

2025 ESG Report

Driving sustainability to the core

APC GROUP

From Executive Management Team



As we are celebrating 25th anniversary of our company in 2025, it also marked an important year of our continuous effort and major achievement as an ESG focused company. Our commitment in using greener energy, reducing carbon footprint, being socially responsible and having a robust governance have been stronger than ever.

The strategic acquisition of i-Chem Solution, a specialist in industrial water treatment and wastewater treatment, strengthens APC Group's Water Management segment and creates a single source provider of end-to-end water solutions, allowing us to address growing demand for comprehensive resource management for customers.

During 2025, we further strengthened governance and compliance processes through enhanced oversight structures, expanded third-party risk management, and company-wide compliance training designed to reinforce ethical decision-making and consistent operational standards across regions.

APC's next phase of growth will be supported by continued investment in renewable energy, sustainability performance management systems and integrated customer solutions that strengthen operational efficiency, sustainability performance, and business resilience.

We look forward to create another 25 years of excellence!

Ng Kok Heng
CEO, APC Group



Our Sustainability Strategy

2025 is a remarkable year for APC. With the acquisition of i-Chem Solution, a specialist in industrial water treatment and wastewater treatment and full use of our Jiangmen facility and its solar panels, I am proud to have integrated further sustainability into our value chains.

APC integrates sustainability into our business strategy, through our 3Ps ESG framework, we link environmental stewardship, people development and responsible governance to forward looking business growth.

Our R&D functions possess the capability to track internal regulatory directions and chemical stewardship expectations. This ensures our solutions will meet future requirements and maintain acceptability across all regions.

A cornerstone of our strategic direction is APC's expansion into adjacent markets that leverage our core competencies while addressing anticipated customer needs. Building on our experience in process chemistry, we are positioned as an integrated solutions provider across interconnected value chains in water management solutions, surface technology, and viscose and lyocell applications in fiber technology.

Our commitment to our people remained a central focus, evidenced by our emphasis on diversity, employee satisfaction, and development. This year, we conducted 69 training sessions and achieved our lowest turnover rate since implementing ESG tracking. These efforts, combined with our long-term university scholarships and industry-academia partnerships, demonstrate our ongoing investment in our workforce and our dedication to securing future potential.

Looking ahead to 2026, we are dedicated to evolving our operations toward greater sustainability through refined processes and the adoption of carbon-neutral, biodegradable materials. In parallel, we will nurture an inclusive, fair, and secure environment that empowers our employees and uplifts our local community.



Carmen Wong

Group Corporate Strategy and Development Director

OUR VISION



Empowering Customers with Manufacturing Excellence

through Continuous Innovation, Problem-Solving, and Process Efficiency Optimization.

