

SUSTAINABILITY REPORT



SUSTAINABILITY REPORT



BOARD STATEMENT

Our world is confronted with unprecedented challenges such as climate change, scarcity of natural resources, poverty, human health and safety issues. One that stood out in recent years was climate change evident in global warming, rising sea level and extreme weather conditions. Fuelled by these challenges, Sustainability has become an even more pressing issue.

At Megachem, we recognise this and view Sustainability as a shared responsibility towards improving not only our business but also our society and the quality of lives for everyone.

As a company, we do not exist in a vacuum. We are part of the economic, environmental and social ecosystem. We will therefore work closely with all our stakeholders to contribute towards a global effort to meet these challenges and integrate Sustainability into our business models.

Sustainability Highlights

Environment/Health/Safety

- Tapping on solar as a source of renewable energy, the solar panels installed in our plant in Singapore has enabled us to reduce carbon emission and our electricity bill.
- In recognition of our efforts in meeting international environment, health and safety standards, the Singapore Chemical Industry Council accorded us, under the Responsible Care program, Gold award in the category of Product Stewardship in 2023.
- In a Sustainability assessment in 2022 conducted by independent rating firm, EcoVadis, Megachem attained Gold status with an improved overall core of 74 and was ranked in the Top 5% among the companies in our industry assessed by them.
- Under Singapore's Green Nation Pledge program, we pledged to adopt environmental-friendly best practices to make our country a greener place. It marks our commitment in joining our nation to build a better and greener future.
- We have adopted the Global Product Strategy (GPS) from International Council of Chemical Associations on the evaluation of Chemical Risk Assessment since 2018 and established a Product Safety Summary as well as Product Safe Handling Guide on high-risk products.

- In our effort to benchmark our sustainability program against international standards, we are gradually adopting the Taskforce for Climate-related Financial Reporting (“TCFD”) framework and have included TCFD disclosures in this report.
- We have commenced Scope 3 Greenhouse Gas emission reporting, focusing initially on business travel.

Sustainability-linked Financing & Green Financing

Subsequent to our first Sustainability-linked Financing from United Overseas Bank, we have further secured our Sustainability-linked financing from Overseas Chinese Banking Corporation and Hong Kong and Shanghai Banking Corporation. These sustainability-linked financing are key steps in our sustainability journey and a clear demonstration of our commitment to be a responsible member of the community, together with our customers, suppliers, bankers as well as our other stakeholders.

Also partnering us in our sustainability journey is Overseas Chinese Banking Corporation who granted us a Green Finance for installation of solar panels at our premises.

Governance

- In the Singapore Governance and Transparency Index (SGTI) 2023, our SGTI Score improved from 81 to 84 and we were ranked 98th, improving from 102nd in 2022 which affirms our high standard of governance.

Social

- We continue to provide equal opportunities to our employees by embracing diversity in terms of gender, age and nationality.
- While many have lost their jobs during the pandemic, we had safeguarded jobs for our people. This is possible because of the robustness of our business continuity management and the resilience of our business model.

Looking ahead, we will be increasing our focus in the following areas:

- conduct safety risk assessment to enhance the safety level of our operation,
- install solar panels in our operations in Malaysia as part of our effort to adopt more sustainable sources of energy,
- refine and expand our Scope 3 emissions analysis in the coming years,
- continue to work across our value chain to incorporate sustainability into our business strategy,
- creating greater awareness of sustainability issues and good sustainability practices in our daily operation,
- striving and working together with major stakeholders in the chemical industry in adopting higher standards of Sustainability practices,
- launching our Mental Health & Well-being program to make our workplace a more supportive and conducive space for our employees,
- maintain a business continuity management program that is robust enough to face any future disruptions.

Together, we shall strive with passion to make a lasting, positive difference in people’s lives and build a sustainable world for the present and future generations.

Managing Director
Sidney Chew Choon Tee

On behalf of Megachem’s Board of Directors

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KEY HIGHLIGHTS

ENVIRONMENT



- Transitioning to greener energy, we have installed solar panel to reduce energy cost and carbon emission.
- Under Singapore's Green Nation Pledge program, we pledged to adopt environmental-friendly best practices to make our country a greener place.
- Included TCFD and Scope 3 GHG emission disclosures in this report.

GOVERNANCE



- In the Singapore Governance and Transparency Index (SGTI) 2023, our SGTI score improved further from 81 to 84 and we were ranked 98th, improving from 102th in 2022 which affirms our high standard of governance.

SUSTAINABILITY ACHIEVEMENTS



- In a Sustainability assessment in 2022 conducted by independent rating firm, EcoVadis, Megachem attained Gold status and was ranked in the Top 5% among the companies in our industry assessed by them.
- Megachem secured its second and third Sustainability-linked Financing.

REPORT PROFILE

This report summarises our approach and practices towards Sustainability and represents our belief that Sustainability is an important aspect of our business.

Reporting Period

1 January 2023 - 31 December 2023

Date of first Sustainability report

2015.

Reporting Cycle

Annual based on Megachem's financial year.

Feedback

We welcome feedback from all stakeholders. Please send questions, comments, suggestions or feedback relating to this report to sustainability@sg.megachem.com.

Methodology

This report has been prepared with reference to GRI (Global Reporting Initiative) Standard 2021.

Recommendations from TCFD (Taskforce for Climate-related Financial Disclosures), relating to how we manage climate-related risks, were also adopted.

Relevant UN Sustainable Development Goals (UN SDG).

SGX-ST Listing Rules 711A and 711B.

Review and Assurance

SGX requires Internal Audit function of companies listed on the stock exchange of Singapore to undertake an internal review of the process in relation to sustainability reporting. In this regard, we had engaged Baker Tilly Singapore to perform this review in 2022. The internal review was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

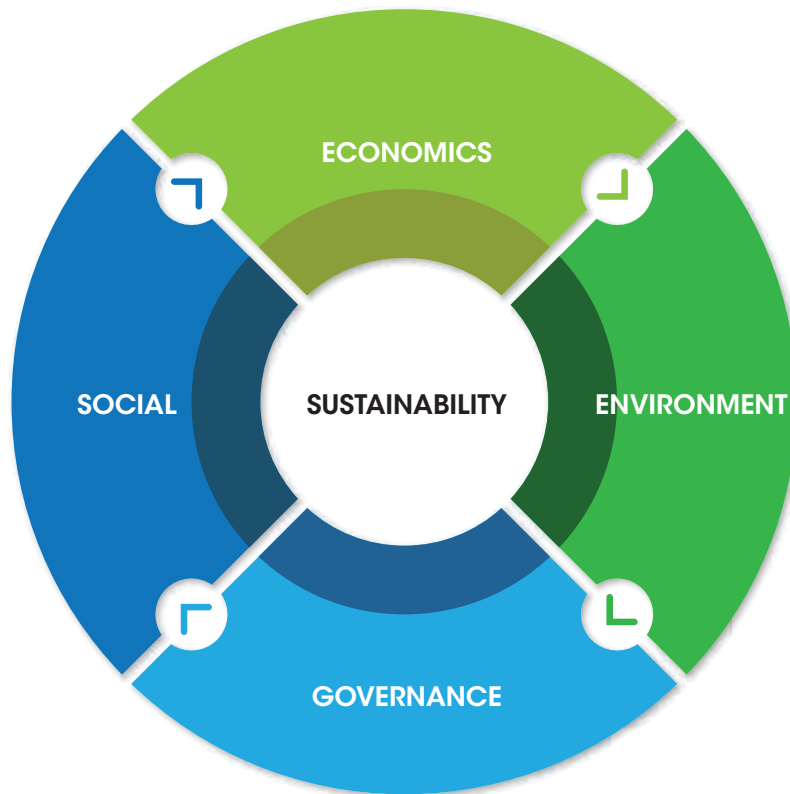
We have not sought external assurance for this report.

Our Sustainability program is rated by EcoVadis, an internationally recognised ESG rating agency.

SUSTAINABILITY REPORT

ORGANISATIONAL PROFILE

Megachem Sustainability Strategy



For Megachem, our Sustainability Strategy is built around a vision to align our economic success with environmental and social responsibility, backed by a system of governance and values. We recognize that the environmental and social interaction with our community affect our long-term organizational success and thus the need to manage not only corporate and financial performance but also the environmental and social impact of our business.

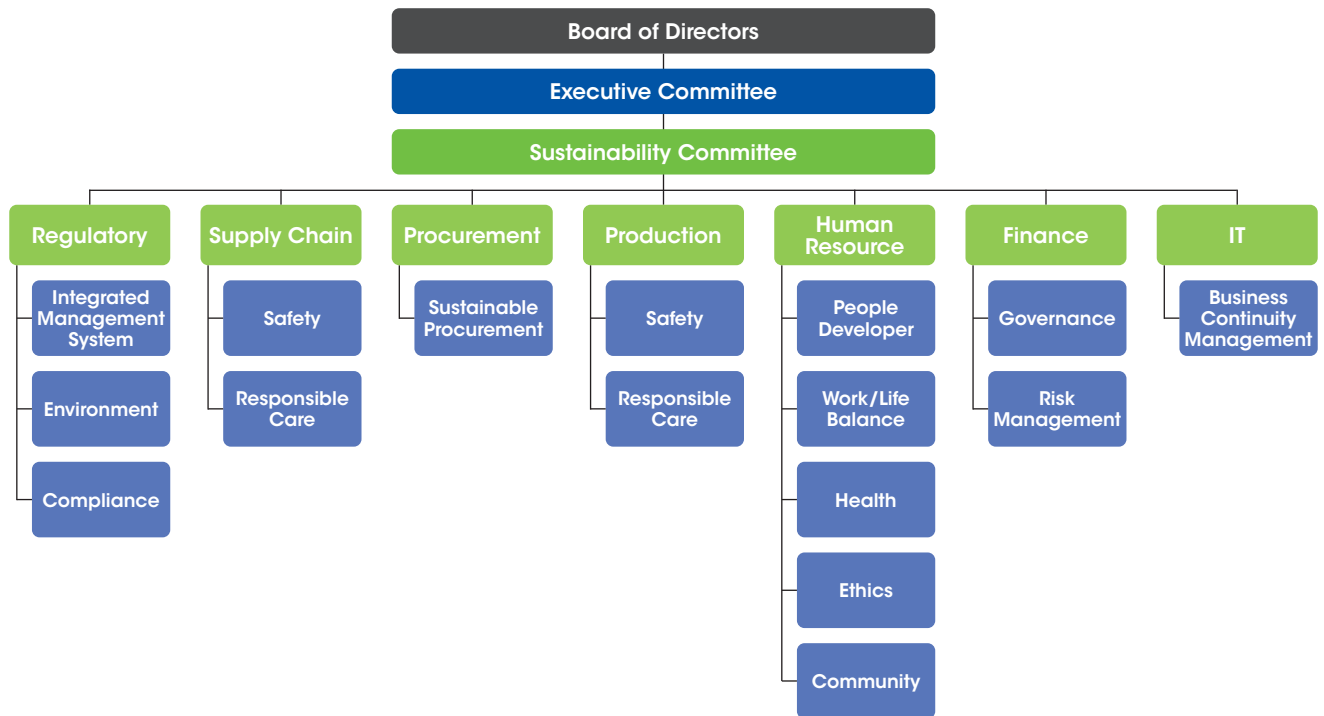
Guided by our Sustainability Vision, our objectives are to:

