

BUILDING RESILIENCE

A FUTURE OF INNOVATION

Integrated Report 2024

ABOUT THIS REPORT

Welcome to Pharmaniaga Berhad's Integrated Report 2024 (IR/Report). This integrated reporting format helps our shareholders, stakeholders and the investing public better understand what we do, why we do it, how we do it, as well as the risks and opportunities we encounter in attaining our corporate objectives. Ultimately, our goal is to define and better communicate how we intend to create value for our stakeholders. Towards this aim, we have made the Report more user-friendly by utilising icons and links throughout for the convenience of navigation.

SCOPE AND BOUNDARY OF REPORTING.

This Report covers the activities, initiatives, and significant events of the Pharmaniaga Group during the reporting period of 1 January 2024 to 31 December 2024. Prepared in accordance with the Malaysian Financial Reporting Standards (MFRS), this Report includes the following entities within the Pharmaniaga Group where the Group has a controlling or significant influence.

Manufacturing

- Pharmaniaga Manufacturing Berhad
- Idaman Pharma Manufacturing Sdn. Bhd. (Sungai Petani)
- Idaman Pharma Manufacturing Sdn. Bhd. (Seri Iskandar)
- Pharmaniaga LifeScience Sdn. Bhd.
- Pharmaniaga Research Centre Sdn. Bhd.

Logistics & Distribution

- Pharmaniaga Logistics Sdn. Bhd.
- Pharmaniaga Marketing Sdn. Bhd.

Indonesia Operation















- PT Millennium Pharmacon International Tbk
- PT Errita Pharma

MATERIALITY

As assessed by our Board of Directors, in consultation with the Management, the topics covered in this Report are those that have a meaningful impact on our ability to create value and fulfil our primary purpose. These material challenges have been identified after taking into account external circumstances, the needs, expectations and concerns of our primary stakeholders as well as our business strategy.

COMBINED ASSURANCE

The Report has been read in its entirety and approved by the Board of Directors and Management. Our external auditor, Messrs. Ernst & Young PLT, has provided assurance on the financial statements, and SIRIM QAS International Sdn. Bhd. has confirmed the accuracy of the Sustainability Statement.

	6 CAPITALS	STAKEHOLDER GROUPS	STRATEGIC PILLARS
NAVIGATION ICONS	F Financial Capital Funds generated through investments and operations or obtained from external debt financing	 Government Agencies & Regulatory Authorities The Malaysian Federal and State Governments, regulators, federal and state agencies	 Building Biopharmaceutical Capability
	M Manufactured Capital Physical assets, manufacturing facilities, IT infrastructure, logistics and office facilities	 Employees Full-time and contract employees across Malaysia and Indonesia operations	 Growing the Private Market
	I Intellectual Capital Research and development capabilities, licensed technologies, intellectual property such as patents, trademarks and technical know-how	 Customers Public and private hospitals, clinics, pharmacies and international customers	 Reinventing Indonesia Business
	H Human Capital Talented and skilful employees, diversity of employees, employees' training and development	 Supply Chain Partners Contractors and suppliers providing services and supplies	 Strengthening Public Sector Business
	S Social & Relationship Capital Relationships with stakeholders, i.e. customers, suppliers, investors, Government and communities	 Providers of Financial Capital Local statutory bodies, corporate, institutional, retail investors and other potential investors	 Optimising Cost Aggressively
	N Natural Capital Renewable and non-renewable resources, i.e. water, raw materials and landbank	 Media Local media operating on digital and print platforms	CROSS REFERENCE  Link to website www.pharmaniaga.com
		 Communities Local communities living or working in areas that are economically, socially or environmentally impacted by our operations	 Find more information inside this Report

ABOUT THIS REPORT

FORWARD-LOOKING STATEMENTS

This Report includes forward-looking statements concerning future performance. Such statements are based on current assumptions and circumstances that may change and hence, they inherently involve uncertainty. A variety of factors could cause actual results to differ significantly from those expressed or implied by these forward-looking statements.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board recognises the critical responsibility they are charged with in safeguarding the integrity of Pharmaniaga's 2024 IR. This IR, in our opinion, accurately assesses the Group's performance and addresses all significant matters affecting the Group's ability to generate value for the financial year under review.

REPORTING FRAMEWORK

Our Report has been prepared in strict accordance with the requirements of:

1. Main Market Listing Requirements (MMLR) of Bursa Malaysia
2. Malaysian Financial Reporting Standards
3. Malaysian Code on Corporate Governance (MCCG) 2021 issued by the Securities Commission
4. Malaysia Companies Act 2016 (CA 2016)
5. Bursa Malaysia Sustainability Guide (3rd Edition)
6. International Integrated Reporting Framework (IIRF) issued by the International Integrated Reporting Council (IIRC)
7. Bursa Illustrative Sustainability Reporting Guide (ISR)
8. Global Reporting Initiative (GRI) Standards 2021

and referenced to the sustainable framework and standards as listed below:

1. United Nations Sustainable Development Goals (UNSDGs)
2. World Business Council for Sustainable Development
3. World Resources Institute's GHG Protocol
4. Intergovernmental Panel on Climate Change's Fifth Assessment Report
5. FTSE4Good ESG Indicators
6. Task Force on Climate-related Financial Disclosures (TCFD)
7. Sustainability Accounting Standards Board (SASB)
8. Malaysia-United Nations Cooperation Framework

KEY RISKS

R1 Cybersecurity Risk

Potential harm or loss resulting from vulnerabilities or threats to the Group's digital assets, systems, networks or data

R2 Financial Risk

Potential losses or adverse consequences arising from internal and/or external sources that affect the Group's financial stability

R3 Strategic Risk

Potential losses or adverse outcomes arising from the Group's decisions or inability to adapt to changes in the business environment

R4 Customer, Product and Services Risk

Potential losses arising from operational disruption that lead to customer dissatisfaction, substandard product and delay delivery

R5 Environmental Sustainability Risk

Potential negative impacts on the environment stemming from the Group's operations, products, or supply chain activities

R6 Corruption Risk

Potential exposure of an individual, organisation, or entity to engage in or be affected by acts of bribery

R7 Legal and Regulatory Risk

Potential harm to a business due to non-compliance with laws, regulations, or legal obligations, leading to financial penalties, reputational damage, and operational challenges

R8 Climate Risk

Potential negative impacts on climate-related risk encompassing both physical and transition risks

R9 People Risk

Vulnerable to talent shortage which may result in gaps in the skills, knowledge and expertise required

MATERIAL MATTERS

Economic

- M1 Business Continuity
- M2 Technology & Innovation
- M3 Customer Satisfaction
- M4 Sustainable Products & Services

Governance

- M5 Corporate Governance & Business Ethics

Environmental

- M6 Environmental Compliance
- M7 Resource Efficiency
- M8 Greenhouse Gas & Climate Change

Social

- M9 Talent Management
- M10 Health & Safety
- M11 Supporting Local Businesses
- M12 Corporate Responsibility

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

As part of Pharmaniaga's sustainability strategy, we have prioritised the following SDGs to ensure our business is environmentally, socially and economically sustainable.



WHO WE ARE

PHARMANIAGA Berhad is a leading pharmaceutical company based in Malaysia, renowned for its comprehensive range of products and services across the healthcare sector. Established in 1994, the Group has evolved into the nation's largest listed integrated healthcare service provider. Our expertise spans the entire pharmaceutical value chain, from research and development to the meticulous manufacturing of generic drugs, as well as dynamic sales and marketing strategies that ensure our products reach those in need nationwide.

As a trusted and reliable leader in the industry, Pharmaniaga is committed to enhancing healthcare access and affordability in both local and international markets. Our focus on improving the health and well-being of communities worldwide underscores our commitment to advancing healthcare globally.



VISION

The preferred pharmaceutical brand in regional markets



MISSION

Provide quality products and superior services by professional, committed and caring employees



VALUES

Creativity
Integrity
Innovation



DO IT RIGHT ALWAYS (DIRA)

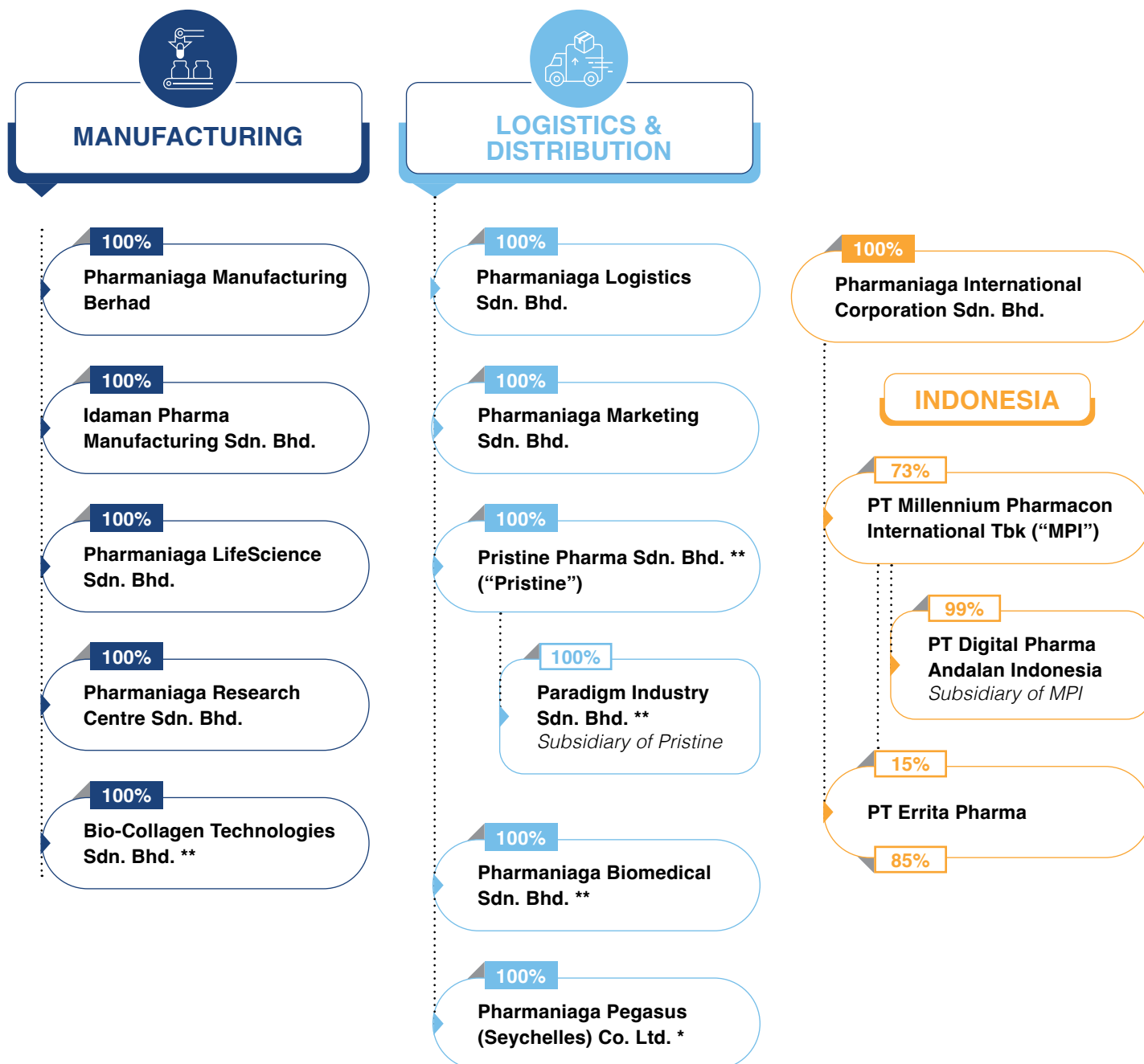
The DIRA initiative embodies our commitment to integrating ESG (Environmental, Social, and Governance) values into our work culture.

GROUP STRUCTURE

AS AT 31 MARCH 2025

pharmaniaga®

(A member of Boustead Group)



Please refer to pages 264 to 265 for the principal activities of the companies

* Dormant

** Ceased operations

WHAT WE DO

MANUFACTURING

With four state-of-the-art manufacturing plants strategically located across Malaysia, Pharmaniaga is at the forefront of pharmaceutical innovation. Our advanced production facilities are designed to meet the highest industry standards, including Good Manufacturing Practices (GMP) and European GMP. By integrating cutting-edge technology, eco-friendly practices, and robust quality control systems, we ensure the excellence of our products at every stage of the manufacturing process, aligning with global trends toward responsible production.

In addition to producing a diverse range of pharmaceutical products to serve the healthcare sector, the Group is also venturing into local development and manufacturing of insulin and vaccines. This move will help to reduce the country's dependency on imported pharmaceuticals and ensures a stable, affordable supply of critical medications. Our focus on research and development (R&D) drives continuous innovation in manufacturing processes and product offerings, enabling us to remain agile and responsive to the ever-evolving healthcare landscape.



LOGISTICS & DISTRIBUTION

Pharmaniaga's logistics and distribution network is strategically designed to reach every corner of Malaysia, from bustling urban centres to remote rural areas. Serving both public and private facilities, we operate a fleet of more than 200 vehicles from 14 strategically located distribution centres and warehouses in Selangor, Penang, Sabah, and Sarawak, supplying over 800 products amounting approximately 90 million units listed on the Ministry of Health's (MOH) Approved Products Purchase List (APPL) to more than 8,500 customers consisting of Government hospitals, clinics, and healthcare institutions.

Our capabilities extend beyond simply delivering medical supplies. With a strong focus on reliability and timeliness, Pharmaniaga leverages modern tracking systems and strategic partnerships to ensure the prompt delivery of high-quality healthcare products throughout the nation.



WHAT WE DO



RESEARCH & DEVELOPMENT (R&D)

Pharmaniaga is deeply committed to R&D as a core pillar of its growth and innovation strategy. We focus on advancing healthcare by developing new and improved pharmaceutical products, collaborating closely with local and international partners to drive innovation and stay ahead of healthcare trends.

Our R&D efforts cover critical therapeutic areas, including cardiovascular, diabetes, anti-infectives, pain management, and respiratory. This includes the development of key biopharmaceutical products such as vaccines and insulin. With a dedicated team of over 50 skilled scientists from diverse fields, we stay responsive to the ever-evolving healthcare needs of the market, ensuring the consistent availability of safe, effective, and affordable medicines.



SALES & MARKETING

At Pharmaniaga, our sales and marketing team takes great pride in promoting a diverse portfolio of healthcare products, including pharmaceuticals, medical devices, and dental products. We continuously refine our sales strategies through clinical evidence, data analytics, and digital platforms – marketing with science to enhance our reach and engagement, ensuring we stay ahead in a fast-evolving market.

For us, sales and marketing is beyond driving profits – it is about creating meaningful shift in the healthcare industry. We are committed to exploring strategic partnerships and offer quality and affordable products via multiple streams of channels - hospitals, clinics and pharmacies - both in the Government and the private sector. By delivering personalised approaches and tailored solutions, we aim to address the unique needs of healthcare providers and patients, building trust and fostering lasting loyalty to our brand.



INDONESIA OPERATIONS

Building on a legacy of excellence and a deep commitment to enhancing healthcare accessibility, Pharmaniaga is proud to bring its renowned expertise to the Indonesian market. Through our subsidiaries, PT Millennium Pharmacon International Tbk (MPI) and PT Errita Pharma (Errita), we have established a strong foothold that will drive growth and success in this key region.

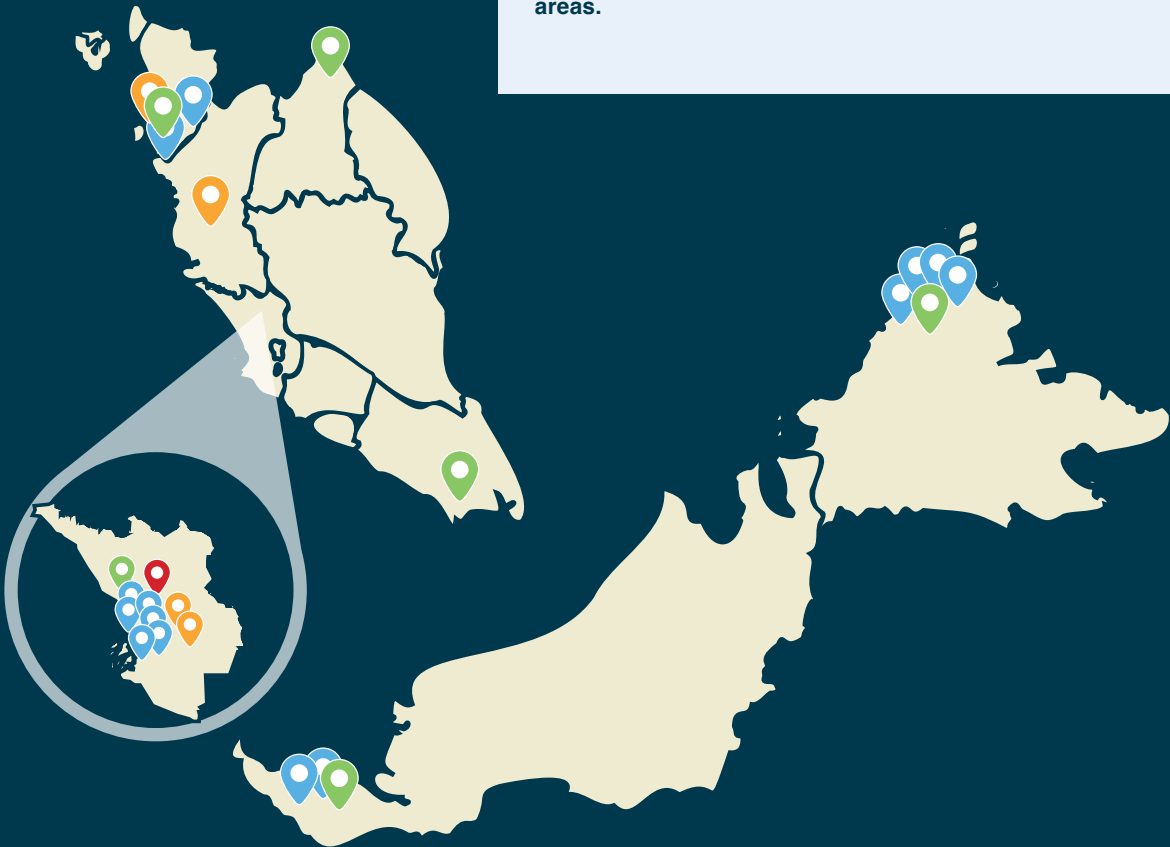
MPI ranks among the top ten pharmaceutical logistics and distribution companies in Indonesia, operating an extensive network of 37 branches nationwide and serving over 30 principals. Errita, with its specialised facilities for general pharmaceuticals and penicillin, has solidified its position as a significant player in Indonesia's pharmaceutical landscape. Our presence in Indonesia underscores our ongoing commitment to improving healthcare outcomes and enriching lives throughout Southeast Asia.

OUR COMPETITIVE STRENGTHS

Pharmaniaga, with its rich legacy of innovation and unwavering commitment to enhancing healthcare accessibility, stands as a pillar in shaping Malaysia’s pharmaceutical industry. As a trusted leader, we are dedicated to protecting the national healthcare system and contributing to nation-building.

Through strategic synergies and a forward-thinking approach, we continue to set the benchmark for excellence, expanding our market presence, and driving sustainable growth to ensure a healthier and brighter future for all.

- ▶ Pharmaniaga has established itself as Malaysia’s leading integrated healthcare service provider, from research & development (R&D), advanced manufacturing facilities, marketing to the last mile delivery, both in Malaysia and Indonesia.
- ▶ With strategically located distribution centres in Malaysia and Indonesia, we are the preferred logistics and distribution partner, capable of mobilising an extensive delivery network across the region and ensuring the seamless distribution of essential healthcare products to everyone, from bustling urban centres to remote rural areas.



As at 31 March 2025

MALAYSIA

EMPLOYEES

2,019



R&D SITE

1



MARKETING OFFICE

6



LOGISTICS & DISTRIBUTION SITE OFFICE

Distribution Centres and Warehouses

14



MANUFACTURING PLANT

4

OUR COMPETITIVE STRENGTHS

- | | |
|--|--|
| <p>▶ Our cutting-edge manufacturing facilities, including Malaysia's first locally-owned biopharmaceutical plant, are meticulously designed to meet the stringent standards of the Pharmaceutical Inspection Co-operation Scheme (PICS) and European Union Good Manufacturing Practices (EU GMP), ensuring the highest levels of product quality and safety.</p> | <p>▶ Our first Malaysian-owned biopharmaceutical plant, Pharmaniaga LifeScience, is capable of sterile formulation and manufacturing up to 30 million cartridges of insulin and 25 million doses of vaccines per year, significantly reducing the nation's dependency on imported medicines.</p> |
| <p>▶ With a team of over 200 scientific and technical experts across diverse disciplines in R&D, manufacturing and regulatory, our workforce is empowered with exceptional technical expertise. As a local pioneer in the biosimilar market, we are committed to fostering talent development and cultivating niche skill set in biologics and biosimilars, among others, to support the National Immunisation Programme, propelling us toward a healthier nation.</p> | <p>▶ As we progress toward a future of resilience, driven by innovation and organisational excellence, we remain steadfast in our commitment to capitalise on established segments where we have solid footholds. By leveraging our strengths, we are determined to achieve and maintain market leadership, ensuring continued growth and success in an ever-evolving landscape.</p> |



INDONESIA

EMPLOYEES

1,483

R&D SITE

1

LOGISTICS & DISTRIBUTION
SITE OFFICE

Branches 37

MANUFACTURING
PLANT


1


STAKEHOLDER ENGAGEMENTS

We are committed to prioritising the interests of our stakeholders, including patients, consumers, employees, communities, and shareholders. Strong stakeholder relationships are fundamental to our business strategy, driving growth and resilience. We believe that open and regular communication is crucial for fostering mutual understanding, building strong partnerships, and creating shared value.

We maintain ongoing engagement with our stakeholders, tailoring communication frequency to their specific needs. This can range from daily interactions to annual engagements, as required. The table below outlines our key stakeholder groups, their interests and concerns, our proposed solutions, and preferred engagement platforms.

 GOVERNMENT AGENCIES & REGULATORY AUTHORITIES	
Key Concerns	How We Responded
<ul style="list-style-type: none"> Timely access to affordable healthcare products and services Regulatory compliance, including environmental and occupational safety and health, the Anti-Bribery Act, and the Medical Device Act Best practices and policies 	<ul style="list-style-type: none"> Met industry and regulatory standards by obtaining certifications and consistently monitoring, implementing stringent quality control and internal audits and adopting a cautious business approach. Actively held compliance and awareness training on regulations and Acts to ensure best practices and policies are being implemented. Actively held dialogue sessions with the Ministry of Health, Pusat Tanggungjawab (PTJ) and Jabatan Kesihatan Negeri to build long-term business relationships between pharmacists and Contact Care Agents (CCAs). Engaged in policy advocacy by providing input to Government agencies during the development of policies, regulations, and guidelines.

 EMPLOYEES	
Key Concerns	How We Responded
<ul style="list-style-type: none"> Business environment volatility and uncertainty Talent recruitment, selection and retention Salary and benefits Employee welfare Health and safety 	<ul style="list-style-type: none"> Established open and transparent communication channels to keep employees informed about company updates, initiatives, and performance. Adopted a Business Continuity Plan. Carried out training and skills development programmes. Recognised and acknowledged employees for their contributions, achievements, and milestones. Invested in employee training and development programmes to support skill enhancement, career growth, and personal development. Encouraged employee participation in professional bodies and association memberships. Organised employee social, sports and health engagement activities. Formalised anti-discrimination and anti-harassment policies. Maintained Occupational Health and Safety Management System (OHSMS) certification. Conducted Hazard Identification, Risk Assessment and Risk Control/Hazard Identification, Risk Assessment and Determining Control (HIRARC/HIRADC). Expanded product portfolio through technology and knowledge transfer across multiple disciplines.

 CUSTOMERS	
Key Concerns	How We Responded
<ul style="list-style-type: none"> Product & service quality Product responsibility Regulatory compliance Customer complaints and grievances Halal-certified products 	<ul style="list-style-type: none"> Continued the development and production of high-value generics and expansion into biopharmaceuticals, primarily the production of vaccines and insulin. Carried out cost and productivity optimisation exercise for all products and services. Adopted an object and text recognition Graphic User Interface (GUI) system for product traceability. Maintained ISO 9001:2015 and Systems and ISO 18295-1:2017. Provided a customer complaints and grievances platform. Conducted internal audits benchmarking our performance and compliance against the guidelines and industry standards. Continued initiatives to expand Halal-certified products by working closely with industry experts and authorities.

STAKEHOLDER ENGAGEMENTS



SUPPLY CHAIN PARTNERS

Key Concerns

- Procurement practices and policies
- Business integrity
- Financial stability
- Environmental conservation and preservation
- Vendor performance

▶ How We Responded

- Carried out Vendor Accreditation Process and performance assessment.
- Established due diligence and site inspection procedure for partner/vendor selection.
- Formed strategic partnership with registered local independent pharmacies (LIPs).
- Conducted internal and external audits to ensure that our material and waste management practices meet the ISO 14001: 2015 Environmental Management Systems certification standards.
- Provided skills, knowledge training and grant consultation under the Vendor Development Programme (VDP).
- Put in place Vendor Development and Evaluation Programmes.



PROVIDERS OF FINANCIAL CAPITAL

Key Concerns

- Business performance
- Economic contribution
- Regulatory compliance
- Quality, timely and transparent communication
- Governance

▶ How We Responded

- Conveyed sound and clear business and operational strategy.
- Updated on business performance through news releases and analyst briefings.
- Developed a broad range of choices and a preference for local suppliers.
- Monitored strictly to ensure compliance with relevant rules and regulations.
- Organised AGM, EGM and investor meetings.
- Upheld good corporate governance through policies such as the Code of Conduct and Anti-Bribery and Corruption (ABC) Policy to ensure regulatory compliance.



MEDIA

Key Concerns

- Information disclosure through news releases, events, advertisements and product placements

▶ How We Responded

- Conducted media interviews.
- Updated news releases.
- Responded to media queries.
- Prioritised advertising expenditure on key brands through more aggressive advertising and marketing.
- Local media covering digital and print platforms.
- Invested continuously in brand building activities in relevant media.
- Increased investment and consumer engagement across social media platforms, media, conferences, analyst briefings and quarterly results of the Group are also made available on the website.



COMMUNITIES

Key Concerns

- Community service
- Job creation
- Community welfare
- Environmental conservation and preservation

▶ How We Responded

- Made charitable contributions through multiple outlets, especially in educational improvement.
- Provided graduate employment opportunities and development such as training, internships, and collaboration with NGOs through similar development programmes.
- Provided our talents with the necessary skills to specialise in biopharmaceutical fields.
- Initiated various philanthropic, volunteering and communication activities with NGOs and the local Government.
- Implemented and monitored initiatives for waste, water, energy, GHG emissions, and material management to conserve and preserve the environment.

MATERIAL SUSTAINABILITY MATTERS

Sustainability is strategically vital to our business and stakeholders. We are committed to embedding sustainable practices, addressing current and emerging issues that align with our Goals and material priorities.

ASSESSMENT PROCESS

In 2024, we updated our sustainability matters by reviewing prior-year issues against current risks and opportunities. This reassessment confirmed the continued validity of our existing materiality issues for the current fiscal period. We then prioritised these issues, recalibrating their significance to our business and their influence on stakeholder decisions. The materiality process was conducted utilising the toolkits of the Sustainability Reporting Guide 3rd Edition (2022), Bursa Malaysia Securities Berhad.



01 IDENTIFICATION AND PRIORITISATION

Material sustainability matters were identified and reviewed for their relevance to the current sustainability risks and opportunities. The process involved benchmarking the material matters against local and regional industry peers and considering the sustainability developments within the industry, including aligning with relevant reporting frameworks and Environmental, Social and Governance (ESG) indices. The material issues were prioritised following a reassessment by the Sustainability Working Group (SWG) to determine their significance and impact on the business and stakeholders.

02 STAKEHOLDER ENGAGEMENT

Feedback and insights from internal and external stakeholders were sought to incorporate the influence of sustainability matters on each individual stakeholder group.

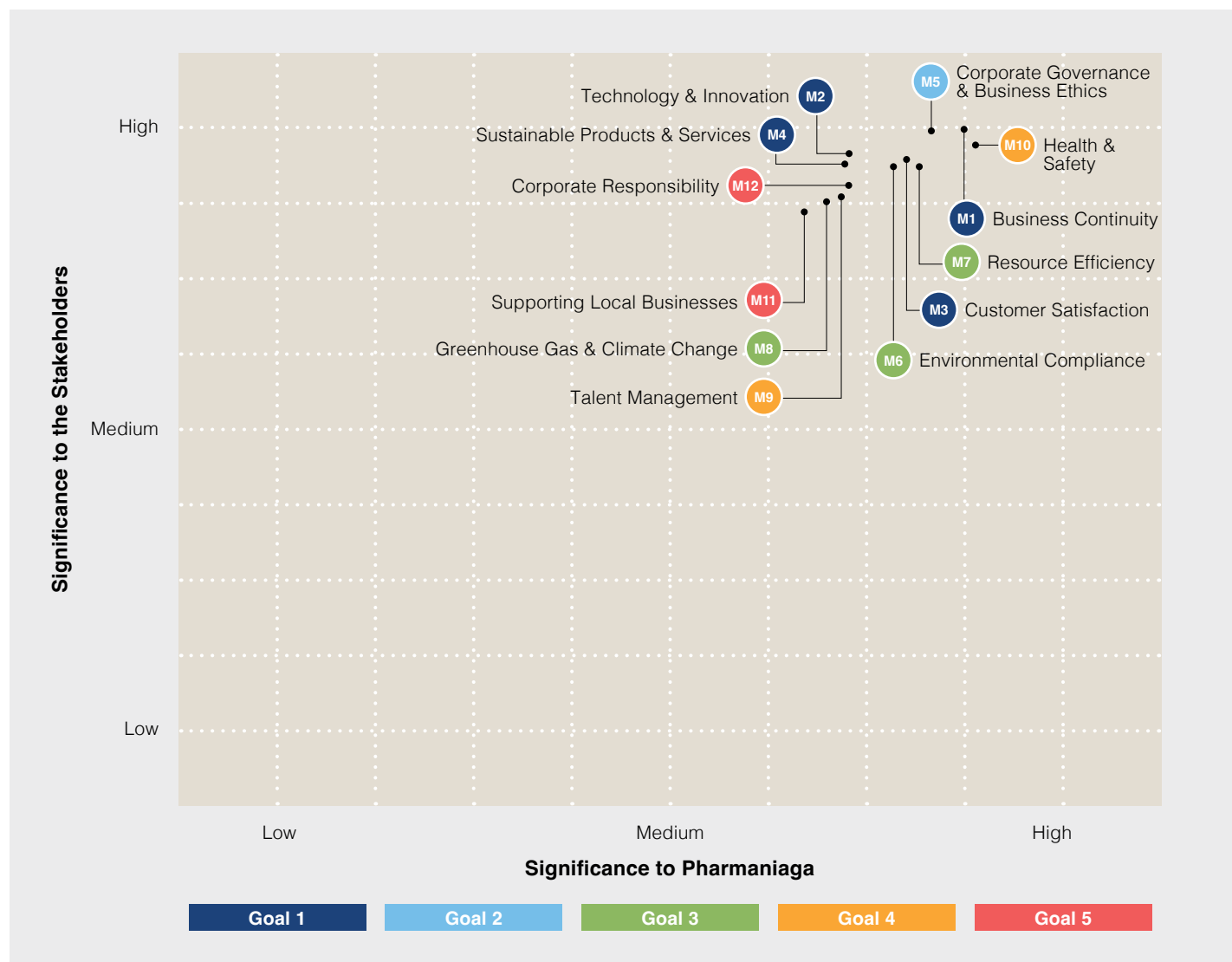
03 VALIDATION AND APPROVAL

The findings from the assessment process were plotted on a materiality matrix and deliberated on and validated by the Sustainability Management Committee (SMC) before they were presented to the Board for endorsement.

MATERIAL SUSTAINABILITY MATTERS

MATERIALITY MATRIX

The matrix below shows the sustainability issues that are most important to the Group and our stakeholders. Issues in the top right-hand quadrant represent the greatest significance.



The matrix remained mostly consistent with the previous, with slight changes. The top sustainability issues in FY2024 are Business Continuity, Health & Safety, Corporate Governance & Business Ethics, and Customer Satisfaction. These are consistent with the top sustainability issues in the previous year profile. Still, with high-priority percentages for the Group and our stakeholders are Sustainable Products & Services, Technology & Innovation, Resource Efficiency, Environmental Compliance, and Greenhouse Gas & Climate Change. These issues reflect our consumers' growing awareness and demand for sustainability, environmental protection and green products. Last in priority, based on the matrix, is Corporate Responsibility. Nevertheless, we have continued to extend efforts towards this matter.

MATERIAL SUSTAINABILITY MATTERS

SUSTAINABILITY RISK MANAGEMENT STRATEGY

The Group has adopted a sustainability risk management strategy that integrates our material matters into our value chain and organisational performance. In managing our risks, we consider our corporate strategy as the foundation from which we build business decisions based on the obtained sustainability-related information. It also improves the performance of our five Goals alongside our material matters.

We are committed to integrating sustainability into our overall business strategy, primarily in areas where the Group has the most influence, such as our operations and value chain.

MATERIAL MATTERS	RISKS	OPPORTUNITIES
M1 BUSINESS CONTINUITY	<ul style="list-style-type: none"> Disruptions, disasters or unforeseen events that could impact business operations. 	<ul style="list-style-type: none"> Implementing business continuity management through: <ul style="list-style-type: none"> Policy and procedure development/enhancement. Coordinate testing on critical business functions. Provide continuous training and awareness to all employees.
M2 TECHNOLOGY & INNOVATION	<ul style="list-style-type: none"> Rapid technological changes may lead to obsolescence or vulnerabilities. Increase in cyber threats. 	<ul style="list-style-type: none"> Embracing innovation can lead to competitive advantages and improved operational efficiency. Continuous monitoring and enhancing of cybersecurity defence.
M3 CUSTOMER SATISFACTION	<ul style="list-style-type: none"> Dissatisfied customers may lead to reputation harm and loss of business. 	<ul style="list-style-type: none"> Conduct customer satisfaction surveys to identify any gaps/weaknesses for future improvement. High customer satisfaction can foster customer loyalty, generate positive word-of-mouth, and sustain business continuity.
M4 SUSTAINABLE PRODUCTS & SERVICES	<ul style="list-style-type: none"> Increasing demand for sustainability may impact businesses that do not adopt ESG practices. 	<ul style="list-style-type: none"> Adherence to rules and regulatory requirements related to the business environment. Meeting the demand for sustainable products/services that could attract environmentally conscious consumers and enhance brand reputation.
M5 CORPORATE GOVERNANCE & BUSINESS ETHICS	<ul style="list-style-type: none"> Ethical lapses or governance failures can result in legal, financial and reputational consequences. 	<ul style="list-style-type: none"> Continuous monitoring through compliance and audit functions. Strong governance and ethical practices can build stakeholder trust and enhance the Group's reputation.
M6 ENVIRONMENTAL COMPLIANCE	<ul style="list-style-type: none"> Non-compliance with environmental regulations can lead to legal issues and reputational damage. 	<ul style="list-style-type: none"> Meeting or exceeding environmental standards demonstrates corporate responsibility and compliance, positively affecting reputation. Certified with ISO 14001:2015 Environmental Management System for Manufacturing and Logistics Sites.
M7 RESOURCE EFFICIENCY	<ul style="list-style-type: none"> Inefficient use of resources can result in increased costs and environmental impact. 	<ul style="list-style-type: none"> Implementing resource-efficient practices through continuous initiatives such as reducing energy, carbon emission, water consumption and waste management, as well as increasing the use of renewable energy sources.

MATERIAL SUSTAINABILITY MATTERS

MATERIAL MATTERS	RISKS	OPPORTUNITIES
M8 GREENHOUSE GAS & CLIMATE CHANGE	<ul style="list-style-type: none"> Regulatory changes, physical risks and market shifts related to climate change. 	<ul style="list-style-type: none"> Reducing greenhouse gas emissions through decarbonisation programmes, such as energy efficiency, renewable energy (solar) and electric vehicles.
M9 TALENT MANAGEMENT	<ul style="list-style-type: none"> Difficulty attracting, retaining and developing skilled employees. 	<ul style="list-style-type: none"> Effective talent management could improve workforce productivity, innovation and overall business performance. Provide work-life balance and engagement activities. Established a succession plan, especially on key talent positions. Provide training and competency enhancement.
M10 HEALTH & SAFETY	<ul style="list-style-type: none"> Workplace accidents, injuries, or health-related issues. Non-compliance may result in imposition of penalties. 	<ul style="list-style-type: none"> Certified with ISO 45001:2018 Occupational Safety & Health Management System for Manufacturing and Logistics Sites. Prioritising health and safety by inculcating training and awareness to all employees.
M11 SUPPORTING LOCAL BUSINESSES	<ul style="list-style-type: none"> Ensuring the quality and safety of products and services from local businesses may be challenging, and any lapses could lead to product recalls, penalty, legal issues, and damage to the Group's reputation. 	<ul style="list-style-type: none"> Offer capacity-building programmes such as soft skills and technical training, and industry engagement for local businesses to enhance their competitiveness, efficiency and ability to adapt to changing market conditions. Diversify the Group's network of local suppliers to minimise the impact of economic challenges faced by any single partner.
M12 CORPORATE RESPONSIBILITY	<ul style="list-style-type: none"> Challenges in providing affordable and equitable access to medicines, particularly in underserved communities, may raise ethical concerns and damage the Group's reputation. Safety and quality of pharmaceutical products can jeopardise public health and undermine the Group's commitment to corporate responsibility. 	<ul style="list-style-type: none"> Develop access programmes, collaborate with healthcare organisations and explore innovative pricing models to ensure broad availability of essential medicines. Implement stringent quality control measures, adhere to Good Manufacturing Practices (GMP), and invest in technologies for product traceability.

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

Pharmaniaga (the Company/the Group) recognises its responsibility to society and the environment. We strive to be a leading pharmaceutical company, and we understand that this can only be achieved through a sustainable approach to our business.

We have adopted a holistic approach to our sustainability efforts to ensure that the impacts of our actions on our stakeholders are considered at all times. We actively involve our stakeholders in our decision-making processes, considering their perspectives and ensuring that their needs are met. We leverage our expertise and resources to enhance the efficiency and resilience of our operations, minimising our environmental footprint. We collaborate with stakeholders to develop and implement innovative solutions that optimise resource utilisation, such as reducing our consumption of raw materials, energy, and water.

During the reporting period, we aligned our disclosures with the Malaysia-UN Sustainable Development Cooperation Framework for 5 years from 2026 to 2030 ("CF2"), which guides the implementation of the UN 2030 Sustainable Development Agenda (2030 Agenda) in Malaysia.

We welcome feedback, comments, and suggestions for improvement to our Report. Please send your enquiries to:

Fazleena Jasin

Head of Sustainability

Tel : +603-3342 9999

E-mail : sustainability@pharmaniaga.com



SUSTAINABILITY HIGHLIGHTS AND ACHIEVEMENTS

Achieved **4 stars**
FTSE4Good ESG rating

1st submission
of Communication on Progress
(COP) under the United Nation Global Compact Malaysia and Brunei Membership

Pharmaniaga Manufacturing Berhad achieved the **Architect of Learning Excellence Award (Large Employer)** at the prestigious **HRD Awards 2024**



SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

ENVIRONMENTAL	Achieved 4.17% GHG emission reduction against 2019 baseline			Reported 6,660.77 (tCO₂e) scope 3 GHG emission through Employee Commuting and Business Travel			Recycled 19.72 megalitres of water		
	Reduced potable water consumption by 6.95% against 2019 baseline			Harvested 0.14 megalitres of water			Converted 5.72 tonnes of schedule waste to alternative material		
	Recycled 712.26 metric tonnes of general waste			Subscribed to Bursa CSI platform to facilitate GHG reporting			E-labelling replaced package inserts, saving RM324,380		
SOCIAL	All new suppliers were assessed for ESG criteria			Average training hours per employee increased from 23.26 hours in 2023 to 28.24 hours in 2024			In 2024, 80% of total spending was allocated to local suppliers		
	Gender distribution: Male: 61% Female: 39%			Local hiring: Malaysia: 99.8% Indonesia (Internal Assurance): 99.8%			Female Representation in the Board 27%		
	ZERO breaches and leakage of privacy and information			ZERO workplace fatalities			ZERO non-compliance cases related to employment, labour practices or human rights violations		
GOVERNANCE & ECONOMY	2 new entities obtained MS ISO 37001:2006 Anti-Bribery Management System (ABMS) certification			Maintained the ISO/IEC 27001:2013 Information Security Management System					
	19 new products registered in Malaysia			Achieved successful registration of 3 human insulin in 2024					
	DIRA Roadshow conducted at 12 sites focusing on Integrity, Anti-corruption and Climate Change			15 products received Halal certification by <i>Jabatan Kemajuan Islam Malaysia (JAKIM)</i> , bringing the total to 201 in Malaysia					

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

OUR APPROACH TO SUSTAINABILITY

Pharmaniaga’s sustainability approach is embedded across all levels within the Group. Guided by our Board of Directors, we prioritise a holistic framework that integrates environmental, social, and governance (ESG) considerations into every aspect of our business. This comprehensive approach ensures that sustainability principles are reflected in all our policies, operational decisions, and projects. We align our efforts with national and international sustainability standards and track our progress against key performance indicators to achieve positive outcomes for our company, our stakeholders, and the wider community.

Policies

Our policies reflect our commitment to ethical business practices, environmental and social responsibility, and a diverse and inclusive workplace. This section outlines our core policy tenets and provides a list of our established policies.

01	To continuously invest our resources in ensuring our products and services are relevant and meet the needs of our customers
02	To be fully committed to environmentally friendly business practices towards the conservation and preservation of the environment
03	To ensure that our employees operate in a safe and conducive work environment
04	To continuously create and sustain an engaged work culture that attracts, retains, and motivates our employees
05	To strengthen communities and contribute towards the enrichment of our society by: <ul style="list-style-type: none">• Prioritising opportunities given to local businesses and;• Integrating corporate responsibility initiatives that encompass healthcare, education and welfare of Malaysians throughout our business operations

ENVIRONMENTAL

- Environmental, Safety and Health Policy
- Environmental-related Policy
- Energy Policy

SOCIAL

- Contribution to External Party Procedure
- Donation Policy

GOVERNANCE & ECONOMY

- | | |
|---|--|
| <ul style="list-style-type: none">• Corporate Governance Policy• Code of Ethics and Conduct• Vendor Code of Ethics Policy• Anti-Bribery and Corruption Policy• Whistleblowing Policy• Halal Policy• Anti-Money Laundering Policy• Gender Diversity Policy• Gifting Policy | <ul style="list-style-type: none">• Investor Relations Policy• Sexual Harassment Policy• Social Media Policy• Workplace Bullying Policy• Work From Home Policy• Good Distribution Practice for Medical Devices Procedure• Quality Policy• Laboratory Policy |
|---|--|

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

Sustainability Milestone

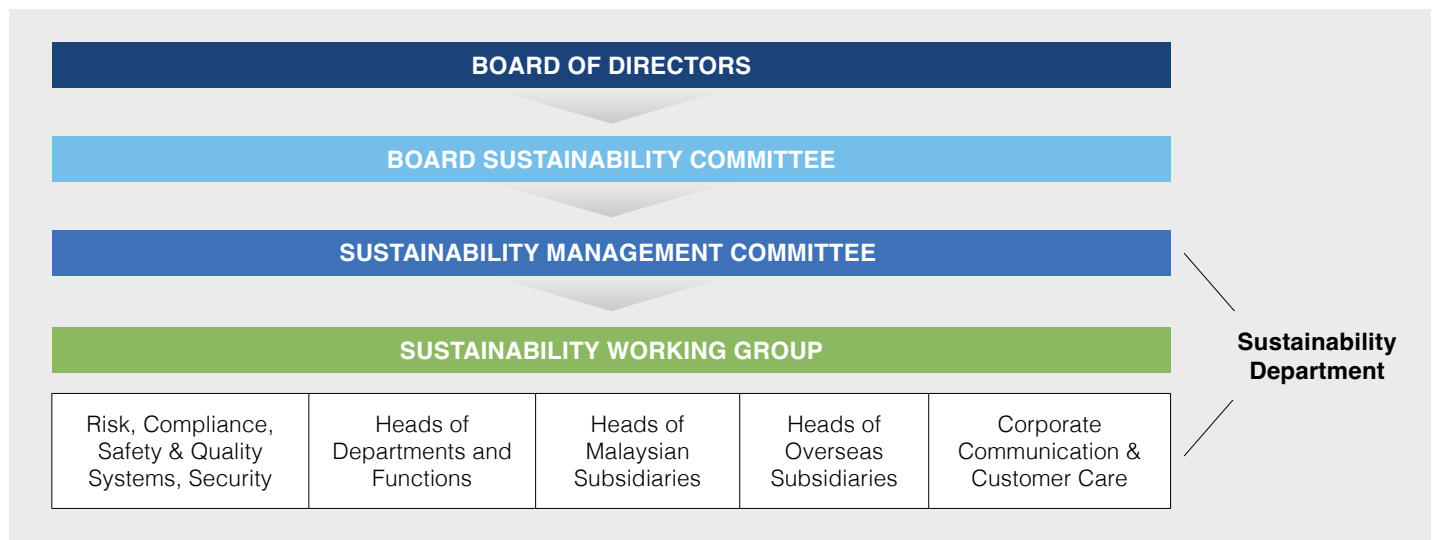
On 28 November 2024, Pharmaniaga Berhad, in collaboration with Cenergi SEA Berhad, officially launched its Solar PV System Project, marking a significant step towards renewable energy adoption. This initiative spans six facilities and aims to reduce carbon emissions while achieving up to 15% savings on monthly energy costs. The project underscores Pharmaniaga's commitment to sustainability and aligns with Malaysia's national renewable energy goals.



SUSTAINABILITY GOVERNANCE

At Pharmaniaga, sustainability is a strategic priority overseen by our highest governing bodies. The Board of Directors provides overall direction and guidance on all sustainability matters, including climate-related risks. The Board Sustainability Committee (BSC) assists the Board in these deliberations. Decisions related to sustainability are approved at the Board level. These decisions are cascaded across the Group, with the Sustainability Department acting as the liaison between the Sustainability Management Committee (SMC) and Sustainability Working Group (SWG) to implement, monitor, and report on approved sustainability initiatives.

The following infographics illustrate the sustainability governance structure of the Company.



SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

Board Sustainability Committee

The BSC assists the Board in performing its oversight responsibility over Pharmaniaga's sustainability objectives, policies, and practices, such as:

- Develops and recommends sustainability strategies, targets, policies and roadmaps for the Board's approval.
- Reviews and evaluates the effectiveness of implemented sustainability initiatives.
- Ensure adequate resources are allocated to achieve the established sustainability goals.
- Advises the Board on risk appetite and strategies related to sustainability-related risks and opportunities, with a focus on mitigating climate change and its potentially catastrophic impacts.
- Monitors stakeholder engagement activities and ensure effective grievance mechanisms are in place.

The BSC receives reports from the SMC on critical sustainability issues, including health, safety, environmental matters, and grievances. The BSC is responsible for reviewing this information and subsequently preparing the sustainability reports for presentation to the Board of Directors. The composition of BSC is stated on page 168.

Sustainability Management Committee

The SMC consists of the senior management team which is tasked with developing and implementing the Group's sustainability strategies and policies across all business segments and locations, including incorporating climate-related risks and opportunities. Subsidiaries and corporate departments are accountable for aligning their respective sustainability efforts with the Group's overarching objectives. The SMC reports the Group's sustainability progress to the BSC.

Sustainability Department

The Sustainability Department serves as the central point of coordination between the SMC and the SWG. They evaluate the progress of the implemented sustainability initiatives against the established objectives and targets, communicate their report findings to the SMC, oversee stakeholder engagement activities, and assist in reviewing and compiling sustainability-related information for reporting purposes.

Sustainability Working Group

The SWG is responsible for continuously monitoring sustainability performance across the organisation and identifying areas for improvement. Effective governance ensures that sustainability efforts remain aligned with strategic goals, fostering long-term resilience and accountability.

The Risk Management Committee (RMC) plays a vital role in identifying, assessing, and mitigating potential risks and opportunities associated with material sustainability issues. In 2024, climate risks have been accessed and included in the Company's Enterprise Risk Management Framework effective 1 December 2024. Besides keeping abreast of industry trends, regulatory updates, and best practices related to sustainability, RMC also engage directly with stakeholders, addressing their needs and concerns through various communication channels.

The Anti-Bribery and Management System (ABMS) Committee safeguards the integrity of Pharmaniaga's sustainability initiatives by ensuring compliance with national and international anti-bribery standards. The Integrity and Governance Department (IGD) allocates and integrates adequate resources to support the effective operation of ABMS, strengthening Pharmaniaga's governance framework. Strong governance mechanisms help reinforce ethical business practices, ensuring that sustainability objectives are met with transparency and accountability.

By embedding robust governance structures into its sustainability efforts, the Company enhances corporate resilience, regulatory compliance, and stakeholder trust, which ultimately contribute to long-term value creation.

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

SUSTAINABILITY FRAMEWORK

This Sustainability Framework encapsulates our core approach to sustainability. It outlines our sustainability Vision and Mission, along with a strategic roadmap. By aligning our five sustainability goals with our twelve material matters, the framework provides a holistic approach to managing sustainability risks and opportunities, enabling us to enhance our overall ESG performance.

Our framework is aligned with the national agenda and the United Nation Sustainable Development Goals (SDGs) and the United Nation Global Compact Malaysia and Brunei.



SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

SUSTAINABILITY TARGETS AND PERFORMANCE

Our sustainability targets serve as a roadmap towards achieving our vision of spreading accessible healthcare through dynamic growth. These targets are strategically aligned with key sustainability matters and our overall business objectives. Building upon the success of our 2016-2020 sustainability targets, we set more ambitious goals for the 2021-2025 period. As we approach the conclusion of this phase, we are pleased to report that four of the five pledges have been successfully achieved. The table below shows our targets and performance linked to our material sustainability matters.

MATERIAL MATTERS	TARGETS	PERFORMANCE
GOAL 1		
M1: Business Continuity	Implement Business Continuity Management (BCM)	Established BCM Working Committee (BCMWC) and the Crisis Management Committee (CMC)
M2: Technology & Innovation	Apply new or improved technologies, tools, systems, and processes	Installed: <ul style="list-style-type: none"> Variable Speed Drive (VSD) Compressor E-labelling QR Upgraded: <ul style="list-style-type: none"> Overall Equipment Efficiency (OEE)
	Ensure zero breaches and leakage of privacy and information	Zero breaches of privacy through the Implementation of ISO/IEC 27001:2013 Information Security Management System
M3: Customer Satisfaction	Maintain quality and customer care service certification	Maintained at all sites the ISO 9001:2015 Quality Management Systems
	Customer satisfaction rating surveys > 94%	Maintained at relevant sites: ISO 18295-1:2017 Customer Contact Centres Certified MOH: 93% MOHE: 97% (Internal assured) Private (reporting for 2023): 94%
M4: Sustainable Products & Services	Improve access to medicine	Expansion of the concession agreement via rider contracts to teaching hospitals and hospitals under the Ministry of Defence
	Achieve the 2025 Product Development Plan	Generic Drugs: <ul style="list-style-type: none"> Product registered in Malaysia: 312 products Product registered in Indonesia: 122 products Registered Biopharma: <ul style="list-style-type: none"> Vaccine: 5 Insulin: 3 Expanded Halal-certified halal medicine: <ul style="list-style-type: none"> 201
	Partnered with international industry leaders to localise medicine	Partnership/Collaboration: Registered its first human insulin product with a well known partner in India, targeting local manufacturing in 2025
GOAL 2		
M5: Corporate Governance & Business Ethics	Apply the best practices as recommended by MCGG	Zero fines & non-compliance incidents
	Zero incidents of unethical practices, bribery and corruption	No substantiated claims on bribery and corruption practices
GOAL 3		
M6: Environmental Compliance	Maintain zero non-compliance incidents on environmental matters	Zero fines & non-compliance incidents Maintained ISO 14001 certification at all sites
M7: Resource Efficiency	Reduce waste whilst increasing water efficiency and raw material usage	Water recycled: 19,716 m ³ Harvested rainwater: 143.76 m ³ Maintained rate reduction rate of 5% from 2019 baseline Environmental training: 1,105 man-hours

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

MATERIAL MATTERS	TARGETS	PERFORMANCE
GOAL 3		
M8: Greenhouse Gas & Climate Change	Increase the use of renewable energy sources	Status of the 15% reduction of GHG by 2025: 4.17% of GHG has been reduced since 2019
	15% reduction in Greenhouse Gas (GHG) absolute emissions by 2025, against the 2019 baseline	<p>Decarbonisation programmes</p> <ul style="list-style-type: none"> Generated 4,532.33 GJ solar energy and avoided 923.37 tCO₂e Maintained 2 units of electric vehicles Signed Solar Power Purchase Agreement for solar panels installation at six sites (manufacturing and logistics). Commencement by FYE2025 <p>Efficiency Programmes</p> <ul style="list-style-type: none"> Installed energy-efficient technologies Upgraded and optimised equipment and machinery at facilities Transitioned to LED lights
GOAL 4		
M9: Talent Management	Zero incidents of labour practices and human rights violation	Zero human rights and labour incidents
	Maintain employee attrition rate at below 13% for Malaysia (60% weighting) and Indonesia (40% weighting)	<p>FY2024 Attrition rate:</p> <ul style="list-style-type: none"> Malaysia: 12.19% Indonesia: 18.69% <p>Turnover rate:</p> <ul style="list-style-type: none"> FY2024: 14.96% FY2023: 19.28%
	Achieve 30% gender diversity at Group level	<p>Gender Diversity (Female)</p> <ul style="list-style-type: none"> Board: 27% Senior Manager: 0.37% Middle Management: 1.70% Executive: 15.10% Non-executive: 21.96%
	Build employee career development and succession plans	<p>Established Management Development Programmes:</p> <ul style="list-style-type: none"> Succession Planning Programme (SPP) High Potential Programme (HiPo) Career Path Programme (CPP) <p>Average Employee Training Hours</p> <ul style="list-style-type: none"> 2024: 28 hours 2023: 23 hours 2022: 32 hours
M10: Health & Safety	Maintain Zero Fatality	No fatalities recorded since the establishment
	Improve Year-Over-Year Loss Time Injury Rate (LTIR)	<p>FY2024: LTIR: 0.35</p> <p>FY2023: LTIR: 0.31</p> <p>FY2022: LTIR: 0.59</p>
GOAL 5		
M11: Supporting Local Businesses	Promote local purchasing	Established the Vendor Development Programme (VDP) to improve the pharmaceutical industry
M12: Corporate Responsibility	Establish a strategic Corporate Social Responsibility (CSR) policy at the Group level	<p>Created community-focused pillars:</p> <ul style="list-style-type: none"> Health Welfare Education Zakat <p>Established <i>Skuad Operasi Sihat</i> (SOS) employee volunteering structure</p> <p>Total Investment in Corporate Responsibility Initiatives</p> <ul style="list-style-type: none"> FY2024: RM2,948,464 FY2023: RM3,628,683

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024



DELIVERING SUSTAINABLE VALUE AND FUTURE-PROOFING THE BUSINESS



Economic and financial stability are significant determinants of whether a business organisation delivers sustainable growth. Goal 1 is interlinked with our economic impacts and covers four material matters, four prioritised SDGs, and three key risk indicators. Attaining Goal 1 ensures a sustainable financial future for our business and stakeholders.

Material Matters:

- M1 Business Continuity
- M2 Technology & Innovation
- M3 Customer Satisfaction
- M4 Sustainable Products & Services

Key Risks:

- R1 Cybersecurity Risk
- R2 Financial Risk
- R3 Strategic Risk
- R4 Customer, Product and Services Risk
- R5 Environmental Sustainability Risk
- R7 Legal and Regulatory Risk

SDGs:



MALAYSIA-UNITED NATION COOPERATION FRAMEWORK



PILLAR 3 PROSPERITY

SPA 3: Inclusive and Sustainable Economic Growth

By 2025, Malaysia is making meaningful progress towards an economy that is inclusive, innovative and sustainable across all income groups and productive sectors.

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

M1 BUSINESS CONTINUITY

Business Continuity is important to help the Group protect its reputation and increase resilience in adverse circumstances. We have established Business Continuity Management (BCM) Policy and Procedures, which provide a clear approach to responding, recovering, resuming, and returning to a normal situation in the event of an emergency or crisis. With this proactive approach, we can adequately identify and mitigate potential threats, disruptions, or unforeseen circumstances that may threaten our business operations.

BUSINESS CONTINUITY MANAGEMENT

Our BCM structure consists of the BCM Working Committee (BCMWC) and the Crisis Management Committee (CMC). This system is implemented across the Group. The CMC is the steering committee chaired by the Managing Director (MD) for handling crises or disasters affecting the Group. They are responsible for overseeing the management of the Group's BCM plan and communicating the BCM Policy to all employees.

The BCMWC updates the CMC on BCM-related matters, risks and areas of concern. The Emergency Response Team (ERT) is the appointed team that provides first responder related to physical emergencies particularly on fire-fighting, first aid, chemical spillage, and search and rescue, at all premises in the Group.

CRISIS MANAGEMENT COMMITTEE (CMC)**BCM WORKING COMMITTEE (BCMWC)****EMERGENCY RESPONSE TEAM (ERT)**

For the year under review, we facilitated the establishment of the Business Continuity Plan (BCP) document for manufacturing division (Pharmaniaga Manufacturing Berhad [PMB], Pharmaniaga LifeScience Sdn. Bhd. [PLS], Idaman Pharma Manufacturing Sdn. Bhd. Sungai Petani [IPMSB SP] and Idaman Pharma Manufacturing Sdn. Bhd. Seri Iskandar [IPMSB SI]) including Indonesia operations (MPI and Errita). This process includes the briefing and workshop on identification and determination of critical business/support functions, risk assessment, scenario analysis, business impact analysis and business continuity strategy. In addition, two documents were revised, related to the Crisis Management Plan (CMP) and IT Disaster Recovery Plan (DRP), to maintain relevance and effectiveness.

In 2024, we conducted three test on identified critical systems, two related to logistics and distribution and one related to manufacturing divisions.

In terms of awareness and education, we provide continuous training and sharing sessions on BCM to all our critical staff in Malaysia and Indonesia. For the year under review, we conducted 3,528 man-hours of BCM training, of which 428 hours or 12% were devoted to climate risk assessment workshops.

BCM Training

Programme Title	Total Man-hours	No. of Participants
Business Continuity Management Training, Workshop & Documentation for Pharmaniaga Manufacturing Division	1,040	65
Business Continuity Management Training, Workshop & Documentation for Indonesia Operation	1,128	47
Workshop on Root Cause Analysis for Incident Management	100	25
Workshop on Climate Risk Assessment (Internal)	428	107
Workshop on DRP Testing for PIERS, e-Proc, and SAP	832	38
Total	3,528	282

**BCM Highlights**

For the year under review, we conducted climate risk assessment on our Malaysia and Indonesia sites to address the potential and current likelihood of disruptions that could lead to adverse financial and non-financial impacts.



For more details, please go to the TCFD climate change disclosure section on pages 125 to 132.



SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

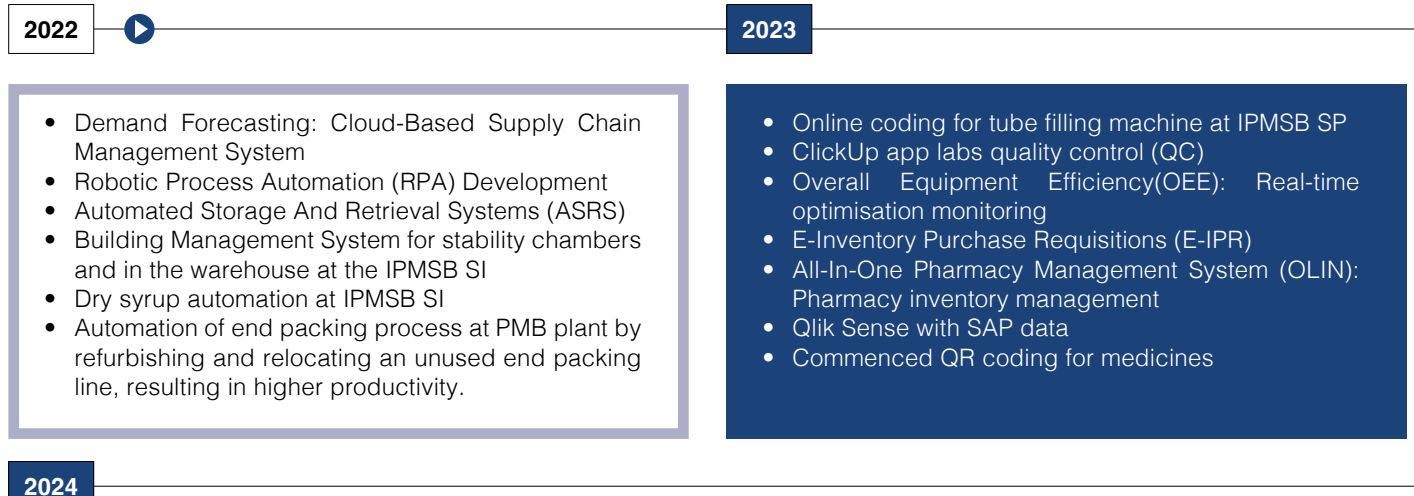
M2 TECHNOLOGY AND INNOVATION

Automation and digitalisation technologies, including artificial intelligence, are rapidly evolving and becoming increasingly powerful. Their widespread use has impacted our personal lives, the workplace, places of education, and the environment. These technologies have become essential business tools for maintaining competitiveness and relevance. As such, they are listed as one of our material matters.

The shift towards digital technologies and automation will significantly impact our operation and accelerate innovation and development. In the 12th Malaysia Plan 12MP and the Fourth Industrial Policy, the Government has decreed a national agenda to promote the high adoption of technology. In support, we have applied new or improved technologies, tools, systems, and processes to enhance our efficiency and drive progress. This advancement will create meaningful value for our stakeholders and industry.

**OUR PROGRESS**

The 12MP will culminate in 2025, and we are proud to disclose that the material matters' alignment with this Policy has given us a strong foundation in digital technologies and innovation, as shown below:

**Update on E-labelling:**

In line with the National Pharmaceutical Regulatory Agency's (NPRA) initiative, we have started rolling out e-labelling in 2023. The QR code will improve the accessibility of medical information, encourage better patient care management, and disseminate information in an eco-friendly manner. In FY2024, the total number of 78 products with e-labelling submitted for NPRA Variation approval. With this new system, we have saved RM324,380 against physical printing.

	PMB	PLS	SI	SP	TOTAL
Products involved in the project	35	23	8	12	78
Commercially used with new artwork	27	6	7	2	42
% of converting to e-labelling	77.14	26.08	87.50	16.70	53.84
Saving on E-labelling (RM)	281,286	20,628	22,166	300	324,380

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

M3 CUSTOMER SATISFACTION

Our customers' trust in us is mainly dependent on how they perceive our product quality and customer service. In general, customers are primarily concerned about accessibility to affordable products, product availability, and customer engagement services. However, in recent years, some consumers have also become increasingly concerned about environmental protection, community welfare, and governance. Our objective has always been to meet or even possibly exceed our customers' expectations.

The Head of Corporate System who is also a member of the SMC, manages all the issues associated with customer relations and objectives through its Customer Care section.

PRODUCT QUALITY AND CUSTOMER SERVICE

The factors influencing our product quality and service are the recognition by national and international bodies. Our customers can rest assured that our products and services are reliable and compliant with various international and national standards and certifications. Specifically, we are certified with ISO 9001:2015 Quality Management Systems and ISO 18295-1:2017 Customer Contact Centres.



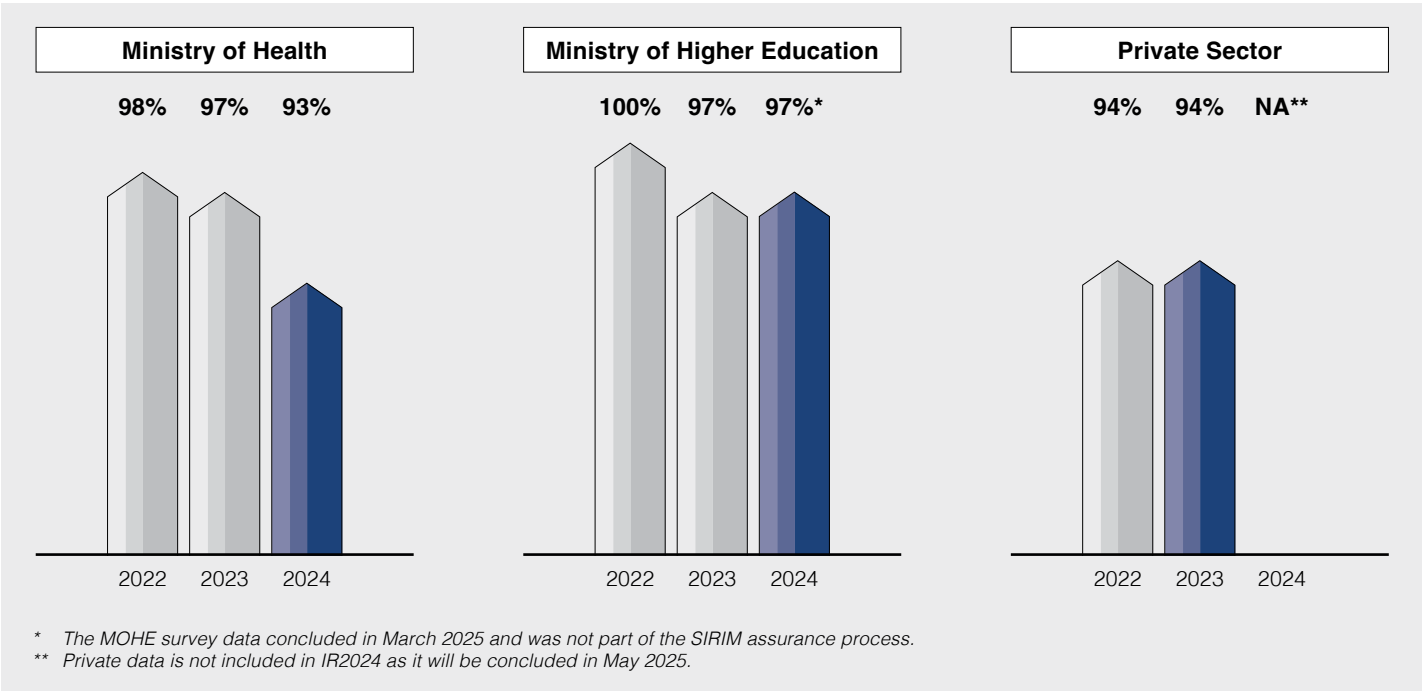
	MALAYSIA
	Manufacturing License Certification from NPRA
	ISO/IEC 17025: 2017 Laboratory Quality Management System
	ISO 9001: 2015 Quality Management System
	Wholesaler License Certification from NPRA
	Good Distribution Practice for Medical Devices Certification from SIRIM
	Malaysian Halal Certification

	INDONESIA
	Perizinan Distribusi Alat Kesehatan Certification from Kementerian Kesehatan
	Cara Pembuatan Obat Yang Baik Certification from BPOM
	Perizinan Pedagang Besar Farmasi Certification from Kementerian Kesehatan
	Sertifikasi Halal Certification from Badan Penyelenggara Jaminan Produk Halal

	OTHERS
	Good EU Manufacturing Practice Certification by INFARMED (Portugal)

SUSTAINABILITY STATEMENT
AS AT 31 DECEMBER 2024

The following shows our customer satisfaction survey results:



Based on the above, we note that the MOH satisfaction trend continues to decline. Feedback indicates that most grievances are related to supply disruptions, leading to delays involving problematic products. In response, we have taken proactive measures, including sourcing alternative supplies, monitoring stock movements, and issuing disruption notices to mitigate the impact.



RESPONSIBLE MARKETING PRACTICES

The Ethical Marketing Team is responsible for our marketing and advertising strategies. We help our consumers make better choices by emphasising the values of honesty, integrity, and transparency. We comply with the relevant legal requirements of the Medicine Advertisement Board Malaysia in marketing and advertising our products and services. All advertisements are thoroughly reviewed before approval to ensure compliance with standards, codes, quality control, and documentation procedures before publication.

A New Functional team is created to support commercial business, called Commercial Excellence (ComEx) designed to support commercial team effectively with a very strategic framework. The team's main pillars are – Sales Force Effectiveness (SFE) Excellence, Training Excellence and Operation Excellence.

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

M3 SUSTAINABLE PRODUCTS AND SERVICES

By implementing an all-encompassing ESG, we can offer sustainable products and services that enhance people's standard of living, positively contribute to society, safeguard the health and safety of our stakeholders, and protect the environment.

STRATEGIC DEVELOPMENT PLAN AND KEY INITIATIVES

National policies are established to ensure a prosperous future for all Malaysians. The Malaysian Policies that impact the pharmaceutical industry are the New Industrial Master Plan (NIMP) 2030, the National Vaccine Development Roadmap and the Malaysian National Medicine Policy (NMP). The NMP was created to improve the health outcomes of all Malaysians, whereas the NIMP was established to enhance the growth and development of all industries. Among the sectors included in the NIMP, the policymakers have identified high-value pharmaceutical and medical device opportunities that can be enhanced for future growth in Malaysia and overseas.



First Locally Owned Biopharmaceutical Plant



For the year under review, Pharmaniaga completed and officiated Malaysia's first locally owned biopharmaceutical plant. The plant has a production capacity of up to the following:

- 30 million cartridges
- 25 million pre-filled syringes

"By building local capabilities, Pharmaniaga aims to help the Government reduce import dependency, particularly for critical items such as insulin and vaccines, thereby fostering a more resilient healthcare system and increasing public access to medicines."

Zulkifli Jafar
Managing Director



Sustainable Products Spotlight

Achieved successful registration of three human insulin product ranges in 2024.



SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

ECONOMIC VALUE AND DISTRIBUTION

Goal 1 also aligns with our Economic Vision of “Achieving balanced business growth whilst providing access to affordable and quality medicines”. Our business growth induces direct and indirect economic impacts that generate value for our stakeholders and the countries where we operate. The table below shows that our economic value is distributed to our employees, capital providers, the Government, and the community:

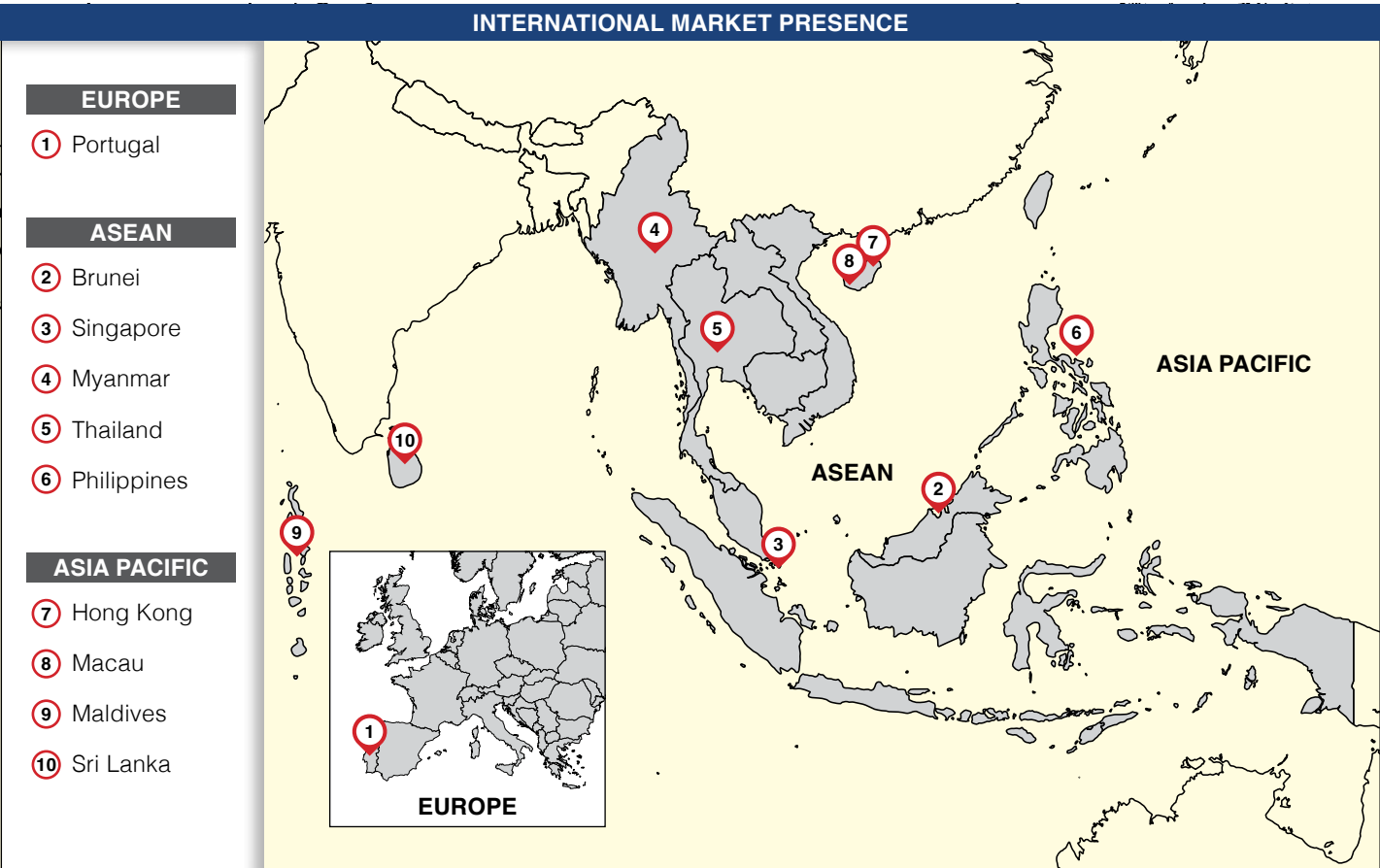
FY2024 REVENUE:
RM3,759,479,000

Employee Wages	Corporate Wages	Community investment	Local Supplier Spending	Employee Training Expenditure	R&D Investment
RM130,158,000	RM30,529,000	RM516,000	RM2,088,000	RM1,491,000	RM15,849,000

ACCESS TO MEDICINE (ATM) INITIATIVES

The Group’s ATM is focused on promoting halal and affordable products. We consistently recognise that ATM is one of our responsibilities as a pharmaceutical company. Our strategy involves working in synergy with other pharmaceutical companies and collaborating with the Government and non-governmental stakeholders. The R&D expertise and capability are not feasible for less developed countries to manufacture on the necessary scale. Therefore, we believe that strategic collaborations will contribute to ATM in Malaysia and provide urgently needed medicines to market on a large scale to the developing market countries of our focus. Additionally, the ATM strategy can contribute to potential long-term revenue, considering the number of developing countries needing affordable health care.

While the current strategic focus is on the local market, Pharmaniaga remains committed to expanding its international presence. We have expanded the reach of our products to a wider range of consumers, including favourable licensing in developing countries, as shown on the market presence map below.



SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

Halal Certified Medicine

The ability of Muslim consumers to practise their faith and fulfil their religious obligations is hampered by several factors, such as scepticism towards the authenticity of halal certifications, affordability, and labelling issues. To overcome this challenge, we are working closely with JAKIM and collaborating with Halal Development Corporation (HDC) to contribute to the recent Halal Pharmaceutical Industry Guide. We invested in state-of-the-art technologies, developed our employees' Halal Audit capability, and encouraged knowledge transfer.

Pharmaniaga takes pride in how we have expanded our range of high-quality Halal-certified products. Our commitment to addressing the challenges in providing Halal-certified products has enabled us to capitalise on the opportunities presented in the Halal pharmaceutical market, which we believe can lead to a more inclusive healthcare landscape.

The table below shows the number of new and total Halal products we have offered in the past three years. In 2024, 15 products received Halal Certifications by *Jabatan Pemajuan Islam Malaysia* (JAKIM), bringing the total 201 in Malaysia.

Halal Products	2019	2022	2023	2024
Malaysia				
New Halal Products	26	15	7	15
Total Halal Products	154	193	190	201*

* Four products were withdrawn due to inactivity for the year under review.

Access To Affordable Products

Universal health coverage can be achieved only when there is equitable access to essential medicines and healthcare products. We contribute to this endeavour by working with all our stakeholders to find ways of responding sustainably to public health needs. The initiative to expand access to affordable healthcare products is being pursued under our five-year Development Programme. Our R&D Division is constantly exploring the feasibility of producing even more generic products and aggressively pursuing such biopharmaceuticals. Our strategy includes international collaboration to shorten the development phase and accelerate the local availability of product registration approval.

In 2023, we partnered with a reputable company in India to locally manufacture insulin production. Our aim for this partnership is to reduce the medical cost of diabetic patients and make generic insulin products available in the countries where we have a market presence. Pharmaniaga remains committed to providing affordable pharmaceutical products despite rising costs, including higher Active Pharmaceutical Ingredient (API) prices. In the reporting year, we expanded our product pipeline with 19 products approved in Malaysia, including three new insulin variants, bringing our total portfolio to 595 registered products and devices across Malaysia, Indonesia, and other international markets, including third world countries.

We strive to reduce the prohibitive cost of pharmaceutical products to provide better access to medicine. Our primary strategy is technology knowledge transfer, digitalisation, favourable pricing to developing countries and local licensing, cost optimisation, and logistics and distribution. The Product Management Committee (PMC) closely monitors new product development to ensure timeliness, marketability, and the selection of the right partner, and concurrently avoids investment wastage and time management.

We have partnered with a reputable company in India to locally manufacture insulin production. Our aim for this partnership is to reduce the medical cost of diabetic patients and make generic insulin products available in the countries where we have a market presence.

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

ASSOCIATIONS AND INDUSTRY COLLABORATION

Our commitment to drug safety is necessary in building a better healthcare system. We express this undertaking by building partnerships at the national and community levels because we gain invaluable expertise and experience by working with other organisations in the same industry. In this way, customers are always assured of the safety of the medically necessary drugs and dietary supplements they are taking. Moreover, these collaborations allow us to discover new technologies and changes in regulations and guidelines, helping us to stay ahead of new developments within the industry.

We are pleased to be proud members of the following national and international associations for the year under review. We have been invited as speakers to spread sustainability opportunities at events and conferences.