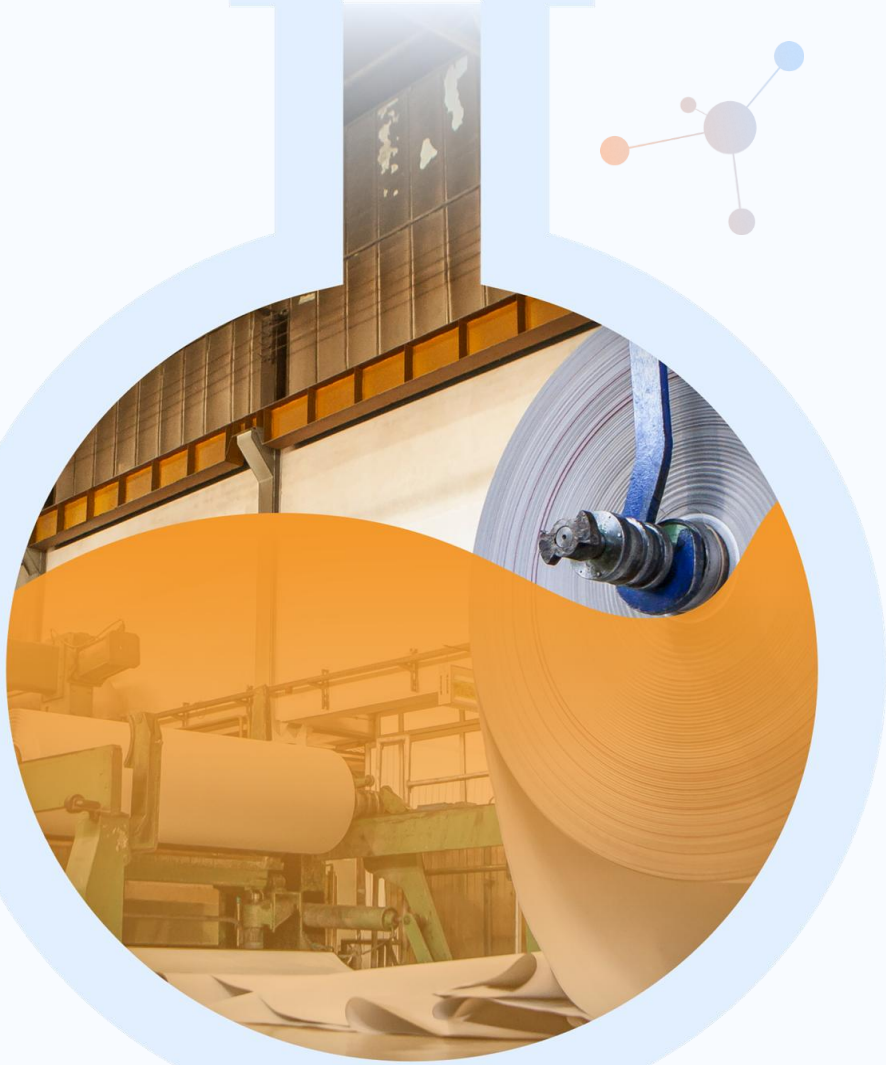
OUR MISSION

1. Customer Success: Delivering high-quality, sustainable products and dedicated support for customer achievements.
2. Empowering Work Environment: Fostering creativity, teamwork, and safety for employee growth and potential.
3. Long-Term Value: Commitment to sustained growth, innovation, and exceptional results for stakeholders.

CORE VALUES

- Collaboration
- Diversity
- Integrity
- People Development
- Innovation

WE ARE PROUD – Since 2000



Extensive Markets

Pulp & Paper, Water Management, Viscose Fiber Technology, Molded Pulp

Innovation Laboratory Network

Shanghai, China
Jiangmen, China
Indonesia
Malaysia

520+
Employees
70% Field based

22
Global locations

6
Production Facilities
China, India, Indonesia, Singapore, Thailand, Malaysia

APC Group's ESG Strategy Aligned with the United Nations Sustainable Development Goals (SDGs)

Guided by our ESG strategy aligned with the United Nations Sustainable Development Goals (SDGs), APC Group is committed to creating lasting value for our stakeholders and the planet. Our approach is structured around three core pillars:

E | Planet

- Sustainable sourcing & operation efficiency improvement
- Reduce resource consumption
- Contribute to circularity

S | People

- Sustainable sourcing & operation efficiency improvement
- Diversity & Inclusion
- Training & Development

G | Performance

- Integrated sustainable business
- Accelerate growth & profitability combining with sustainability
- Business Ethic Code of conduct

Advancing ESG Performance Through Data

Three years since its implementation, our integrated ESG performance dashboard has become a pillar of our governance and a key driver of our sustainability progress. This dynamic system provides robust, quarterly insights that confirm our key performance indicators are progressing firmly on track. This consistent data stream has been instrumental in allowing us to measure impact, optimize strategies in real-time, and demonstrate tangible accountability toward our long-term goals.

	Topics	Metrics	Baseline (2021)	Result 2024	Result 2025	Targets achievement vs 2021 baseline		SDG
Environment	Energy consumption intensity to reduce by 5%*	KWH/Kg prod	0.0450	0.0368	**0.0406**	Reduce 10%	☺	12, 13
	Water consumption intensity to reduce by 5%*	Litres/Kg prod	0.8590	0.9647	**0.9896**	Reduce 2%	😐	6, 12
Social	Workplace Health, Safety and Security	TRIR** <1	0.45	0.77	**0.78**	Below 1	☺	3, 12
	Training hours offered by company(no of class)	hours	94 (29)	317 (48)	**213 (69)**	NA	☺	8
	Employee Turnover rate	<10 %	8.8%	9.5%	**6.57%**	<10%	☺	8
Governance	Supplier code of conduct	100%	79.3%	100%	**100%**	100%	☺	12, 17
	Anti-Bribery & Corruption Management	100% trained	Nil	*Average 92.33%*	**100%**	<100%	☺	8

* Factories Focus
** TRIR (Total Number of Recordable Incidents * 200 000 / Total Work Hours)



All 17 SDGs are important to APC Group's sustainability agenda, 7 SDGs were identified to be the most relevant and where we can make the biggest difference.

ENVIRONMENT

APC's Jiangmen facility in southern China was built with sustainability at its core, incorporating natural light and ventilation systems alongside a phased renewable energy roadmap. In 2025, the facility installed a 2,324 m² solar panel array that currently supplies approximately 60% of the plant's energy needs, generating approximately USD 80,000 in annual energy cost savings. Once fully commissioned, the solar project is expected to support an approximately 85% renewable energy usage. Furthermore, the facility optimizes APC's supply chain configuration by streamlining transportation routes and reducing distribution distances to key customer markets, supporting emissions reduction across the value chain.

In pulp and paper, the push to develop and expand sustainability features in APC's product portfolio is both customer-led and R&D-driven, with customer demand typically setting the direction and timing, and R&D/ application teams translating that into compliant, mill-ready and more cost effective solutions.

- Mill ESG targets focused on lowering carbon intensity, reducing freshwater intake, improving recyclability, and lowering effluent load/ toxicity. This creates demand for:
  a) Green product – enzymes that enable process efficiency
  b) Bio-based products to reduce reliance on fossil-derived raw materials
  c) Biodegradable products to reduce persistence concerns and improve wastewater compatibility
  d) Indirect sustainability enablers that help customers
- Procurement and HSE screening tightening at mill level (restricted substances lists, end users requirements, and requests for "safer alternatives"), accelerating substitution projects.
- Internal tracking of regulatory direction and chemical stewardship expectations (e.g., increasing scrutiny on persistent/low-degradability chemistries, VOC/ odour, hazard classification, and emerging contaminant concerns), to ensure our solutions remain "future-proof" and acceptable across regions.
- Technology roadmaps in enzymes, bio-based feedstocks, and biodegradable chemistries, plus formulation know-how to maintain performance under challenging mill conditions (high closure, higher contaminant load, more recycled fibre).
- Application engineering focus to convert "green intent" into measurable mill outcomes: optimizing dosing points/strategies, trial design, and monitoring so mills can document benefits (energy, water, effluent load, runnability, yield).

PROGRESS ON EMISSION

Emission (tCO2e)	**2025**	**2024**	**2023**
Scope 1	273	292	317
Scope 2	602.5	438	326
Scope 1 and 2	875.5	731	642
Emission Intensity (tCO2e / tons of production)	0.043	0.063	0.073

With our continuous effort in managing greener production and materials, we have continuously been able to reduce emission intensity further in 2025.

↓31.7%
Emission intensity

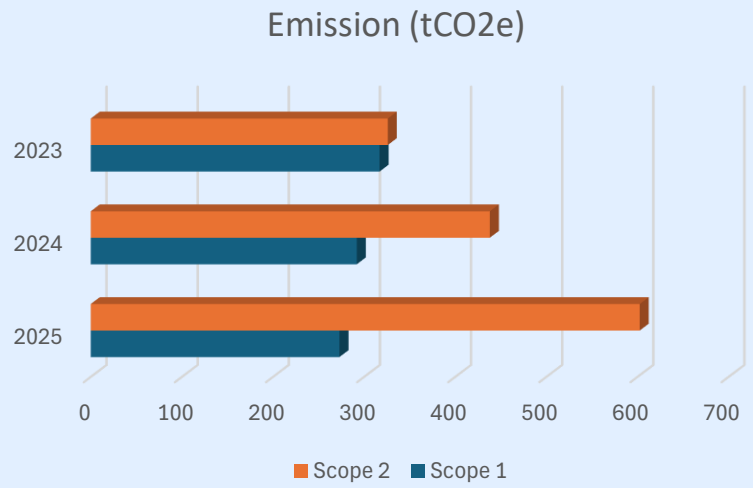
In 2025, our Jiangmen facility has operated a full year with its solar panels, we target to have over 85% of the electricity usage from the China plant.