- achieve high standards of health and safety throughout our value chain;
- protect our environment;
- be a preferred employer by maintaining a good work culture and adopting a genuine interest in the long-term career development of our employees;
- to recruit, train and retain people who have good character, are committed to the organization and are highly skilled in their areas of expertise;
- adopt best business practices and comply with all applicable rules and regulations;
- manage our risk to safeguard our economic sustainability; and
- be a responsible member of society.

Sustainability Leaders

Steering our Sustainability journey are representatives from each functional team within the Group who collectively forms the Sustainability committee. This committee reports to the Executive Committee which is headed by our Managing Director.

The Sustainability committee meets periodically to review the progress of our Sustainability programs and these are escalated to the Executive Committee who in turn share our sustainability performance with the Board of Directors annually.



| Roles and Responsibilities | |
|----------------------------|---|
| Board of Directors | <ul style="list-style-type: none"> Champions sustainability and climate-related strategy as an integral part of our long-term business strategy Defines our Sustainability Vision and Objectives Approves the material aspects of our sustainability program Monitors and oversees progress of our climate commitments and sustainability journey |
| Executive Committee | <ul style="list-style-type: none"> Chaired by our Managing Director and comprises senior management of our company Reviews and approves key sustainability approach Identify, assess, monitor, and report on climate-related issues and strategies to the Board Evaluate ESG performance against the targets |
| Sustainability Committee | <ul style="list-style-type: none"> Comprises group functional heads Drives the implementation of our sustainability program and climate-related risk management |

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External Charters, Principles, Certification

Megachem is committed to conduct our business in a responsible and sustainable manner. We have therefore aligned our operations and business practices with industry/ market accepted principles and standards such as:

- Responsible Care® – a global environmental, health and safety (EHS) performance initiative for the chemical industry,
- Integrated Management System (ISO9001, ISO45001, ISO14001 and ISO22301), a system that integrates all of an organization's policies, processes and procedures into one complete framework, enabling an organization to work as a single unit with unified objectives,
- EcoVadis Sustainability Assessment System – an assessment system used widely in the chemical industry and assesses companies in the areas such as environment protection, labour practices, fair business practices and sustainable procurement,

Member of Industry Associations

We are a member of Singapore Chemicals Industry Council and collaborate with them to continually improve EHS performance in the chemical industry.

Awards & Achievements

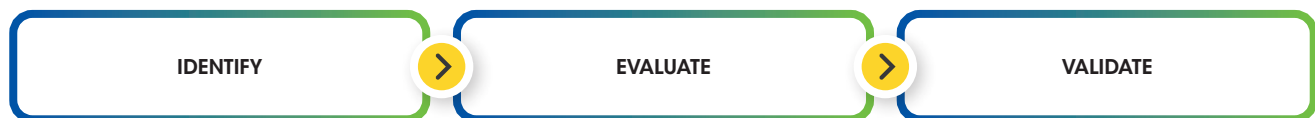
Megachem has always regarded sustainability as one of our priorities in creating sustainable long-term value for our stakeholders. Since 2018, Megachem has partnered with EcoVadis to rate our sustainability performance. EcoVadis provides solution for monitoring sustainability in global supply chains and help companies adopt sustainable practices.

Megachem is proud to be a **Gold award recipient of the EcoVadis Sustainability Ratings 2022**. In the Sustainability Assessment Report 2022, EcoVadis placed Megachem among the Top 5% of the companies in the category of industry that were assessed by them. This accolade is a testimony of the importance we place Sustainability in our overall strategy and a recognition of our Sustainability achievements.



MATERIALITY ASSESSMENT

Process for defining report boundaries and content



The assessment of our material aspects is conducted in accordance with guidelines and framework established by GRI.

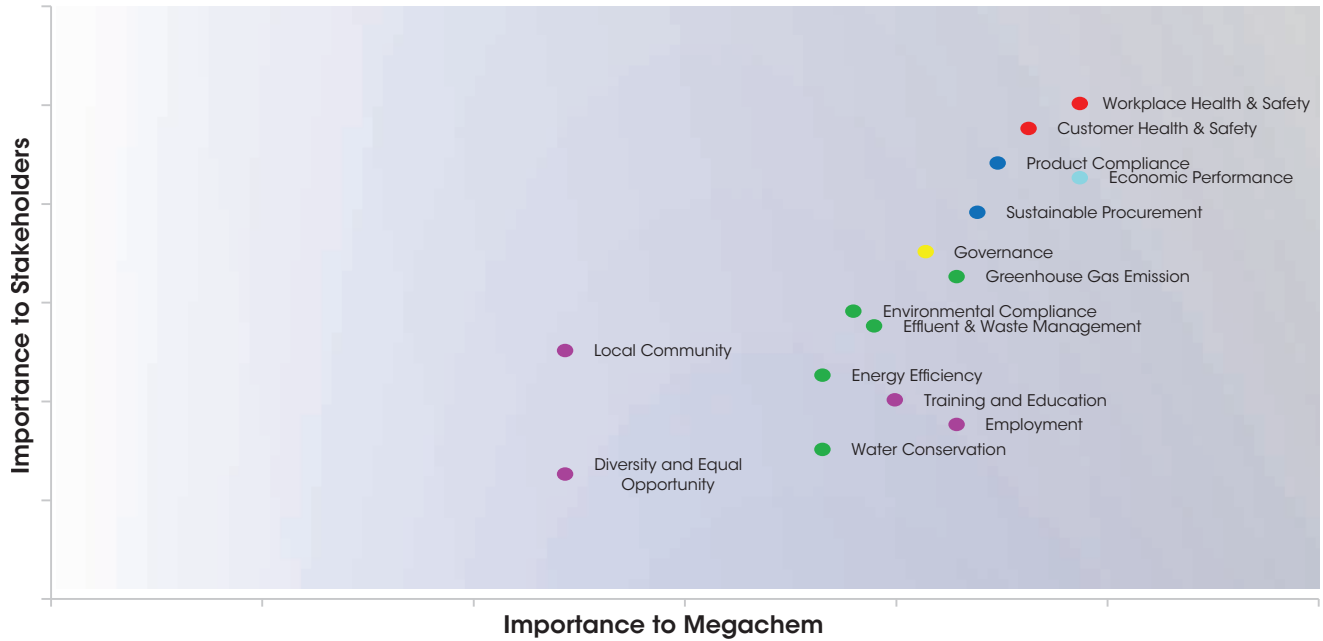
Our Sustainability Committee identified the material aspects based on feedback garnered from our stakeholders and internal reviews.

The material aspects are evaluated against 2 criteria: importance to stakeholders and importance to Megachem (in terms of the significance of its impact on economic, environment, social and governance).

These are then validated by the Executive Committee headed by our Managing Director and approved by our board of directors.

Our Material Aspects

Materiality Matrix



| MATERIAL FACTORS | RATIONALE | UN SDG |
|--|--|--------|
| Governance | Cultivate a culture of ethics and integrity | |
| Economic Performance | Enhance long-term shareholders' value | |
| Energy Efficiency Environmental Compliance Effluence & Waste Management Greenhouse Gas Emission Water Conservation | Combat climate change and its impact. Conserve natural resources. | |
| Workplace Health & Safety Customer Health & Safety | Ensure health & safety for employees and customers | |
| Product Compliance Sustainable Procurement | Partnering industry stakeholders' in creating a sustainable ecosystem. | |
| Employment Diversity & Equal Opportunities | Embrace diversity and creating an inclusive work environment. | |
| Training & Education | Developing human capital | |
| Local Community | Doing our part for society | |

SUSTAINABILITY REPORT

Scope & Boundaries

Within the Organisation:

All entities and employees within the Group (excluding associated company) unless otherwise stated.

Outside the Organisation:


Customers, suppliers, investors/shareholders, regulators and community.

STAKEHOLDERS ENGAGEMENT

Our Sustainability approach takes into accounts the sustainability issues facing our stakeholders. Their feedback helps us develop our materiality matrix and define our future targets.

These stakeholders are identified as being critical to our ability to implement our strategies and achieve our objectives.

To achieve this, we maintain a culture of engagement and a channel of open communication with our stakeholders.

| STAKEHOLDERS | STAKEHOLDERS ENGAGEMENT | STAKEHOLDERS FEEDBACK |
|--|---|--|
| <p>Employees</p>  | <p>Megachem views employee engagement as one of the crucial vehicle to drive business excellence and we aim to provide a safe, engaging, inclusive and stimulating work environment that encourages quality performance, high employee satisfaction and loyalty.</p> <p>We do this through:</p> <ul style="list-style-type: none"> • Orientation programmes for new employee online, • Employee engagement & opinion survey, • Internal employee portal, • Ongoing new & existing employee development guide, • Annual total training plan via training needs analysis to chart out the organizational-wide training needs, • Focus on continuous improvement and innovation through employee participation, • Whistleblowing channel, • Protecting employees' well-being by adopting comprehensive risk-based approach in safeguarding the safety and health of all employees, • Regular staff meetings and dialogue session. | <p>Employees' satisfaction survey is conducted once every 2 years.</p> <p>We achieved an overall employees' satisfaction score of 97.9% in 2023 based on our Employee Engagement & Opinion survey.</p> |

| STAKEHOLDERS | STAKEHOLDERS ENGAGEMENT | STAKEHOLDERS FEEDBACK |
|---|--|---|
| <p>Customers</p>  | <p>At the heart of our strategy is our customer-centric approach to conducting our business. Essential to this customer-centric approach is customer engagement.</p> <p>We engage with our customers:</p> <ul style="list-style-type: none"> • through collaboration, information sharing and regular communication, • mutual sharing of sustainability practices • customers' satisfaction survey where customers' feedback on Megachem's performance, products and services are garnered. | <p>In the Customer Satisfaction Survey done in 2023 we scored well in the categories of, compliance to business code of conduct, order processing accuracy, regulatory support and management of change and on-time delivery.</p> |
| <p>Suppliers</p>  | <p>We build close relationship with our valued suppliers to ensure deeper market penetration and supply continuity.</p> <p>We create a channel for feedback to our suppliers on the quality of products supplied to us.</p> <p>We also assess and audit our top suppliers to ensure we provide quality products to our customers through our vendor evaluation program.</p> <p>We evaluate the sustainability performance and commitment of our suppliers through sustainability assessment questionnaire and their attainment in global standards for promoting sustainability such as EcoVadis. Our suppliers also assess us to ensure we meet their sustainability standards.</p> | <p>Suppliers increasingly value the importance of sustainability in our working relationship with them.</p> <p>Megachem will consistently carry out our sustainability programs to meet requirements of suppliers.</p> <p>In a Sustainability assessment in 2022 conducted by EcoVadis, Megachem attained Gold status and was ranked in the Top 5% among companies in the category of industry assessed by them. Specifically on the Sustainable Procurement component, we attained a score of 70 out of 100.</p> |
| <p>Investors/ Shareholders</p>  | <p>We place great emphasis on effective communication with our shareholders by providing the following channels of communication:</p> <ul style="list-style-type: none"> • a dedicated IR website www.shareinvestor.com which is regularly updated and provides investors with email alerts of latest announcements • results briefings where analysts, investors and media are invited • online Q&A are conducted with shareholders and investors • results announcements, results presentation, press releases, online Q&A are made available at our website and at SGXnet • webcast of the results briefings are uploaded to our website • AGM where greater shareholders' participation are encouraged. | <p>We have been well-recognised in areas such as shareholders communication, transparency and governance.</p> <p>In the Singapore Governance and Transparency Index (SGTI) 2023, our SGTI Score improved from 81 to 84 which affirms our high standard of governance.</p> |

SUSTAINABILITY REPORT

STAKEHOLDERS

STAKEHOLDERS ENGAGEMENT

STAKEHOLDERS FEEDBACK

Regulators



We participate in seminars conducted by our stock market regulators to keep ourselves abreast of changes in rules and regulations.

We conduct various exercises and events to educate our stakeholders the importance of safety.

We seek to comply with regulatory bodies such as Singapore Civil Defence Force (SCDF), National Environment Agency (NEA), Singapore Police Force (SPF), Singapore Customs, Central Narcotics Bureau (CNB), Health Sciences Authority (HSA), Agri-Food & Veterinary Authority (AVA).

Company Emergency Response Team audit reveals good response to different emergency scenarios.

Community



We engage with our community by working with various social organisations as well as with various stakeholders such as supplier, customer and industry peers in increasing safety awareness.

We received positive response in our initiative.

GOVERNANCE

CORPORATE GOVERNANCE

Objective

To ensure that our business is sustainable, Megachem believes strongly in upholding the highest standards of corporate governance. We strive to ensure that the value of good governance is deeply embedded in our corporate culture and entrenched in our policies and processes.

Approach

We adopt the Code of Corporate Governance established by the Monetary Authority of Singapore and Singapore Exchange Securities Trading Limited. Our Corporate Governance Code is reviewed and endorsed by our Board of Directors annually.

* More details about our corporate governance practices can be found in the Corporate Governance Report section of this annual report.

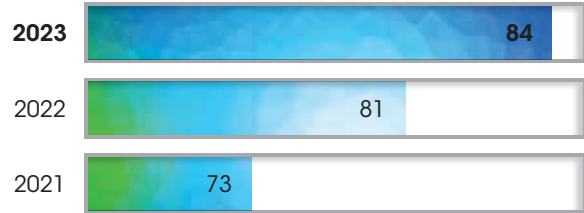
PERFORMANCE HIGHLIGHTS



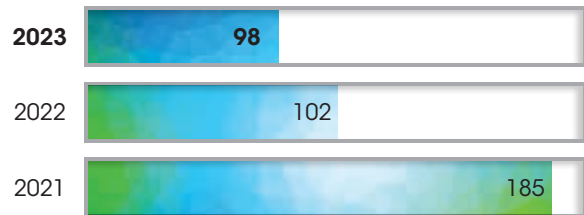
As a testimony to our high level of corporate governance, Megachem has been accorded many awards in the past. At the Singapore Corporate Awards 2018, Megachem Limited was awarded the Best Managed Board Award (Bronze) in the "less than \$300 million market capitalisation" category.

In the Singapore Governance and Transparency Index (SGTI) 2023 which ranks listed companies on its governance and transparency practises, Megachem was ranked 98th among all listed companies in Singapore, improving from 102nd in 2022, and attained a score of 84 compared to 81 the year before.

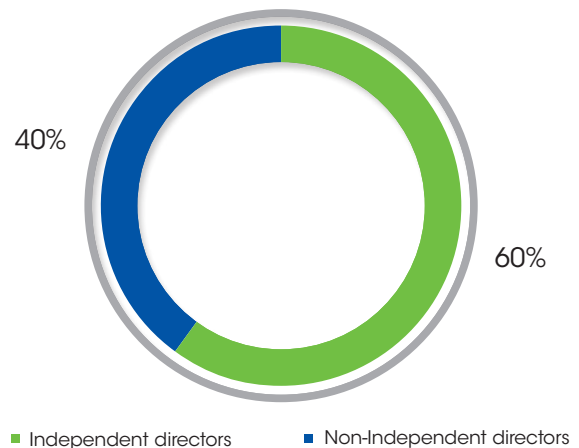
SGTI SCORE



SGTI RANK



BOARD INDEPENDENCE



SUSTAINABILITY REPORT

There are currently 5 directors of whom 3 are independent. Chairman of our Board is also independent.

Megachem will continue to uphold the principles of good governance which in turn enhances the sustainability of our business.

Targets & Plans

To improve or maintain the current SGTI score.

ETHICS & INTEGRITY

Objective

To uphold high standards of business ethics and integrity.

Approach

Megachem has established a Code of Business Ethics that sets the principles of business ethics for the Group and covers areas such as business conduct, protection of Company's assets, confidentiality of information, anti-bribery/corruption and conflicts of interest. All staff of the Group are expected to uphold high standards of integrity that is in compliance with the Code of Business Ethics as well as laws and regulations of the countries in which it operates. Awareness is created by conducting briefings and annual assessment test for all staff. All staff are also required to sign acknowledgement of their awareness of our Code of Business Ethics and declare any existing or potential conflicts of interest to the management.

PERFORMANCE HIGHLIGHTS

| | 2021 | 2022 | 2023 Target | 2023 Actual | 2024 Target |
|--------------------|------|------|----------------|----------------|----------------|
| Number of Breaches | 0 | 1 | 0 | 0 | 0 |

| | 2021 | 2022 | 2023 Target | 2023 Actual | 2024 Target |
|-----------------------------|------|------|----------------|----------------|----------------|
| EcoVadis – Ethics component | 70 | 70 | >=70 | na | >=70 |

na – not available at time of printing

RISK MANAGEMENT

Objective

To ensure our business is sustainable and to preserve our shareholders' value.

Approach

Recognising the importance of risk management in providing sustainability to our business and in preserving our shareholders' value, Megachem is committed to incorporate effective risk management practices into our organizational processes to mitigate and manage each of these risks.

* More information on how we manage our risks can be found in the Risk Management section of this annual report.

Performance Highlights

In FY2023, a review of our enterprise risk management was conducted where significant risks, their impact and the mitigating factors were discussed and updated.

Targets & Plans

To conduct annual review of the risk assessment and mitigation factors in response to changes to internal and external factors.

ECONOMIC

Objective

To Create Long-term Sustainable Value for our shareholders.

Approach

Megachem adopts a 2-pronged approach:

- preserve shareholders' value by building resilience throughout its business operations;
- enhance shareholders' value through a robust strategy with a focus on delivering long-term sustainable growth.

PERFORMANCE HIGHLIGHTS

| | 2021 | 2022 | 2023 |
|---|-------|-------|--------|
| Net Profit/(loss) after tax (\$\$'mil) | 8.0 | 6.1 | (5.8) |
| Adjusted net profit after tax (\$\$'mil) ⁽¹⁾ | 8.0 | 6.1 | 1.9 |
| Shareholders Equity (\$\$'mil) | 57.3 | 58.6 | 50.0 |
| Earnings/(loss) per share (cents) | 5.82 | 4.41 | (4.43) |
| Net Dividend/share (cents) | 2.0 | 2.0 | nil |
| Dividend Yield % | 5.3% | 3.9% | nil |
| Share Price change (%) | 27.3% | 21.4% | (2.0%) |
| Total Shareholders Return (%) | 32.6% | 25.3% | (2.0%) |

Note (1) Refers to amount adjusted to FY2023 net profit after tax for the impact of a fire incident.

Results for FY2023 has been negatively impacted by a fire incident at one of our warehouses, leading to our first ever loss. As a result, no dividend has been declared for FY2023. Excluding the impact of the fire, we would have been profitable.

ENVIRONMENT

Objective

We are committed to environmental protection and conservation of resources.

Approach

Our efforts in this area includes reducing paper, electricity and water consumption, reducing waste water generation, paper recycling and adopting proper chemical waste treatment methods.

