

SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

The Board of Directors (“Board”) of ELK-Desa Resources Berhad (“ELK-Desa” or the “Company”) presents this Sustainability Statement (“Statement”) of ELK-Desa and its group of subsidiaries (“ELK-Desa Group” or the “Group”), which discusses and reports the sustainability progress, target, performance, as well as achievement of the Group’s businesses and operations.

This Statement has been reviewed by the Board and is available on our corporate website at <https://www.elk-desa.com.my/ar2025.html>.

Reporting Scope and Period

This Statement has been prepared in accordance with the relevant requirements of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”) and has considered the Sustainability Reporting Guide – 3rd Edition and its accompanying Toolkits.

Furthermore, this Statement is prepared in accordance with the GRI Standards and incorporates additional best practices in sustainability reporting where appropriate.

Starting from this reporting cycle, the Statement has been expanded to include sustainability data and information for the Furniture Segment, in addition to the existing Hire Purchase (“HP”) Segment.

The reporting period of this Statement is from 1 April 2024 to 31 March 2025 (“FY2025”), unless stated otherwise. Due to the inclusion of the Furniture Division, the sustainability data for FY2025 will not be directly comparable with data from the previous years, which exclusively covered the HP Segment.

About our Business

ELK-Desa Group has two reporting segments, namely the HP Division and the Furniture Segment.

The HP Division operates a non-bank lending business, providing financing for used cars and acting as an agency for motor-related general insurance products. The HP Division is based in the Group’s headquarters in Kuala Lumpur and has an office in Klang, Malaysia, primarily serving customers and used-car dealers in the Klang Valley region.

The HP Division holds memberships in both the Association of the Hire Purchase Companies Malaysia and the Kuala Lumpur & Selangor Car Dealers and Credit Company Association of Malaysia.

The Furniture Division, currently a non-core business activity of the Group, offers furniture products primarily in wholesale from both locally and overseas. These products are distributed under the Group’s own brand, **ELK-DeSA™**. In addition to distributing furniture through an established dealer network, the Furniture Division operates 2 furniture retail showrooms located in Klang, Selangor, which primarily serve customers in and around their respective areas. Our Furniture Division also manages a small furniture assembly facility specialising in sofa assembly, catering to the demands and requirements of its 2 retail showrooms and wholesale business.

Assurance

This Statement has not been subjected to an internal auditor’s review nor external assurance. Nonetheless, the sustainability data presented in this Statement has been verified by an independent external service provider via an agreed-upon procedures engagement.

Contact Details

We value feedback from internal and external stakeholders. For any inquiries about our sustainability initiatives or reporting, as well as any comments or feedback, please direct contact to our Company Secretary, Mr. Loke Weng Fook at the email address: enquiry@elk-desa.com.my.

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GED/CEO'S MESSAGE

Throughout the year, most countries, including Malaysia, continue to pursue multifaceted initiatives to address climate change and promote human rights. The global effort highlights the growing recognition of the interconnectedness between environmental sustainability and the protection of fundamental human rights. Simultaneously, businesses adapted to a rapidly evolving business environment, marked by changes in workplace dynamics, communication strategies with stakeholders, and the integration of sustainability practices into their operations.

At ELK-Desa Group, we continue to adapt to these changes. We work closely with stakeholders to improve operational efficiency, enhance work satisfaction, and develop values for our employees, customers, business partners, and society. Beyond these ongoing efforts, we are taking proactive steps to develop a systematic approach for effectively estimating and calculating emissions from our operations.

This initiative aligns with the regulatory changes that increasingly demand emissions-related data and address the financial impacts of climate-related risks on businesses. In response to these changes, we have enhanced our Scope 1 and Scope 3 emissions in relation to employee commuting and business travel in this year's Statement. By estimating and reporting these emissions, we aim to better understand our environmental footprint and ensure our operations are prepared to comply with upcoming IFRS S2 Climate-related Disclosures, which incorporate the TCFD Recommendations, as well as other relevant climate-related regulations.

This year, we continue to present the HP Division's sustainability commitments and progress, including updates to our targets. Notably, some targets for the Furniture Division have also been incorporated, reflecting our increased focus on managing the sustainability performance of our material sustainability matters ("MSMs"). These updates are summarised in the table below.

Material Matters	Commitments	Indicators	Division	FY2025 Targets	FY2025 Actual Results
Anti-Corruption, Anti-Money Laundering, and Ethical Business Practices	To demonstrate our adherence to integrity, governance, and responsible business practices within the expectations of the marketplace and stakeholders. We have adopted a zero-tolerance approach to anti-bribery and corruption.	Number of confirmed incidents of corruption and action taken	HP	Zero confirmed incident	0
			Furniture	Zero confirmed incident	0
		% of active suppliers/ business partners to whom we have communicated or affirmed our code of conduct/anti-bribery and corruption policy	HP	98% of suppliers/ business partners	99.6%
			Furniture	98% of suppliers/ business partners	100%
		% of employees who have received training on policy and procedure related to anti-bribery, corruption and code of ethics and conduct	HP	98% of employees	99.5%
			Furniture	98% of employees	100%
		% of Board members and Senior Management endorsed the Declaration of conflict of interest/ communicated regarding the anti-corruption policy and procedure	HP	100% of Board members and Senior Management	100%
			Furniture	100% of Senior Management	100%
		% of operations function assessed for risk related to corruption	HP	100% of the total operations	100%
			Furniture	100% of the total operations	100%

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Material Matters	Commitments	Indicators	Division	FY2025 Targets	FY2025 Actual Results
Financial Performance (Group)	To achieve steady financial performance growth.	Return on equity	Group	> 8.0%	6.7% ¹
		Return on assets	Group	> 5.5%	3.8% ¹
		Earnings per share growth	Group	> 5.0%	-10.9% ¹
		Dividend payout ratio	Group	> 60%	62%
Responsible Finance	To serve the under privileged community not supported by mainstream lenders, e.g., bank and license financial institution. To treat customers fairly through practices of clear and transparent financing terms, lending only to those who can afford to repay. To finance road-worthy motor vehicles.	% of hirers that fall under B40 and M40	HP	95% of hirers	100%
		% of hirers have been briefed on financing terms when signing the HP agreement	HP	100% of hirers	100%
		Loan approved for motor vehicles that passed B7 PUSPAKOM inspection	HP	100% of the loan approved	100%
		For new loan cases, vehicle age not exceeding 15 years	HP	95% of vehicles	100%
Employee Engagement and Employee Wellbeing	To engage regularly with employees. To provide employee training and development. To ensure the low rate of staff turnover. To ensure the happiness of employees. To safeguard employee safety and health.	Employee engagement activities per year	HP	To conduct at least 4 engagement activities	8
			Furniture	To conduct at least 4 engagement activities	4
		Average training hours per employee per year	HP	Minimum average of 18 hours of training and development	32
			Furniture	Minimum average of 15 hours of training and development	17
		Staff turnover (confirmed staff) per annum	HP	< 10% of confirmed staff turnover	8%
			Furniture	< 10% of confirmed staff turnover	4%
		Number of work-related fatalities	HP	Zero work related fatalities	0
			Furniture	Zero work related fatalities	0
		Lost time incident rate	HP	Zero lost time incident rate	0
			Furniture	Zero lost time incident rate	0

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Material Matters	Commitments	Indicators	Division	FY2025 Targets	FY2025 Actual Results
Innovation	To approach/ educate all hirers and dealers to use our innovative products. To improve products, services and internal processes using technology.	Product adoption rate by hirer or dealers (e-payment channel)	HP	At least 65% adoption rate	92.6%
		Number of accepted innovative ideas/ processes per annum	HP	Minimum 8 projects that meet project criteria per annum	10

¹ Return on equity, return on assets and earnings per share growth did not meet the set targets mainly due to higher than expected impairment allowances incurred for the HP Division.

OUR SUSTAINABILITY PHILOSOPHY

ELK-Desa Group's business philosophy is to be "Your Trusted People Centric Partner in Value Creation". Through our operations and business activities, we aim to deliver positive outcomes for all stakeholders, whether as a business, service provider, employer, or business partner. Our approach to value creation is guided by our Core Values of Enthusiastic, Trustworthy, Humble, Innovative, and Committed ("ETHIC"). These values align with our commitment to minimising negative environmental or social impacts arising from our business or operations.

This philosophy forms the foundation of ELK-Desa's corporate strategies, which integrate both short- and long-term sustainability considerations. It is also embedded in our governance, processes, and how we manage our businesses.

SUSTAINABILITY GOVERNANCE



The Board is tasked with the overall governance of the ELK-Desa Group and holds ultimate responsibility for overseeing its governance, management, targets, and performance, with a focus on business sustainability. The Board ensures that the Group's strategic plan is aligned with the long-term value creation, integrating economic, environmental, social, and governance ("EESG") considerations that support sustainability.

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The Board reviews short- and long-term business strategies of the Group, considering sustainability-related risks and opportunities that may influence these business strategies. The Board also oversees Management's initiatives to address sustainability issues, as well as their progress and performance. Besides, the Board is also responsible for ensuring processes are established to enable transparent and effective communication with stakeholders regarding sustainability strategies, priorities, targets, and performance.

The Group Executive Director/Chief Executive Officer ("GED/CEO") is responsible for the overall sustainability performance of the Group, supported by the Sustainability Steering Committee ("SSC"), which consists of Senior Management and heads of key functions. The GED/CEO chairs the SSC, which holds regular meetings to review and discuss EESG matters, as well as the progress and performance of sustainability-related strategies, initiatives, and targets.

The Group's sustainability-related strategies, initiatives, and targets are developed by the SSC, reviewed, deliberated, and approved by the GED/CEO, and endorsed by the Board. The GED/CEO provides leadership to the SSC and the respective Sustainability Working Groups ("SWGs") of the HP Division and the Furniture Division to oversee the implementation of the endorsed strategies, initiatives, and targets. The sustainability-related strategies, initiatives, and targets for each division are designed to address their MSMs as assessed and determined by the respective SWGs. The SWGs periodically report on sustainability progress and performance and highlight any challenges that need resolution. The SWGs are responsible for reviewing stakeholder engagement activities within their respective divisions to ensure that the concerns of relevant stakeholders are taken into account when assessing and managing EESG matters.

In FY2025, the Directors and Senior Management continue to attend relevant training to keep abreast with the latest developments in sustainability topics.

STAKEHOLDER ENGAGEMENT

ELK-Desa Group has developed multiple communication channels to effectively engage with stakeholders, which have also considered different engagement objectives. These channels allow the Group to assess stakeholders' expectations and concerns, gain insights into their interests, and consistently share important information across all stakeholder groups. Stakeholder engagement plays a vital role in aligning the Group's business activities with the varied interests of its stakeholders, while also ensuring that critical information is communicated to stakeholders effectively.

Through our stakeholder engagement activities, the Group gathers valuable feedback from stakeholders, which is integrated into the decision-making process via the SWGs and SSC, and other management reporting channels. Stakeholder feedback, including stakeholders' concerns and interests, is also considered in the materiality assessment process when identifying and assessing the Group's MSMs.

To ensure meaningful engagement between the business divisions and their stakeholders, the Board, via the GED/CEO, has assigned the SSC the responsibility of driving stakeholder engagement. This includes ensuring that relevant sustainability matters and topics are effectively addressed and communicated to stakeholders. The heads or senior managers of various departments and functions are responsible for conducting effective stakeholder engagements within their respective departments or functions. They are also tasked with keeping the SWGs and SSC informed about significant issues arising from these interactions, such as stakeholder comments, concerns, or complaints. Key issues identified through these engagements are highlighted to the Board, as necessary.

Reviewing stakeholder groups and assessing engagement approaches

Stakeholders are assessed based on two areas, namely their influence, i.e., ability to impact business operations or reputation, and their interest in the business, i.e., the extent of impact the business's operations or performance will have on them. The stakeholders were grouped and prioritised based on the assessment results.

The outcome of stakeholder analysis serves as a guide for us when considering the engagement approaches and communication channels. The SWGs review the stakeholder engagement approaches and channels on a yearly basis. The primary objective is to ensure that appropriate and effective engagement channels and platforms are in place.

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The HP Division and Furniture Division's stakeholder groups, engagement methods, and relevant discussion concerns for FY2025 are summarised as follows:

Stakeholder Groups	Engagement Methods	Sustainability Concerns
Regulators	<ul style="list-style-type: none"> Meetings/ discussions Seminars/ training 	<ul style="list-style-type: none"> Governance New regulations, if any Compliance with rules and regulations Ethical and responsible business and better practices Corporate culture
Shareholders and Investors	<ul style="list-style-type: none"> Annual General Meeting Annual Report Analyst briefings and IR events Group's website Investor relations channel Announcement on Bursa's website including Quarterly Financial Results 	<ul style="list-style-type: none"> Sales and budget achievement Compliance with rules and regulations Financial Performance Major corporate decisions, strategies, and directions Ethical and responsible conduct Group's sustainability
Financier	<ul style="list-style-type: none"> Meetings Annual Report Quarterly financial results and updates Yearly facility review 	<ul style="list-style-type: none"> Financial performance Responsible Financing Major corporate decisions, strategies, and directions Sustainability management approaches
Customers	<ul style="list-style-type: none"> Customer Survey Social Media posting Customer service and HP Careline channels Group's website HP Engage portal 	<ul style="list-style-type: none"> Customer experience and quality of products and services (including payment channels) Data security and privacy Responsible finance and product/ services transparency Products and services which cater to customer needs
Dealers	<ul style="list-style-type: none"> Due diligence on dealers and business partners Ongoing business engagements, visits (informal visits and field visits) Process for procurement or the establishment of business relationships Social media posting Customer and HP Careline channels HP Engage portal Furniture business website Dealer survey 	<ul style="list-style-type: none"> Business Integrity Governance and Compliance Fair pricing Efficient and responsible business relationships
Employees	<ul style="list-style-type: none"> Half-yearly performance review and appraisal Learning and Development Programmes Occupational safety and health programmes Employee surveys Group activities such as townhall, brainstorm, teambuilding, annual dinner, and ad-hoc celebration SOP walkthrough Social media posting 	<ul style="list-style-type: none"> Career progress Employees' remuneration and benefits Employee health and safety Workplace safety Work-life balance Workplace culture and business ethics

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OUR MATERIAL MATTERS

The MSMs are determined via a materiality assessment process, illustrated as follows:

Materiality Assessment Process

A sustainability matter is considered material if it reflects the Group's significant EESG impact, such as topics related to environmental impacts, climate-related impacts, and human rights, or substantively influences the assessment and decisions of stakeholders. We also take into consideration the 9 common sustainability matters prescribed by Bursa in the latest MMLR.

When assessing a sustainability matter, the considerations may include:

- the extent to which the Group's business and operations have an impact on the matter assessed;
- the extent to which the matter impacts the Group's business and operations; and
- the extent to which the matter affects stakeholders or stakeholders' decisions.

The SSC conducts a comprehensive materiality assessment every three years. During this assessment, members of the SSC provide their assessments from both the perspective of the business and the viewpoints of stakeholders. As appropriate, input from Management and other employees will be considered by the SSC to enhance understanding and ensure a balanced consideration of the perspectives of various stakeholder groups. The SSC may also engage in special engagements with selected stakeholders to gather their insights during the comprehensive materiality assessment process, as needed.

Between these comprehensive assessments, the SSC conducts an annual review of the materiality assessment outcomes.

In FY2025, the HP Division reviewed the materiality assessment, updating its MSMs considering various aspects, including developments in the business environment, changes in regulations, industry and global trends. The Furniture Division, on the other hand, also performed a simple materiality assessment to determine matters which are relevant to its business.

This year, we have realigned our MSM categories to focus on the 9 key MSMs. The changes from FY2024 MSMs to FY2025 MSMs can be summarised as follows.

MSMs FY2024	MSMs FY2025
<ul style="list-style-type: none"> • Integrity • Anti-Corruption, Anti-Money Laundering and Ethical Business Practices 	Business Ethics and Integrity
<ul style="list-style-type: none"> • Integrating Sustainability into the Business • Supply Chain Management • Company Presence, Stability and Growth • Financial Performance 	Business Performance and Resilience
<ul style="list-style-type: none"> • Data Security & Privacy • Customer Privacy 	Data Privacy & Security
<ul style="list-style-type: none"> • Governance • Risk Management 	Risk Management

















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MSMs FY2024	MSMs FY2025
<ul style="list-style-type: none"> Employee Engagement Occupational Health and Safety Labour Practices and Standards Diversity and Inclusion 	Inclusive, Respectful, and Safe Workplace
<ul style="list-style-type: none"> Technology and Digitalisation Innovation 	Innovation, Technology, and Digitalisation
<ul style="list-style-type: none"> Energy Management Climate Change Emissions (direct & indirect) Water Management Recycling & Waste Management 	Climate Change, Energy and Emissions Management, and Waste and Water Management
<ul style="list-style-type: none"> Responsible Finance 	Responsible Finance
<ul style="list-style-type: none"> Community Engagement, Enrichment & Relationships 	Community and Society

When combining the sustainability matters, we adopted a more conservative approach and maintained the higher ratings amongst the combined matters, which determined their position in the Materiality Matrix.

The MSMs and their relevance to the HP Division and Furniture Division, respectively, are as follows.

MSMs FY2025	Division ²
Business Ethics and Integrity	 
Business Performance and Resilience	 
Data Privacy & Security	 
Risk Management	 
Inclusive, Respectful, and Safe Workplace	 
Innovation, Technology, and Digitalisation	
Climate Change, Energy and Emissions Management, and Waste and Water Management	 
Responsible Finance	
Community and Society	 

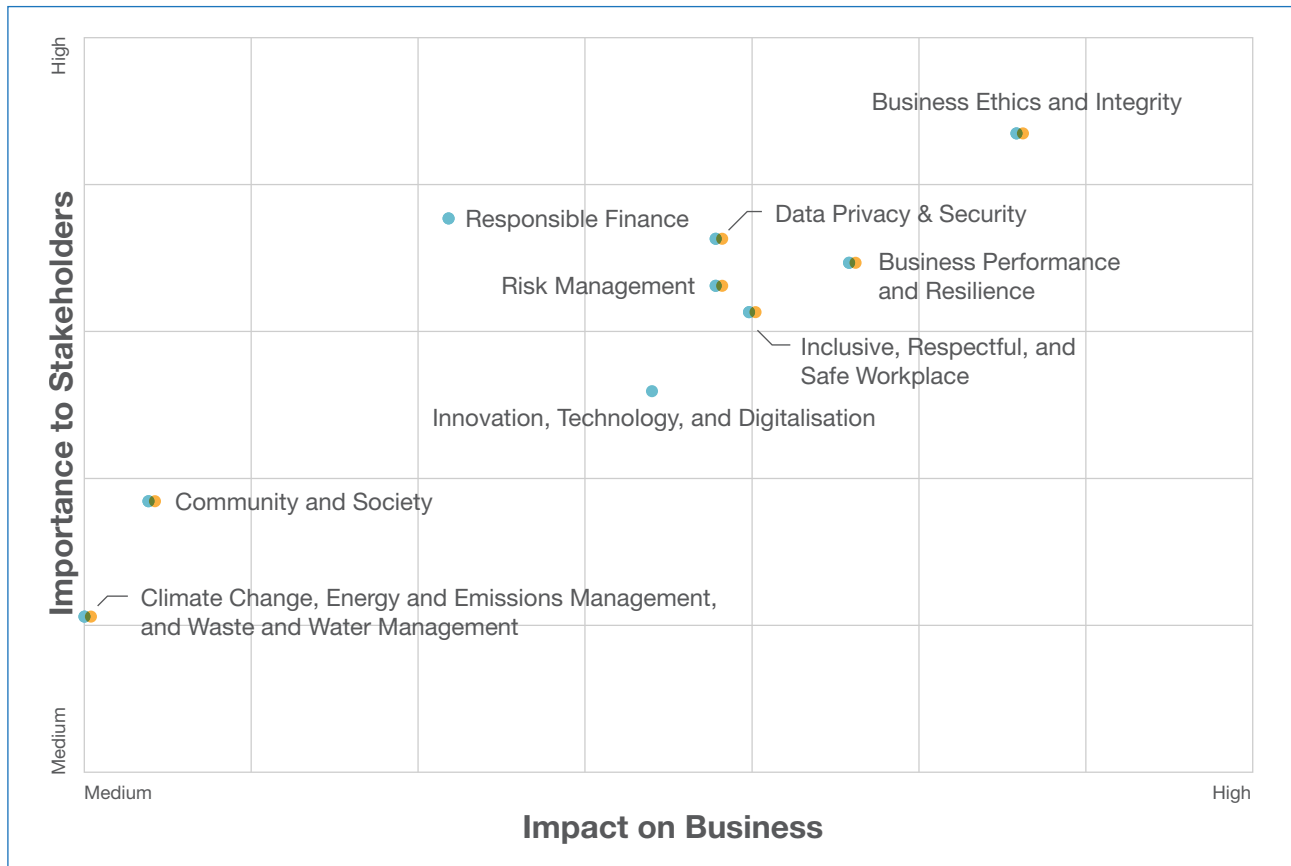
² Blue icons represent the HP Division while orange icons represent Furniture Division.

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The MSMs identified for the HP Division in FY2025 are presented in the materiality matrix below, with the Furniture Division having selected the MSMs most relevant to its business and operations. The MSMs identified are presented in the materiality matrix below:

Materiality Matrix 2025



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ECONOMIC

THE VALUES WE CREATE AS A PEOPLE-CENTRIC BUSINESS

Covered in this section	
Material Sustainability Matters	<ul style="list-style-type: none"> • Business Performance and Resilience • Community and Society
GRI Topics	<ul style="list-style-type: none"> • GRI 201 – Economic Performance • GRI 203 – Indirect Economic Impacts • GRI 204 – Procurement Practices • GRI 207 – Tax

BUSINESS PERFORMANCE AND RESILIENCE

Presence, Stability, and Growth

ELK-Desa has established itself as a dependable lender in the hire purchase financing business, gaining the trust of diverse stakeholders, including used-car dealers to borrowers. We are committed to maintaining our reputation and market presence by proactively addressing challenges and flexibly adjusting to fluctuations in the unpredictable economic environment. We prioritise continuous monitoring of trends in the used car market and industry to remain integral to our approach, enabling us to stay relevant and sustainable. In Malaysia, the used car market remains significant due to its affordability compared to new cars.

On the other hand, we are also gradually growing our furniture business, supporting the Group's business diversification and mitigating concentration risks.

The Group is committed to responsible business management, which involves balancing long-term benefits and costs while addressing immediate and short-term issues. By adopting this approach, we aim to strengthen our business fundamentals, ensuring stability and sustainable growth over time.

Our leadership and management team, leveraging their wealth of experience and knowledge, consistently enhance business performance with diligence and prudence. Through ongoing monitoring and research, our Senior Management ensures the business stays aligned with market needs, fostering sustained value creation and effectively meeting current demands.

FY2025 Financial Performance

The Group's financial performance is summarised as follows.

ELK-Desa Group	FY2023	FY2024	FY2025
Revenue (RM'000)	155,242	167,776	196,684
Return on Equity	10.4%	7.7%	6.7%
Return on Assets	7.5%	4.9%	3.8%
Earnings Per Share (sen)	10.50	8.06	7.18
Dividend (sen per share)	6.50 ³	5.00	4.50
Dividend payout ratio	62%	62%	62%

³ First interim dividend has been restated in respect of bonus issuance.

For detailed information on the Group's financial performance and position, please refer to the **Management Discussion and Analysis Statement** of this Annual Report 2025.

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Financial Inclusion and Support for Local Economic Development

HP Division

The HP Division operates a model that provides small-value financing to purchasers of second-hand cars, particularly targeting individuals who are often underserved by mainstream financial institutions, such as self-employed individuals and those with low-to-middle income. Particularly in Kuala Lumpur and Selangor, owning a vehicle can significantly improve access to employment opportunities and contribute to economic advancement, ultimately increasing disposable income. Our operations are designed to promote financial inclusivity, supporting underprivileged and lower-income communities by enabling their investment in mobility and economic advancement. Through these initiatives, we strive to ensure that no one is left behind as Malaysia continues to develop.

In FY2025, we provided services to approximately 40,312 hirers, with an average outstanding receivables of RM18,180 per hirer. All our hirers were from the B40 and M40 income groups.

HP Division	FY2023	FY2024	FY2025
Approximate number of hirers	40,938	39,021	40,312
Average outstanding net hire purchase receivables per hirer (RM)	15,231	16,863	18,180

Currently, our financing services are exclusively for vehicles registered in Malaysia, which means that we support hirers within Malaysia, and our disbursed hire-purchase funds directly benefit the local economy. Furthermore, as a responsible corporate citizen, we meet our tax obligations by contributing a fair and reasonable amount of corporate taxes to the country.

Apart from that, our HP Division collaborates with a network of local car dealers in Kuala Lumpur and Selangor, thereby creating employment opportunities throughout our value chain. As at 31 March 2025, we employed 208 individuals within the HP Division, contributing to the local employment market and economy. For more information about our employees, please refer to the **Organisation Culture – Our Employees** section of this Statement.

Furniture Division

Global awareness of climate change and environmental sustainability is steadily growing. Our Furniture Division actively engages with customers to assess demand for eco-friendly and sustainably sourced furniture. As a furniture wholesaler, we maintain the flexibility to adapt our sourcing strategies where feasible, aligning with evolving market trends.

In FY2025, 85% of our total procurement expenditure was procured from local suppliers.

ELK-Desa Group

Our efforts and support for local economic development are summarised in the following table:

	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Number of employees	194	204	208	141
Tax Contribution (RM) ⁴	12,454,841	9,522,819	6,537,535	1,279,669
Community Investment (RM)	215,716	361,679	343,642	0
			343,642	
Proportion of spending on local suppliers ⁵	100%	100%	100%	85%
			98%	

⁴ Comprising income tax.

⁵ For the HP Division, local suppliers refer to used car dealers, vendors, and suppliers registered in Malaysia. For the Furniture Division, local suppliers refer to suppliers registered in Malaysia, from whom both trade and non-trade items are procured.

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Overview of Economic Value Generated and Distributed

The breakdown of the HP Division and Furniture Division's direct economic value generated, economic value distributed, and economic value retained throughout the year is as follows.

	FY2023 (RM'000)	FY2024 (RM'000)	FY2025 (RM'000)	
	HP	HP	HP	Furniture
Direct economic value generated ("DEVG"), mainly in the form of revenue and other income	102,577	114,968	130,241	68,755
Economic value distributed ("EVD"):	84,439	99,690	95,425	64,937
Comprising:				
• Operating cost	19,298	40,003	37,166	53,401
• Employee wages and benefits	14,313	15,088	14,846	10,256
• Payment to providers of capital				
i. Dividend	29,563	22,740	20,401	0
ii. Finance cost	8,594	11,974	16,131	0
• Payment to government, in the form of taxes ⁶	12,455	9,523	6,537	1,280
• Community investments, including donations	216	362	344	0
Economic value retained (DEVG-EVD)	18,138	15,278	34,816	3,818

⁶ Comprising income tax.

COMMUNITY AND SOCIETY

During the financial year under review, the Group remained steadfast in supporting local communities and addressing the needs of the less fortunate via a range of corporate social responsibility ("CSR") initiatives. These efforts include charitable donations aimed at supporting educational institutions and the community.

	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Amount invested in the community (RM)	215,716	361,679	343,642	0
			343,642	
Estimated number of beneficiaries ⁷ of the investment in communities	78	24	43	0
			43	

⁷ Exclude beneficiaries that are internal to the company.

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RESPONSIBLE FINANCE

Covered in this section	
Material Sustainability Matters	<ul style="list-style-type: none"> Responsible Finance
GRI Topics	<ul style="list-style-type: none"> GRI 201 - Economic Performance GRI 203 - Indirect Economic Impacts

Responsible Lending

The HP Division's business sustainability heavily relies on responsible lending practices, which focus on providing loans only to individuals who have the capacity to repay. Our goal is to ensure that our hirers derive overall benefits from our products and services and steer clear of unsustainable financial commitments. To manage credit risks effectively, the Group enforces a stringent credit approval process that involves a thorough assessment of customers' financial backgrounds and capabilities, including their income sources, to avoid and prevent lending to individuals who may struggle to meet their repayment obligations.

We also analyse the composition of our portfolio, taking into account the income demographics and financial stability and sustainability of our hirers. In order to strive for a balance between promoting financial inclusivity and maintaining responsible lending practices, we use a variety of assessment methods. These include utilising objective indicators such as hirer's debt service ratios, which help us evaluate a hirer's ability to manage their debt obligations effectively.

On the other hand, we also mitigate our risks by monitoring key indicators such as impaired loan ratio and credit loss charge, which are essential measurements for assessing the quality of our portfolio.

We maintain continuous communication with borrowers, aiming to strike a balance between sustaining business performance and supporting customers in fulfilling their financial obligations.

In FY2025, the HP Division's gross impaired loans ratio decreased marginally due to the recovery and repossession activities, as well as write-off of unrecoverable receivables. The net impaired loans ratio remained at a low level of 0.6%.

HP Division	FY2023	FY2024	FY2025
Impaired loans ratio (Gross)	7.4%	1.9%	1.8%
Impaired loans ratio (Net)	1.9%	0.6%	0.6%
Credit loss charge	1.2%	4.1%	6.3%

For more information about non-performing loan ratios and credit loss charges, please refer to the **Management Discussion and Analysis Statement** of this Annual Report 2025.

Product and Disclosure Responsibility

We continue to uphold our products and disclosure responsibilities, and we are committed to the fair treatment of customers by maintaining transparent financing terms and financing road-worthy motor vehicles. In compliance with relevant laws and regulations, such as the Hire-Purchase Act 1967, we provide customers with all necessary and essential information regarding hire purchase arrangements. This includes details on deposit, pricing, term charges, instalment numbers, and the rights of both the customer and financier. Other than that, our employees verbally emphasise and explain key terms of the hire purchase agreements, including the risks of non-payment. This action is to ensure that customers are fully informed and have a clear understanding of their financial responsibilities before signing the hire purchase agreement. In line with regulatory requirements, all hirers have been briefed on the relevant financing terms.

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In June 2024, the Group established and implemented an Anti-Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions (“AML, CFT, CPF and TFS”) Policy across all business activities. This AML, CFT, CPF and TFS Policy is committed to maintaining the business integrity and protecting the interests of our customers, stakeholders, and employees. Our AML, CFT, CPF and TFS Program employs a risk-based initiative that undergoes regular reviews to ensure continued effectiveness and full compliance with all applicable laws and regulations in all jurisdictions where we operate. To reinforce these efforts, we conduct ongoing training and awareness for all employees.

We also ensure adherence to regulatory requirements for other products, such as motor and Loan Protector insurance, by providing customers with product disclosure sheets and ensuring they receive a detailed briefing from our employees before making any commitments. Our HP Careline team is available to assist customers or potential customers who need clarification about our products and services, hire purchase terms, and their rights as protected by relevant laws and regulations.

Moreover, we strive to minimise potential negative environmental or social impacts resulting from our financial activities by financing road-worthy vehicles. In FY2025, 100% of loans approved were for motor vehicles that have successfully passed the B7 PUSPAKOM inspection, ensuring that these vehicles meet stringent safety and environmental standards.

Furthermore, we have implemented a measure for our new loan cases, aiming for at least 95% of financed vehicles to have a vehicle age of not more than 15 years. This initiative is designed to promote the use of newer and more environmentally friendly vehicles that are likely to have lower emissions and higher fuel efficiency. In FY2025, all of the vehicles financed under new loan cases met the criterion.

The Group is committed to upholding ethical standards and legal compliance by not supporting financing for activities associated with corruption, smuggling, human trafficking, or any other prohibited actions under anti-corruption, anti-money laundering, and anti-terrorism financing laws. If any such activities come to our attention, we will take immediate and appropriate action to ensure that our financial services are not utilised for these purposes.

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ENVIRONMENT

The HP Division's environmental impacts are primarily derived from its office operations, which involve energy consumption, emissions, and resource usage. The Furniture Division also contributes to these environmental impacts, but with lower energy demands, while additionally generating waste through its manufacturing and operational processes.

CLIMATE CHANGE, ENERGY AND EMISSIONS MANAGEMENT, AND WASTE AND WATER MANAGEMENT

Covered in this section	
Material Sustainability Matters	<ul style="list-style-type: none"> Climate Change, Energy and Emissions Management, and Waste and Water Management
GRI Topics	<ul style="list-style-type: none"> GRI 302 – Energy GRI 305 – Emissions

CLIMATE CHANGE, ENERGY AND EMISSIONS MANAGEMENT

Energy

HP Division

In terms of financing activities, we finance road-worthy vehicles that meet PUSPAKOM's vehicle inspection, including emission tests. Purchasing a used car may have a lower carbon footprint compared to purchasing a new car, as the production of new vehicles often involves significant greenhouse gas ("GHG") emissions and the use of materials that are environmentally costly to produce. In addition, owning a road-worthy used car helps extend the lifespan of the resources and materials of the used car, thereby promoting environmental sustainability.

Electricity is used for our office operations at the HP Division, powering basic office appliances such as air-conditioning units, which are vital for maintaining comfortable working environments, as well as computers, lighting, and security systems that ensure the safety of personnel and assets. In our HP Division, we have a few petrol-based company vehicles, but fuel consumption is generally minimal and does not contribute significantly to overall operational costs or environmental impact.

Our energy management strategy focuses on reducing our dependency on non-renewable energy sources and improving our energy efficiency. In Malaysia, the electricity purchased from TNB is generated from a combination of coal, natural gas, and renewable sources. By recognising the advantages of investing in renewable energy production capacity, we have installed a solar power generation system at our Klang office, capable of generating approximately 61,776 kWh of electricity annually, depending on weather conditions. This installation offsets around 41 metric tonnes of CO₂e each year. Apart from that, in December 2023, we installed a solar power generation system at our Kuala Lumpur headquarters, which is expected to produce 33,961 kWh of electricity, offsetting an estimated 14 metric tonnes of CO₂e annually. Overall, the Group's current solar power generation systems have the capacity to generate 95.8 MWh of clean energy.

In FY2025, the solar power generation systems for the HP Division generated a total of 80.89 MWh of clean energy, helping to avoid approximately 62.61 metric tonnes of CO₂e emissions. The HP Division consumed about 54.07 MWh while 26.82 MWh of the excess energy was contributed to the grid and helped to offset our electricity bills.

Furniture Division

Our Furniture Division consumes fuel in our company vehicles and in leased equipment, which are used for operations and logistics.

SUSTAINABILITY STATEMENT

cont'd

ELK-Desa Group

During the financial year under review, the HP and Furniture Division consumed a total of 1,349,923 kWh in energy, sourced from fuel consumption, purchased electricity, and solar energy generation. Energy consumption of the HP Division contributed to about 51.3% of the Group's overall energy consumption, while the Furniture Division contributed to about 48.7%.

Energy Consumption ⁸	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Petrol consumed (kWh) ⁹	NA	NA	210,870 ¹⁰	116,404 ¹¹
Diesel consumed (kWh) ¹²	NA	NA	NA	126,222 ¹³
Electricity purchased from TNB (kWh) ¹⁴	463,951	429,134 ¹⁵	427,773 ¹⁶	414,586
Solar/ renewable fuel consumption (kWh) ¹⁷	17,223	41,400	54,068	NA ¹⁸
Total energy consumption (kWh)	481,174	470,534	692,711	657,212
			1,349,923	

8 Overall the Group applies the operational control consolidation method for its energy and emissions reporting.

9 Petrol consumed was estimated based on the 33.5 MJ of the U.S. Energy Information Administration. Reference: <https://www.eia.gov/energyexplained/units-and-calculators/energy-conversion-calculators.php>.

10 The HP Division began to collect this data in FY2025.

11 The Furniture Division began to collect this data for the period beginning August 2024 to March 2025.

12 Diesel consumed was estimated based on the 38.3 MJ of the U.S. Energy Information Administration. Reference: <https://www.eia.gov/energyexplained/units-and-calculators/energy-conversion-calculators.php>.

13 The Furniture Division began to collect this data for the period beginning August 2024 to March 2025.

14 Derived from electricity bills.

15 Excludes electricity bills for approximately 2 periods of actual electricity utilisation for 2 premises during the end of the financial year, that had not been received by the HP Division during the finalisation of this Statement.

16 During the financial year under review, the HP operations streamlined its operational space and reduced its rented floor area, contributing to lesser electricity purchased.

17 Derived from solar power generation system reports.

18 No solar power generation system in the Furniture Division.

For FY2025, the HP Division and Furniture Division recorded an energy intensity (focusing on electricity used at our premises) of 108 kWh/m² and 38 kWh/m², respectively. The energy intensity of our HP Division decreased by 13% compared to FY2024, primarily due to a reduction in office floor space area in an effort to streamline our operations.

	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Total energy consumption (kWh)	481,174	470,534	481,841	414,586
Total floor areas (m ²)	4,888	4,888	4,442	10,845
Energy intensity (kWh/m²)¹⁹	98.44	96.26	108.47	38.23

19 Energy intensity = (electricity purchased from TNB + electricity generated and consumed from the solar power generation systems)/ total floor area.

SUSTAINABILITY STATEMENT

cont'd

GHG Emissions

The HP Division will continue to report on Scope 2 emissions and will begin reporting on Scope 1 and Scope 3 emissions, with a specific focus on Category 6 – Business Travel and Category 7 – Employee Commuting. For the Furniture Division, this year represents the first time emissions data are reported. Prior to this, both the Furniture Division and HP Division underwent a data collection process to identify, determine, and gather the necessary information required for emissions reporting.

The GHG emissions generated within our business operations in FY2025 are summarised as follows.

Emissions Generated	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Scope 1 emissions – petrol consumed (tCO ₂ e)	NA	NA	46	29 ²⁰
Scope 1 emissions – diesel consumed (tCO ₂ e)	NA	NA	NA	31 ²¹
Scope 2 emissions – electricity consumption (tCO ₂ e) ²²	359	332	331	321
Scope 3 emissions – Business Travel (tCO ₂ e)	NA	NA	46	225 ²³
Scope 3 emissions – Employee Commuting (tCO ₂ e)	NA	NA	188	35 ²⁴
Total emissions generated (tCO ₂ e)	359	332	611	641
			1,252	

20 The Furniture Division began to collect this data for the period beginning August 2024 to March 2025.

21 The Furniture Division began to collect this data for the period beginning August 2024 to March 2025.

22 FY2023 and FY2024 emissions from purchased electricity were restated, using the latest Grid Emission Factor, i.e. 0.774 Gg CO₂e/GWh for year 2022, provided by the Energy Commission of Malaysia. Reference: Grid Emission Factor (GEF) in Malaysia, 2017-2022, <https://meih.st.gov.my/home>.

23 The Furniture Division began to collect this data for the period beginning August 2024 to March 2025.

24 The Furniture Division began to collect this data for the period beginning August 2024 to March 2025.

By generating solar-based electricity, we avoided an estimated 42 tonnes of CO₂e emissions in FY2025. Moving forward, we will continue to enhance our emissions data collection and calculation processes from time to time to ensure more accurate emissions reporting in the future.

Starting from FY2025, the Group will expand the coverage of its emissions intensity by including Scope 1 emissions, in addition to Scope 2 emissions. Emission intensity for FY2023 and FY2024 will not be restated.

With the inclusion of both Scope 1 and Scope 2 emissions in FY2025, the HP Division and Furniture Division recorded emissions intensity of 85 kg of CO₂e/m² and 35 kg of CO₂e/m², respectively.

	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Total emissions (tCO ₂ e) ^{25 26}	359	332	377	381
Total floor areas (m ²)	4,888	4,888	4,442	10,845
Emission intensity (tCO ₂ e/m ²) ²⁷	0.07	0.07	0.08	0.04

25 FY2023 and FY2024 emissions from purchased electricity were restated, using the latest Grid Emission Factor, i.e. 0.774 Gg CO₂e/GWh for year 2022, provided by the Energy Commission of Malaysia. Reference: Grid Emission Factor (GEF) in Malaysia, 2017-2022, <https://meih.st.gov.my/home>.

26 FY2025 emissions data includes both Scope 1 and Scope 2 emissions.

27 FY2023 and FY2024 emissions intensity were restated due to the adjustments in purchased electricity data.

The HP Division continues to make proactive efforts in managing and optimising energy and emissions usage, striving to enhance energy and emissions efficiency in line with global initiatives for climate change. We encourage responsible electricity usage in our operations by implementing practices such as powering down equipment and appliances when not in use, as well as utilising natural lighting, ventilation, and cooling to reduce our energy consumption and emissions.

SUSTAINABILITY STATEMENT

cont'd

Climate Change

The Group acknowledges that climate change may have impacts on the business and its business environment in the short-, medium-, and long-term. The Group has begun to consider its preparation to perform climate-related assessments to evaluate the climate-related risks and opportunities to the business. We aim to develop business resilience in the face of different climate possibilities in the future.

Following Bursa's introduction of new disclosure requirements to align with the IFRS S1 Sustainability-related Disclosures and IFRS S2 Climate-related Disclosures, the Group will undertake measures to prepare for alignment and compliance with the IFRS S1 and IFRS S2 according to the timeline set by Bursa. The IFRS S2 disclosure requirements also incorporate elements of the TCFD Recommendations.

WASTE AND WATER MANAGEMENT

Covered in this section	
Material Sustainability Matters	<ul style="list-style-type: none"> Climate Change, Energy and Emissions Management, and Waste and Water Management
GRI Topics	<ul style="list-style-type: none"> GRI 303 – Water and Effluents GRI 306 – Waste

Recycling and Waste Management

The HP Division and Furniture Division do not generate hazardous or scheduled waste in its operations. The main type of non-hazardous waste produced by the HP Division and Furniture Division is paper.

HP Division

As office paper waste may contain sensitive information such as customer data, the division has established a structured waste management process where wastepaper containing sensitive data is collected in designated bins and sent to professional service vendors for shredding. Where possible, the shredded materials are recycled. This process acts as a control measure to manage data security risks within the HP Division.

Before engaging professional shredding service vendors, we perform thorough due diligence, which includes interviews and background checks, to assess how they manage collected paper waste, their shredding processes, and their procedures for handling shredded materials.

To monitor our office paper waste output, we track the weight of office paper waste sold via invoices provided by our shredding service vendors. These vendors also provide reports confirming the amount of office paper waste shredded and recycled. All office paper waste generated was sold to shredding service vendors and recycled accordingly.

The office paper waste in FY2025 is significantly higher than in FY2024, primarily due to further housekeeping activities carried out during the year, and unnecessary hardcopy documents were disposed of to free up storage space.

Furniture Division

Office paper waste in the Furniture Division is considered less sensitive compared to the HP Division because our operations do not involve the handling of significant volumes of confidential or personal data. Office paper waste is collected and sold to waste collectors for recycling.

Apart from office paper waste, the Furniture Division also generated paper scraps, carton boxes, and plastic waste in the designated recycling bin. All waste is collected by the waste contractor quarterly.

SUSTAINABILITY STATEMENT

cont'd

ELK-Desa Group

During the financial year under review, the Group generated a total of 26 tonnes of waste, and the disposal methods for the waste are summarised as follows:

	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Waste Generated (tonnes)				
Hazardous waste	0	0	0	0
Non-hazardous waste				
Comprising of:				
Office paper waste	20	2	11	0
Paper scrap, carton box, and plastic waste	NA	NA	NA	15
			26	
Waste Diverted from Disposal				
Non-hazardous waste:				
Recycling (off-site)	20	2	11	15
			26	
Waste Directed to Disposal				
Non-hazardous waste:				
Incineration/ landfilling (off-site)	Insignificant	Insignificant	Insignificant	Insignificant
			Insignificant	

The implementation of various e-wallet payment channels/ providers, and our MyELK-Desa+ mobile application, has significantly decreased the reliance on paper documentation. Besides, measures such as enabling double-sided printing on all printers and photocopiers, as well as encouraging eco-friendly practices among our employees, have further helped reduce paper consumption.

Water Management

Our HP and Furniture Division does not depend on water for our daily operations, except for domestic use. To ensure sustainable water management, we adhere to responsible water consumption practices and actively avoid unnecessary water wastage. Furthermore, none of our operations are located in water-stress areas, which further minimises our impact on local water resources.

During the financial year under review, the Group recorded a total of 9 megalitres ("ML") of water usage within our operations.

	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Water usage (ML)	NA	5	4	5
			9	

SUSTAINABILITY STATEMENT

cont'd

SOCIAL

EMPLOYMENT PRACTICES AT ELK-DESA GROUP

Covered in this section	
Material Sustainability Matters	• Inclusive, Respectful, and Safe Workplace
GRI Topics	Nil

INCLUSIVE, RESPECTFUL, AND SAFE WORKPLACE

Organisation Culture

ELK-Desa is committed to its “People Centric Organisational Culture” philosophy, a core principle that shapes our interactions with our stakeholders, such as hirers, dealers, and employees. This philosophy is aligned with our long-term business objectives of increasing stakeholder value by promoting understanding and alignment of interests. Under this guiding principle, we prioritise the development of positive mindsets and behaviours within our workforce and the building of strong customer service interactions both internally and externally.

The people-focused philosophy is further reinforced by ELK-Desa Group’s Core Values of “ETHIC”, which sets out our principles and stance towards the business, society, and the environment.



Human Rights, Labour Practices, and Standards

As a responsible employer, we are committed to safeguarding the well-being of our employees by upholding human rights, fostering fair labour practices and standards, and preventing discrimination and sexual harassment. These commitments are clearly outlined in the Group’s human resources policies.

Although none of our employees are currently covered by a collective bargaining agreement, we fully respect and support their rights to freedom of association and collective bargaining, without imposing any restriction in this regard.

Employee compensation is determined fairly, considering factors such as experience, expertise, performance, as well as roles and responsibilities.

SUSTAINABILITY STATEMENT

cont'd

During the financial year under review, the Group recorded zero substantiated complaints concerning human rights violations.

	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Number of substantiated complaints concerning human rights violations	0	0	0	0
			0	

Diversity and Inclusion

The Group provides equal employment opportunities and fair treatment for all employees, irrespective of gender, age, ethnicity, culture, sex, disability, religion, and any other status. Our employment practices, including recruitment, ongoing appraisals, and career development, are based on merit, performance, and objective qualities.

A Board-level policy has been established to promote gender diversity at the leadership level.

We are also committed to creating a harmonious workplace environment that is free from discrimination and any form of abusive, offensive, or harassing behaviour.

Safety, Health, and Wellbeing

The safety, health, and overall well-being of our employees are top priorities for us, as we strive to build long-term and mutually supportive relationships with our employees.

OUR EMPLOYEES

Covered in this section	
Material Sustainability Matters	<ul style="list-style-type: none"> Inclusive, Respectful, and Safe Workplace
GRI Topics	<ul style="list-style-type: none"> GRI 202 – Market Presence GRI 405 – Diversity and Equal Opportunity

As at 31 March 2025, the Group employs a total of 349 employees. This includes 18 contract-based employees. Employees of the HP Division are exclusively Malaysians, while the Furniture Division employs some foreign workers who are mainly manual workers.

We do not engage employees on a non-guaranteed hours basis in our operations. There are approximately 37 workers, such as security guards and cleaners, who are not direct employees but are present at our premises.

Employment categories	As at 31 March 2025								
	HP			Furniture			ELK-Desa Group		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Breakdown by employment types									
Permanent employees	46	148	194 (93%)	102	35	137 (97%)	148	183	331 (95%)
Contract-based employees	7	7	14 (7%)	4	0	4 (3%)	11	7	18 (5%)
Full-time employees	53	155	208 (100%)	106	35	141 (100%)	159	190	349 (100%)
Part-time employees	0	0	0 (0%)	0	0	0 (0%)	0	0	0 (0%)

SUSTAINABILITY STATEMENT

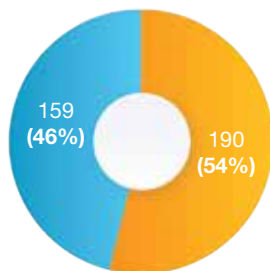
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The table provided an overview of our diverse and balanced workforce, which reflects the demographic makeup of the nation.

	31 March 2023	31 March 2024	31 March 2025	
	HP	HP	HP	Furniture
Breakdown by gender				
Male	54	53	53	106
Female	140	151	155	35
Breakdown by ethnicity				
Malay	120	137	135	18
Chinese	54	49	54	74
Indian	20	18	19	8
Others	0	0	0	41
Breakdown by age groups				
Aged below 30	55	55	52	39
Aged between 30-50	112	123	125	83
Aged above 50	27	26	31	19

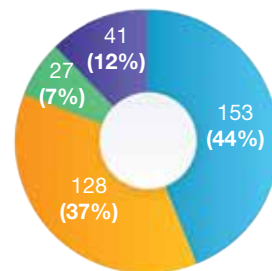
As at 31 March 2025, the Group's diversity in relation to gender, ethnicity, and age is illustrated as follows:

Employees by Gender
(as at 31 March 2025)



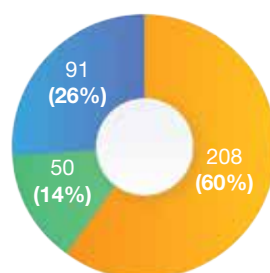
■ Male ■ Female

Employees by Ethnicity
(as at 31 March 2025)



■ Malay ■ Chinese ■ Indian ■ Others

Employees by Age Group
(as at 31 March 2025)



■ Below 30 ■ Between 30-50 ■ Above 50

SUSTAINABILITY STATEMENT

cont'd

A more detailed breakdown of our employee demographics as at 31 March 2025, categorised by employee categories, gender, and age groups, is illustrated below.

	ELK-Desa Group (As at 31 March 2025)							
	Aged < 30		Aged 30 – 50		Aged > 50		Total	
	M	F	M	F	M	F	M	F
Number (Percentage) of Board								
Board	0	0	2	1	3	1	5 (71%)	2 (29%)
	0 (0%)		3 (43%)		4 (57%)		7 (100%)	

	ELK-Desa Group (As at 31 March 2025)							
	Aged < 30		Aged 30 – 50		Aged > 50		Total	
	M	F	M	F	M	F	M	F
Number (Percentage) of employees - Employee category								
Senior Managers	0	0	1	1	7	1	8 (80%)	2 (20%)
	0 (0%)		2 (20%)		8 (80%)		10 (3%)	
Middle Managers	1	0	13	23	8	10	22 (40%)	33 (60%)
	1 (2%)		36 (65%)		18 (33%)		55 (16%)	
Executives	15	30	47	86	7	11	69 (35%)	127 (65%)
	45 (23%)		133 (68%)		18 (9%)		196 (56%)	
Non-Executives	30	15	26	11	4	2	60 (68%)	28 (32%)
	45 (51%)		37 (42%)		6 (7%)		88 (25%)	
Total	46	45	87	121	26	24	159 (46%)	190 (54%)
	91 (26%)		208 (60%)		50 (14%)		349 (100%)	

	HP Division (As at 31 March 2025)							
	Aged < 30		Aged 30 – 50		Aged > 50		Total	
	M	F	M	F	M	F	M	F
Number (Percentage) of employees - Employee category								
Senior Managers	0	0	1	1	4	1	5 (71%)	2 (29%)
	0 (0%)		2 (29%)		5 (71%)		7 (100%)	
Middle Managers	1	0	6	19	6	9	13 (32%)	28 (68%)
	1 (2%)		25 (61%)		15 (37%)		41 (100%)	
Executives	8	24	13	72	2	6	23 (18%)	102 (82%)
	32 (26%)		85 (68%)		8 (6%)		125 (100%)	
Non-Executives	6	13	5	8	1	2	12 (34%)	23 (66%)
	19 (54%)		13 (37%)		3 (9%)		35 (100%)	
Total	15	37	25	100	13	18	53 (25%)	155 (75%)
	52 (25%)		125 (60%)		31 (15%)		208 (100%)	

SUSTAINABILITY STATEMENT

cont'd

	Furniture Division (As at 31 March 2025)							
	Aged < 30		Aged 30 – 50		Aged > 50		Total	
	M	F	M	F	M	F	M	F
Number (Percentage) of employees - Employee category								
Senior Managers	0	0	0	0	3	0	3 (100%)	0 (0%)
	0 (0%)		0 (0%)		3 (100%)		3 (2%)	
Middle Managers	0	0	7	4	2	1	9 (64%)	5 (36%)
	0 (0%)		11 (79%)		3 (21%)		14 (10%)	
Executives	7	6	34	14	5	5	46 (65%)	25 (35%)
	13 (18%)		48 (68%)		10 (14%)		71 (50%)	
Non-Executives	24	2	21	3	3	0	48 (91%)	5 (9%)
	26 (49%)		24 (45%)		3 (6%)		53 (38%)	
Total	31	8	62	21	13	6	106 (75%)	35 (25%)
	39 (28%)		83 (59%)		19 (13%)		141 (100%)	

EMPLOYEE ENGAGEMENT AND EMPLOYEE WELLBEING

Covered in this section	
Material Sustainability Matters	<ul style="list-style-type: none"> Inclusive, Respectful, and Safe Workplace
GRI Topics	<ul style="list-style-type: none"> GRI 203 – Indirect Economic Impacts GRI 401 – Employment GRI 403 – Occupational Health and Safety GRI 404 – Training and Education GRI 405 – Diversity and Equal Opportunity

Fostering strong employment engagement is crucial for building strong connections with our employees. At ELK-Desa Group, we cultivate an open and transparent work environment that encourages employees to share ideas and address any concerns they may have. To support effective internal communication and engagement, we have various channels, including functional/ team reporting structures, continuous communications through electronic means, town hall sessions, and more.

The engagement channels are designed to achieve multiple objectives, including enabling Management to communicate the Group's policies, business strategies, and directions effectively. These channels also allow Management to gain insights into employees' perspectives, understand the challenges they face in their roles and positions, and identify opportunities to improve the work environment. Additionally, these channels also serve as platforms to facilitate the sharing of business ideas, the exchange of experience in resolving work-related issues, and the identification and development of talents and skills within the Group.

Before implementing any significant initiatives or measures that may affect employees or business operations, we actively seek input and feedback from our employees, which is then considered in our decision-making process. Besides, we also ensure employees are kept informed about the business strategies and upcoming changes, promoting clear communication of business directions and alignment of expectations.

During the financial year under review, the HP and Furniture Division achieved its target of conducting at least 4 employee engagement activities by implementing 17 and 4 key initiatives, respectively. ELK-Desa is also committed to providing and enhancing the well-being of our employees, aiming to create a conducive work environment that encourages creativity, boosts employee motivation, reduces stress, and strengthens capabilities.

SUSTAINABILITY STATEMENT

cont'd

Performance Appraisal

The Group highly values its workforce, acknowledging their critical role in contributing skills, expertise, and experience to achieve the company's objectives. Our people management strategies are designed with a long-term perspective, addressing succession planning, required skillsets, and existing workforce gaps.

We continue to foster talent and expertise internally through ongoing investment in both technical and non-technical development opportunities for our employees.

Employee performance appraisal is conducted at least twice annually to assess individual performance, analyse strengths and areas for improvement, and determine relevant training requirements and needs. At the same time, these appraisal sessions are also a platform for supervisors or managers to connect with employees, discuss career goals, set targets, and explore opportunities for mutual development with the company's support.

This process helps identify suitable and appropriate training topics and programmes to enhance the competencies and professional knowledge of our workforce. Employees are also encouraged to use this opportunity to communicate and share any workforce challenges or areas where the company can further improve its operations with their supervisors or managers.

Employees underwent regular performance and career development reviews	FY2023		FY2024		FY2025			
	HP		HP		HP		Furniture	
	Number	%	Number	%	Number	%	Number	%
By Gender								
Male	54 / 54	100%	53 / 53	100%	53 / 53	100%	92 / 106	87%
Female	140 / 140	100%	151 / 151	100%	155 / 155	100%	29 / 35	83%
By Employee Category								
Senior Managers	7 / 7	100%	7 / 7	100%	7 / 7	100%	0 / 3	0%
Middle Managers	32 / 32	100%	33 / 33	100%	41 / 41	100%	14 / 14	100%
Executives	121 / 121	100%	126 / 126	100%	125 / 125	100%	57 / 71	80%
Non-Executives	34 / 34	100%	38 / 38	100%	35 / 35	100%	50 / 53	94%

Learning and Development

We consider employee development a critical element for sustaining our business. Our ongoing learning and development initiatives include training sessions aimed at enhancing operational efficiency, leadership skills, and conducting "walkthrough sessions" to review relevant Standard Operating Procedures ("SOPs") across our business and operations. These "walkthrough sessions" help employees gain a deeper understanding of business processes, controls, and their underlying rationale, while creating opportunities for process improvement activities. