

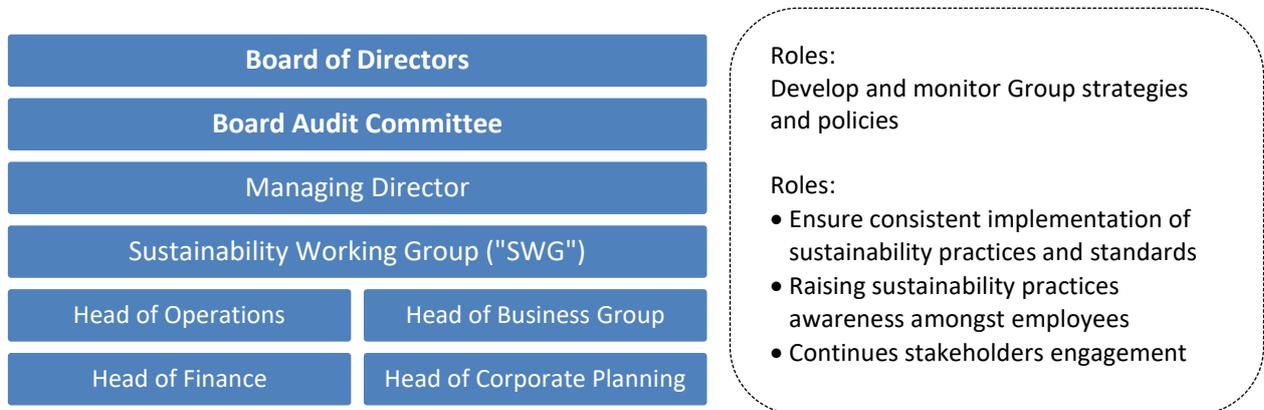
Sustainability Statement

Sustainability has always been an integral part of the business of Formosa Prosonic Industries Berhad and its subsidiary companies (“FPI or the Company”). Our sustainability efforts represent our commitment towards maximising opportunities and efficiency to continuously operate as a profitable entity and to create long term values to all stakeholders after taking into consideration the aspects of economic, environment and social.

We are taking progressive approach in our sustainability reporting. Our initial efforts to gauge and assess the material sustainability issues have been derived from our on-going engagement with the external stakeholders (customers, suppliers and communities) as well as from the meeting and discussion with our internal stakeholders (employees and management). This inaugural statement focuses on highlighting certain important issues and the setup of the Sustainability Working Group. More in-depth analysis on sustainable approaches and initiatives will be discussed and disclosed in future sustainability reporting.

Governance structure

Our Sustainability Working Group (“SWG”) was formed in 2018 to manage and implement our sustainability efforts. The SWG, reporting to the Managing Director, is chaired by the Officer in Charge of SWG and supported by the heads of operations, business group, finance, risk and human resources. The diagram below illustrates our sustainability governance structure and its roles and responsibilities:



The scope of this sustainability reporting encompasses the following key operations within FPI in Malaysia:

<b>Operating companies</b>	<b>Manufacturing plant location</b>	<b>Principal business</b>
FPI	Port Klang, Selangor	OEM and ODM services for woodworking, plastic injection, PCB assembly and finished-products assembly
FPI	Sungai Petani, Kedah	OEM and ODM services for woodworking, plastic injection, driver units, PCB assembly and finished-products assembly
Formosa Prosonic Technics Sdn Bhd ("FPT")	Port Klang, Selangor	Manufacturing and sale of speaker driver units
FPI	Neihu District, Taipei, Taiwan	Research and development centre

### Stakeholders' Expectation

In the pursuit of sustainability, we believe managing stakeholders' expectation is important in the conduct of business. We continuously reach out to them in order to appreciate their concerns and to obtain feedback on our jobs so we could improve on. It also provides opportunities for future potential collaborations. We therefore have identified stakeholders that require most attention from FPI. We will undertake study to identify and explore engagement channels and areas with these stakeholders. An assessment will also be carried out to prioritise the following stakeholders based on the level of their influence and dependence on FPI.

- Board of Directors
- Customers
- Employees
- Suppliers
- Shareholders
- Government agencies / regulatory authorities

### Material Sustainability Matters

As a start, we have engaged our internal stakeholders to assess and identify material sustainability matters to FPI. Through communications and dialogue sessions with our internal stakeholder representatives from various divisions who are at the operation frontlines, we have identified the following sustainability matters that are closely connected to all stakeholders.

- Customer satisfaction
- Product quality
- Sustainable supply and manufacturing
- Responsible procurement
- Occupational safety and health

- Data privacy and security
- Corporate Governance
- Employee training, development and retention
- Resource optimisation (Environment)
- Contribution to Community

Relying upon the stakeholders' expectation and the Company's business strategy and from a business perspective, we disclose in the following table the relevant policies, activities and some indicators that relate to each of the sustainability matter. In our future reporting, we will conduct an assessment to prioritise materiality of these sustainability matters that are relevant to our key operations.

	<b>Sustainability matters</b>	<b>Policy</b>	<b>Activities</b>	<b>Performance Indicators</b>
1.	Customer satisfaction	<ul style="list-style-type: none"> <li>• To create good sound products</li> <li>• customers always come first</li> </ul>	Quick and flexible response to every customer	
2.	Product quality	<ul style="list-style-type: none"> <li>• Lasting commitment to product excellence</li> <li>• Continuous research and development</li> </ul>	<ul style="list-style-type: none"> <li>• Promote awareness</li> <li>• Training</li> <li>• ISO 9001 : 2008</li> </ul>	<ul style="list-style-type: none"> <li>• Defect rate</li> <li>• Customers' complaint</li> </ul>
3.	Sustainable supply and manufacturing	One-stop solution manufacturing	<ul style="list-style-type: none"> <li>• Lean manufacturing</li> <li>• Back to basic</li> <li>• 5S workplace</li> </ul>	Production lead time
4.	Responsible procurement	To build sound relationship with suppliers principled on: <ul style="list-style-type: none"> <li>• Focus on quality and stable supply</li> <li>• Green procurement</li> <li>• Confidentiality</li> </ul>	<ul style="list-style-type: none"> <li>• Suppliers qualification and requalification evaluation</li> <li>• Site visits</li> </ul>	Assessment report

## GENERAL SUSTAINABILITY STATEMENT

	<b>Sustainability matters</b>	<b>Policy</b>	<b>Activities</b>	<b>Performance Indicators</b>
5.	Occupational safety and health	To strive to improve safety and health practices and understand and adhere to laws and orders	<ul style="list-style-type: none"> <li>• Promotion and training of OSH</li> <li>• Preventive maintenance and safe work procedures</li> <li>• Production and other machinery are to be evaluated for safety hazards</li> </ul>	<ul style="list-style-type: none"> <li>• Occupational injury and illness tracking and reporting</li> <li>• Monitoring and measuring cleanliness of toilet, canteen facilities and eating environment</li> </ul>
6.	Corporate Governance	Fair and sound corporate management system that enables quick and accurate decision making to accommodate an ever-changing business environment, and to execute business strategy and operations	<ul style="list-style-type: none"> <li>• BOD meetings</li> <li>• Management meetings</li> <li>• Risk Management</li> <li>• Regulatory compliance</li> <li>• Information security and personal information protection</li> </ul>	
7.	Employee training, development and retention	Human capital is the key driver of our success hence we will invest continually	Various trainings on a need basis focusing on employees who are performing working relating to engineering and product quality	<ul style="list-style-type: none"> <li>• Task we could and couldn't do</li> <li>• Retention</li> </ul>
8.	Resource optimisation (Environment)	To minimise negative impact to the environment and to raise awareness of the importance of conservation of energy, prudent waste disposal and fulfilment of requirements	ISO 14001 : 2004 certification and implementation	<ul style="list-style-type: none"> <li>• Energy consumption and efficiency</li> <li>• Waste reduce and recycle</li> </ul>