R&D	Manufacturing	Logistic & Distribution
<ul style="list-style-type: none">• Institut Kimia Malaysia• International Society for Pharmaceutical Engineering (ISPE)• Regional Vaccine Manufacturing Consortium• UK-SEA Vaccine Hub	<ul style="list-style-type: none">• Malaysia Organisation of Pharmaceutical Industries (MOPI)• International Society for Pharmaceutical Engineering (ISPE)• Halal Development Corporation (HDC)• Malaysian Pharmacists Society (MPS)• Federation of Malaysian Manufacturers (FMM)	<ul style="list-style-type: none">• Malaysian Pharmacists Society (MPS)

Collaboration

International Society for Pharmaceutical Engineering (ISPE)

We continue to actively participate in ISPE programmes and initiatives to ensure alignment with global best practices, enhance our operational excellence, and support continuous improvement across our processes.

Pharmaniaga's Head of Sustainability was invited as speaker at the ISPE Conference 2024 to present on "ESG & Sustainability Initiatives Towards Net Zero Decarbonisation".

UK-SEA Vaccine Hub

Pharmaniaga continued its collaboration with the UK-SEA Vax Hub, reinforcing its role in strengthening vaccine R&D and manufacturing in Southeast Asia.

Halal Development Corporation (HDC)

Pharmaniaga's Head of Halal and Government Liaison was invited as Panel Speaker at their Halal Talent Symposium 2024.

Regional Vaccine Manufacturing Consortium (RVMC)

The RVMC is an initiative dedicated to strengthening global health security and vaccine equity by advancing regional vaccine manufacturing and supply chain networks. Pharmaniaga is actively engaging with RVMC to explore collaboration opportunities, leverage its extensive network, and connect with potential strategic partners.



SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

Malaysian Pharmacists Society (MPS)

Pharmaniaga's Head of Sustainability was invited as a speaker at the ESG Forum, "ESG In Pharma - Driving Sustainable Excellence In The Industry".

**Sertu Programme in Halal Assurance Systems (HAS)**

In FY2024, Pharmaniaga was invited to develop the Sertu guideline under the Department of Standard Malaysia. Sertu is one of the basic codes, guidelines and requirements for serving Muslim customers, including the pharmaceutical sector.



Product launched at the Malaysian Medical Association (MMA) Congress

OUR CHALLENGES

Our main challenges remain to ensure timely deliveries and to offer developing countries the same quality medical products at favourable prices. The presence of multiple generic brands affects our pricing strategy. It is also challenging to find alternative halal materials, especially those with only one source. In addition, adopting new technologies and innovations in this fast-paced world can incur prohibitive costs. New technologies can sometimes be rendered obsolete before we recoup our investment. Other challenges include attracting expert talents and retaining employees.

OUTLOOK

In 2024 and 2025, our foremost aspiration is to bridge the gap in the national shortage of affordable insulin for customers primarily dependent on public healthcare. To realise this aspiration, we launched our first biopharmaceutical plant in 2024 and locally manufactured vaccines and insulins. We will also maintain or increase the profitability of existing products, develop key products for Government tender business, penetrate more international markets, and develop patent-driven products.

Amidst the aforementioned challenges, we are confident of achieving positive growth with the support of our stakeholders. We have improved customer satisfaction by expanding our warehouses and maintaining close communication with suppliers. We have solidified partnerships with international pharmaceutical companies with the same vision.

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

GOAL
2

ACTING WITH INTEGRITY



Good corporate governance is critical to Pharmaniaga's realisation of our strategic ambition of being a trusted and professional partner for all our stakeholders: our clients, investors, employees, and society at large. Our commitment to upholding a sound corporate governance structure and espousing excellent business ethics and exemplary behaviour is in accordance with our sustainability mission and national and international best practices. Our leaders and employees understand that integrity is at the core of our approach.

Managing the sustainability material matter for Goal 2 will lead to achieving SDGs Goals 8, 9, and 16 as well as the CF2 Pillar Peace: Social Cohesion Governance and Human Rights.

Material Matters:

M5 Corporate Governance & Business Ethics

Key Risks:

- R1** Cybersecurity Risk
- R4** Customer, Product and Services Risk
- R6** Corruption Risk
- R7** Legal and Regulatory Risk

SDGs:



MALAYSIA-UNITED NATION COOPERATION FRAMEWORK



PILLAR 4 PEACE

SPA 4: Social Cohesion, Governance and Human Rights

By 2025, Malaysia has strengthened democratic governance, and all people living in Malaysia benefit from a more cohesive society, strengthened governance and participation.

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

M5

CORPORATE GOVERNANCE & BUSINESS ETHICS

We believe in the importance of demonstrating ethical business practices in our business and operations. These allow us to deliver positive value as well as building strong and lasting relationships with our stakeholders.

TARGETS AND OBJECTIVES

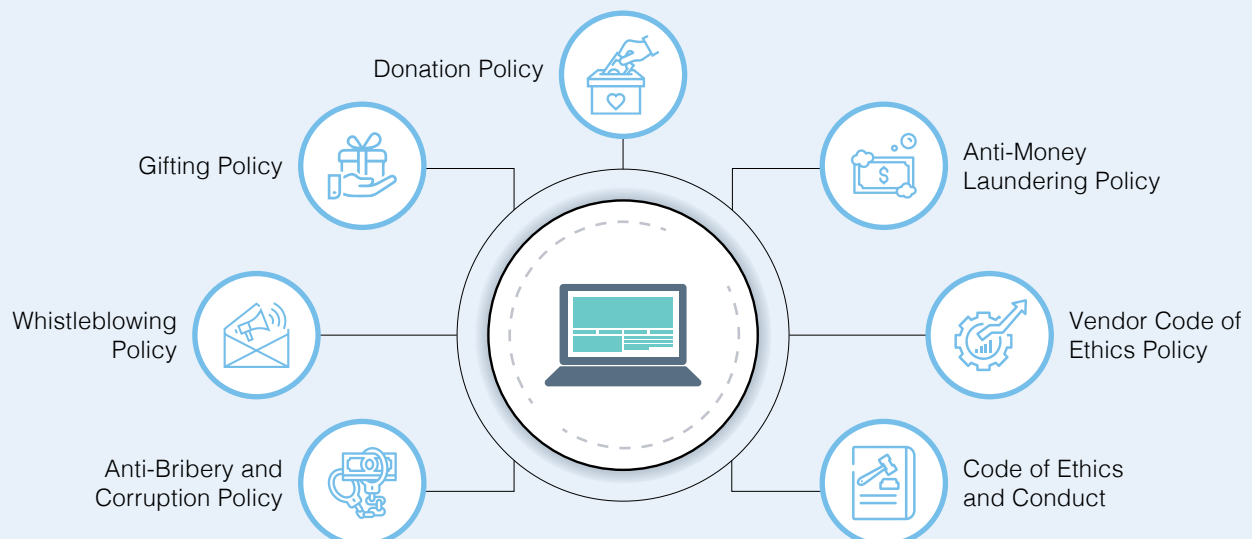
Eliminating corruption is essential to achieving Goal 2. To underscore the importance of this commitment, we aim for zero incidents of corruption by continuously improving our processes and pursuing ISO 37001 certification across all sites.

Objectives	FY2024 Performance
Zero incidents of anti-corruption.	Zero incidents of anti-corruption.
Definition of corruption is the act of giving or receiving any gratification or reward in the form of cash or in-kind of high value for performing a task – MACC 2009.	Conclusion 2024: 1 incident reported on corruption (falsifying document). However, it was classified as cheating under the code of conduct. Disciplinary action was taken.
Conduct awareness programmes annually at all sites.	47 activities.
Arrange a minimum of two vendor ABMS awareness programmes annually.	46 vendors participated in the programme.
Achieve 1,500 man-hours of training for all employees annually.	A total of 3,518 training hours were recorded with a minimum 40 hours/employee.
Organise competency programmes for the Compliance Function Unit by the end of 2024.	2 CFU training conducted.

BEST PRACTICES AND POLICIES

We subject all our subsidiaries to strict regulatory requirements, both national and international. These requirements are transposed into internal policies, with mechanisms in place to monitor operational effectiveness and compliance. These mechanisms enhance risk awareness and effective risk management, fostering a culture of integrity. We expect every part of our organisation, along with our stakeholders, to adhere to these policies. To ensure accessibility, they are available in both English and Malay on our corporate website and intranet portal.

<https://pharmaniaga.com/about-us/corporate-policies/>



SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

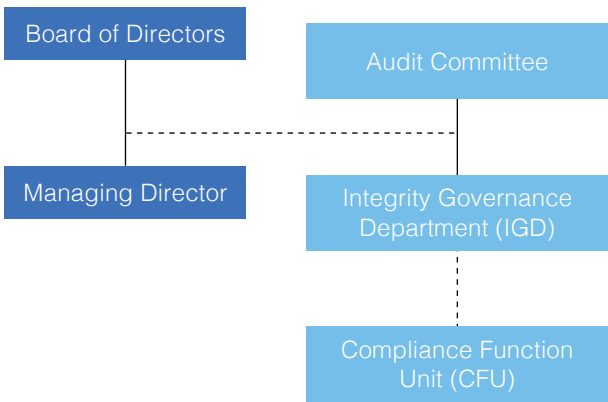
ANTI-BRIBERY AND CORRUPTION MANAGEMENT

Seven subsidiaries of the Group (with a total of 13 sites) were certified with MS ISO 37001 Anti-Bribery Management System (ABMS). We started the journey of the ABMS certification in FY2019 and the effort continued for other subsidiaries, including the latest, Pharmaniaga Marketing Sdn. Bhd. and one Indonesia operation site. The standard allows us to prevent, detect and address bribery by adopting an anti-bribery policy, appointing a designated person to oversee anti-bribery compliance, training, risk assessments and due diligence on projects and business associates, implementing financial and commercial controls, and instituting reporting and investigation procedures.

ISO 37001 Anti-Bribery Management System (ABMS)
Certified Sites

- ▶ Pharmaniaga Logistics Sdn. Bhd. – (Bukit Raja & Kudrat), Sek 15, Sek 23, Kota Kinabalu, Kuching, (Juru & Prai)
- ▶ Pharmaniaga Research Centre Sdn. Bhd.
- ▶ Pharmaniaga Manufacturing Berhad
- ▶ Pharmaniaga LifeSciences Sdn. Bhd.
- ▶ Idaman Pharma Manufacturing Sdn. Bhd. Sungai Petani
- ▶ Idaman Pharma Manufacturing Sdn. Bhd. Seri Iskandar
- ▶ Pharmaniaga Marketing Sdn. Bhd.
- ▶ PT Millennium Pharmacon International Tbk

ABMS Committee



As leaders, the Board of Directors (BOD) exercises oversight over the implementation of the ABMS and is in charge of approving objectives and targets. The Integrity and Governance Departments (IGD) ensures that adequate resources are integrated and deployed for the effective operation of the ABMS. The CFU is led by the Certified Integrity Officer (CeIO), who supports the head of departments in implementing the ABMS that applies to their areas of responsibility.

Transparency and Integrity in All Transactions

The Group takes bribery and corruption seriously. Transaction transparency ensures compliance with regulatory standards and nurtures trust and credibility. We assess the risk severity, nature and extent of bribery concerning specific transactions, projects, activities, associates, and personnel in certain positions. The assessment includes the due diligence necessary to obtain sufficient information to assess the corruption and bribery risks. A comprehensive risk assessment and evaluation process is conducted for major contracts and new vendor accreditation. Current partners are regularly monitored and evaluated. Additionally, Company personnel, tender panel members and candidates must declare any potential conflicts of interest.

Centralised Procurement (Non-Trade)
Policy & Procedures

Contract Renewal & Extension Policy

To implement procedures for renewing and extending contracts, ensuring a more transparent and fair process.

Consolidation of Purchases Policy

To streamline and consolidate purchases to enhance efficiency and cost-effectiveness.

Environmental & Sustainability Policy

To emphasise the Company's commitment to environmental sustainability and responsible business operations.

Prioritisation of Local Sourcing Policy

To prioritise sourcing goods and services from local suppliers whenever feasible.

Bumiputera Vendor Policy

To promote inclusivity by focusing on supporting and engaging Bumiputera vendors in business dealings.

As part of its continuous effort for FY2024, the Company introduced a new Whistleblowing Flowchart, Whistleblowing Complaint Form, Whistleblowing Information Evaluation Committee and Gift Registration Form.

Pharmaniaga leverages digitalisation to strengthen its anti-corruption efforts by implementing automated systems that enhance transparency, accountability, and traceability across business operations. Through digital procurement platforms, real-time monitoring tools, and e-reporting mechanisms, the company minimises human intervention, reduces the risk of unethical practices, and ensures strict compliance with governance policies.

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024



Board Tender Committee

We have established a Board Tender Committee (BTC) to ensure that objectivity, independence, fairness, and transparency are observed in awarding major contracts and that sustainability is integrated into our sourcing practices.

Vendor Integrity Pact

The vendor must uphold the highest standards of conduct and ethics and be truthful in all their representations. In the spirit of promoting values of integrity, transparency, accountability and good corporate governance, all our vendors are provided with integrity documents, which include the following:

- ▶ Anti-Bribery due diligence questionnaire
- ▶ Vendor Code of Ethics
- ▶ Vendor's Declaration on Anti-Bribery
- ▶ Conflict of Interest Declaration
- ▶ Environmental, Social and Governance questionnaire

Additionally, all vendors are obligated to promptly report questionable behaviour or any actual or suspected violations of laws, and such concerns can be reported confidentially using our vendor hotlines shown below:

WHISTLEBLOWING

Our whistleblowing channel is as below:

Dr. Abdul Razak Ahmad

Senior Independent Non-Executive Director

Email: razak.ahmad@pharmaniaga.com

Sarah Azreen Abdul Samat

Chairman of Audit Committee

Email: sarah.samat@pharmaniaga.com

Integrity & Governance Department

Email: whistleblow@pharmaniaga.com

Hotline: 1 800 182 082

CUSTOMER CARE

Toll free: 1 800 888 313

Email: contactcentre@pharmaniaga.com

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

In 2024, 64 vendors participated in ABMS awareness programmes listed below:

ABMS briefing to business associates
at Northern Distribution Centre
11 participants

Awareness on MACC, Corporate Liability 17(A),
Whistleblowing Act, Witness Act
at Sabah Distribution Centre
23 participants

Anti-Bribery and Integrity Days
with vendors and transporters
at Sarawak Distribution Centre
25 participants

External transporter meeting
at Seksyen 15 Distribution Centre
38 participants

Training and Awareness

All our employees undergo ABMS awareness training sessions. New recruits are briefed on ABMS during onboarding sessions and at the end of the session, they must sign the integrity pact. Meanwhile, current employees continuously undergo training to keep them updated on revised/new policies and guidelines.

Below are some of the corruption-related training and awareness initiatives conducted in FY2024.

Training Name
▶ DIRA Roadshow – Integrity and Robust Management system & Whistleblowing
▶ ISO 37001:2016 Introduction at National Sales Conference Meeting 2024
▶ ABMS Awareness Briefing
▶ Compliance Function Unit Competency Training <ul style="list-style-type: none">- Comprehensive Interpretation of ABMS Standard- Risk Management & Assessment Training
▶ Briefing on SOP-PPRO-014 due to ABMS Commitment and declaration of Conflicts of Interest
▶ Procurement Policy and Procedures (Rev. 03) Roadshow
▶ PRC ABMS & Safety Week

DIRA Roadshow by sites:



PLSB Seksyen 15 & 23
Distribution Centre



PLSB Northern Distribution Centre



IPMSB Sungai Petani

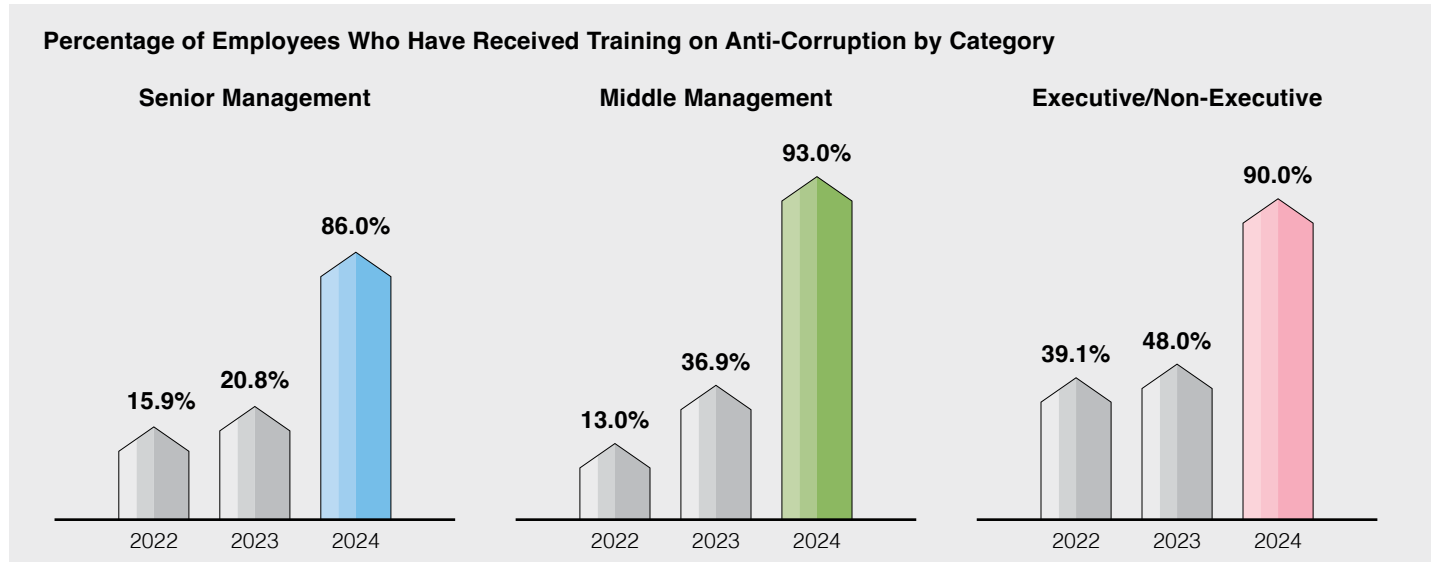


IPMSB Seri Iskandar

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

Training Data



Confirmed Incidents of Corruption and Action Taken

	FY2022	FY2023	FY2024
Confirmed incidents of corruption	0	0	0
Number of action(s) taken	0	0	0

RAISING CONCERNS

We have established a Whistleblowing Policy to create a framework for dealing with allegations of corruption, falsification of documents and abuse of power, as well as all types of misconduct and money laundering. All grievances are reported through our whistleblowing email, i.e. whistleblow@pharmaniaga.com and hotline at 1-800-18-2082. The platform protects the confidentiality and identity of the whistleblower. We have also created additional channels wherein our stakeholders can report their specific concerns as communicated in our policies. During the period under review, we are proud to report that there were no confirmed incidents of corruption.

Risk Assessment

Risk assessment was conducted by each division and further consolidated at the group level. We identify, measure, and rank critical corruption risks in Pharmaniaga that can potentially influence the company's operations and management. The risk register is prepared in accordance with the Enterprise Risk Management (ERM) Framework and 87% of operations were assessed for corruption risks for the year under review.

Percentage of Operations Assessed for Corruption-related Risks

	FY2022	FY2023	FY2024
Total number of operations	16	13	15
Total number of operations assessed for corruption risk	11	10	13
% of operations assessed for corruption risks	63	85	87

SUSTAINABILITY STATEMENT
AS AT 31 DECEMBER 2024

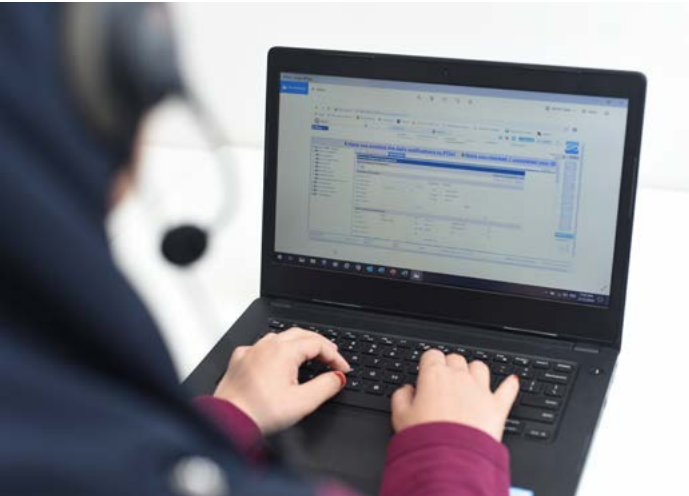
CUSTOMER PRIVACY AND SECURITY

We abide by the Malaysian Personal Data Protection Act 2010 (PDPA) and all other laws protecting the private data of our customers, partners, and other stakeholders in our countries of operation. We have built a strong foundation of privacy and security controls and protect our customers by adopting a rigorous set of security best practices.

The management of information security includes but is not limited to the following:

- ▶ Implementation and maintenance of ISO/IEC 27001:2013
- ▶ Information Security Management System (ISMS)
- ▶ Investigation of any security incidents or violations of Information Security Policies and Standards
- ▶ Continuous information security awareness and training
- ▶ Implementation of appropriate controls and measures to mitigate privacy and security risks

For the year under review, we prevented several cyber threats through our firewall and endpoint antivirus and there were zero breaches of customer privacy.



OUR CHALLENGES

Corporate governance and business ethics are fundamental material matters at the core of our business and operations. We uphold integrity in all our transactions by holding our employees accountable for their actions. We accomplish this by making sure that a checks and balances system is effectively in place. In spite of this, some ethical dilemmas may be complex and may require individuals to make difficult choices. As for data privacy, our concern remains the same, the rise in engineered cybersecurity targeted at the human factor. Human risks and errors are vulnerable to various threats, including phishing and email scams.

OUR OUTLOOK

We will continue to uphold the highest Corporate governance and business ethics standards across all levels of our business, operations, and value chain. We will continually improve internal policies, processes, and controls, ensure compliance with regulations, and minimise risks. We will ensure that all our employees and supply chain are aware of our Code of Conduct and policies and are properly trained in these matters. We will consistently raise alerts on the importance of cybersecurity amongst our employees through various programmes and remain vigilant in strengthening our cybersecurity systems and safeguarding data privacy.

Number of substantiated complaints concerning breaches of privacy and losses of customer data	FY2022	Nil
	FY2023	
	FY2024	

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

GOAL
3

ACHIEVING OPERATIONAL ECO-EFFICIENCY



Goal 3 is focused on promoting environmental protection and achieving sustainability excellence by doing more with less. The essence of Goal 3 is to implement measures that will enhance our operations whilst minimising or, if possible, eliminating our environmental impact by reducing our waste, consuming less energy and decreasing our greenhouse gas (GHG) emissions. For Goal 3, our prioritised SDGs are 3, 6, 7, 12 and 13; SDGs 15 and 16 are underlying. Given that these SDGs are linked to the environment, they, in turn, influence SDG 3, Health & Well-being and the promotion of the UN-Malaysia Cooperation Framework, Pillar 2: Planet.

When best practices are applied in pursuit of Goal 3, we can improve our reputation and build the trust of our stakeholders. It also makes us a more effective collaborator when engaging with our supply chain and critical business partners. By contrast, the mismanagement of these matters may expose us to various operational, environmental, legal and regulatory risks.

Material Matters:

- M6** Environmental Compliance
- M7** Resource Efficiency
- M8** Greenhouse Gas & Climate Change

Key Risks:

- R3** Strategic Risk
- R5** Environmental Sustainability Risk
- R7** Legal and Regulatory Risk
- R8** Climate Risk
- R9** People Risk

SDGs:



MALAYSIA-UNITED NATION COOPERATION FRAMEWORK



PILLAR 2 PLANET

SPA 2: Environment, Climate Change and Resilience

By 2025, environmental sustainability and resilience are mainstreamed priorities within the national development agenda, across all sectors and levels of society.

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

ENVIRONMENTAL STANDARDS

Pharmaniaga is certified with ISO 14001: 2015 Environmental Management Systems (EMS). We have adopted EMS as our structured approach to addressing pressing environmental concerns. Adhering to this standard expresses our commitment to regulatory compliance and ongoing environmental improvement. This, in turn, will further improve our reputation and operational efficiency, foster stakeholder trust, and enhance our partnerships with our supply chain.

MANAGEMENT COMMITTEE

We have established a Safety, Health and Environment (SHE) Committee at all our subsidiaries. Each SHE Committee consists of employee and employer representatives. The task of this SHE Committee is to organise management review meetings wherein various concerns are addressed, including performance, targets, incidents, accidents, and continuous improvement measures. These meetings are attended by the top management, department heads and representatives of all subsidiaries. The SHE Committee evaluates the Group's environmental performance and submits its findings to the Sustainability Department. A Boustead Sustainability Pack Report is submitted on a monthly basis to the Sustainability (ESG) Department for continual monitoring and improvement at the Group level. Environmental performance, amongst others, is updated to the Management and Board Sustainability Committee (BSC).

ENVIRONMENTAL POLICY

The Group's environmental policy is our commitment to the laws, regulations, and other policy mechanisms concerning environmental issues. We recognise that we must play a pivotal role in contributing to the efforts to address global changes such as climate change, biodiversity loss, and resource depletion, especially during this time of heightened environmental consciousness. To stay focused on our sustainability journey, we have established an environmental policy along with clear commitments to guide our actions.

Excerpt of the Environmental, Health and Safety (EHS) Policy

Our commitments:	
▶	Full legal compliance and provide a set of SHE framework and objectives.
▶	Foster stakeholder consultation and participation.
▶	Foster a safe and healthy working environment and prevent work-related injury, ill health and environmental risks.
▶	Protect the environment, prevent pollution, eliminate hazards and reduce SHE risks.
▶	Adopt continuous improvement and SHE management systems and performance.



SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

M6

ENVIRONMENTAL COMPLIANCE

We are proud to report that once again, in FY2024, we completed the year with Zero compliance incidents and fines from regulatory bodies. We have also not received any environmental-related complaints from our stakeholders.

Environmental compliance is of paramount importance to any business today. As a responsible corporate citizen, we admit that our diverse range of business activities could exert some environmental impacts. As such, we wholeheartedly comply with all relevant environmental rules and regulations for our business activities, services, and products. By adhering to applicable laws, regulations and other standards, we demonstrate our commitment to safeguarding the environment through sustainable business practices. Present at each of our sites is the SHE Committee team, which actively monitors and ensures that all our sites comply with the relevant rules and regulations in that jurisdiction. They also provide timely updates to our subsidiaries on new regulations.

MALAYSIA



- Environmental Quality Act, 1974 (Act 127)
- Environmental Quality (Clean Air) Regulations, 2014
- Environmental Quality (Industrial Effluent) Regulations, 2009
- Environmental Quality (Sewage) Regulations, 2009
- Environmental Quality (Scheduled Wastes) Regulations, 2005
- Guidelines for Environmental Noise Limits and Control, 2019

INDONESIA



- Peraturan Pemerintah Republik Indonesia Nomor 22 Tahun 2021 Tentang Penyelenggaraan Perlindungan dan Pengelolaan Lingkungan Hidup
- Peraturan Menteri Lingkungan Hidup dan Kehutanan Republik Indonesia Nomor 5 Tahun 2021 Tentang Tata Cara Penerbitan Persetujuan Teknis dan Surat Kelayakan Operasional Bidang Pengendalian Pencemaran Lingkungan
- Peraturan Menteri Lingkungan Hidup dan Kehutanan Nomor 1 Tahun 2021 Tentang Program Penilaian Peringkat Kinerja Perusahaan dalam Pengelolaan Lingkungan Hidup

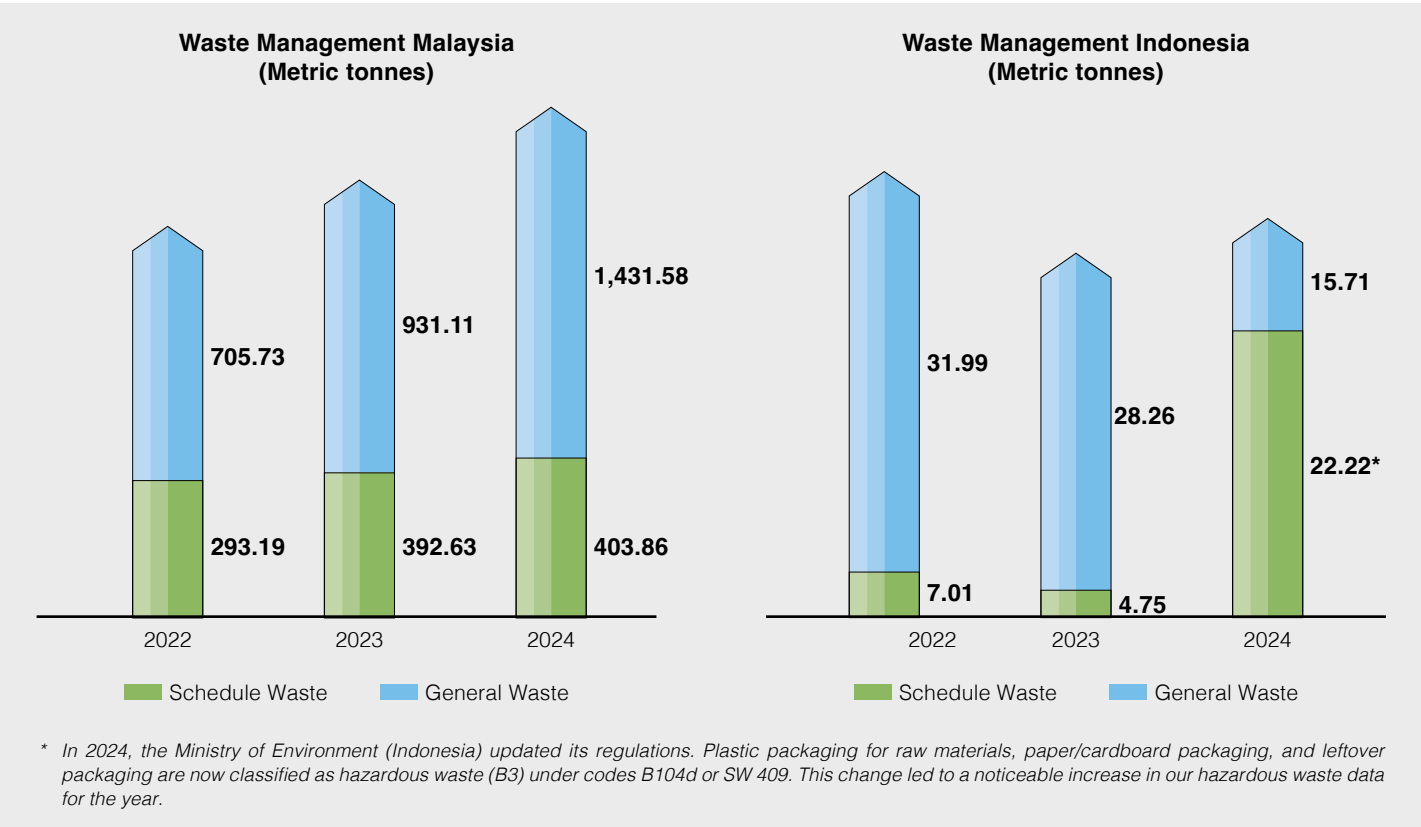
SUSTAINABILITY STATEMENT
AS AT 31 DECEMBER 2024

M7 RESOURCE AND EFFICIENCY

Effective resource management can be defined as finding ways to achieve a larger output from the same or lesser input. Recognising the pivotal role of effective resource management, we understand that any material and waste handling inefficiencies could expose us to operational, legal, and reputational risks. Therefore, we are unwavering in our commitment to astutely managing our resources, ensuring operational efficiency and cost-effectiveness. By prioritising resource optimisation, we safeguard our operations and contribute to sustainable practices that benefit both our company and the environment at large.

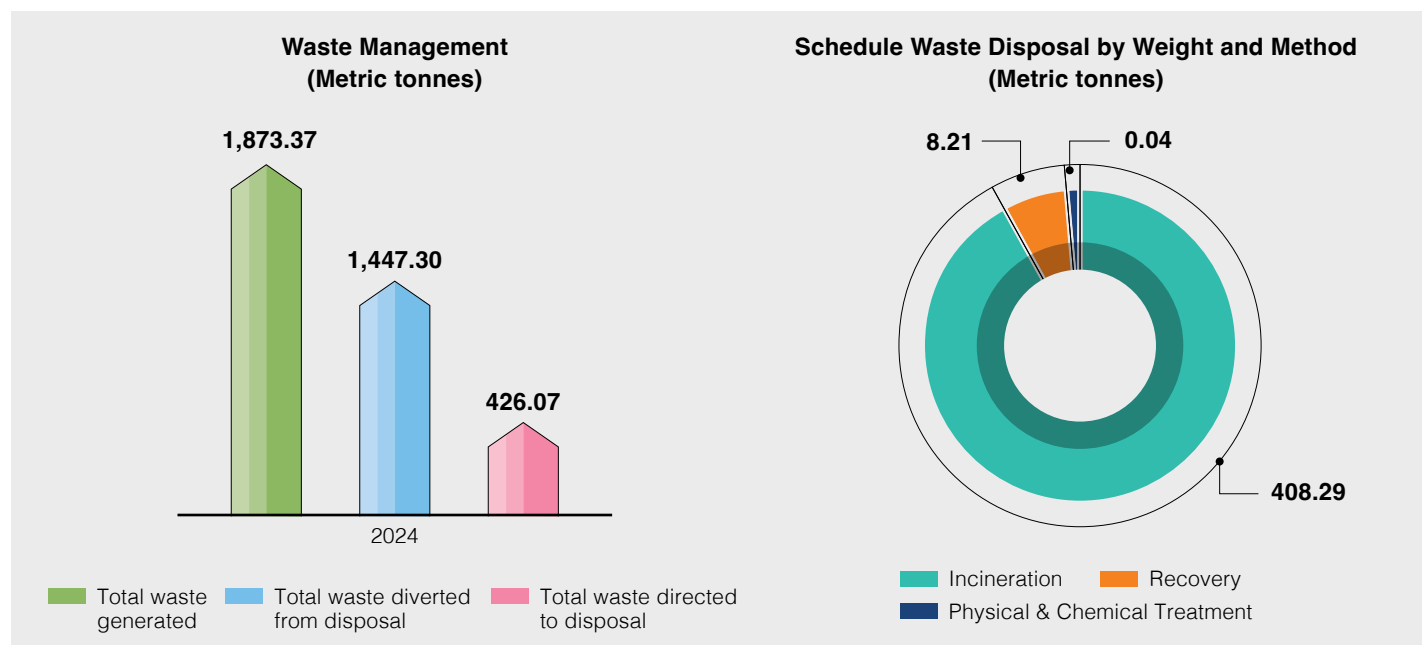
WASTE MANAGEMENT

At Pharmaniaga, our dedication lies in the efficient and sustainable utilisation of resources, aiming to diminish both our environmental footprint and operational expenses through the adoption of optimal sustainable practices and streamlined resource management strategies. We maintain rigorous adherence to pertinent laws and regulations governing material and waste management across our operations in Malaysia and Indonesia. We continue to apply new, efficient and innovative technologies to demonstrate our commitment. We encourage the practice of 3Rs (reduce, reuse, recycle). As a preventive measures, we regularly conduct internal and external audits to ensure that our environmental management practices meet and possibly exceed statutory and regulatory requirements.



SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024



	FY2022	FY2023	FY2024
Recycling of General Waste (Metric tonnes)	738.00	959.37	712.26

WATER AND EFFLUENT MANAGEMENT

Clean water is a crucial natural resource in the manufacturing of our products. Any water disruption may affect our operations and impact our productivity. We are also aware of the negative impacts our operations may have on the surrounding water bodies. We strive to mitigate and minimise any negative impacts of our operations by complying with the required laws and regulations, particularly Standards A and B of the Environmental Quality (Industrial Effluents) Regulations 2009 and by carrying out water efficiency measures, water harvesting and recycling. Whilst all our operations in Malaysia withdraw water from local municipal councils, one of our operations in Indonesia utilises groundwater and manages the water quality in-house.

WATER TARGETS

Group Target	Target at Water Stressed Area
<ul style="list-style-type: none"> Municipal or potable water Reduce 15% of municipal or potable water consumption Baseline: 2019 Target Year: 2025 Performance to date: 6.96 % decrease compared to the baseline 	<ul style="list-style-type: none"> Groundwater Reduce 15% of Groundwater consumption Baseline: 2019 Target Year: 2025 Performance to date: 14.69% decrease compared to the baseline

Based on our 2019 baseline, water consumption targets have been established for all sites, focusing on enhancing rainwater harvesting and water recycling by 2025. As a member of the United Nations Global Compact Malaysia & Brunei (UNGCMYB), Pharmaniaga actively supports initiatives addressing water security and businesses' role in sustainable water management. We supported their initiative in conducting the inaugural Future Leaders of Water Sustainability (FLOWS) 2024 symposium, reinforcing our commitment to water stewardship.

SUSTAINABILITY STATEMENT
AS AT 31 DECEMBER 2024

WATER CONSERVATION INITIATIVES

At Water Stressed Area

We typically avoid operating in regions experiencing water stress. However, one of our operations in Bandung, Indonesia, is situated in an area facing a medium to high risk of water stress. In response, we have implemented stringent water management measures, including compliance with Government-imposed water withdrawal restrictions and regular water quality reporting to the authorities. At the same site, we have also implemented a water recycling programme, enabling us to transform wastewater into a valuable resource.

Errita collaborated with PT Enviro, a designated environmental consultant, to obtain the Wastewater Technical Approval (PERTEK AIR – LIMBAH CAIR). In October 2024, PT Errita achieved BLUE Status from the Kementerian Lingkungan Hidup dan Kehutanan (KLHK) Indonesia, recognising its satisfactory wastewater management practices.



At Non-Water Stressed

As part of our ongoing water management programmes, in 2024, we have implemented the following initiatives:

Sites	Initiatives	Details	Outcomes
PMB	Discontinued Water for Injection (WFI) and Pure Steam Generator (PSG) system usage for sterile operations to reduce overall water consumption.	Conducted a documented risk assessment for utility shutdown in sterile operations, leading to the full cessation of WFI and PSG system operations.	Improved water usage efficiency, achieving an annual reduction of 2.091 megalitres.
	Minimised water usage for boiler operations by optimising its performance.	Transitioning from high fire to low fire mode, reducing both water and energy consumption.	Achieving a total annual reduction of 4.089 megalitres.
PLS	Implemented a water reuse system by collecting discharge water from WFI generation for boiler operations and toilet flushing.	A 3,200L underground tank was designed to collect hot water from the WFI generation system.	Reduce water usage for boiler.

Water Recycling and Harvesting

We have increased our water recycling capacity from 8.71 megalitres in 2023 to 19.72 megalitres in 2024, achieving a 126.36% improvement. This initiative enhances sustainable water management, reduces overall water consumption, and supports environmental conservation efforts.

Sites	PMB	PLS	IPMSB SP	Errita	PLSB KK	TOTAL
Water Recycling (Megalitre)	5.64	13.25	N/A	0.82	N/A	19.72
Rainwater Harvesting (Megalitre)	N/A	0.046	0.054	0.026	0.018	0.14

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024



Group Water Discharge/Water Disposal (megalitres)			(Internal Assured)		
Discharge Destination	Site	2022	2023	2024	
Ocean/ Sea discharge, surface water discharge, subsurface discharge		0	0	0	
Off-Site Water Treatment	PMB	9.56	9.69	9.23	
Other discharge (Public Sewer)		0	0	0	
TOTAL DISCHARGE					

Note: Data for other water discharge destinations, such as the ocean and public sewer, are recorded as zero, since Pharmaniaga only discharges water to off-site water treatment facilities.

Group Water Withdrawal or Consumption (megalitres)			(Internal Assured)		
Type of water	2022	2023	2024		
Ocean/Sea, Subsurface, Quarry water, external wastewater	0	0	0		
Purchased or Potable Water	354.07	273.50	296.25		
Groundwater (well, boreholes)	21.38	15.35	14.46		
Other discharge (Public Sewer)	-	-	-		
TOTAL	375.45	288.85	310.71		

Note: Data for other water discharge destinations, such as the ocean and public sewer, are recorded as zero, as Pharmaniaga only discharges water to off-site water treatment facilities.

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

M8 GREENHOUSE GAS AND CLIMATE CHANGE

An increase of 2°C against the temperature in pre-industrial times is associated with severe negative impacts on the natural environment and human health. Also, it includes a risk that could cause catastrophic global climate changes. For this reason, the international community has recognised the need to keep warming well below 2°C and pursue efforts to limit it to 1.5°C.

At Pharmaniaga, we recognise the necessity of adapting to climate change. We are currently stepping up our climate action to implement more robust measures. Each of our subsidiaries strives to counter climate change's impact by using energy-efficient technologies, utilising renewable energy, and collaborating with our stakeholders. The Group monitors and allocates necessary resources to ensure that each of our subsidiaries contributes to the Group target and achieves the desired performance.

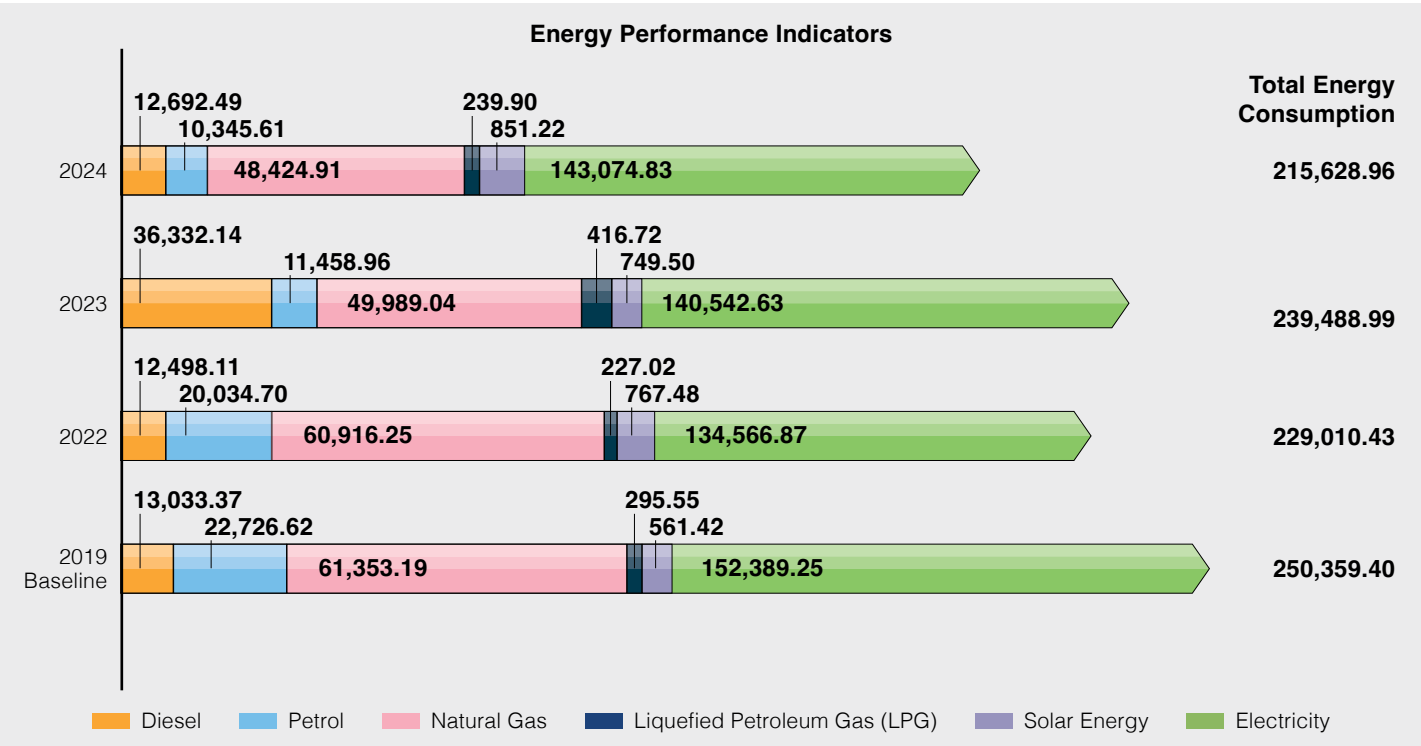
For more information on climate change please refer to pages 125 to 132.

Metrics and Targets

The Group has set a medium-term (2020-2025) target, with 2019 as our baseline year. To this end, we have been collecting data and disclosing our Scope 1 and 2 GHG emissions since 2019. As part of our transition to a low-carbon economy, in 2024, we are disclosing Scope 3 GHG emissions from employee commuting and business travel limited to road trips.

Total GHG Emissions (tCO ₂ e)					
Types of Emissions	2019 Baseline	2021	2022	2023	2024
Scope 1	9,257.95	6,442.14	6,044.78	6,576.49	5,610.63
Scope 2	28,245.64	25,242.26	25,051.73	29,081.55	30,328.97
Scope 3: Employee commuting & business travel by road	-	-	-	-	6,660.77

Reference: GHG Framework: GHG Emissions Protocol Calculation Tools
Emission Factor: Grid Emission Factor (GEF) Malaysia, 2017-2021, Malaysia Energy Information Hub (MEIH)



SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

Energy Intensity (GJ/RM mil Revenue)					
2019 Baseline	2021	2022	2023	2024	Performance % of Reduction against the 2025 target
88.76	48.67	65.23	70.92	57.36	35%



Climate Change Target:	The Group aims to reduce absolute Greenhouse Gas (GHG) emissions by 15% by 2024, using 2019 as the baseline.
Current Progress:	As of 2024, absolute GHG emissions have been reduced by 4.17% compared to 2019.
GHG Intensity Achievement:	In addition to absolute reductions, GHG emissions intensity (tCO ₂ e per RM million revenue) has significantly improved, with a 28.12% reduction from 2019 to 2024.
Key Distinction:	While absolute GHG emissions reduction is the primary target, the decrease in GHG intensity reflects improved efficiency in emissions per unit of revenue.

Initiatives

DECARBONISATION PROGRAMME

The Group Decarbonisation Programme aligns with the Malaysian Renewable Energy Roadmap (MyRER) to encourage energy transition and support the nation's agenda to achieve Net Zero Carbon Emissions by 2050. The Programme is envisioned to significantly reduce the energy consumption and carbon emissions of Pharmaniaga's operations across Malaysia and Indonesia.

Since 2022, we have embarked on a Decarbonisation Programme to accelerate Pharmaniaga's transition to a low-carbon economy. The programme is envisioned to significantly reduce the energy consumption and carbon emissions of Pharmaniaga's operations across Malaysia and Indonesia. The initiative will form a joint venture company to facilitate the programme's implementation. It will enable both companies to leverage their technical expertise and resources.

Renewable Energy Initiative

In 2024, we ramped up our environmental initiative through the Solar Photovoltaic System Project in collaboration with a leading local Bumiputera sustainable energy solutions provider with a strong track record in renewable energy and energy efficiency projects. This has no upfront cost as it is under the decarbonisation programme and can also earn us tax rebates through the Green Incentive Tax Exemption (GITE) and Green Incentives Allowance (GITA).

To ensure the success of the solar energy programme a steering committee has been established to support, guide, and oversee the solar energy project from various departments as shown below:

Procurement	Legal	Integrity	Quality and Safety	Risk Management
Facilities Management and Services	Sustainability	Finance	Administration	

SUSTAINABILITY STATEMENT
AS AT 31 DECEMBER 2024



Project Commissioning: **September 2025**

Expected cost savings of up to **RM2.7 million** annually

To generate approximately **6,000 MWh** of solar energy annually

Target avoidance of **4,550 tCO₂e**



Solar panels will be installed at the following locations:

- ▶

Pharmaniaga Logistics Sdn. Bhd., Section 7, Shah Alam
- ▶

Pharmaniaga LifeScience Sdn. Bhd., Puchong
- ▶

Pharmaniaga Logistics Sdn. Bhd., Section 15, Shah Alam
- ▶

Idaman Pharma Manufacturing Sdn. Bhd., Sungai Petani
- ▶

Pharmaniaga Manufacturing Berhad, Bangi
- ▶

Idaman Pharma Manufacturing Sdn. Bhd., Seri Iskandar

Renewable Energy Performance to date

To date, Idaman Pharma Manufacturing Sdn. Bhd., Sungai Petani have generated 4,532.33 GJ of solar energy and avoided 923.37 tCO₂e.

Period	Solar Energy Generated (GJ)	Avoided Emission (tCO ₂ e)	Energy Cost Saved (RM)
FY2024	851.22	183.01	RM1,130,665
FY2023	749.50	157.81	RM233,654
FY2022	767.48	137.10	RM75,933
FY2021	768.68	158.22	RM193,460
FY2020	834.03	171.67	-
FY2019	561.42	115.56	-
Total	4532.33	923.37	RM1,633,712

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

Electric Vehicle (EV) Initiative

In line with our Decarbonisation Programme, we recognise transportation's pivotal role in contributing to greenhouse gas emissions. We have integrated electric vehicles (EVs) into our operational framework to address this challenge, recognising them as a crucial component of our sustainable mobility strategy. We have initiated a pilot project employing two electric vans for last-mile distribution across various areas of the Klang Valley. This proof-of-concept project is only the beginning of more intricate initiatives.



Energy Efficiency Initiative

Energy efficiency notably reduces GHG emissions, direct emissions from fossil fuel combustion. The information below shows our initiatives.

Sites	Initiatives	Type of energy source	Cost saving (RM)	Energy Saved (GJ)	Emissions Avoided (tCO ₂ e-)
PLS	Maximising the output of a single chiller instead of operating two units to support three cleanroom facilities from September to December 2024.	Purchased electricity	Estimate RM10,000/month	N/A	N/A
PMB	Installation of a new Variable Speed Drive (VSD) compressor in the Compressed Dry System.	Purchased electricity	RM66,397	240.97	14.21
	Conversion of the HVAC system sterile operation from Grade B to Grade D to reduce dehumidifier operation and AHU unit usage.	Purchased electricity	RM152,742	1,018.28	214.41
IPMSB SP	Replacement of 108 existing spotlights with 20-watt LED lights in Storage 4 Warehouse to enhance energy efficiency and reduce electricity consumption.	Purchased electricity	RM662	6.72	1.44
	Replacement of 5 existing spotlights with 300-watt solar-powered lights at IETS to reduce reliance on conventional electricity and promote the use of renewable energy.	Purchased electricity	RM1,150	11.66	2.51

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

Sites	Initiatives	Type of energy source	Cost saving (RM)	Energy Saved (GJ)	Emissions Avoided (tCO ₂ e-)
PLSB Bukit Raja	Upgraded to an energy-efficient chiller at Chiller Plant A to enhance cooling efficiency.	Purchased electricity	RM321,496	4,887.00	1,029.00
	Optimised chiller operation at Chiller Plant C through fine-tuning.				
	Implemented temperature control in BR office, maintaining a range of 23-25°C in alignment with Government office temperature guidelines.				
	Completed 100% LED lighting conversion at BR premises, replacing all existing lights with energy-efficient LED fixtures.				
	Total		RM542,448	6,164.63	1,261.57

Pharmaniaga's Green Building Visit: Advancing Sustainable Infrastructure (Internal assured)

As part of our commitment to sustainability and energy efficiency, Pharmaniaga organised a Green Building Visit to key facilities that have successfully met the Malaysia Green Building Index (GBI) standards. The visit included Malaysian Green Technology and Climate Change Corporation (MGTC), the Diamond Building at Suruhanjaya Tenaga, and AIN Medicare, providing valuable insights into best practices in green building design, energy efficiency, and sustainable operations.

The delegation includes members of the Sustainability Team, alongside the Heads of Engineering from Malaysia and Indonesia Operations. This initiative aimed to enhance knowledge and explore potential improvements that could be implemented within Pharmaniaga's own facilities to align with green building standards and sustainable practices.

Key takeaways from the visit included:

- ▶ Energy Efficiency Measures – Advanced building designs that optimise energy consumption.
- ▶ Sustainable Resource Management – Integration of renewable energy and water conservation systems.
- ▶ Green Certification & Compliance – Understanding the processes required for GBI certification.

By learning from these industry leaders, Pharmaniaga is committed to enhancing its building infrastructure, reducing its carbon footprint, and fostering a greener future in line with Malaysia's sustainability goals. This visit marks a significant step towards incorporating sustainable building practices within the organisation's operations.



Suruhanjaya Tenaga



AIN Medicare



MGTC

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

Environmental Training

As part of our commitment to environmental sustainability, Pharmaniaga has actively invested in environmental training and capacity building for employees. In 2024, we successfully completed 1,105 training hours, equipping our workforce with essential knowledge and skills to support our sustainability initiatives.

A total of 132 employees participated in training sessions conducted by external providers, covering a wide range of critical environmental topics, including Carbon Footprint & Greenhouse Gas (GHG) Reporting, Scheduled Waste Management Training, Seminars on Environmental, Health & Risk and Certified Environmental Professionals in the Operation of Industrial Effluent Treatment Systems.



132 employees attended

1,105 hours of Environmental Training



These training programmes enhance our employees' awareness and expertise in environmental compliance, resource efficiency, and sustainable best practices, reinforcing our commitment to environmental stewardship.

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

GOAL
4CREATING A SUSTAINABLE AND
HIGH-PERFORMANCE WORKFORCE

Creating a sustainable high-performance culture is a continuous effort that requires commitment. It is one of the most challenging things we constantly work towards. We endeavour to create an environment that consistently promotes and supports highly productive workers aligned with organisational goals and objectives while ensuring the well-being and development of our employees.

Goal 4 centres on protecting fundamental human rights and our employees' and stakeholders' health and safety. The expected outcomes of Goal 4 are to enable employees to have fair and decent work and to empower them to reach their full potential. These will guarantee not only their professional growth but also their health and safety, as well as having a fair income. Goal 4 centres on attracting, developing, motivating, and retaining employees to align their skills and capabilities with organisational goals.

Material Matters:

- M9** Talent Management
- M10** Health & Safety

Key Risks:

- R3** Strategic Risk
- R7** Legal and Regulatory Risk
- R9** People Risk

SDGs:



MALAYSIA-UNITED NATION COOPERATION FRAMEWORK



PILLAR 1 PEOPLE

**SPA 1: Leaving No One Behind -
Ensuring a prosperous nation through inclusivity
and well-being for all**

By 2025, poor and vulnerable groups living in Malaysia benefit from more equity-focused and high-quality social services as well as social protection system that ensures an adequate standard of living for all.

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

POLICIES AND COMMITMENTS

Gender Diversity Policy	Sexual Harassment Policy	Work From Home Policy	Workplace Bullying Policy
Safety and Health Policy	Employee Code of Ethics and Conduct	Elimination of Child Labour	Elimination of Slave Labour
Elimination of Excessive Work Hours	Recruitment of Disabled Employees	Rights to Freedom of Association	Employment of Underprivileged Groups

We have enacted policies and carried out preventive measures to address human rights issues and ensure the equitable treatment of our employees and stakeholders. Some policies are disclosed on the website, and others are posted on our intranet. These policies are available in English and Malay languages to facilitate better understanding and communication and are applicable to the entire Pharmaniaga Group including Indonesia operations. During the employee induction programme, employees are informed of these policies and the grievance channels where they can report incidents.

Malaysia is a signatory to the Convention on the Rights of the Child (CRC), and in lockstep with the national aspiration, the Group commits to Children's Rights and Business Principles. To this end, we align with principles 2 and 5 to ensure that children's medicines are safe and to establish age-verification mechanisms for recruitment processes within the Group.

We adhere to the Children and Young Persons Employment Act 1966, and there are no child labour incidents in our operations since Pharmaniaga's inception.

M9

TALENT MANAGEMENT

We challenge our people to do their best work and reward those who deliver outstanding results in a fair and human-focused manner. Thus, we equip our people with the latest and most relevant learning and development opportunities and support every employee in areas that matter to them and to the Group.

TRAINING AND DEVELOPMENT

We enhance the skills and capabilities of our workforce by exposing them to continuous training and upskilling programmes which will help them thrive in their respective roles and remain competitive in the job market.

The three types of training conducted are as shown below:

Functional, Technical, Compliance & Development Develop the capability of employees to perform their current and future work activities to remain competitive.	Soft Skills Enhance employees' behaviours, attitudes, and aptitudes to fulfil their current roles, embed accountability, and develop leadership potential.	Continual Education Programme (CEP) Provide educational support to employees who wish to pursue tertiary education.
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Currently, under the CEP, seven employees have received financial assistance to pursue further their studies at one local university. Three are pursuing diploma courses, while four are taking bachelor's degrees. In 2024, Pharmaniaga continued its efforts to ensure employees receive appropriate training and development. The investment in training for 2024 saw a significant increase in both budget allocation and utilisation with an increase of RM1 million compared to the year before.

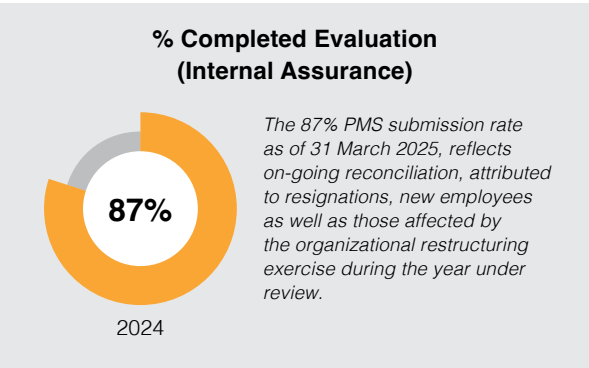
Additionally, through collaboration with NIBM, Pharmaniaga successfully sent 14 employees to attend and obtain certification under the *Program Pengukuhan dan Pembangunan Penghasilan Vaksin Negara* by the National Institute of Biotechnology Malaysia (NIBM). A total of 16 programmes were offered to Pharmaniaga, and the programmes were conducted both locally and internationally, such as India, Korea, and the United Kingdom.

SUSTAINABILITY STATEMENT
AS AT 31 DECEMBER 2024

		FYE2022	FYE2023	FYE2024
Training Investment (RM)	In-House Training	RM913,977	RM301,822	RM1,155,199
	External Training	RM1,325,257	RM586,656	RM802,774
Average Training Hours per Employee	External training	32	23	28

Performance Review and Succession Planning

A communication platform is established between employees and the head to discuss training needs, which is translated into the employees' Performance Management Systems (PMS). Each performance review is conducted through one-to-one sessions with line managers to discuss career advancement and determine any essential training needed to fill skill gaps. This initiative provides employees with room for development, ensures they remain competitive and competent in the job market and improves employee engagement and retention. In 2024, Pharmaniaga's management approved the talent and succession planning framework and structure. Several identified talents and successors underwent assessments to evaluate their capabilities and identify skill gaps. These assessments will serve as a benchmark for the Training Department in implementing the Management Development Programme (MDP) in 2025.



New Hire

Recruitment Platforms

▶ **Social media**
Leverage social media platforms such as LinkedIn, Facebook, Indeed, BrioHR, and Instagram to share job postings, Company updates, and other relevant information.

▶ **University Career Fairs**
Participate in university career fairs to connect with students and recent graduates seeking entry-level or internship opportunities in the pharmaceutical industry.

▶ **Networking Events**
Join networking events, industry conferences, and professional association meetings to connect with potential candidates and build relationships within the industry.

NEW

Collaboration and engagement with top talent recruitment agencies such as Hays, PV Executive, and Human Capital Resources HCR Malaysia for highly technical and C-Suite positions.

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

BENEFITS AND REMUNERATION

We believe that nurturing the needs and welfare of our employees will translate into their improved overall well-being, raise their work productivity and lead to a shared commitment to the Group's success. We abide by the national minimum wage law, and our pay scale is above the minimum wage requirement benchmarked against our industry peers. Our Employee Handbook was revised with an improved remuneration and benefits package. We also comply with the regulations for upholding equal pay and equal work. Male employees are granted paternity leave and female employees are entitled to 98 consecutive days of paid maternity leave, including off days, rest days, and public holidays, as defined in the Employment Act of 1955. Additionally, for the employees who have worked with the company between 15 to 25 years, we honour their loyalty, contribution and commitment, with Long Service Award.

Financial Assistance	Leave Support
<ul style="list-style-type: none"> • Car loan interest subsidy • Medical benefit • Employee insurance (Group Term Life & Group Personal Accident Insurance) • Attendance allowance • Tuition subsidy (dependent children) • Higher education entrance subsidy (dependent children) • Retirement gift • 15% EPF Employer contribution after 2 years of service • Donation upon death of employee & immediate family members 	<ul style="list-style-type: none"> • Birthday leave • Marriage leave • Paternity leave • Maternity leave • Compassionate leave • Haji leave • Pilgrimage leave • Special leave
	Well-Being Support
	<ul style="list-style-type: none"> • Back-to-school tokens • Flood relief assistance • Flexible working hours • Work from home • Fruit baskets for hospitalised employees • Celebratory cash or gift for employees first marriage • Gift for birth of children

SAFEGUARDING EMPLOYEE HUMAN RIGHTS

Pharmaniaga recognises the importance of incorporating human rights, social responsibility and sustainability issues into our business operations. To institute Human Rights across the Group, we adhere to the national laws and regulations as well as commit to the following international guidelines:

National Laws	International Guidelines
▶ Employment Act, 1955	▶ Children's Rights to Good Health and Education
▶ Children and Young Persons (Employment) Act, 1966	▶ International Bill of Human Rights
▶ Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446)	▶ UN Guiding Principles on Business and Human Rights
▶ Anti-trafficking in Persons and Anti-smuggling of Migrants Act	▶ OECD Guidelines for Multinational Enterprises

We believe that human rights are universal and serve as a moral compass in pursuing our goals. Therefore, we treat our stakeholders equitably and do not discriminate against our employees and stakeholders regardless of their age, gender, ethnicity, religion, disability or nationality. We abide by Employment Acts and all the relevant labour laws and strive to embed fair labour practices across our business operations in the countries where we operate. In Malaysia, we have also committed to best practices prescribed in the UN Guiding Principles on Business and Human Rights.

We strive to eliminate modern slavery or forced labour when hiring a foreign workers by adhering to the Anti-trafficking in Persons and Anti-smuggling of Migrants Act and the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446).

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

Freedom of Association & Collective Bargaining

Pharmaniaga upholds its employees' rights to freedom of association and collective bargaining and abides by the Industrial Relations Act 1967 and the Trade Unions Act 1959. The rights of the unionised employees are also covered in the Employee Handbook and relevant Company policies. Employee rights include getting overtime rates for union employees, payment of allowances, salary adjustment contract execution, salary structure and increments. In 2024, 11.19 % of our employees were covered by Collective Agreement. We review and revise the Collective Agreement every three years to maintain a harmonious long-term working relationship with union employees. The latest Collective Agreement was signed in August 2022; union members' visits and discussions with employees are held whenever required. Employees who are not covered by Collective Bargaining Agreements receive reasonable working conditions and terms of employment as stated in the Employee Handbook.

	FY2019	FY2022	FY2023	FY2024
No. of Union members	288	265	237	223
% of Union members out of total no. of employees	13.44	12.11	11.79	11.19
% of Union members out of total no. of non-executive	23.36	22.75	22.51	21.80

Diversity and Inclusion

We make hiring and promotion decisions based on merit and do not discriminate against employees regardless of age, gender, ethnicity, religion, disability or nationality. Among the diverse groups that enrich our workforce are hiring People with Disabilities ("PWDs"). We have also enhanced the Work-From-Home ("WFH") Policy to address the needs of mothers who have to take care of their children.

In 2024, there were zero reported incidents of discrimination among employees. We recognise the importance of having diverse representation in our leadership. In light of the need to improve the number of women in prominent roles, the Sustainability Board Committee and the company will take the necessary measures to ensure that at every possible event, diversity will be accounted for in the appointment of Board members and employees as part of our effort to achieve 30% ratio objective set by the Malaysian Code on Corporate Governance (MCCG). We are currently at 27%. The Company also offer both maternity and paternity leave and for the year under review, the parental leave return to work and retention rates for males are 99% while for females, they remain at 100%.

Diversity Data

% Directors by Ethnicity		FY2022	FY2023	FY2024
Malay		71.40	88.90	83.40
Chinese		14.30	0	0
Indian		0	0	0
Other Ethnic Minorities		14.30	11.10	8.30
Non-Malaysian		0	1.00	8.30

Employee by Nationality		2022		2023		2024	
Country		Number	%	Number	%	Number	%
Malaysia	Local	2,293	60.69	2000	56.96	1,989	57.32
	Non-local	8	0.21	6	0.17	4	0.12
Indonesia	Local	1,474	39.02	1,502	42.95	1,473	42.45
	Non-local	3	0.08	3	0.09	4	0.12
Total number of employees		3,778		3,511		3,470	

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

Employee by Ethnicity		2022		2023		2024	
Country		Number	%	Number	%	Number	%
Malaysia	Malay	2,014	53.31	1,771	50.44	1,766	50.90
	Chinese	98	2.59	66	1.88	68	1.96
	Indian	96	2.54	85	2.42	80	2.31
	Other Ethnic Minorities	85	2.25	78	2.22	75	2.16
	Foreigners	8	0.21	6	0.17	4	0.12
Indonesia	Indonesian	1,474	39.02	1,502	42.95	1,473	42.45
	Others	0	N/A	0	N/A	0	N/A
	Foreigners	3	0.08	3	0.09	4	0.12
	Total number of employees	3,778		3,511		3,470	

M10 HEALTH AND SAFETY

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

Pharmaniaga is certified with ISO 45001:2018 Occupational Health and Safety Management Systems (OHSMS). The standard sets out our guidelines for managing health and safety risks at the workplace. It enables our business units to set high standards in its procurement, manufacturing, storage and distribution services of products to both hospitals and clinics in the public and private sectors. Below is the excerpt from our Health and Safety Policy and commitments which outline our planning, implementation, operation, audit and review. Key elements include leadership commitment, worker participation, hazard identification and risk assessment, legal and regulatory compliance, emergency planning, incident investigation and continual improvement.

HEALTH AND SAFETY POLICY

Our commitments:

- ▶ Identify hazards and risks and eliminate them wherever possible.
- ▶ Continually improve performance and fulfil regulatory and stakeholder requirements.
- ▶ Inculcate a safety and health culture via awareness, training programmes, consultations and participation of all stakeholders and related parties.

HEALTH & SAFETY GOVERNANCE

In our steadfast commitment to protect our employees, the established Safety, Health and Environment (SHE) Committee sustains its stewardship by organising quarterly meetings to discuss health and safety issues. All issues including incidents and accidents raised by employer and employee representatives to the SHE Chairman are discussed thoroughly.

1

Reports of hazards to SHE Committee

2

Registration of hazards in Internal Hazards Form

3

Identification and communication of hazards solution with the relevant department for necessary actions

4

A follow-up measure to ensure the hazards no longer pose a risk

5

Case resolved

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

INITIATIVES

HIRARC



We conduct Hazard Identification, Risk Assessment, and Risk Control (HIRARC)/ Hazard Identification, Risk Assessment, and Determining Control (HIRADC) before any work is commenced at any operational site to assess and control potential risks. Employees are expected to immediately report to the SHE Committee for further assessment when a hazard is identified. The SHE Committee will manage the hazard based on the hierarchy of controls to ensure that the risk is addressed accordingly. These measures are set to provide a safe and conducive workplace for our employees.

Training Programmes

The Group ensures that its employees participate in Health and Safety training and programmes throughout the year to keep them updated with the latest best practices on health and safety at work.

Employee Wellbeing

Quality of life has traditionally been measured using economic indicators. Whilst these are still essential metrics, they fail to capture the whole picture of someone's life. In today's working environment, employee well-being has expanded beyond financial concerns to include having a holistic work-life balance that caters to their personal, physical, emotional, social and professional needs. To this end, we have reviewed our benefits and have made some improvements to promote a good work-life balance. We offer work leaves for marriage, paternity, maternity, bereavement, and religious reasons. In addition, we have introduced flexible working hours and work-from-home initiatives.

We also continue to organise sports and social gatherings, which give an opportunity to our employees to network with their colleagues, build relationships and improve team spirit. We take care of the mental health of our employees by exposing them to the company wide stress management training. We also conduct the Depression, Anxiety & Stress Scale (DASS-21) Survey and blast health poster campaigns on a monthly basis amongst others.



Volleyball tournament



Lip Lap Raya Pharamaniaga



Bubur Asyura Feast

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

Do It Right Always (DIRA) Programme

The DIRA campaign serves as a vital platform for fostering transparent, engaging, and impactful communication across the Group. DIRA ensures that key messages on integrity, sustainability, and corporate responsibility are effectively disseminated through various employee engagement initiatives, awareness programmes, and structured communication channels. In 2024, the Group has launched several DIRA engagement initiatives, including:

- ▶ **DIRA Roadshow 2024:** Successfully conducted at 12 sites, reinforcing the Group's commitment to staff awareness, learning, development, and engagement.
- ▶ **Wellness Warrior Programme (Weight Loss Challenge and Diabetes Management Programme) Challenge:** A total of 427 employees participated, including 8 in the Diabetes Management Programme. Collectively, participants achieved a total weight loss of 850 kg, reinforcing a culture of health and well-being within the organisation.
- ▶ **Environmental Awareness Programmes:** The used cooking oil recycling initiatives successfully recycled 822.2 kg of used cooking oil across three subsidiaries, driving sustainable waste management efforts.
- ▶ **Community-driven activities:** Such as Lip Lap Raya Pharmaniaga across the Group, including Indonesia's operation sites, where vibrant decorations were crafted from recycled materials, blending tradition with eco-friendly practices, fostering a fun, creative, and team-oriented work environment.
- ▶ **Merdeka and Hari Malaysia Celebrations:** These celebrations feature quizzes, Merdeka hiking, and colouring contests for employees' children, strengthening employee engagement and national pride.
- ▶ **DIRA Poster Blast:** The DIRA email blasts have proven valuable tools in spreading awareness about diseases, disaster emergency responses, safety reminders, sustainability practices, and committee appreciation posts. These initiatives align with our sustainability goals creating a sustainable and high-performance workforce.



Diabetes Awareness Day



Hari Kemerdekaan Republik Indonesia

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

HEALTH AND SAFETY PERFORMANCE



Health & Safety Performance	2022	2023	2024
Frequency Rate	3.20	2.79	1.77
Lost time injury frequency rate (LTIFR)	2.97	1.54	1.77
Lost time incident rate (LTIR)	0.59	0.31	0.35
Accident Rate	6.24	5.70	3.46

Contractors and Subcontractors Health & Safety	2022	2023	2024
Amount of time lost due to workplace injuries	0	0	0
Lost Time Incident Rate (LTIR) ¹	0	0	0

¹ LTIR is calculated by dividing the total number of lost time injuries by the total number of hours worked at the end of the reporting period.

OUR CHALLENGES

Retaining and attracting the best talent is one of our main challenges within our extremely competitive industry. Our goal is to select the best candidates available in the most objective manner without condoning any form of discrimination. We strive to inculcate a culture of Health & Safety amongst our employees by involving them at every stage of the process and encouraging them to demonstrate their commitment to adopting the current best practices in their day-to-day operations. However, an unavoidable incident may impair our zero fatality and zero LTIR.

OUTLOOK

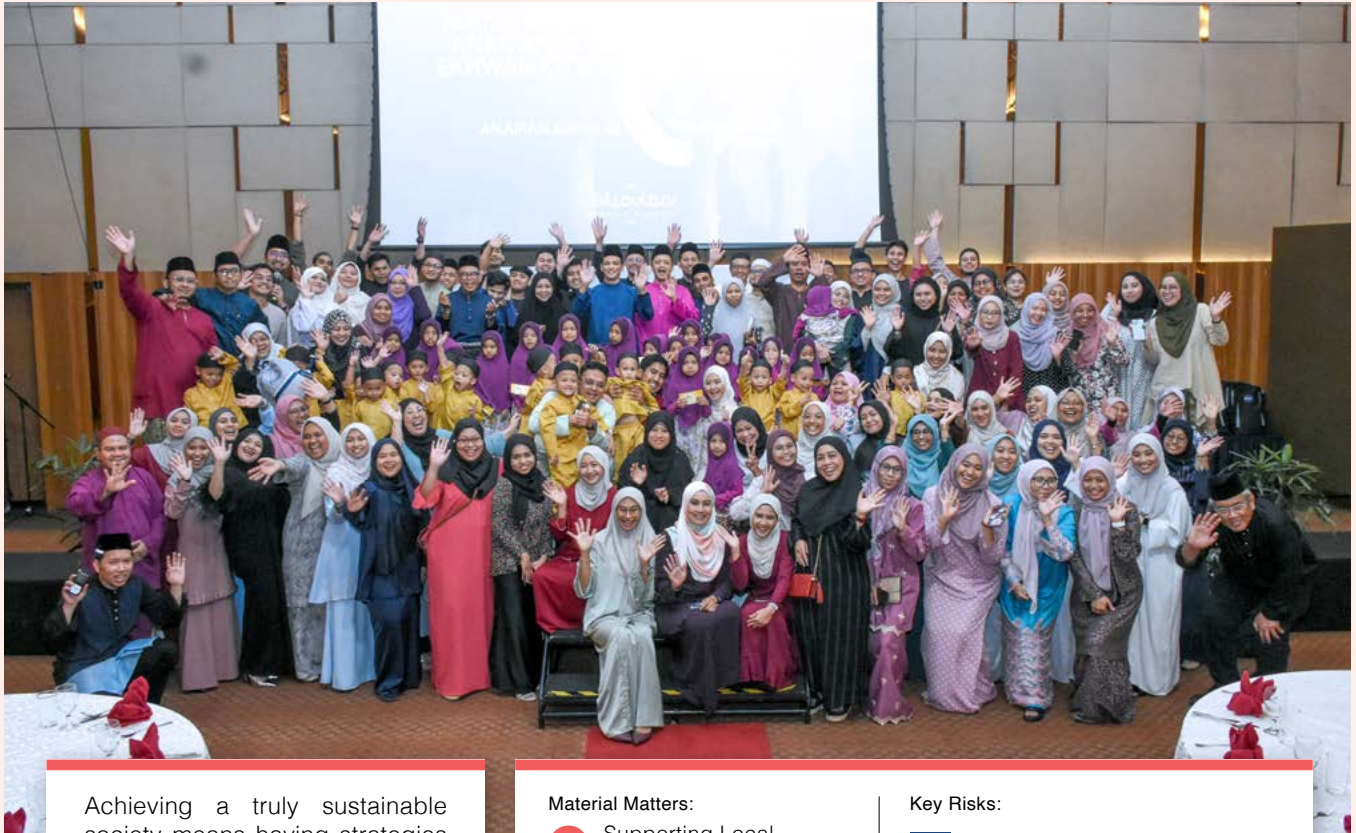
Though retaining the best talents is a significant challenge, we remain committed to exposing our people to internal upskilling training programmes so that they can grow to be high-performing individuals who can better contribute to the company. We maintain our employees' job satisfaction by motivating them and identifying their needs. We monitor each individual's performance to develop their specific capabilities. We provide opportunities for career growth and paths for succession planning, and we support their aspirations. We strictly enforce health and safety management in compliance with relevant statutory laws and regulations and nurture our employees' mental health and well-being.

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

GOAL
5

BUILDING A BETTER SOCIETY



Achieving a truly sustainable society means having strategies that focus on social commitment. To this end, Goal 5 concentrates on our ESG impacts on the supply chain and the communities where we operate. The goal is to ensure inclusive and sustainable economic growth, leaving no one behind, aligned with the transformative promise of the SDGs and the CF2 Prosperity Pillar.

Material Matters:

- M11** Supporting Local Businesses
- M12** Corporate Responsibility

Key Risks:

- R3** Strategic Risk
- R4** Customer, Product and Services Risk
- R5** Environmental Sustainability Risk
- R8** Climate Risk
- R9** People Risk

SDGs:



MALAYSIA-UNITED NATION COOPERATION FRAMEWORK



PILLAR 3 PROSPERITY

SPA 3: Inclusive and Sustainable Economic Growth

By 2025, Malaysia is making meaningful progress towards an economy that is inclusive, innovative and sustainable across all income groups and productive sectors.

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

M11 SUPPORTING LOCAL BUSINESSES

Local businesses represent the backbone of every regional economy. They increase employment, stimulate innovation, and keep communities vibrant. With this objective in mind, we advance Goal 5 by improving the lives of our communities and suppliers. By supporting local industries through various programmes that upskill local vendors and suppliers, we increase their business opportunities and create resilient jobs. Whilst supporting local businesses, we contribute to the advancement of the community in health, education, and welfare matters, amongst other things.

LOCAL PURCHASING

Our commitment is to prioritise local vendors whenever possible. However, we engage the services of foreign suppliers in some cases, given that certain materials are locally unavailable.

Proportion of spending on local suppliers			
	FY2022	FY2023	FY2024
Total amount of spending on all suppliers (RM)	2,699,607,835	1,983,075,500	2,618,110,206
Total amount spent on local suppliers (RM)	1,881,043,307	1,590,921,162	2,087,753,505
Proportion of spending on local suppliers (%)	70.00	80.00	80.00

VENDOR DEVELOPMENT PROGRAMME (VDP)

Our VDP aims to assist in the Ministry of Health's (MOH) agenda to improve the pharmaceutical industry in Malaysia by helping vendors build their capabilities and skills to secure public grants for initiatives such as manufacturing innovative local equipment. Pharmaniaga aspires for local vendors to acquire the knowledge and competence to compete with foreign counterparts regarding services and product offerings. To this end, we have implemented initiatives to upskill our homegrown suppliers, hoping to boost their business opportunities even further.



SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

The VDP strategically supports Bumiputera pharmaceutical manufacturers through two key initiatives:

- ▶ Skim Anak Angkat (SAA) – A mentorship-based programme to develop and nurture Bumiputera vendors.
- ▶ Skim Panel Pembuat Bumiputera (SPPB) – A panel system to ensure priority procurement from qualified Bumiputera manufacturers.

Two of our vendors secured a grant under the VDP programme in FY 2024, as shown below.

Project Title		
	Modernisation & Development of Premium Antimicrobial Foley Catheter	The Project of Medical Device Products to Innovate, Improve, Design to reduce Moulding Defects
Application Date	February 2024	March 2024
Awarded Date	November 2024	November 2024

SUPPLIER ENVIRONMENTAL AND SOCIAL ACCOUNTABILITY

External factors also affect our efforts towards sustainability. As sustainability issues and regulatory frameworks continue to evolve, so do our environmental and social considerations in the supply chain. Thus, we have created a set of environmental and social best practices that our supply chain must adhere to, develop, and maintain. These standards measure performance, mitigate risk, and increase transparency.

All our suppliers must abide by the Group's social and environmental policies, especially our zero-tolerance for child labour, modern slavery and compulsory labour. Our supply chain must also comply with all relevant immigration laws in recruiting foreign labour and our human rights commitments in Goal 4 (Safeguarding Human Rights). Our purchasing department is vigilant in monitoring human rights violations in our supply chain. All of these are included in our suppliers' vetting.

Supplier Assessments		
	2023	2024
Total number of new suppliers	116	101
Number of new suppliers assessed using environmental criteria	116	101
Number of new suppliers assessed using social criteria	116	101
% of suppliers screened for environmental criteria	100	100
% of suppliers screened for social criteria	100	100

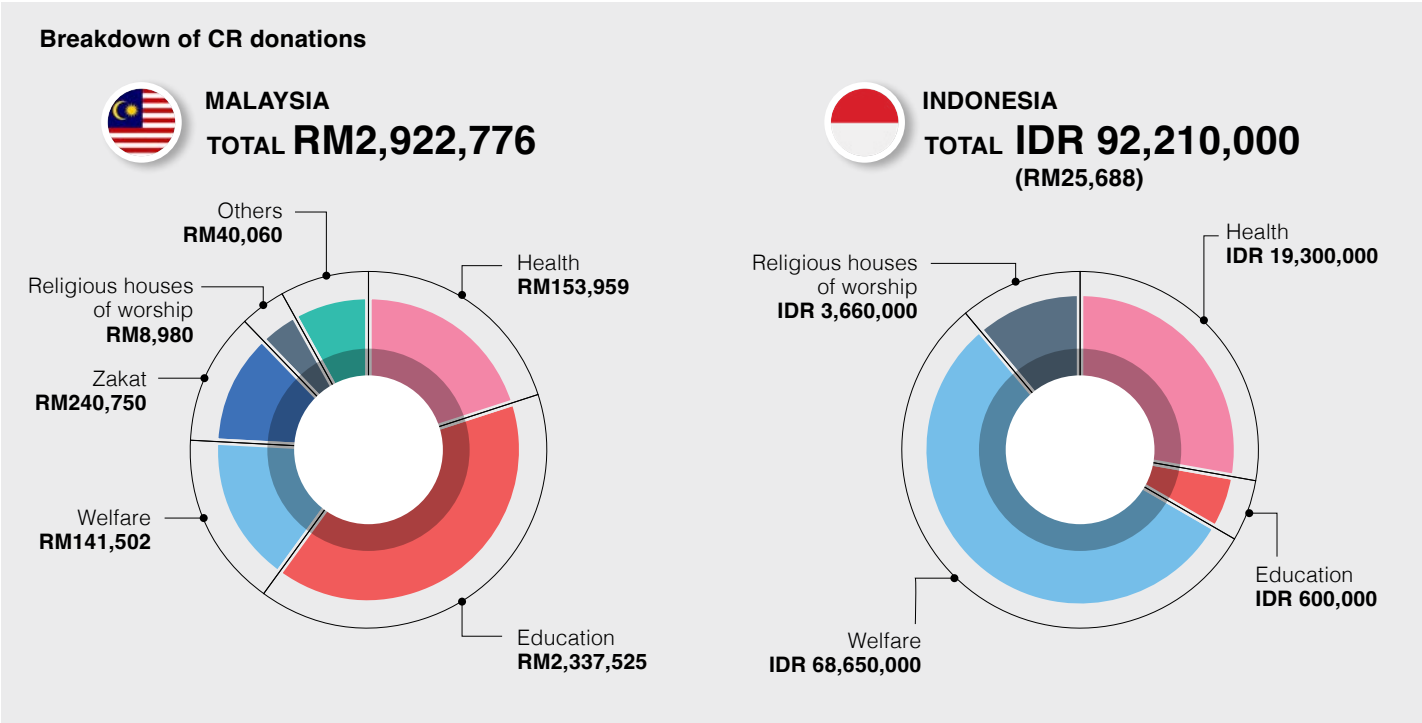
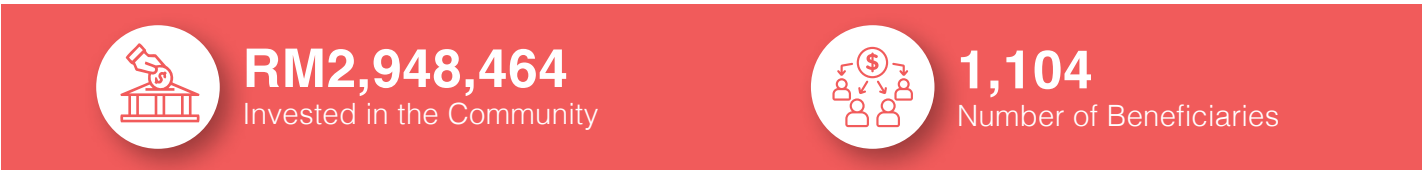
SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

M12 Corporate Responsibility

Pharmaniaga considers the whole community, the local employees and businesses, the local Government and civil societies as our partners in building a resilient community. We have finalised a Donation Policy to provide a framework for donations and sponsorships. The policy reflects our commitment to good corporate governance in ethically doing corporate responsibility initiatives, including no donations to any political parties.

Our main pillars are to advance the community’s health, welfare, education, and zakat. We have also catered to other areas, such as urgent community concerns. We have partnered with various organisations to advance our community agenda. The breakdown of our corporate responsibility initiatives for both Malaysia and Indonesia operations for the year under review are as follows:



SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024



Blood donation drive



Orphanage visit by MPI



Internship programme: Protege Yayasan Lembaga Tabung Angkatan Tentera (LTAT)



Basic health check lead by SOS at Camp Mahkota Kluang in collaboration with LTAT



Donation to underprivileged blind children Yakenutis (Yayasan Kesejahteraan Tuna Netra Islam)



Pharmaniaga donates Vitamin C to Hospital Kuala Lumpur under the Hero Ramadhan initiative

EMPLOYEE VOLUNTEERING INITIATIVE

Employee volunteering helps boost employees' happiness levels and sense of purpose making them more engaged at work and building connections with their work community. Pharmaniaga has formed the Skuad Operasi Sihat (SOS) volunteer team to encourage a volunteering spirit, whose main objectives are to raise public health awareness and conduct CR programmes. The SOS team members represent various levels within the organisation at all sites across Malaysia. In the previous year, volunteering activities were focused on tree planting activities. In 2024, 114 employees volunteered in various activities such as health visiting homes, orphanages, and community clean-up programmes.

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

INTERSHIP PROGRAMME

The Group internship programme offers work experience to fresh graduates from various fields and those aligned with the health sector. The Professional Training and Education for Graduating Entrepreneurs (PROTEGE) is meant for multiple fields of education, whereas the internship for Provisionally Registered Pharmacists is meant to build a pipeline for the health industry.

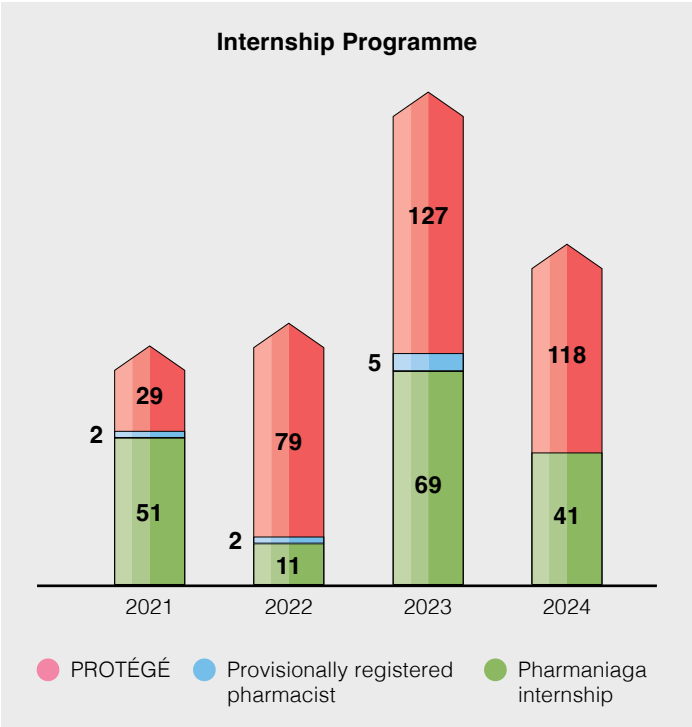
CHILDREN’S RIGHTS TO GOOD HEALTH

It is our policy to protect children from exploitation through any form of work that interferes with their growth and development. We accomplish this through our core business activities, strategic social investments and philanthropy, advocacy, and partnership with peers in the health sector. In collaboration with our peers, we are in the R&D stage to develop a 6 in 1 combination vaccine (Hexavalent) for childhood immunisation. The Group’s investment and venture into the biopharmaceutical segment will facilitate the Government’s National Immunisation Programme (NIP).

We are steadfast in our commitment to fighting child labour and have put our efforts into protecting children’s rights to good health and education through the upkeep of orphanages, pharmaceutical product donations to orphanages, and school sponsorships.



Wellness Contribution for RuKTAA Children



OUR CHALLENGES

Creating a more equitable and sustainable society requires addressing complex challenges such as income inequality, environmental degradation, and social well-being. To maximise our impact within our operational contexts, the Group must strategically prioritise resource allocation, focusing on initiatives that align with our core business capabilities.

OUTLOOK

Rooted in Goal 5 and its related material priorities, the Group envisions a future where our supply chain and communities thrive. We will continue to invest in empowerment programmes, fostering collaborative ecosystems that expand supplier capabilities and equip individuals with the resources to pursue their dreams and drive meaningful progress.

TCFD ALIGNED DISCLOSURES

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

At Pharmaniaga, we recognise the necessity of adapting to climate change. We are currently stepping up our climate action to implement more robust measures. For the year under review, we are transitioning from Task Force on Climate-related Financial Disclosures (TCFD) to International Financial Reporting Standards (IFRS), International Sustainability Standards Board (ISSB)/ S1&S2, and to comply with the National Sustainability Reporting Framework (NSRF). Our first step in preparing to mitigate climate-related risks was to conduct a climate risk assessment to identify the potential climate hazards at all our premises and their impact on our operations.

The disclosure below shows our initial actions and disclosure following the S1 and S2 guidelines. As we move forward, we will further develop our climate actions and deepen our mitigation measures.

1 GOVERNANCE	2 STRATEGY
<p>The Group has established clear structures, processes and roles to ensure that our climate commitments are relevant. The Board of Directors (the Board) is primarily responsible in providing oversight function and strategic direction for the Group's sustainability initiatives and programmes, approves sustainability targets and monitors its progress. The Board through Board Sustainability Committee (BSC), continuously enhance sustainability initiatives and programmes including the management of climate related risks. Decisions are approved at the Board level before cascaded down to the Sustainability Management Committee (SMC) for monitoring, Sustainability Working Group (SWG) for implementation as well as Sustainability Department for coordination.</p> <p><i>For more information on our sustainability governance structure, please refer to our approach to sustainability governance section on pages 75 to 76.</i></p>	<p>The Group recognised the risk related to climate change and therefore it is tracked as one of the Group's Corporate Risk and subjected to regular review and update to the Risk Management Committee (RMC), Board Risk Investment and Committee (BRIC) and the Board on quarterly basis. The Group embraces its roles to address climate change as a producer and distributor of pharmaceuticals products, assets owner and responsible business. This commitment is evident in our formulation and implementation of sustainability initiatives and programmes, track and monitors the sustainability targets as well as assessment on climate related hazards at our premises.</p>

We are stepping up our climate action to implement more robust measures to identify the climate risks and opportunities that will impact our business in the long term. Please refer below on our 2-pronged approach on climate risk.



TCFD ALIGNED DISCLOSURES

CLIMATE RISKS AND OPPORTUNITIES

Climate risks are an important topic for our internal and external stakeholders, and classified into two categories; transition and physical risks.

TRANSITION RISKS AND OPPORTUNITIES

The potential financial and operational challenges that businesses face as the world shifts towards a more sustainable, low-carbon economy.

Potential Risks	Challenges	Opportunities
<p>Policy and Regulation</p> <p>More stringent environmental emissions can make it more expensive for businesses to sustain.</p>	<p>Stricter Regulations: Stricter laws and regulations can increase compliance costs.</p> <p>Compliance Failure: Non-compliance can lead to fines, lawsuits and shutdowns.</p>	<p>Sustainability Reporting Requirement: Good, transparent reporting can enhance the Group's reputation.</p> <p>Tax Incentives: Receive tax breaks through eco-friendly purchasing.</p>
<p>Market Shift</p> <p>The Group must adapt when consumers demand green products, which could increase cost.</p>	<p>Consumer Expectations: Consumers' growing environmental consciousness necessitates increased transparency and sustainability, which presents a substantial operational burden.</p> <p>Market Competition: Market saturation in the green sector can make it more challenging to be noticed and compete.</p>	<p>Green Finance: Take advantage of green financing to help fund eco-friendly projects.</p> <p>Carbon Markets: The Group can trade carbon to reduce emissions or create new revenue streams.</p>
<p>Technology Advancement</p> <p>New green technologies can make current ones outdated, leading to more technology investments.</p>	<p>Regulatory Pressures: Stricter law and regulations will require investments in cleaner technologies and raise costs.</p> <p>Technological Adaptation: Staying updated with the latest eco-friendly technology can be challenging and costly.</p>	<p>Green Investment Tax Allowance (GITA)</p> <p>GITA Asset: Provides green technology purchase tax breaks.</p> <p>GITA Project: Provides green technology project tax breaks.</p>
<p>Reputation & Legal</p> <p>Ignorance and failure to comply with the new environmental rules may tarnish the Group's image and cause legal implications.</p>	<p>Managing Public Perception and Trust: It is crucial to identify and check risks that could bring negative attention to the Group.</p>	<p>Community Engagement: Collaboration with the local communities and NGOs can strengthen the Group's reputation.</p>

TCFD ALIGNED DISCLOSURES

PHYSICAL RISKS AND OPPORTUNITIES

The physical risks are the controls in place across the business that build resilience against the impacts of physical climate risks. Due to the nature of our business, these risks are centred around potential damage to our infrastructure and disruption to services. The diagram below maps our physical risk in Malaysia and Indonesia operations. Addressing these risks requires a coordinated effort from the Government, private sector, and communities to build resilience and ensure sustainable development.







Physical Risks	Challenges	Opportunities
Country Profile: Flood/Drought/Global Temperature Rising/Sea-level <i>(Asian Development Bank, 2021)</i>		
<p>▶ Actual events in Malaysia</p> <p>Flood/Fallen Tree/Landslide-Sinkhole/ Rising Sea Level/Rising Temperature/ Strong Wind</p> <p>Flooding and rising sea levels pose significant risks to product distribution, potentially cutting off access routes. If not addressed promptly, these issues could erode stakeholders' trust. This risk is particularly acute in areas with limited routes and a heavy reliance on water transport.</p>	<ul style="list-style-type: none"> • Disruption of raw material supply • Destruction of assets • Interruption in the distribution of products and services • Health and safety of employees • Increases in temperatures lead to a rise in energy consumption 	<ul style="list-style-type: none"> • Innovation in Drug Development: Pharmaceutical companies can improve medicines and therapies to treat new illnesses related to climate change. • Market Expansion: Pharmaceutical companies can create opportunities to expand their reach to areas affected by climate-related health issues. • Implementation of Sustainability Initiatives: Sustainability offers the opportunity to change for the better, helps us comply with new requirements, and attracts new investors. • Enhancing Supply Chain Resilience: This presents an opportunity for Pharmaniaga to invest in disaster-resistant infrastructure and diversified logistics. <p>Strengthening warehouses, optimising delivery routes, and integrating risk-mitigation technologies demonstrate the Group's dependability as a pharmaceutical provider, particularly during crises.</p>
<p>▶ Actual events in Indonesia</p> <p>Flood-Tsunami/Drought-Wildfire/ Landslide/Rising Sea Level/Earthquake- Tremors/Strong Wind</p> <p>Indonesia is highly prone to natural calamities, and such hazards pose significant risks to transportation. They could potentially cause structural damage to our facilities, delivery delays, and higher operational costs.</p>		

TCFD ALIGNED DISCLOSURES

ADAPTATION PLANS

The Group's cold, warm, and hot strategy represents our readiness and resiliency in response to both current and future climate related hazards. These strategies will be progressively implemented in response to the specific challenges faced by key division according to the key impact indicator.

Business Continuity (BC) Strategies

Key Impact Indicator	(Standby)	(Replication)	(Diversification)
	Cold Strategy	Warm Strategy	Hot Strategy
 Employee Business disruption due to loss of/inadequate crucial workforce.	Employee in another location that have been trained to do the same activity, but are not yet experienced and will require guidance.	Employee in another location that are experienced and able to undertake the same activity, but not yet doing so.	Employee in separate locations that are concurrently undertaking the same activity.
 Work Area Business disruption due to loss of access to crucial work area.	Separate premises that have some of the facilities required to undertake an activity, but additional facilities will be required before the activity can be undertaken.	Separate premises that have all facilities required to undertake an activity, but it is not currently being used.	Separate premises where the same activity occurs in parallel.
 Raw Material Business disruption due to loss of/lack of essential supply.	Replacement items held in a separate location that could be used with modification.	Duplicated items held in a separate location that is not currently being used.	Duplicated items held in separate locations with stock being supplied from both locations.
 System Business disruption due to loss of critical system.	An operational copy of the system held in a separate location and a backup of its data that needs to be loaded and tested with manual switching to be made live.	An operational copy of a system and its data held in a separate location that is periodically synchronised with the live version and needs switching to be made live.	Two copies of a system and its data in separate locations that are kept synchronised and live.
 Asset Business disruption due to loss of crucial asset/technology.	Replacement equipment held in a separate location that needs to be made operational.	An exact non-operational copy of the equipment held in a separate location that can be rapidly made live.	Duplicated operational equipment held in a separate location, with an automatic transfer from one to the other.
 Distribution Business disruption due to loss of primary distribution routes.	Pre-plan multiple alternative routes.	Diversify transportation modes by using a mix of road, rail, and air transport.	Maintain buffer stock at satellite office/warehouse to handle delays.

TCFD ALIGNED DISCLOSURES

3

RISK MANAGEMENT

In 2024, the Board approved the revision of Enterprise Risk Management (ERM) Framework which amongst other the inclusion of climate change as part of our external risk category. In addition, risk related to climate change is recognised in the Corporate Risk Register and monitored on quarterly basis to ensure effective implementation of sustainability initiatives and programmes and tracked the sustainability targets.

Our Risk Management team also conducted climate risk assessment for the year under review, involving all subsidiaries in Malaysia and Indonesia operations to identify the likelihood of future climate hazards and their potential impacts to the Group operations. The climate risk assessment involves the following processes:

Climate Risk Assessment Process

STEP
1

Conduct climate risk workshop

STEP
2

Identify climate hazards at its premises

STEP
3

Evaluate the likelihood and severity of impact when the climate hazard occurs

STEP
4

Determine the business continuity strategy

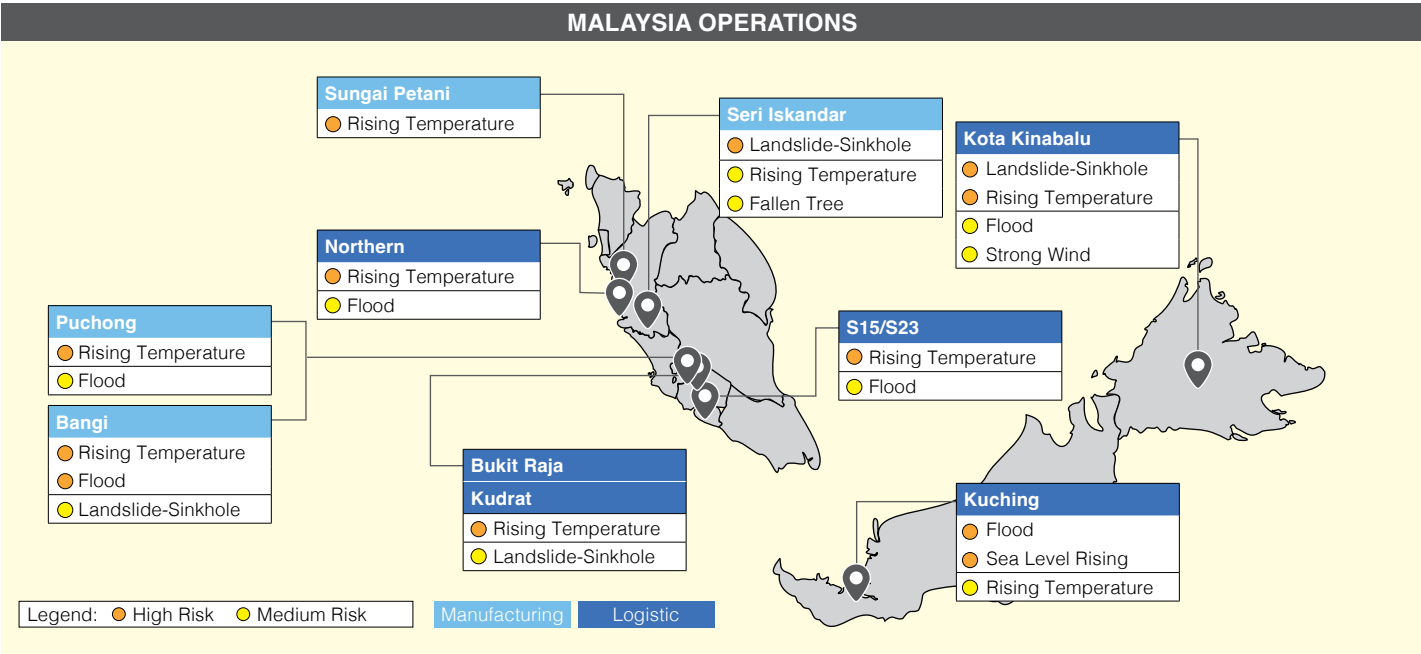
STEP
5

Report preparation and sign off

TCFD ALIGNED DISCLOSURES

Based on the assessment, we noticed slightly different climate scenarios between Malaysia and Indonesia operations mainly due to different geographical locations. The identified climate scenarios are as follows:







 Malaysia Operations	1. Flood
	2. Fallen tree
	3. Landslide-Sinkhole
	4. Rising sea level
	5. Rising temperature
	6. Strong wind
 Indonesia Operations	1. Flood-Tsunami
	2. Drought-Wildfire
	3. Landslide-Sinkhole
	4. Rising sea level
	5. Earthquake-Tremors
	6. Strong wind



TCFD ALIGNED DISCLOSURES

Due to climate change, extreme weather events such as floods are becoming more common in Malaysia, while earthquakes, tremors, strong winds, and tropical storms pose significant risks in Indonesia. These hazards threaten manufacturing plants, and transportation, warehouses and distribution centres, potentially causing structural damage, delivery delays, and increased operational costs.

The Group has identified six (6) key impact indicators based on the climate risk assessment, as follows:

No.	Indicators	Descriptions
1	 Employee	Business operations can be significantly impacted by the absence of key personnel due to natural disasters or the effects of extreme weather event. For instance, there might be a rise in absenteeism caused by health problems or injuries.
2	 Work Area	Warehouse, manufacturing plants, office premise and research & development (R&D) facilities may be at risk due to natural disasters or the effects of extreme weather event, and infrastructure damage that could prolong operational downtime.
3	 Raw Material	Natural disasters or the effects of extreme weather event can disrupt the supply of raw materials and delay production and distribution, leading to supply chain bottlenecks. Whereas, climate-induced migration and resource scarcity can lead to geopolitical tensions, affecting global supply chains.
4	 System	Business operations can be impacted when critical systems infrastructure are disrupted due to natural disasters or the effects of extreme weather event. For example, flood submerges data centers leading to the loss of application systems, databases, and network connectivity.
5	 Asset	Natural disasters or the effects of extreme weather event can cause significant damage to facilities and equipment, leading to long-term disruptions.
6	 Distribution	Natural disasters or the effects of extreme weather event can disrupt transportation routes, leading to the delays in distribution time, inability to supply and higher fuel consumption.

TCFD ALIGNED DISCLOSURES

Based on the climate scenario, we have listed probable events and threats that could impact our business and operations. Such scenarios can have significant consequences for the Group, potentially leading to operational disruption, financial loss, reputational damage, and a loss of stakeholders' trust, as shown below.

OPERATIONAL DISRUPTION

Extreme weather events can disrupt day-to-day operations by damaging infrastructure and production facilities. Climate change can affect the availability of raw materials and the efficiency of transportation networks. These can halt production and cause significant downtime, which can lead to delays and penalty imposition.

REPUTATIONAL DAMAGE

Companies that fail to address or mitigate their environmental impact may be perceived as irresponsible or negligent. This can tarnish a brand's reputation, especially among customers and financial institutions that prioritise sustainability. A company involved in environmental destruction or seen as contributing to climate change can face backlash from stakeholders.

FINANCIAL LOSS

Climate-related events can cause direct financial loss by damaging assets and halting operations, thereby increasing operational costs. The Group may also experience increased insurance premiums or find it harder to secure insurance if premises classified as high climate risk areas. Additionally, prolonged extreme heat would increase energy costs to maintain the required temperature.

Investors may be unwilling to invest in companies exposed to high climate risks, which could affect the Group's ability to raise capital. In addition, the Government may impose stricter environmental regulations through carbon tax on carbon-intensive companies.

LOSS OF STAKEHOLDERS' TRUST

If a company is unable to effectively manage climate risks or causes environmental harm, customers may lose trust in the brand. Investors are becoming more discerning about climate-related risks and if a company fails or takes insufficient action to mitigate them, investors might pull their funds or choose not to invest.

BCM ROLES

BCM plays a crucial role in the climate risk assessment by helping the Group prepare for and respond to climate-related disruptions. Some of the BCM contributions are:



Identify climate related hazards such as extreme weather events, rising sea levels, and temperature fluctuations. This helps the Company to understand specific climate risk they potentially may face.



Conduct Business Impact Analysis (BIA) to assess potential impact of climate related disruptions on critical business functions. This analysis helps prioritise resources and develop strategies to mitigate these impacts.



Develop BC strategies to address climate risks. This can include measures like relocating facilities, investing in resilient infrastructure, and diversifying supply chains to reduce vulnerability.



Continuous monitoring on climate related hazards and regular reviews of the BCM plan to ensure it remains relevant and effective. This helps organisations stay alert on evolving climate conditions and emerging risks.

By integrating climate risk assessment into BCM, the Group can better anticipate, prepare for, and respond to climate related disruptions, ensuring business continuity and long-term sustainability.

PERFORMANCE DATA TABLE

(ESG REPORTING PLATFORM)

As a Listed Issuer, Pharmaniaga is required to provide mandatory ESG disclosures as part of the Main Market Listing Requirements, in line with the enhanced Sustainability Reporting Guide, 3rd Edition. The following performance data table, downloaded from the ESG Reporting Platform, summarises indicators that are pertinent to our Material Matters. Please refer to Goal 3 for water indicators for which no data is provided. For more detailed disclosure regarding Pharmaniaga's sustainability performance table, refer to the website <http://pharmaniaga.com/sustainability>.

Indicator	Measurement Unit	2020	2021	2022	2023	2024
Bursa (Anti-corruption)						
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category						
Senior Management	Percentage	-	10.50	15.90	20.80	86.00
Middle Management	Percentage	-	15.10	13.00	36.90	93.00
Executive/Non-executive	Percentage	-	32.60	39.10	48.00	90.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	9.00 *	18.00 *	63.00 *	85.00 *	87.00
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	8,800,000.00 *	7,500,000.00	3,100,000.00	3,628,683.62 *	2,948,464.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	-	224 *	4,150 *	1,104
Employee participated in community impact programmes	Number	-	-	-	220	114
Bursa (Diversity)						
Bursa C3(a) Percentage of employees by gender and age group, for each employee category						
Age Group by Employee Category						
Senior Management Under 30	Percentage	-	-	-	0.00	0.00
Senior Management Between 30-50	Percentage	-	-	-	0.97	1.04
Senior Management Above 50	Percentage	-	-	-	0.68	0.66
Middle Management Under 30	Percentage	-	-	-	0.06	0.12
Middle Management Between 30-50	Percentage	-	-	-	3.82	3.89
Middle Management Above 50	Percentage	-	-	-	1.20	1.18
Executive Under 30	Percentage	-	-	-	6.75	6.48
Executive Between 30-50	Percentage	-	-	-	14.61	15.50
Executive Above 50	Percentage	-	-	-	1.85	2.07
Non-Executive Under 30	Percentage	-	-	-	18.97	18.36
Non-Executive Between 30-50	Percentage	-	-	-	45.94	45.73
Non-Executive Above 50	Percentage	-	-	-	5.16	4.96
Gender Group by Employee Category						
Senior Management Male	Percentage	-	-	-	1.22	1.33
Senior Management Female	Percentage	-	-	-	0.43	0.37
Middle Management Male	Percentage	-	-	-	3.30	3.49
Middle Management Female	Percentage	-	-	-	1.77	1.70

Internal assurance

External assurance

No assurance

(*)Restated

PERFORMANCE DATA TABLE

(ESG REPORTING PLATFORM)

Indicator	Measurement Unit	2020	2021	2022	2023	2024
Executive Male	Percentage	-	-	-	8.69	8.96
Executive Female	Percentage	-	-	-	14.53	15.10
Non-Executive Male	Percentage	-	-	-	47.34	47.09
Non-Executive Female	Percentage	-	-	-	22.73	21.96
Bursa C3(b) Percentage of directors by gender and age group						
Male	Percentage	62.71 *	88.90	71.43 *	77.78 *	72.00
Female	Percentage	37.29 *	11.10	28.57 *	22.22 *	27.00
35 to 39	Percentage	No Data Provided	0.00	0.00	0.00 *	0.00
40-50	Percentage	No Data Provided	44.44 *	28.57 *	44.44 *	27.00
Above 50	Percentage	No Data Provided	55.56 *	71.43 *	55.56 *	72.00
Bursa (Health and safety)						
Bursa C5(a) Number of work-related fatalities	Number	0	0	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.31 *	0.42	0.59	0.31	0.35
Bursa C5(c) Number of employees trained on health and safety standards	Number	-	No Data Provided	504 *	937 *	1,669
Total hours worked	Hours	7,166,833 *	4,308,833	4,376,547	7,158,635	6,770,675
Number of lost time injuries	Number	11 *	9 *	13 *	11 *	12
Bursa (Labour practices and standards)						
Bursa C6(a) Total hours of training by employee category						
Senior Management	Hours	982 *	3,094	2,447	1,402	2,659
Middle Management	Hours	2,918 *	38,674	50,242	30,352	7,139
Executive and Non-executive	Hours	55,352 *	51,889	67,662	49,927	88,209
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	-	-	12.44 *	12.13 *	14.50
Bursa C6(c) Total number of employee turnover by employee category						
Senior Management	Number	-	-	-	15	12
Middle Management	Number	-	-	-	43	17
Executive	Number	-	-	-	211	124
Non-Executive	Number	-	-	-	408	366
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0	0	0
Average training hours per employee	Hours	16 *	26	32	23	28
Total new hires	Number	374 *	536	755	409	477
New hire rate	Percentage	10.38 *	14.72	19.98	11.65	13.75
Turnover rate	Percentage	10.27 *	13.70	14.72	19.28	14.96

Internal assurance

External assurance

No assurance

(*)Restated

PERFORMANCE DATA TABLE

(ESG REPORTING PLATFORM)

Indicator	Measurement Unit	2020	2021	2022	2023	2024
Bursa (Supply chain management)						
Bursa C7(a) Proportion of spending on local suppliers	Percentage	82.00 *	43.00	70.00	80.00	80.00
Suppliers assessed for environmental impacts	Number	-	-	-	116	101
Suppliers assessed for social impacts	Number	-	-	-	116	101
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
Customer Satisfaction						
Ministry of Health (MOH)	Percentage	97.00 *	98.00	98.00	97.00	93.00
Ministry of Higher Education (MOHE)	Percentage	96.00 *	96.00	100.00	97.00	97.00
Private Sector	Percentage	94.00 *	94.00	94.00	94.00 *	No Data Provided
Materials management						
Total weight or volume of materials that used to produce and package products and services	Tonnes	-	-	1,047.00	1,069.00	833.14
Bursa (Energy management)						
Bursa C4(a) Total energy consumption	Megawatt	65,650.01 *	65,098.75	63,614.01	66,524.72	46,940.08
Total energy consumption	Gigajoules	236,340.04 *	234,355.49	229,010.43	239,488.99	168,984.29
Bursa (Waste management)						
Bursa C10(a) Total waste generated	Metric tonnes	479.86 *	549.33	1,788.31	1,956.41	1,873.37
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	148.66 *	398.63	1,488.11	1,559.03	1,447.29
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	331.20 *	150.7	300.2	397.38	426.08
Bursa (Emissions management)						
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	6,246.23 *	6,442.14	60,44.76	6,576.49	5,610.63
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	27,259.79 *	25,242.26	25,051.73	29,081.55	30,328.97
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	-	-	-	6,660.77
Bursa (Water)						
Bursa C9(a) Total volume of water used	Megalitres	445.420000 *	423.750000 *	375.450000	288.850000	310.710000
Three years of total water discharge is disclosed by destination-off site water treatment	Milliliters	-	-	-	-	No Data Provided
Water withdrawals/consumption in water stressed regions	Milliliters	-	-	-	-	No Data Provided
Does the company disclose the number of incidents of non-compliance with water quality/quantity permits, standards and regulations	Milliliters	-	-	-	-	No Data Provided
Three years of total water discharge data is disclosed by destination - Ocean	Milliliters	-	-	-	-	No Data Provided
Three years of total water discharge data is disclosed by destination - Surface water	Milliliters	-	-	-	-	No Data Provided
Three years of total water discharge data is disclosed by destination - Off-site water treatment	Milliliters	-	-	-	-	No Data Provided

Internal assurance

External assurance

No assurance

(*)Restated

PERFORMANCE DATA TABLE

(ESG REPORTING PLATFORM)

Indicator	Measurement Unit	2020	2021	2022	2023	2024
Three years of total water discharge data is disclosed by destination - Beneficial / other use	Milliliters	-	-	-	-	No Data Provided
Three years of total water withdrawal data is disclosed by source - Surface water from rivers, lakes, natural ponds	Milliliters	-	-	-	-	No Data Provided
Three years of total water withdrawal data is disclosed by source - Groundwater from wells, boreholes	Milliliters	-	-	-	-	No Data Provided
Three years of total water withdrawal data is disclosed by source - Used quarry water collected in the quarry	Milliliters	-	-	-	-	No Data Provided
Three years of total water withdrawal data is disclosed by source - Municipal potable water	Milliliters	-	-	-	-	No Data Provided
Three years of total water withdrawal data is disclosed by source - External wastewater	Milliliters	-	-	-	-	No Data Provided
Three years of total water withdrawal data is disclosed by source - Harvested rainwater	Milliliters	-	-	-	-	No Data Provided
Three years of total water withdrawal data is disclosed by source - Sea water, water extracted from the sea or the ocean	Milliliters	-	-	-	-	No Data Provided
Three years of total water withdrawal data is disclosed by source - Total	Milliliters	-	-	-	-	No Data Provided

Internal assurance

External assurance

No assurance

(*)Restated

SUSTAINABILITY REPORTING FRAMEWORK

The table below describes the interconnectedness of the ESG frameworks that we utilised in this report. These principles-based frameworks are standardised tools that enable us to present information in a structured form and correlate the various indicators to our Goals and regulatory requirements.

NO.	COMMON INDICATORS	SUB-INDICATORS	BURSA INDICATOR	GRI INDICATOR	FTSE INDICATOR/ SASB	PHARMANIAGA FOCUS AREA
1.	Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category	C1 (a)	205-2: Communication and training about anti-corruption policies and procedures	GAC: Anti-Corruption Theme	Goal 2 : Acting with Integrity
		Percentage of operations assessed for corruption-related risks	C1 (b)	GRI 205-1: Operations assessed for risks related to corruption	GAC: Anti-Corruption Theme	
		Confirmed incidents of corruption & action taken	C1 (c)	205-3: Confirmed incidents of corruption and actions taken	GAC: Anti-Corruption Theme/ 510: Business Ethics	
2.	Community/ Society	Total amount invested in the community	C2 (a)	201-1: Direct economic value generated and distributed	SHR: Human Rights & Community Team	Goal 5 : Building a Better Society
		Total number of beneficiaries	C2 (b)	201-1: Direct economic value generated and distributed		
3.	Diversity	Percentage of employees by gender and age group for each employee category	C3 (a)	405-1 : Diversity of governance bodies and employees 405-2 : Ratio of basic salary and remuneration of women to men	SLS: Labor Standards Theme	Goal 4 : Creating a Sustainable and High-Performance Workforce
		Percentage of directors by gender and age group	C3 (b)	405-1 : Diversity of governance bodies and employees	SLS: Labor Standards Theme	
4.	Energy Management	Total energy consumption	C4 (a)	302-1: Energy consumption within the organization	ECC: Climate Change Theme/ 130: Energy Management	Goal 3 : Achieving Operational Eco-Efficiency
5.	Health & Safety	Number of work-related fatalities	C5 (a)	403-9: Work-related injuries	SHS: Health & Safety Theme/ 320: Workforce Health & Safety	Goal 4 : Creating a Sustainable and High-Performance Workforce
		Lost time incident rate (LTIR)	C5 (b)	403-9: Work-related injuries	SHS: Health & Safety Theme/ 320: Workforce Health & Safety	

SUSTAINABILITY REPORTING FRAMEWORK

NO.	COMMON INDICATORS	SUB-INDICATORS	BURSA INDICATOR	GRI INDICATOR	FTSE INDICATOR/ SASB	PHARMANIAGA FOCUS AREA
5.	Health & Safety (Cont'd)	Number of employees trained on health & safety standards <i>(External Training only)</i>	C5 (c)	403-5: Worker training on Occupational Health and Safety 404-1: Average hours of training per employee	SLS: Labor Standards Theme	Goal 4 : Creating a Sustainable and High-Performance Workforce
6.	Labour Practices & Standards	Total hours of training by employee category	C6 (a)	404: Training and Education	SLS: Labor Standards Theme	Goal 4 : Creating a Sustainable and High-Performance Workforce
		Percentage of employees that are contractors or temporary staff	C6 (b)	401: Employment	SLS: Labor Standards Theme	
		Total number of employee turnover by employee category	C6 (c)	401-1: New Employee hires and employee turnover	SLS: Labor Standards Theme	
		Number of substantiated complaints concerning human rights violations	C6 (d)		SHR: Human Rights & Community Team	
7.	Supply Chain	Proportion of spending on local suppliers	C7 (a)	204-1: Proportion of spending on local suppliers	SHR: Human Rights & Community Team	Goal 5 : Building a Better Society
8.	Data Privacy/ Security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	C8 (a)	418-1: Substantiated complaints concerning breaches of customer privacy and loss of customer data	230: Data Security	Goal 1 : Delivering Sustainable Value and Future-Proofing Business
9.	Water	Total volume of water used	C9 (a)	303-3: Water withdrawal 303-4: Water discharge 303-5: Water Consumption	EWT: Water Security Theme/ 140: Water management	Goal 3 : Achieving Operational Eco-Efficiency
10.	Waste Management	Total waste generated and a breakdown of the following:	C10 (a)	306-3: Waste generated	EPR: Pollution and resources themed	Goal 3 : Achieving Operational Eco-Efficiency
		(i) total waste diverted from disposal		306-4: Waste diverted from disposal	EPR: Pollution and resources themed	
		(ii) total waste directed to disposal		306-5: Waste directed to disposal		

SUSTAINABILITY REPORTING FRAMEWORK

NO.	COMMON INDICATORS	SUB-INDICATORS	BURSA INDICATOR	GRI INDICATOR	FTSE INDICATOR/ SASB	PHARMANIAGA FOCUS AREA
11.	Emissions Management	Scope 1 emissions in tonnes of CO ₂ e	C11 (a)	305-1: Direct (Scope 1) GHG Emissions 302-1: Energy Consumption within the organization	ECC: Climate Change Theme/ 110: Greenhouse Gas Emissions	Goal 3 : Achieving Operational Eco-Efficiency
		Scope 2 emissions in tonnes of CO ₂ e	C11 (b)	305-2: Energy indirect (Scope 2) GHG Emissions 302-1: Energy Consumption within the organization	ECC: Climate Change Theme/ 130: Energy Management	
		Scope 3 emissions in tonnes of CO ₂ e Business travel and employee commuting	C11 (c)	305-3: Other Indirect (Scope 3) GHG emissions	ECC: Climate Change Theme/ 410: Product Design & Lifecycle management 430: Supply Chain Management 440: Materials sourcing and efficiency	
SECTOR INDICATORS						
1.	Emissions - Air Quality/ Pollution	Air Emissions include pollutants that have negative impats on air quality ecosystems, and human and animal health.	S4 (a)	305-7: Nitrogen oxides (Nox), sulphur oxides (SOx), and other significant emissions		Goal 3 : Achieving Operational Eco-Efficiency
2.	Materials	Total weight or volume of materials that are used to produce and package products and services	S5 (a)	301-1: Materials used by weight or volume	EPR: Pollution and resources themed	
3.	Effluents	Total volume of water (effulent) discharged over the reporting period	S8 (a)	303-2: Management of water discharge-related impacts 303-4: Water discharge		

GRI CONTENT INDEX

Statement of use	Pharmaniaga has reported the information cited in this GRI content index for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	Page Reference
GRI 2: General Disclosures 2021	2-1 Organizational details	4 - 7
	2-2 Entities included in the organization's sustainability reporting	2
	2-3 Reporting period, frequency and contact point	2, 72
	2-4 Restatements of information	133-136
	2-5 External assurance	144-146
	2-6 Activities, value chain and other business relationships	34-35
	2-7 Employees	114-115, (*)
	2-8 Workers who are not employees	134, (*)
	2-9 Governance structure and composition	171
	2-10 Nomination and selection of the highest governance body	171-173
	2-11 Chair of the highest governance body	146
	2-12 Role of the highest governance body in overseeing the management of impacts	75,171
	2-13 Delegation of responsibility for managing impacts	75,171
	2-14 Role of the highest governance body in sustainability reporting	75,171
	2-15 Conflicts of interest	171-173
	2-16 Communication of critical concerns	164
	2-17 Collective knowledge of the highest governance body	148-154
	2-18 Evaluation of the performance of the highest governance body	174, https://pharmaniaga.com/investor-relations-2/corporate-governance-2/
	2-19 Remuneration policies	https://pharmaniaga.com/investor-relations-2/corporate-governance-2/
	2-20 Process to determine remuneration	https://pharmaniaga.com/investor-relations-2/corporate-governance-2/
	2-21 Annual total compensation ratio	174
	2-22 Statement on sustainable development strategy	74
	2-23 Policy commitments	91
	2-24 Embedding policy commitments	91
	2-25 Processes to remediate negative impacts	38
	2-26 Mechanisms for seeking advice and raising concerns	164
	2-27 Compliance with laws and regulations	90-91
	2-28 Membership associations	88
	2-29 Approach to stakeholder engagement	36-37
	2-30 Collective bargaining agreements	114
GRI 3: Material Topics 2021	3-1 Process to determine material topics	38
	3-2 List of material topics	39
	3-3 Management of material topics	80-124
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	86
	201-2 Financial implications and other risks and opportunities due to climate change	125-132
	201-3 Defined benefit plan obligations and other retirement plans	N/A
	201-4 Financial assistance received from Government	24,42
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	113
	202-2 Proportion of senior management hired from the local community	114, 115
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	120,121
	203-2 Significant indirect economic impacts	86,120

Note (*): Please refer to website <https://pharmaniaga.com/sustainability/> for detailed disclosures regarding Pharmaniaga's sustainability performance.

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	Page Reference
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	120
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	92,95, (*)
	205-2 Communication and training about anti-corruption policies and procedures	94, (*)
	205-3 Confirmed incidents of corruption and actions taken	95, (*)
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	N/A
GRI 207: Tax 2019	207-1 Approach to tax	N/A
	207-2 Tax governance, control, and risk management	N/A
	207-3 Stakeholder engagement and management of concerns related to tax	N/A
	207-4 Country-by-country reporting	49
GRI 301: Materials 2016	301-1 Materials used by weight or volume	135
	301-2 Recycled input materials used	100
	301-3 Reclaimed products and their packaging materials	100-101
GRI 302: Energy 2016	302-1 Energy consumption within the organization	104,135
	302-2 Energy consumption outside of the organization	N/A
	302-3 Energy intensity	105, (*)
	302-4 Reduction of energy consumption	104-105, (*)
	302-5 Reductions in energy requirements of products and services	N/A
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	102
	303-2 Management of water discharge-related impacts	103
	303-3 Water withdrawal	103,135, (*)
	303-4 Water discharge	103,135, (*)
	303-5 Water consumption	103,135, (*)
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A
	304-2 Significant impacts of activities, products and services on biodiversity	N/A
	304-3 Habitats protected or restored	N/A
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	104,135, (*)
	305-2 Energy indirect (Scope 2) GHG emissions	104,135, (*)
	305-3 Other indirect (Scope 3) GHG emissions	104,135, (*)
	305-4 GHG emissions intensity	104-108, (*)
	305-5 Reduction of GHG emissions	104-108, (*)
	305-6 Emissions of ozone-depleting substances (ODS)	N/A
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	N/A
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	100-101, (*)
	306-2 Management of significant waste-related impacts	100-101, (*)
	306-3 Waste generated	100-101, (*)
	306-4 Waste diverted from disposal	101, (*)
	306-5 Waste directed to disposal	101, (*)
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	121, 135
	308-2 Negative environmental impacts in the supply chain and actions taken	121,135
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	79,134, (*)
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	113
	401-3 Parental leave	113

Note (*): Please refer to website <https://pharmaniaga.com/sustainability/> for detailed disclosures regarding Pharmaniaga's sustainability performance.

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	Page Reference
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	N/A
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	115
	403-2 Hazard identification, risk assessment, and incident investigation	118
	403-3 Occupational health services	115, 116, 118
	403-4 Worker participation, consultation, and communication on occupational health and safety	115
	403-5 Worker training on occupational health and safety	116-117, 133, (*)
	403-6 Promotion of worker health	115-118
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	115
	403-8 Workers covered by an occupational health and safety management system	115, 187, (*)
	403-9 Work-related injuries	118, 133, (*)
	403-10 Work-related ill health	118, 133, (*)
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	79, 91, (*)
	404-2 Programmes for upgrading employee skills and transition assistance programmes	91, 111-112
	404-3 Percentage of employees receiving regular performance and career development reviews	112
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	114-115, 133, (*)
	405-2 Ratio of basic salary and remuneration of women to men	N/A
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	114
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	113-114
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	113, 121
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	113, 121
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	N/A
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	134
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	122-124
	413-2 Operations with significant actual and potential negative impacts on local communities	102
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	121, (*)
	414-2 Negative social impacts in the supply chain and actions taken	121, (*)
GRI 415: Public Policy 2016	415-1 Political contributions	122
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	83
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	83
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	83
	417-2 Incidents of non-compliance concerning product and service information and labeling	82
	417-3 Incidents of non-compliance concerning marketing communications	84
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	96, 133, (*)

Note (*): Please refer to website <https://pharmaniaga.com/sustainability/> for detailed disclosures regarding Pharmaniaga's sustainability performance.

SASB CONTENT INDEX

CODE	ACCOUNTING METRIC	PAGE REFERENCE
Fleet Fuel Management		
HC-DI-110a.	Payload fuel economy	Not Reported
HC-DI-110a.2	Description of efforts to reduce the environmental impact of logistics	105-108
Product Safety		
HC-DI-250a.1	Total amount of monetary losses as a result of legal proceedings associated with product safety	Not Reported
HC-DI-250a.2	Description of efforts to minimize health and safety risks of products sold associated with toxicity/chemical safety, high abuse potential, or delivery	82,86
Counterfeit Drugs		
HC-DI-260a.1	Description of methods and technologies used to maintain traceability of products throughout the distribution chain and prevent counterfeiting	Not Reported
HC-DI-260a.2	Discussion of due diligence process to qualify suppliers of drug products and medical equipment and devices	88-89,120-121
HC-DI-260a.3	Discussion of process for alerting customers and business partners of potential or known risks associated with counterfeit products	36
Product Lifecycle Management		
HC-DI-410a.1	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	100-101
HC-DI-410a.2	Amount (by weight) of products accepted for take-back and reused, recycled, or donated	117
HC-DI-510a.1	Description of efforts to minimize conflicts of interest and unethical business practices	91-94
HC-DI-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery, corruption, or other unethical business practices	96,133
Activity Metrics		
HC-DI-000.A	Number of pharmaceutical units sold by product category	Not reported
HC-DI-000.B	Number of medical devices sold by product category	Not reported



Please refer to website <https://pharmaniaga.com/sustainability/> for detailed disclosures regarding Pharmaniaga's sustainability performance

ASSURANCE STATEMENT



SIRIM QAS INTERNATIONAL SDN BHD INDEPENDENT ASSURANCE STATEMENT

To Board of Directors, Stakeholders, and Interested Parties,

SIRIM QAS International Sdn. Bhd. was engaged by Pharmaniaga Berhad (hereafter referred to as Pharmaniaga) to perform an independent verification and provide assurance of the Pharmaniaga Sustainability Statement 2024. The main objective of the verification process is to provide assurance to Pharmaniaga and its stakeholders on the accuracy and reliability of the information as presented in this statement. The verification by SIRIM QAS International pertains to sustainable performance information (subject matter) within the assurance scope which is included in Pharmaniaga Sustainability Statement 2024.

The management of Pharmaniaga was responsible for the preparation of the Sustainability Statement. The objectivity and impartiality of this statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the Pharmaniaga's Sustainability Statement, and the Integrated Annual Report 2024.

The assurance engagement was designed to provide limited assurance in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and BURSA Sustainability Reporting Guide, irrespective of the organization's ability to achieve its objectives, targets or expectations on their subject matter and sustainability-related issues. The assurance activity evaluates the adequacy of Pharmaniaga Sustainability Statement and its overall presentation against respective frameworks such as UN-SDGs, TCFD and other relevant frameworks. The assurance process involves verification of applicable subject matter as presented in the statement through these goals i.e., Delivering Sustainable Value and Future-Proofing the Business, Acting with Integrity, Achieving Operational Eco-Efficiency, Creating a Sustainable and High-Performance Workforce, and Building Better Society. In addition to this, we also review and verify the sustainability indicators outlined by Bursa Malaysia to ensure the accuracy, completeness, and reliability of the reported information. The results of this verification process have been systematically tabulated in Appendix 1 and Report to Management, with further details provided therein.

The verification was carried out by SIRIM QAS International between February and March 2025, with the following methodologies:

- Reviewing and verifying the traceability, consistency and accuracy of information collected from various sources; internal and external documentation made available during the assessment.
- Verifying the data presented in the Sustainability Statement, which includes a detailed review of the sampled data.
- Interviewing key personnel responsible for collating information and developing various sections of the report to substantiate the veracity of the claims.

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of other information reported in Pharmaniaga Integrated Annual Report 2024.

ASSURANCE STATEMENT

- The review excluded all financial-related data, as these are subjected to the company's financial audit.
- As part of this assurance engagement, the verification team visited Pharmaniaga's corporate office at Kawasan Perindustrian Bukit Raja Selatan, Shah Alam. However, the verification process did not include physical inspections of any of Pharmaniaga's buildings, offices and plants.
- The verification team did not assess or verify any data related to contractors or third parties.

Conclusion

SIRIM QAS International, a Conformity Assessment Body in Malaysia, is accredited to both ISO/IEC 17021-1:2015 and ISO/IEC 17065:2012 covering all our operational activities. The appointed assessors performing the assurance engagement were selected appropriately based on our internal qualifications, training and experience. The verification process is reviewed by management to ensure that the approach and assurance are strictly followed and operated transparently. During the verification process, issues were raised, and clarifications were sought from the management of Pharmaniaga relating to the accuracy of some of the information contained in the report. In response to the findings raised, the Sustainability Statement was subsequently reviewed and revised by Pharmaniaga. It is confirmed that changes that have been incorporated into the final version of the statement have satisfactorily addressed all issues. Based on the scope of the assessment process and evidence obtained, nothing has come to our attention that causes us to believe that Pharmaniaga has not complied, in all material respects, with the referred assurance standard and guide. The following represents SIRIM QAS International's opinion:

- The level of data accuracy included in Pharmaniaga Sustainability Statement 2024 is fairly stated;
- The level of disclosure of the specific sustainability performance information presented in the statement was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the report;
- The sustainability statement provides a reasonable and balanced presentation of the sustainability performance of Pharmaniaga.

List of Assessors.

1)	Ms. Aernida Abdul Kadir	:	Team Leader
2)	Ms. Suzalina Kamaralarifin	:	Team Member
3)	Mr. Rozaimée Ab. Rahman	:	Team Member
4)	Ms. Aine Jamaliah Mohamad Zain	:	Team Member
5)	Ms. Farhanah Ahmad Shah	:	Team Member

Statement Prepared by:

Statement Approved by:


AERNIDA BINTI ABDUL KADIR

Team Leader
Management System Certification Department
SIRIM QAS International Sdn. Bhd.

Date: 24 March 2025


AMINUDIN BIN ABD AZIZ

Acting Senior General Manager
Management System Certification Department
SIRIM QAS International Sdn. Bhd.

Date: 27 March 2025

Note 1: This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd does not express an opinion on, nor guarantees the integrity and/or accuracy of the information provided with the view that the conclusion was conducted post verification assessment, hence not verified. SIRIM QAS International shall not be responsible for any changes or additions made after the referred date (24 March 2025).



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