SUSTAINABILITY REPORT

MANAGING CLIMATE RISK

| CLIMATE-RELATED RISKS | IMPACT | MITIGATING RISKS AND OPPORTUNITIES |
|--|---|--|
| Policy and Legal | | |
| Potentially higher business cost in the form of carbon taxes or plastic tax. | Although we are currently not subject to carbon tax as our carbon emission is below the threshold level set by the Singapore authority, we anticipate there will be passed-on indirect increase in our business cost. | Solar panels have been installed to transition to greener energy which will to some extent alleviate the increase in business cost. |
| Failure to meet climate-related regulations. | Failure to meet climate-related regulations may lead to fines and loss of business. | We have a regulatory and compliance department to ensure compliance |
| Technology | | |
| High emission production process and equipment | High emission production processes and equipment contributes to global warming and leads to higher production cost. | Adopted regular preventive maintenance making our manufacturing facility run more efficiently which in turn minimize energy consumption. |
| Market | | |
| Shifting customer preferences for more sustainable products | <p>Shifting customer preferences for more sustainable products may present a challenge if we are unable to meet their requirements.</p> <p>Conversely it brings opportunities for new products development in the industry, gravitating towards greener and sustainable products.</p> | <p>As a chemical distributor, our goal is to align our product portfolio with customers demand. We are gradually introducing sustainable products. For example, we have added RSPO certified palm oil derivative products to our product portfolio.</p> <p>There will be potentially new growth areas within the industry that we can tap on to create new pillars of growth for our business.</p> |
| Reputation | | |
| Increased expectations from stakeholders on sustainability practices | <p>Inability to meet stakeholders' expectations may be detrimental to our reputation.</p> <p>Conversely, aligning our sustainability practices with the industry standards will enhance our business standing.</p> | Benchmarking our sustainability practices against internationally-recognised standards such as EcoVadis enable us to work closely with like-minded companies in the industry. |
| Extreme weather | | |
| Increased severity of extreme weather events such as cyclones and floods | Increased severity of extreme weather events such as cyclones and floods may cause damage to our facilities and disruption to supply chain, resulting in financial and business loss. | <p>Locating our facilities in areas which are less prone to flood.</p> <p>Conducting regular inspection and evaluation of our facilities and 3rd party warehouses.</p> <p>Undertaking sufficient insurance to cover such risks.</p> |



Energy

Megachem successfully installed 822 solar panels in FY2022 which has resulted in energy savings of about 502,051 kWh in 2023. The use of solar energy not only reduces our energy cost, it also promotes cleaner and greener environment, thereby further solidifying our commitment to sustainability. As an extension of our efforts to adopt sustainable energy sources, we will be installing solar panels in our operations in Malaysia.

Most of our office lighting systems uses energy saving features to reduce electricity consumption. Through regular preventive maintenance, we make our manufacturing facility run more efficiently which will in turn minimize energy consumption.

Water, Effluent & Waste

Megachem implemented LEAN methodology, a systematic approach to reduce or eliminate activities that don't add value to the process. Arising from this exercise, we managed to reduce the quantity of waste water generation. By standardizing washing procedure for different types of products based on its chemical properties, developing training programs for operator on washing process and implementing water recycling program as well as effective production planning, we are able to reduce waste water. Waste water generation is one of our important KPIs to achieve for everyone in Megachem in order to minimize cost and play our role to help our environment.

We continue to look for water reduction activities both in plant and office building through installed water saving device, cut down unnecessary water usage and recycle water wherever possible in plant activities.

We ensure that chemical wastes are treated responsibly by engaging licensed industrial waste treatment companies.

Product and sales information such as product and material safety data sheets are maintained in our system and transmitted to our customers electronically thus reducing usage of paper. Sales invoices are also increasingly being transmitted electronically.

Products and Recycling of packaging materials

Megachem practices 'reduce, reuse and recycle' of packaging material whenever we can. Packaging material such as wooden pallet or plastic pallet are reused in the factory. We also collaborate with customers to reuse packaging materials whenever possible.

Environmental Impact of transporting goods

Most of our delivery trucks are in compliance with the EURO 6 standard which helps to reduce the emission of CO₂ and other gases.

In addition, we work with customers to optimize the delivery schedule, taking advantage of consolidation opportunities whenever possible in order to achieve fuel and CO₂ emissions reduction.

Deforestation

Among other factors, greenhouse gas emissions from deforestation is contributing to climate change. Working with suppliers and customers, Megachem is making efforts to reduce deforestation from the chemical supply chain. For example, in the sourcing for paper materials, we will try to source for materials that are made from renewable fibres and certified by international certification organization which promotes sustainable forest management.

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GREEN NATION PLEDGE

Under Singapore's Green Nation Pledge program, we pledged to adopt environmental-friendly best practices to make our country a greener place. This is a demonstration of our commitment to help the nation achieve its sustainability objectives.



Earth Day

Megachem continues to support the Global Earth Day initiative. The theme for Earth Day 2023 is "Invest in Our Planet", focusing on accelerating solutions to combat climate change, and to activate everyone – governments, citizens, and businesses – to do their part. Everyone accounted for, and everyone accountable.

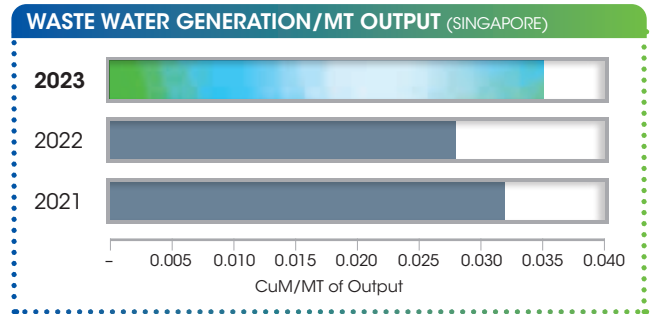
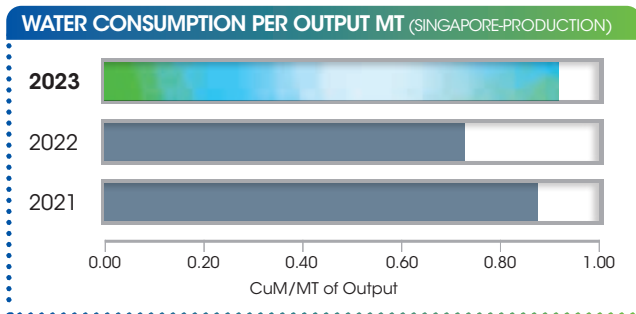
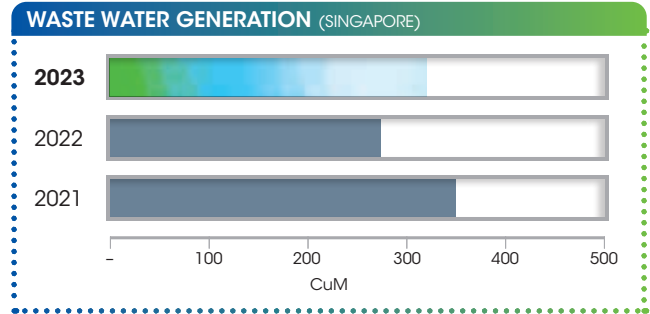
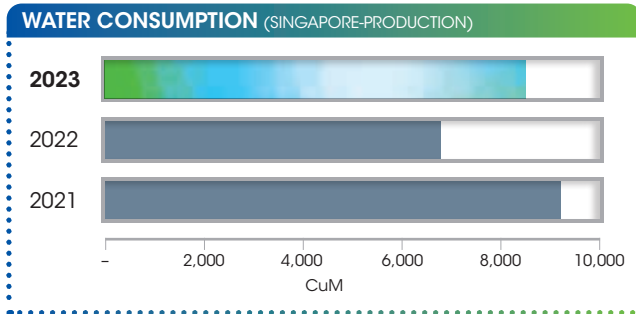


Compliance

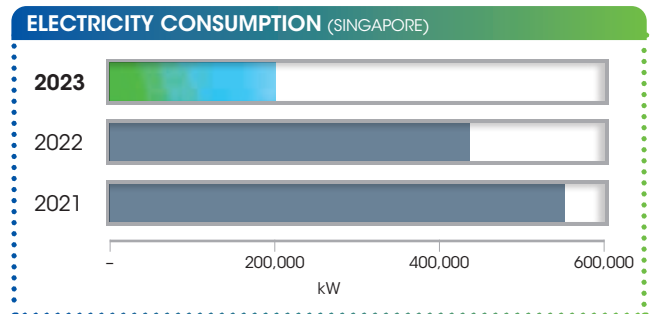
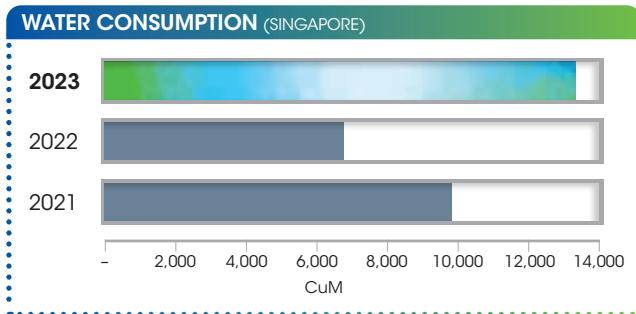
In 2023, Megachem incurred fines of S\$6,000 for non-compliance with environmental laws and regulations (2022: nil).

We will increase our effort to keep abreast of regulatory changes and comply with them.

PERFORMANCE HIGHLIGHTS



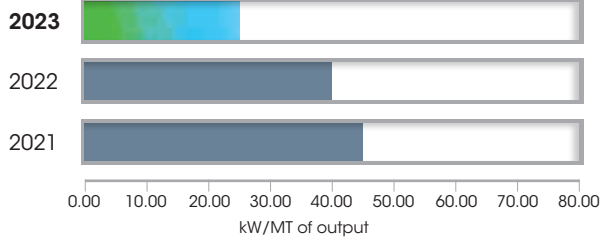
There is a slight increase in waste water generation due to difference in production process for different products.



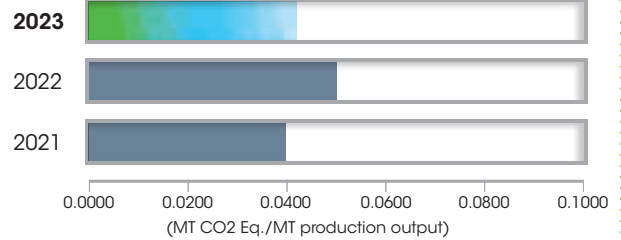
FY2023 water consumption is higher due to additional 1,700 m3 water were consumed during fire incident in July 23.

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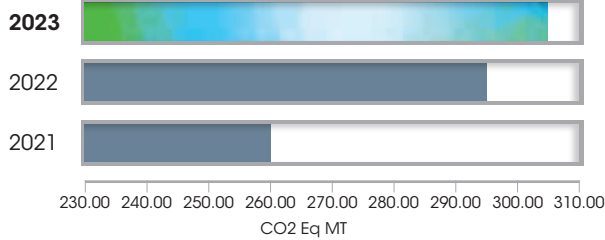
ELECTRICITY CONSUMPTION (SINGAPORE-PRODUCTION)



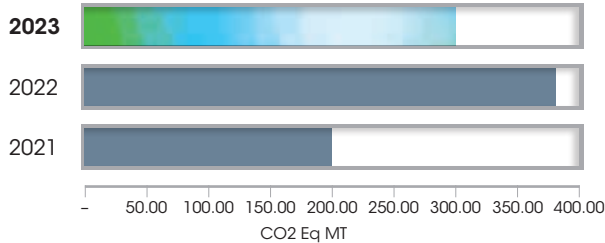
GHG SCOPE 1 AND 2 EMISSION/PRODUCTION OUTPUT



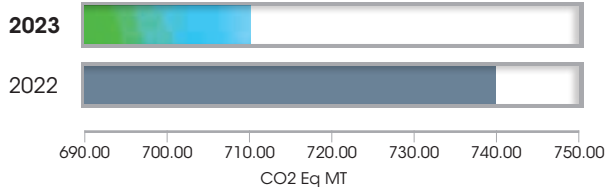
GHG SCOPE 1 EMISSION (GROUP)



GHG SCOPE 2 EMISSION (GROUP)



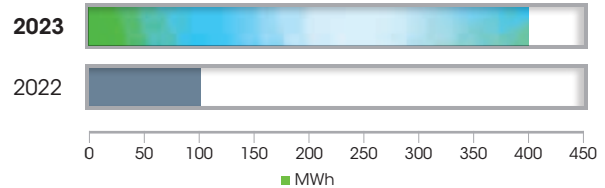
GREENHOUSE GAS EMISSION SCOPE 3 (GROUP)



Note: GHG emissions was prepared based on the Greenhouse Gas Protocol. The emission factors used were taken from independent sources such as IPCC 2006 Guidelines for National Greenhouse Gas Inventories, Grid Electricity Emission Factor (GEF) and Singapore Energy Market Authority (EMA).

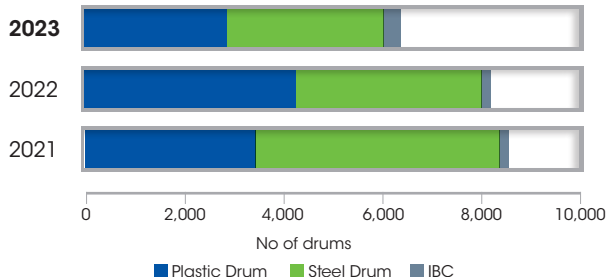
- Scope 1 consists of emissions from fuel combustion including vehicle fleet, forklifts and steam boilers.
- Scope 2 consists of emissions from purchased electricity.
- Scope 3. During the year, we initiated the assessment of our Scope 3 indirect GHG emissions for FY 2022 and FY 2023, focusing initially on business travel component. We will further refine our Scope 3 emission analysis in the coming years.

SOLAR POWER GENERATED



Megachem successfully installed 822 solar panels in FY2022, the estimated energy savings was about 502,051 kWh in 2023. The addition of solar panels not only reduces our carbon footprint but shows our dedication to promoting cleaner and greener environment.

RECOVERED PACKAGING (SINGAPORE)



TARGETS & PLANS (SINGAPORE)

| | 2023 Targets | 2023 Results |
|---|---------------------------------------|--------------------|
| Chemical waste generated not exceeding | Maximum 0.5kg per 1000kg Sales Volume | 0.0kg/1000kg Sales |
| Energy consumption (non-production activities) | Reduce 5% | -79.59% |
| Waste water generated from production (average per blending) | Reduce 4% | +17.58% |
| Scope 1 GHG Emission | Reduce 2% | +3.8% |
| Scope 2 GHG Emission | Reduce 2% | -42.6% |
| Compliance with legislation relating environmental management | 0 non-compliance | 1 |

Above targets will remain the same for 2024.

| | 2021 | 2022 | 2023 Target | 2023 | 2024 Target |
|----------------------------------|------|------|-------------|------|-------------|
| EcoVadis – Environment component | 80 | 80 | >= 80 | na | >= 80 |

na – not available at time of printing

SOCIAL – PRODUCT RESPONSIBILITIES

HEALTH & SAFETY

Objective

We take pride in our commitment to maintain high level of health and safety standards. They are the foundations of trust that our people, customers and vendors place in us. We therefore aim to achieve uncompromised level of health and safety standards in our plants, products and processes.

Approach



The framework for our Health, Safety and Environment (HSE) management is modelled after international standards. We have attained international certification such as the ISO 14001:2015 and ISO 45001:2018 certification and are a member of the Responsible Care Program.

In recognition of our commitment to meeting HSE standards, we have also received Responsible Care Awards from the Singapore Chemical Industry Councils. Internal and external audits are being conducted to ensure that our HSE programs consistently meet international standards.

Safety Data Sheets detailing health, safety and environment measures are available for all products that we handle. In our Product Stewardships Program, we conducted Global Product Strategy evaluation on existing products range to layout and execute the risk management based on the evaluated hazard assessment and risk characterization. The risk of prioritized products are communicated with the various interested parties, including warehouse personnel, and customer on the Products Safety Summary and Safety Handling Guidelines.

Our plants are built to meet stringent regulatory requirements in relation to Health & Safety (“H&S”) and our processes are designed with features to reduce H&S risk. Our goal is to operate the plant safely with no leaks or incidents that may cause serious injury to our employees, contractors or

SUSTAINABILITY REPORT

neighbors. We routinely prepare and practice our emergency response to potential incidents such as chemical spill or a fire. This involves working closely with the Singapore Civil Defence Force to jointly test our emergency response plans and procedures. The joint exercises continually improve our readiness to respond. If an incident does occur, we have procedures in place to mitigate the risk and reduce the impact on people and the environment.

Megachem's employees operate a large number of vehicles such as delivery trucks, high reach trucks and forklift trucks on our company's premises and on public roads every day. There are serious risks and hazards associated with it and can cause significant harm to the environment as well as humans if accidents occur. At Megachem, we are aware of the risks and hazards and we have programmes to ensure that the drivers are well-trained and the equipment are in good condition to carry out daily job requirements. Drivers for delivery trucks undergo special safety training and possess hazardous transport driving permit ("HTDP"). They are also trained in safe loading methods, securing of cargo and understand how to react during an emergency according to the transport emergency response plan ("TERP"). The vehicles are also equipped with GPS and tracking device with speed limit alert. Their driving skills are regularly assessed by the supervisor. The vehicles are also regularly inspected and maintained by certified third party service provider. The delivery trucks are also subjected to inspection by the regulatory body such as Singapore Civil Defence Force ("SCDF") and Land Transport Authority ("LTA").

Employees are required to wear suitable safety clothing and personal protection equipment such as helmet, safety shoes, reflective clothing at work. Pathways are appropriately indicated in Megachem's premises.

The production and use of chemicals in workplaces present one of the most significant challenges in workplace protection programs. As part of our Company's efforts, we strive to ensure the safety and health of the employees in Megachem. Workplace safety and health is an important practice toward this goal. In order to enhance and promote safety awareness, a Safety Day program is organized for our employees, some of our customers and suppliers as well as our neighbours. For this event, SCDF officers provide us with better understanding of safety standards in handling flammable and hazardous chemicals. The other activities of this program include safety video sharing, safety quiz and safety games.

Sourcing for the right 3rd party provider to store our products is of paramount importance to our business. We have developed a warehouse assessment checklist to ensure that the 3rd party provider adhere to our storage requirements and to acceptable safety, health, environment and security standards.

PERFORMANCE HIGHLIGHTS

A fire incident happened at one of our warehouses. There were no human casualties and injuries. Extensive investigations are being conducted to examine the cause of the fire and enhanced safety measures will be incorporated into the design and construction of the new warehouse.

| | 2021 | 2022 | 2023 | 2024 Target |
|---------------------------|------|------|------|-------------|
| Man Days Lost (Singapore) | 4 | 25 | 0 | 0 |

| | 2021 | 2022 | 2023 | 2024 Target |
|---------------------------------------|------|------|------|-------------|
| No of Industrial Accident (Singapore) | 1 | 5 | 1 | 0 |

Targets & Plans

To achieve zero reportable accident.

To comply with occupational health and safety requirements of all employees with no findings from authority.

PANDEMIC

The COVID-19 pandemic shocked the world and put the resilience of our system, processes and people to the test. Our investments in robust software and security system and the early adoption of digitalization and technology enabled us to continue our business without much disruptions. Hence we stood up to the test well and emerged from this crisis relatively unscathed.

| SYSTEM | PROCESSES | PEOPLE |
|--|---|---|
| <ul style="list-style-type: none"> activating and aligning our business continuity plan to the pandemic assessing cybersecurity risk | <ul style="list-style-type: none"> early adoption of digital technology diversifying supply sources realigning purchasing and inventory management to customers' needs | <ul style="list-style-type: none"> adhering to pandemic readiness measures mobilising people in key functions to reduce disruption to operation |

PRODUCT LABELLING

Objective

To protect humans and environment against hazardous chemicals as well as to facilitate international trade by ensuring that all chemicals moving into and out of a country are classified, packaged and labelled in accordance with a globally harmonised system.

Approach

Another way in which Megachem contributes to international chemical safety is through our support of the United Nations' initiative to implement a Globally Harmonized System (GHS) of Classification and Labeling of Chemicals. GHS is a system for chemical classification and hazard communication through harmonised provisions for standardized labels and safety data sheets.

Performance Highlights

The GHS system of chemical classification is being adopted.

In 2023, there has been no cases of non-compliance with regulations concerning product labelling (2022: nil).

Target

Zero cases of non-compliance

CUSTOMER SATISFACTION

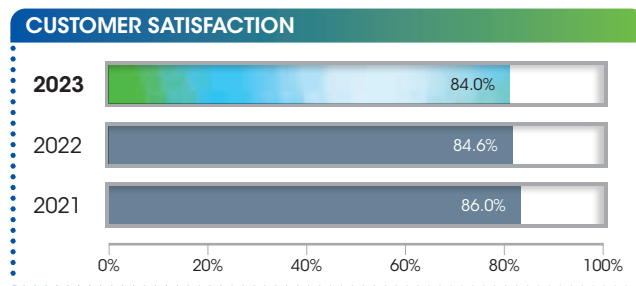
Objective

To ensure our products and services are delivered to the satisfaction of our customers.

Approach

Megachem measures customer satisfaction through annual survey and seeks continuous improvement so as to deliver total customer satisfaction.

Performance Highlights



For 2023, we did not meet our customer satisfaction target of at least 85%. The customer satisfaction survey has been reviewed and areas for improvement such as supply continuity and technical support have been identified.

Targets & Plans

To achieve customer satisfaction level of at least 85%.

CUSTOMER PRIVACY

Objective

To protect customers' and suppliers' intellectual property ("IP") rights and privacy.

Approach

Megachem ensures that only relevant employees have access to customers and suppliers confidential information and that such information are properly stored and secured.

In order to protect intellectual property rights of our customers and suppliers, their IP rights are used only to the extent stipulated in non-disclosure agreements with them.

Performance Highlights

We have not received any substantiated complaints relating to breach of customer privacy or loss of customers data (2022: nil).

SUSTAINABLE PRODUCTS

Objective

To include sustainable products in product portfolio.

SUSTAINABILITY REPORT

Approach

Major chemical producers are increasingly focused on developing products which reduces environmental impact, thereby providing sustainable alternatives to conventional products. As a distributor of chemicals, our goal is to add more of such sustainable products into our product portfolio and introducing them to our customers, hence contributing to the industry's sustainability objectives. In 2022, we started tracking the quantity of sustainable products added into our product range with mass balance supply chain including RSPO certified palm oil's derivative products.

PRODUCT COMPLIANCE

Objective

To comply with relevant regulations concerning the sale of our products

Approach

In the European Union ("EU"), all imported or manufactured chemical substances above a quantity of one tonne per year are subject to registration under Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulations. Similar registration requirements and regulations exist for other markets. In Canada, the United States, Australia, Korea, China and Turkey, for example, notification is also mandatory for new chemicals on the market.

In Megachem, our regulatory compliance team together with our supply chain team ensures that information required from our suppliers to comply with the REACH regulations are accurate and complete and that they are readily available for submission to the regulatory authorities.

In order to evaluate the impact of any change of product design, process and raw material(s) to end customer and interest parties, we had initiated a Management of Change team to evaluate the risk, communicate the change and its impact to interested parties through automated notification system.

We also adopted the Global Product Strategy ("GPS") from International Council of Chemical Associations on the evaluation of Chemical Risk Assessment and established a Product Safety Summary as well as Product Safe Handling Guide on high-risk products.

Performance Highlights

There have been no cases of non-compliance with regulations concerning product compliance (2022: nil).

SUSTAINABLE PROCUREMENT

Objective

To contribute towards achieving a common vision of sustainable procurement within the chemical industry ecosystem.

To minimize negative impacts on human health and the environment while supporting a diverse, equitable, and vibrant community and economy.

Approach

Our Sustainable Procurement Policy is intended to:

- communicate the Megachem's commitment to sustainable purchasing to its employees, vendors and community
- complement and support implementation of Megachem's sustainability goals and policies
- provide responsible sourcing and procurement guidance
- empower employees to demonstrate leadership by considering sustainability benefits when making purchasing decisions

Our Sustainable Procurement Policy also sets out the following principles:

- adopts internationally recognised standards of health and safety measures
- protects our environment by minimising impact of our business on environment
- conduct our business in a socially responsible and ethical manner

This policy applies to all Megachem employees, vendors, contractors and providers of products and services to Megachem.

- Supplier Assessment

Megachem evaluates and selects suppliers based on criteria such as quality, price, lead time, quality of management, technical standards and abilities as well as its sustainable procurement policies and practices.

Internal processes were enhanced to check and ensure that sustainability criteria are taken into consideration when introducing a new supplier. The new assessment of supplier is done through self-audit questionnaire that consists of 5 categories, i.e. management responsibility, resource management, quality management system, health, safety & environment management system and corporate social responsibility.

- Supplier Code of Conduct

Megachem expect our suppliers to comply with our Supplier Code of Conduct which includes among others adhering to applicable laws and regulations as well as internationally recognized environmental, social and corporate governance standards (ESG standards). Megachem also expect our suppliers to implement these standards with their suppliers and subcontractors.

The Supplier Code of Conduct is sent to suppliers and is also available at our company's website.

Performance Highlight

| TARGET | 2023 Status | % of suppliers responded | Score |
|---|-----------------|--|-------------------------------------|
| To assess suppliers contributing to Top 80% of total chemical spend | 80% re-assessed | Of those suppliers whom we assessed, the % of responses increased from 67% to 80%. | 82% of respondent scored above 71%. |

| | 2021 | 2022 | 2023 Target | 2023 Actual | 2024 Target |
|--|------|------|-------------|-------------|-------------|
| EcoVadis – Sustainable Procurement component | 60 | 70 | >= 70 | na | >= 70 |

na – not available at time of printing

SOCIAL – LABOUR PRACTICES & WORK ENVIRONMENT

Objective

To sustain our human capital to achieve our long-term goals.

Approach

Megachem is influenced by the effects of demographic changes worldwide. The rising life expectancy, shrinking and aging population represent challenges for companies' human resources management. We at Megachem have an important role to play in mastering the demographic challenges of the future. From the way in which we address these challenges, we can shape the social environment which we operate in and at the same time secure competitive advantages. Sustaining our human capital therefore becomes critical for us to achieve our long-term goals.

EMPLOYMENT: EMPLOYEES WELL-BEING/FAIR WAGES/TALENT MANAGEMENT

With a view to maintaining the employability of our workforce, increased focus is placed on preventive health care. Annually health screening examinations and sporting activities are examples of what we do to positively influence employees' health. We have been actively participating in activities to encourage employees to walk towards a healthier future. We also provide comprehensive health insurances to our employees to help defray part of their medical costs.

As a Work Life Achiever Award recipient, Megachem commits to creating and sustaining a working environment supportive of work life balance for all employees where they are respected partners of the business.

We use external wage data and strike to balance our salary structure externally and internally. Market data serves as an external benchmarking tools and with the objective to pay fairly and reasonable to our employees.

Competition for talent will become more intensified as well with the changing demographics. Megachem's human resource management adopts a holistic approach that not only provides tangible rewards but also intangibles such as work-life balance practices, education sponsorship, continuous training and upgrading as well as flexible work schedule. Our employees are also entitled to various type of leaves such as parental care, career break/sabbatical, prolonged sickness, dependent care, maternity, paternity and examination leave. These initiatives are also aimed at prolonging the employability of our employees.

We adopt the best Fair Employment Practices from Tripartite Alliance for Fair Employment practices (TAFEP). TAFEP works with companies, government and unions to adopt and implement fair employment practices.

SUBSIDY FOR CHILDREN'S EDUCATION & SUPPORT GRANT

With the commitment towards enriching the well-being of our employees, we provide subsidy to our lower income employees to defray part of their children's education cost, ranging from nursery up to tertiary education.

We have also committed an exclusive scheme called Support Grant for Special Needs Children. This scheme targets to assist employees on their financial abilities to cope with the necessary medical treatment.

SUSTAINABILITY REPORT

TRAINING AND EDUCATION

Our Higher Learning Education program provides financial assistance to eligible employees who choose to further their professional education and training that will enhance their knowledge and skills. Education sponsorships are available for employees who wish to pursue higher education.

Megachem is a certified "People Developer" organisation in Singapore. "People Developer" is a certification and award recognition by Enterprise Singapore to companies which have attained the niche Business Excellence standard for human resource development. This niche standard provides us with a total approach to attracting, managing and engaging employees for high performance and aims to bring the best out of our people. All the best practices will be shared and implemented in our entities.

Megachem welcomes interns/attachment students to embark on an exciting learning journey with challenging assignments and projects. Upon graduation, these interns are encouraged to apply and join the Company as Management Trainees in their first step towards building a promising career.

DIVERSITY, INCLUSION & EQUAL OPPORTUNITY

At Megachem, we value and respect each individual in the organisation and ensure that all of our employees feel they are a part of the organisation – cultivating a culture of mutual respect. Hence Megachem has a non-discriminatory culture that it does not discriminate on the basis of race, religion, gender, marital status or age.

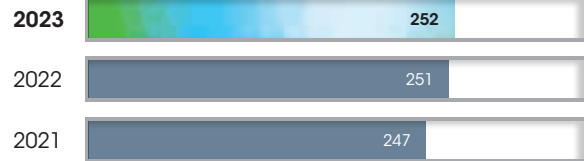
CHILD LABOUR/FORCED LABOUR/HARASSMENT

Building on the culture of mutual respect is a set of clear policies against child labour, forced labour and harassment. Megachem prohibits such unethical labour practices and will take necessary action against any such practices. These policies are spelt out in our Code of Business Ethics and shared with all our employees regularly.

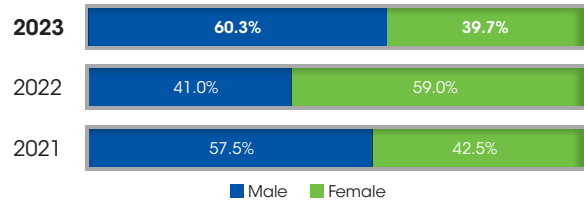
Performance Highlights

Megachem has 252 employees in its organization as at 31 December 2023.

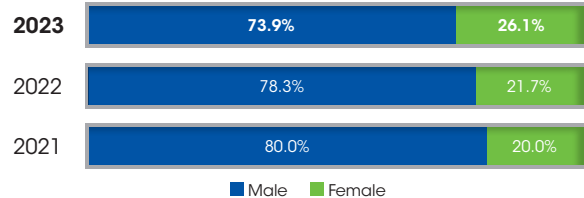
TOTAL EMPLOYEE (GROUP)



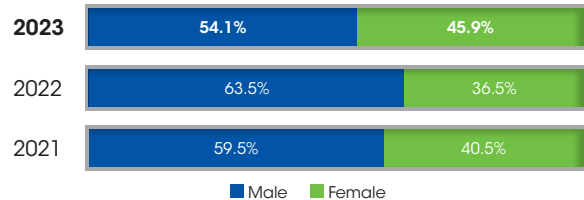
EMPLOYEE GENDER DIVERSITY (GROUP)



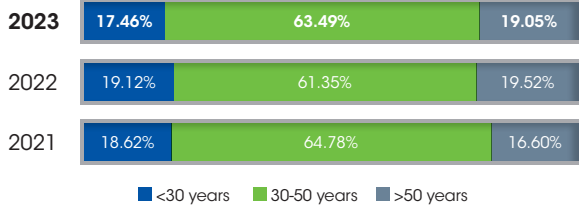
MANAGEMENT GENDER DIVERSITY (GROUP)



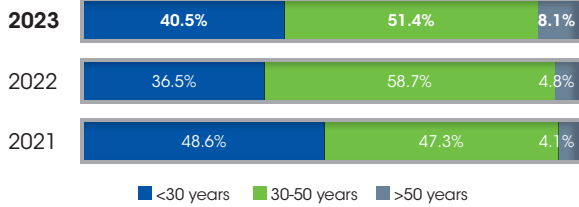
NEW EMPLOYEES GENDER DIVERSITY (GROUP)



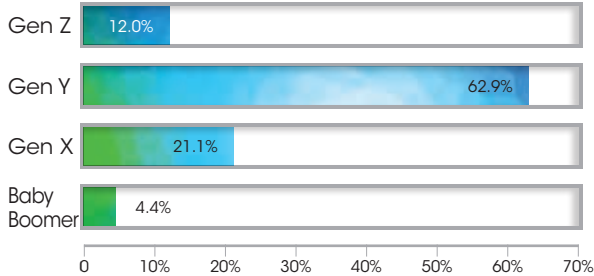
EMPLOYEE AGE DISTRIBUTION (GROUP)



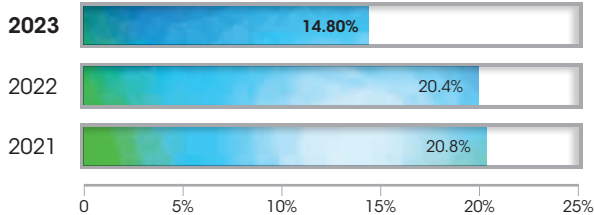
NEW EMPLOYEE AGE DISTRIBUTION (GROUP)



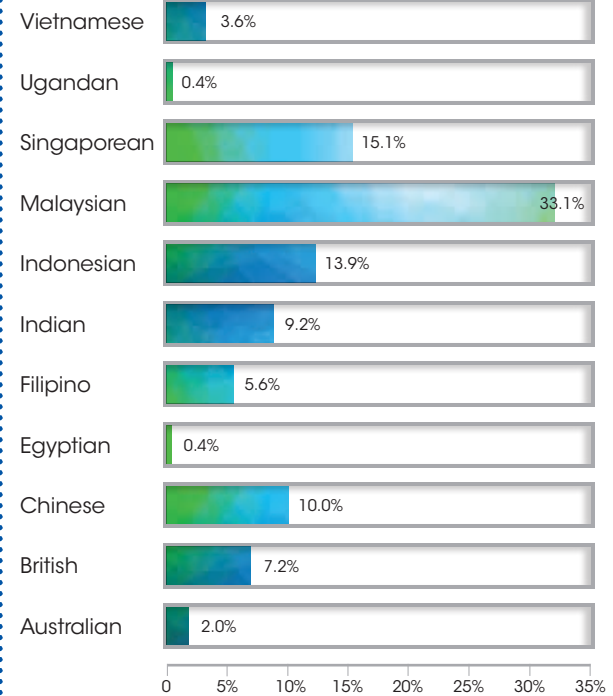
GENERATION 2023 (GROUP)



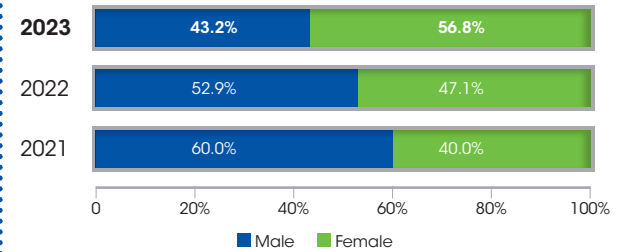
EMPLOYEE TURNOVER RATE (GROUP)



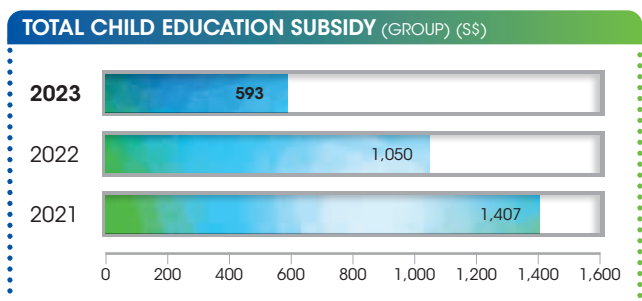
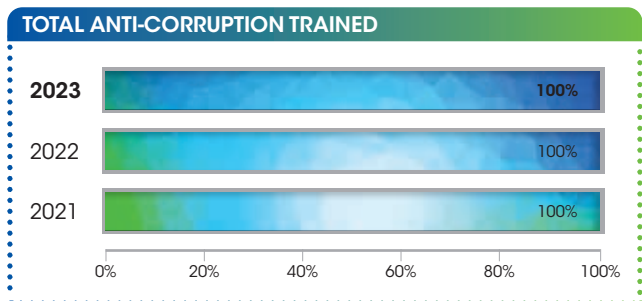
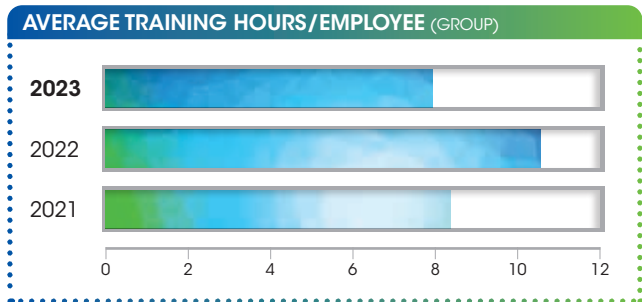
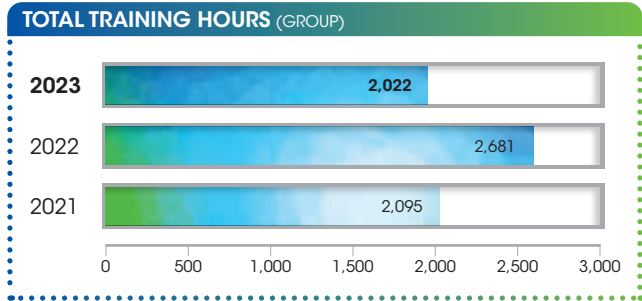
NATIONALITY 2023 (GROUP)



EMPLOYEE TURNOVER BY GENDER (GROUP)



SUSTAINABILITY REPORT



TARGET

| | 2021 | 2022 | 2023 Target | 2023 | 2024 |
|---|------|------|-------------|------|-------|
| EcoVadis - Labour/ Human Rights component | 70 | 70 | >= 70 | na | >= 70 |

na – not available at time of printing

To implement Employees’ Mental Health and Well-being program in 2024.

SOCIAL - SOCIETY

Objective

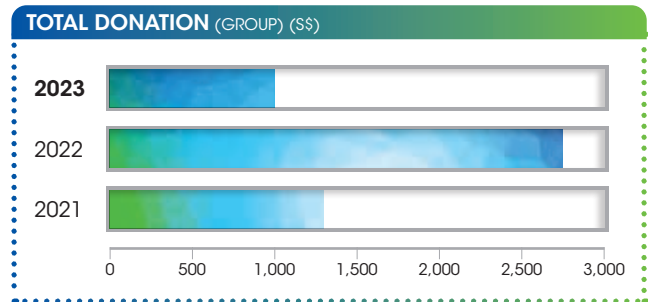
To play our part in nation building.

Approach

At Megachem, we recognize that businesses have a part to play in nation-building especially in providing assistance to people who are less fortunate than others. As such, we work closely with charitable organizations in finding ways for us to contribute to society. These come not just in the form of monetary contribution but also in committing time and effort in participating in these organizations’ activities. Megachem visits several charitable homes during which we make donations as well as provide basic necessities to them. We also participate in several fund-raising events and in youth development program. However these activities were halted during the pandemic.

Megachem participates actively in charity programmes as part of our social responsibility to the community.

Performance Highlights



TCFD DISCLOSURE



The recommendations of the TCFD have four overarching elements – Governance, Strategy, Risk Management and Metrics & Targets.

Governance

Megachem’s Board provides the leadership and formulates our Sustainability strategy and ensures that our management carries out the execution of its strategy effectively.

| TCFD RECOMMENDED DISCLOSURES | OUR APPROACH | REFERENCE |
|--|---|--|
| Describe the Board’s oversight of climate-related risks and opportunities | <p>Our Board’s primary roles in our sustainability strategy are:</p> <ul style="list-style-type: none"> to champion sustainability and climate-related strategy as an integral part of our long-term business strategy to define our Sustainability Vision and Objectives to approve the material aspects of our sustainability program to monitor and oversee progress of our climate commitments and sustainability journey To approve our Sustainability reports | Sustainability Report – Board Statement |
| Describe management’s role in assessing and managing climate-related risks and opportunities | <p>Steering our Sustainability journey are representatives from each functional team within the Group who collectively forms the Sustainability committee. This committee reports to the Executive Committee headed by our Managing Director.</p> <p>Our Executive Committee</p> <ul style="list-style-type: none"> reviews and approves key sustainability approach identifies, assess, monitors, and reports on climate-related issues and strategies to the Board evaluates ESG performance against the targets <p>Our Sustainability Committee</p> <ul style="list-style-type: none"> drives the implementation of our sustainability program and climate-related goals | Sustainability Report – Sustainability Leaders |

SUSTAINABILITY REPORT

Strategy

By effectively communicating our sustainability strategy, stakeholders can gain a deeper understanding of how climate-related issues may impact our future performance.

| TCFD RECOMMENDED DISCLOSURES | OUR APPROACH | REFERENCE |
|---|---|---|
| <p>Describe the climate-related risks and opportunities that the organisation has identified over the short, medium, and long term</p> <p>Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning</p> | <p>Based on feedback garnered from our key stakeholders, Megachem conducts materiality assessments annually to identify material ESG issues for the business.</p> <p>The following are key climate-related risks and opportunities that may have significant impact on our stakeholders and us.</p> <ul style="list-style-type: none"> • there is an increasing emphasis on sustainability practices across the whole chemical supply chain. Failure to meet these sustainability standards may lead to loss of business. Conversely aligning our Sustainability practices with the industry will enhance our business standing. • Failure to meet climate-related regulations may lead to fines and loss of business. • There is potentially higher compliance cost in the form of carbon taxes, water tariffs or plastic tax. • Extreme changes in climate leading to floods and damage to goods. • Shifting customer preferences for more sustainable products may present a challenge if we are unable to meet their requirements. Conversely, it brings opportunities for new products development in the industry, gravitating towards greener and sustainable products. | <p>Sustainability Report – Environment</p> <p>Sustainability Report – Managing Climate Risk</p> |
| <p>Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario</p> | <p>To ensure that our sustainability strategy remains resilient, we model our sustainability program against internationally-accepted standards.</p> <ul style="list-style-type: none"> • Megachem is a member of the Responsible Care® program – a global environmental, health and safety (EHS) performance initiative for the chemical industry. • Our Environment, Health and Safety Management System is audited by a third-party accredited certification body in accordance with ISO 14001 standard. • We subject our sustainability practices to annual assessment by EcoVadis Sustainability Assessment System – an assessment system used widely in the chemical industry and assesses companies in the areas such as environment protection, labour practices, fair business practices and sustainable procurement. • Under Singapore's Green Nation Pledge program, we pledged to adopt environmental-friendly best practices to make our country a greener place. It marks our commitment in joining our nation to build a better and greener future. <p>Megachem will explore the use of climate scenario analysis in the subsequent sustainability reporting.</p> | <p>Sustainability Report – External Charters, Principles, Certification – Green Nation Pledge</p> |

Risk Management

Addressing the risks and managing the potential impact of those risks supports Megachem’s achievement of their objectives.

| TCFD RECOMMENDED DISCLOSURES | OUR APPROACH | REFERENCE |
|--|---|--|
| Describe Megachem’s processes for identifying and assessing climate-related risks | Our Sustainability Committee identified and assessed the material climate-related risks based on feedback garnered from our stakeholders and internal reviews. | Sustainability Report – Materiality Assessment |
| Describe Megachem’s processes for managing climate-related risks | The Board is responsible for the governance of risk across the Group, while ensuring that management maintains a sound system of risk management. The Management shares and discusses with the Board annually its significant risk issues and how these risks can be managed. | Sustainability Report – Megachem Sustainability Strategy |
| Describe how processes for identifying, assessing, and managing climate-related risks are integrated into Megachem’s overall risk management | Managing climate-related risks and opportunities is a key component of Megachem’s ERM framework. Having identified the risks, processes are implemented to manage the risks. These processes are designed by adopting internationally recognised standards such as ISO management system and EcoVadis Sustainability Assessment System. | Sustainability Report – Megachem Sustainability Strategy |

Metrics & Targets

Metrics and targets are used to assess and manage relevant climate-related risks and opportunities.

| TCFD RECOMMENDED DISCLOSURES | OUR APPROACH | REFERENCE |
|---|--|--|
| Disclose the metrics used by Megachem to assess climate-related risks and opportunities in line with its strategy and risk management process | Megachem’s Sustainability plan has annual targets to track and monitor progress towards our ESG goals. Key metrics include carbon emissions, energy and water usage, and waste management, which are published in our Sustainability report. | Sustainability Report – Environment Performance Highlights |
| Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks | Megachem has measured and disclosed Scope 1 and Scope 2 GHG emissions and related risks. Megachem has also commenced the disclosure of Scope 3 GHG emissions in its FY2023 Sustainability Report. | Sustainability Report – Environment Performance Highlights |
| Describe the targets used by Megachem to manage climate-related risks and opportunities and performance against targets | 2023 Targets | |
| | Chemical waste generated not exceeding | Maximum 0.5kg per 1000kg Sales Volume |
| | Energy consumption (non-production activities) | Reduce 5% |
| | Waste water generated from production (average per blending) | Reduce 4% |
| | Scope 1 GHG Emission reduction | Reduce 2% |
| | Scope 2 GHG Emission reduction | Reduce 2% |
| | Compliance with legislation relating environmental management | 0 non-compliance |

SUSTAINABILITY REPORT

GRI CONTENT INDEX

| | |
|-------------------------|---|
| Statement of use | Megachem Limited has reported the information cited in this GRI content index for the period 1 January 2023 – 31 December 2023 with reference to the GRI Standards. |
| GRI 1 used | GRI 1: Foundation 2021 |

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| GRI 2: General Disclosures 2021 | 2-1 Organizational details | 80-82 |
| | 2-2 Entities included in the organization's sustainability reporting | 84 |
| | 2-3 Reporting period, frequency and contact point | 79 |
| | 2-4 Restatements of information | Nil |
| | 2-5 External assurance | 79 |
| | 2-6 Activities, value chain and other business relationships | 11-13 |
| | 2-7 Employees | 25, 99-102 |
| | 2-8 Workers who are not employees | na |
| | 2-9 Governance structure and composition | 53-62, 81 |
| | 2-10 Nomination and selection of the highest governance body | 57-62 |
| | 2-11 Chair of the highest governance body | 19, 53 |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | 53-61, 81 |
| | 2-13 Delegation of responsibility for managing impacts | 53-61, 81 |
| | 2-14 Role of the highest governance body in sustainability reporting | 81 |
| | 2-15 Conflicts of interest | 51, 57, 74, 88 |
| | 2-16 Communication of critical concerns | Nil |
| | 2-17 Collective knowledge of the highest governance body | 55 |
| | 2-18 Evaluation of the performance of the highest governance body | 60-61 |
| | 2-19 Remuneration policies | 62-65 |
| | 2-20 Process to determine remuneration | 62-65 |
| | 2-21 Annual total compensation ratio | 62-65 |
| | 2-22 Statement on sustainable development strategy | 80 |
| | 2-23 Policy commitments | 87-102 |
| | 2-24 Embedding policy commitments | 87-102 |
| | 2-25 Processes to remediate negative impacts | 87-102 |
| | 2-26 Mechanisms for seeking advice and raising concerns | 68 |
| | 2-27 Compliance with laws and regulations | 51, 88 |
| | 2-28 Membership associations | 82 |
| | 2-29 Approach to stakeholder engagement | 84-86 |
| | 2-30 Collective bargaining agreements | na |

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| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | 82-83 |
| | 3-2 List of material topics | 83 |
| | 3-3 Management of material topics | 87-102 |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | 89 |
| | 201-2 Financial implications and other risks and opportunities due to climate change | 90, TCFD disclosure 103-105 |
| | 201-4 Financial assistance received from government | 132 |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported | 76, 77, 90, 91 |
| | 203-2 Significant indirect economic impacts | nil |
| GRI 205: Anti-corruption 2016 | 205-1 Operations assessed for risks related to corruption | 51, 88 |
| | 205-2 Communication and training about anti-corruption policies and procedures | 51, 88 |
| | 205-3 Confirmed incidents of corruption and actions taken | 88 |
| GRI 206: Anti-competitive Behavior 2016 | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | nil |
| GRI 207: Tax 2019 | 207-1 Approach to tax | guided by tax advisory firms to comply with local tax regulations |
| GRI 301: Materials 2016 | 301-2 Recycled input materials used | 95 |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | 93-94 |
| | 302-3 Energy intensity | 93-94 |
| | 302-4 Reduction of energy consumption | 93-94 |
| GRI 303: Water and Effluents 2018 | 303-2 Management of water discharge-related impacts | 91 |
| | 303-4 Water discharge | 93 |
| | 303-5 Water consumption | 93 |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | 94 |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 94 |
| | 305-4 GHG emissions intensity | 89-90 |
| | 305-5 Reduction of GHG emissions | 89-90 |
| | 305-6 Emissions of ozone-depleting substances (ODS) | na |
| | 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | na |

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| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | 93 |
| | 306-2 Management of significant waste-related impacts | 91 |
| | 306-3 Waste generated | 93 |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 New suppliers that were screened using environmental criteria | 98-99 |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | 100-101 |
| | 401-3 Parental leave | Guided by local regulation |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | 95-96 |
| | 403-2 Hazard identification, risk assessment, and incident investigation | 95-96 |
| | 403-3 Occupational health services | 95-96 |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | 95-96 |
| | 403-5 Worker training on occupational health and safety | 95-96 |
| | 403-6 Promotion of worker health | 95-96 |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 95-96 |
| | 403-8 Workers covered by an occupational health and safety management system | 95-96 |
| | 403-9 Work-related injuries | 95-96 |
| | 403-10 Work-related ill health | 95-96 |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | 102 |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | 102 |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 102 |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | 87, 100-101 |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | nil |

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| GRI 408: Child Labor 2016 | 408-1 Operations and suppliers at significant risk for incidents of child labor | 100 |
| GRI 409: Forced or Compulsory Labor 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | 100 |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs | 102 |
| GRI 414: Supplier Social Assessment 2016 | 414-1 New suppliers that were screened using social criteria | 98-99 |
| GRI 415: Public Policy 2016 | 415-1 Political contributions | nil |
| GRI 416: Customer Health and Safety 2016 | 416-1 Assessment of the health and safety impacts of product and service categories | 95 |
| | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | 96 |
| GRI 417: Marketing and Labeling 2016 | 417-1 Requirements for product and service information and labeling | 97 |
| | 417-2 Incidents of non-compliance concerning product and service information and labeling | 97 |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | 97 |