- 7%

In Scope 1, we continue this year in improving direct emission by using cleaner equipment and fuels compared to 2024

+38%

Compared to 2024, our indirect emission looked higher than usual due to our Jiangmen facility's full year operation with more production and customer demand.



APC Group Accelerates Growth with Strategic Acquisition of i-Chem Solution

APC's water treatment business grew 230% in 2025, supported by the bolt-on acquisition of i-Chem Solution Holdings, reflecting the increasing strategic importance of sustainability-related revenue streams.

i-Chem Solution complements APC’s business with state-of-the-art expertise in water treatment and high quality specialty chemicals to apply in raw water, boiler, cooling tower, wastewater, ion exchange resin, activated carbon filter media, etc.

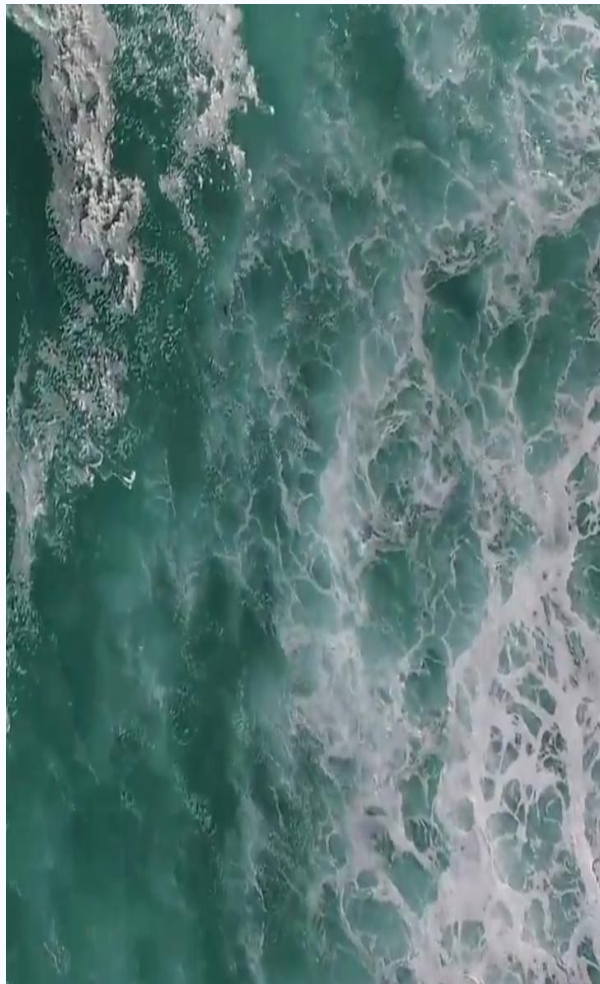
Driven by the goal of environmental sustainability and customer experience excellence, APC group is now an integrated solution provider of end-to-end industrial water management—combining chemicals, equipment, engineering, and services—to address growing demand for comprehensive resource management from our customers. This acquisition is a natural evolution of our mission to deliver sustainable performance for customers. Our end-to-end capabilities include treatment chemicals, systems design, equipment, commissioning, and field service industry expertise: pulp and paper, steel, palm oil, food & beverage, petroleum refining and many more.

Water is a critical resource. By integrating i-Chem’s specialized expertise with APC’s market reach and portfolio, we can offer true end-to-end management of water and fiber-based resources—creating measurable value in efficiency, reliability, and total solutions.



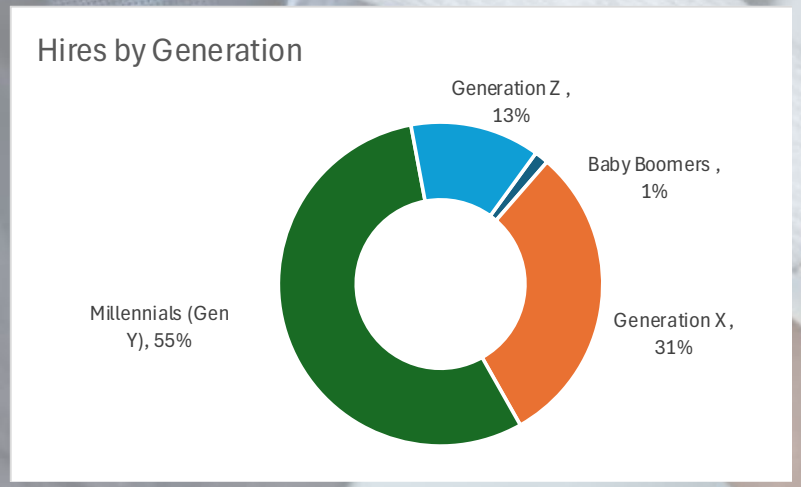
i-Chem Solution, founded in 2006 by a team of engineers and chemists in Malaysia, brings a proven track record in applying advanced technologies and technical services to industrial water challenges across key sectors. APC’s extensive footprint and shared commitment to quality and sustainability will enable us to scale our impact, accelerate innovation, and serve a broader client base across ASEAN and beyond.

With i-Chem’s acquisition APC can now extend our ESG objectives in improving water reliability and quality, optimized energy and waste, and reduced total cost of ownership.

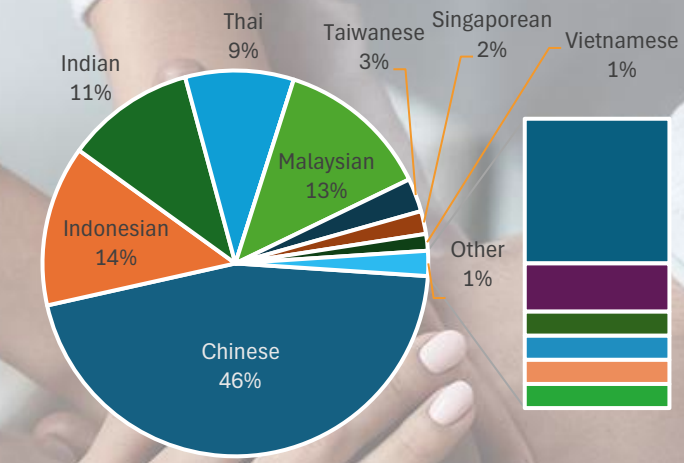


We continue to improve our diversity in 2025: Targeting More Balanced Compositions

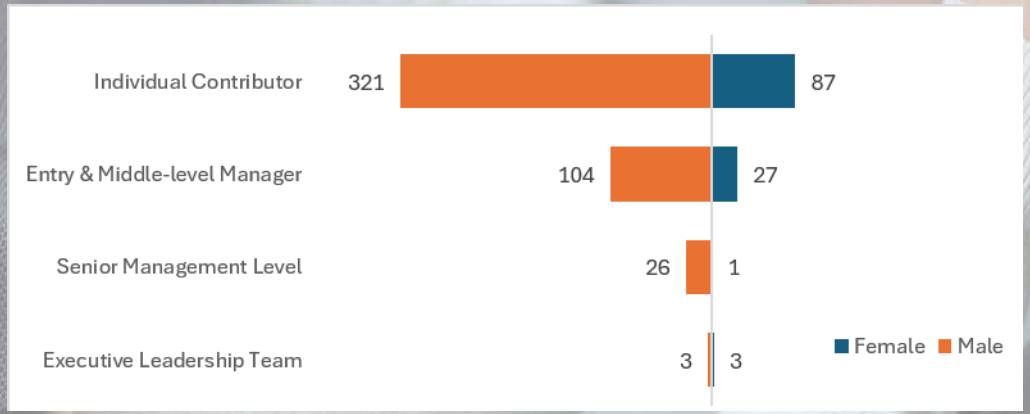
Hires by Generation



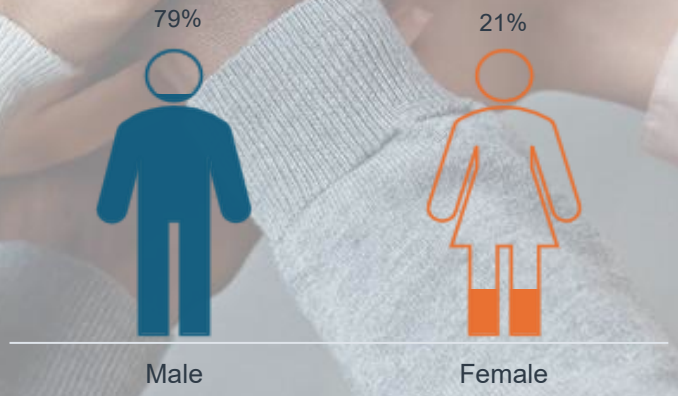
Ethnicity by Region



Headcount by Seniority and Gender



Gender Diversity for the Group



At APC, we believe that sustainable business growth begins with prioritizing our people.

The company has taken initiatives to upgrade our worker dormitory accommodations and extended the comprehensive medical insurance coverage to family members.

While these initiatives required modest investment, the impact on employees and their families has been profound.

This commitment to our workforce has directly translated into stronger engagement and enhanced loyalty with turnover rate at 6.6% in 2025. a rate that remains significantly below industry benchmarks.

The highly positive feedback from our frontline teams has bolstered operational stability, enabling us to deliver consistent, high-quality service to our customers even amidst challenging market conditions.

PEOPLE- PERFORMANCE & GROWTH

1. Streamlined Talent & Performance Ecosystem

Simplified PDR: Streamlined performance reviews to boost completion rates, clarify expectations, and enhance manager-employee development conversations.

Structured Talent Management: Implemented a 9-Box talent review, multi-tier succession planning (ready-now to 3-5 years), and 70-20-10 development plans to accelerate high-potential growth and mitigate business continuity risks.

2. Broadened Capability-Building & Learning

Targeted Upskilling: Deployed diverse programs including Six Sigma Green Belt, Power BI analytics, compliance, cybersecurity, and Fudan University online MBA courses.

Regional & Pipeline Development: Expanded localized technical training in China and strengthened the early-career pipeline via an active internship program.

3. Enhanced Rewards, Engagement & Operational Culture

Competitive Benefits: Updated regional benefit based on direct employee feedback

Holistic Engagement Actions: Addressed six priority engagement areas through initiatives such as ISO certifications in Thailand, digitalization projects, teamwork, and MS O365 "Engage" platform communications.

SOCIAL - SAFETY

APC has strengthened H&S management through Group-wide oversight, formal management systems, site-level accountability and progressive ISO 45001 certification, supported by enhanced preventive controls at its production facilities.









- Group-level EHS oversight by the Supply Chain Director, with **monthly EHS meetings** and dedicated **site-level H&S responsibilities** across production facilities.

- Thailand and Malaysia achieved **ISO 45001 certification** in 2025, while the China Site is progressing towards certification by end-2026.

- The China Site demonstrates enhanced preventive controls, including **dedicated safety training facilities, PPE requirements, hazard signage, permit-to-work controls and regular EHS inspections.**

- Higher-hazard areas incorporate **risk-based controls**, including explosion-proof equipment, dedicated fire protection systems and segregated Class A chemical storage and processing areas.

SOCIAL - SUPPORTING OUR COMMUNITIES



APC Group is committed to creating long-term social value through strategic partnerships and targeted community initiatives.

Education : For over a decade, we supported 733+ students via long-term university scholarships and industry-academia partnerships.

International Projects: Launched clean water initiative in Indonesia, we target to improve health and educational access.
In India, we donated a tractor with a trolley to the Bollaram Municipality for the collection of garbage.
APC Group partnered with Hong Kong Life Commitment Charity club to visit elderly residents living alone in Sham Shui Po, sharing gifts and companionship during the winter season. We also donated an additional USD 5,000 to support their ongoing community work.

Local Action: We donated supplies to elderly homes, supported youth sports, and aided vulnerable communities through regional partnerships.



