respect of communicating with all its stakeholders including its shareholders (both current and prospective).
	Board Policy on Continuing Education	<ul style="list-style-type: none"> ensure continuing education for Board members in addition to the initial induction process to ensure that Board members maintain and update their skills and knowledge necessary to meet their obligations as Directors.

SUSTAINABILITY STATEMENT (CONT'D)

E. MARKETPLACE (CONT'D)

Corporate Governance and Sustainability Policies (Cont'd)

ESG Indicator	Policy	Objective of Policy
Environment	Environment	ISO Integration: to seamlessly integrate environmental consideration into our products, services and operations. Resource efficiency: Work to reduce energy consumption, minimise waste generation and preserve natural resources to mitigate environmental footprint.
	E Waste Policy	Establish a guideline for the responsible disposal, reuse and recycling of electronic waste (e-waste) within MCE Group.

Regulatory Compliance

In FY2025, MCE Group fully complied with all relevant government regulations that govern the industry it operates in.

Type of Regulations	Regulations	Status of Compliance
Governance	<ul style="list-style-type: none"> Companies Act 2016 Capital Markets and Service Act 2007 Factories and Machinery Act 1967 	Complied
Environmental	<ul style="list-style-type: none"> Environmental Quality Act 1974 Environmental Quality (Scheduled Waste) Regulations 2007 	Complied
Social	<ul style="list-style-type: none"> Occupational Safety and Health Act 1994 (OSHA 1994) Children and Young Persons (Employment) Act 1966 Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 Malaysian Anti-Corruption Commission (Amendment) Act 20 Employment Act 1955 (Amendment) 2022 Personal Data Protection Act 2010 (PDPA 2010) 	Complied

Anti-Bribery and anti-corruption (ABAC)

In FY2025, there were no reported breaches related to bribery or corruption. This is a testament to MCE Group's zero-tolerance policy towards all forms of corruption, including bribery. The Group remains committed to upholding the highest standards of ethical business conduct and practices in accordance with applicable laws and regulations.

A group wide Anti-Bribery and Anti-Corruption (ABAC) Policy was implemented on 27 June 2020, in line with Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, and was reviewed on 26 September 2025. To further reinforce our commitment and equip our employees with knowledge of anti-bribery policies, 100% of our employees, including senior management, have attended ABAC training to date.

Anti-corruption Training

Category of Employee	Percentage (%) of employees who have received training on anti-corruption by employee category			
	2022	2023	2024	2025
Director	100%	100%	100%	100%
Management	100%	100%	100%	100%
Executive	100%	100%	100%	100%
Non-executive	100%	100%	100%	100%
Bursa C1(c) Confirmed incidents of corruption and action taken	NIL	NIL	NIL	NIL

SUSTAINABILITY STATEMENT (CONT'D)

E. MARKETPLACE (CONT'D)

Whistle-blowing Policy

In an effort to further reinforce the Group integrity in business dealings, MCE Group developed and implemented a Whistle Blowing Policy on 1 November 2018, which was further revised and updated on 26 September 2025. The establishment of the policy showcases MCE Group's commitment to upholding the values of transparency, integrity, impartiality and accountability in the conduct of its business operations, and within its workplace. In FY2025, there were no cases reported under this policy.

SUSTAINABILITY STATEMENT (CONT'D)

PERFORMANCE DATA TABLE FROM ESG REPORTING PLATFORM

Indicator	Measurement Unit	2022	2023	2024	2025
Bursa (Anti-corruption)					
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category					
Director	Percentage	100.00	100.00	100.00	100.00
Management	Percentage	100.00	100.00	100.00	100.00
Executive	Percentage	100.00	100.00	100.00	100.00
Non-executive	Percentage	100.00	100.00	100.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00	0.00	0.00	100.00 *
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0	0
Bursa (Community/Society)					
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	23,910.20	38,204.33	86,852.65	41,571.42
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	7	12	28	19
Bursa (Diversity)					
Bursa C3(a) Percentage of employees by gender and age group, for each employee category					
Age Group by Employee Category					
30 Management Below	Percentage	0.00	0.00	0.00	0.00
30 Management Between 30-40	Percentage	23.52	26.32	38.46	40.00
30 Management Between 40-50	Percentage	76.48	73.68	61.54	60.00
50 Management Above	Percentage	0.00	0.00	0.00	0.00
50 Executive Below 30	Percentage	3.70	12.94	16.83	19.24
50 Executive Between 30-40	Percentage	64.82	64.70	65.42	62.50
50 Executive Between 40-50	Percentage	31.48	22.36	17.75	18.27
50 Executive Above 50	Percentage	0.00	0.00	0.00	0.00
30 Non-Executive Below	Percentage	25.22	33.78	41.41	42.92
30 Non-Executive Between 30-40	Percentage	56.41	52.39	47.14	45.32
30 Non-Executive Between 40-50	Percentage	16.24	12.23	10.13	10.47
50 Non-Executive Above	Percentage	2.13	1.60	1.32	1.31
Gender Group by Employee Category					
Management Male	Percentage	64.71	68.42	73.08	76.67
Management Female	Percentage	35.29	31.58	26.92	23.33
Executive Male	Percentage	46.30	51.77	57.00	59.63
Executive Female	Percentage	53.70	48.23	43.00	40.38
Non-Executive Male	Percentage	62.82	67.56	66.74	64.73
Non-Executive Female	Percentage	37.18	32.44	33.26	35.29
Bursa C3(b) Percentage of directors by gender and age group					
Male	Percentage	66.66	66.66	71.42	71.42
Female	Percentage	33.34	33.34	28.58	28.58
Under 30	Percentage	0.00	0.00	0.00	0.00
Between 30-40	Percentage	0.00	0.00	0.00	0.00
Between 40-50	Percentage	66.66	50.00	57.15	57.15
Above 50	Percentage	33.34	50.00	42.85	42.85

SUSTAINABILITY STATEMENT (CONT'D)

PERFORMANCE DATA TABLE FROM ESG REPORTING PLATFORM (CONT'D)

Indicator	Measurement Unit	2022	2023	2024	2025
Bursa (Energy management)					
Bursa C4(a) Total energy consumption	Megawatt	3,359.12	3,861.08	3,487.24	4,054.54
Bursa (Health and safety)					
Bursa C5(a) Number of work-related fatalities	Number	0	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00	0.00	0.00	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	365	500	579	599
Bursa (Labour practices and standards)					
Bursa C6(a) Total hours of training by employee category					
Director	Hours	420	318	363	267
Management	Hours	144	281	721	917
Executive	Hours	1,041	1,831	3,003	2,730
Non-executive	Hours	337	799	3,115	1,265
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00	0.00	0.00	0.00
Bursa C6(c) Total number of employee turnover by employee category					
Director	Number	0	0	0	0
Management	Number	2	1	4	6
Executive	Number	30	29	18	34
Non-executive	Number	102	136	111	88
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0	0
Bursa (Supply chain management)					
Bursa C7(a) Proportion of spending on local suppliers	Percentage	50.39	63.05	65.01	64.90
Bursa (Data privacy and security)					
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0	0
Bursa (Water)					
Bursa C9(a) Total volume of water used	Megalitres	20.018000	23.030000	23.993000	29.010000
Bursa (Waste management)					
Bursa C10(a) Total waste generated	Metric tonnes	187.04	230.51	228.21	251.67
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	58.08	42.76	43.64	36.06
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	-	-	0.00
Bursa (Emissions management)					
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	122.74	132.56	118.37	136.72
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	2,546.21	4,319.77	4,108.02	4,458.28
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	0.00	0.00	335.19	397.15

Internal assurance

External assurance

No assurance

(*)Restated