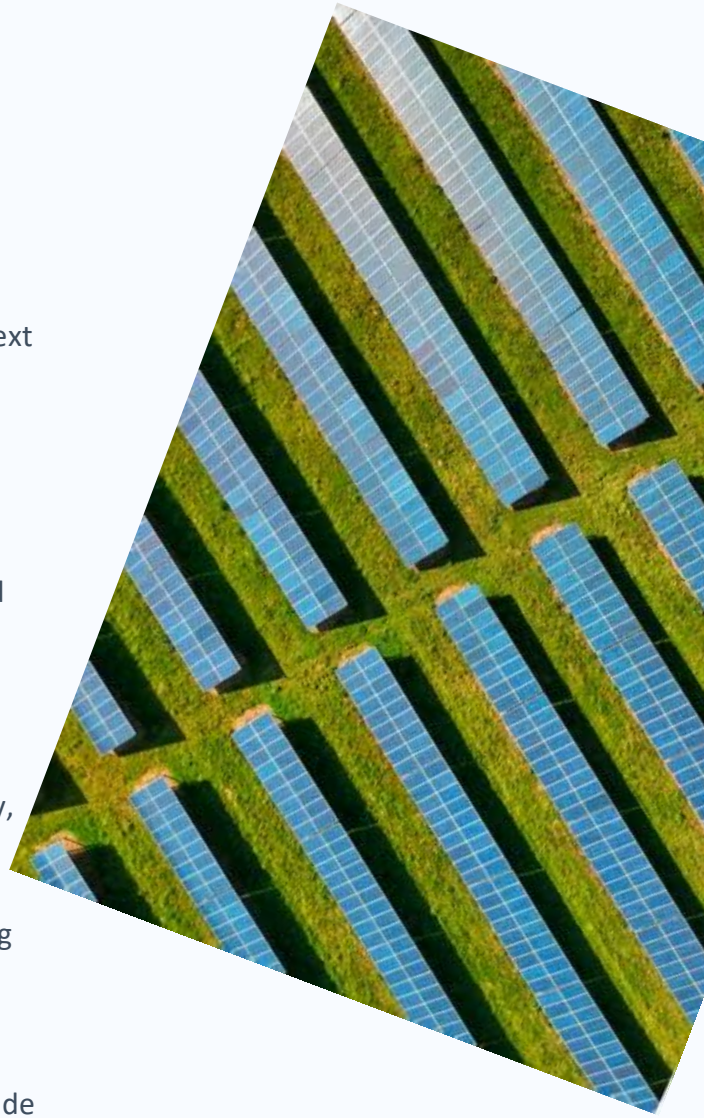








CLOSING AND FORWARD LOOKING



Our sustainability roadmap is core to our future success. In the last few years, APC has been emphasising on pushing green category products which facilitate the reduction of carbon footprint. During 2025, APC further strengthened its governance and compliance processes through enhanced oversight structures, expanded third-party risk management, and company-wide compliance training designed to reinforce ethical decision-making and consistent operational standards across regions. APC's next phase of growth will be supported by continued investment in renewable energy, sustainability performance management systems, and integrated customer solutions that strengthen operational efficiency, sustainability performance, and business resilience.

Systematic Performance Management:
This disciplined review cadence enables evidence-based decision-making, establishes clear accountability for ESG outcomes, and facilitates timely corrective action when performance deviates from established targets. The Board-level visibility ensures sustainability performance receives equivalent rigor and attention as financial and operational metrics.

Customer Impact and Value Chain Responsibility: We explicitly evaluate how our solutions enable customer sustainability performance. Our process chemistry and water treatment technologies are designed to improve customer operational efficiency, enhance product yields, reduce resource consumption, and support transitions to more circular, lower-impact manufacturing practices. This customer-centric sustainability lens ensures our commercial strategy aligns with market transitions toward fiber-based packaging alternatives, water stewardship, and reduced environmental footprints—creating shared value while addressing stakeholder expectations.

Operational and Capital Allocation Priorities: Investment decisions prioritize initiatives delivering measurable improvements in energy efficiency, water reuse, recycling infrastructure, emissions performance, and circular economy outcomes. Examples include renewable energy installations, energy-efficient facility design (Jiangmen), and circular materials handling systems.
Collectively, these integrated initiatives create a reinforcing system where clear performance expectations, targeted development, competitive rewards, and values-driven culture combine to build the skilled, engaged, and aligned workforce necessary to execute APC's strategic priorities.

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For any questions or further information regarding this ESG report and its contents, please contact Carmen Wong: info@amazon-papyrus.com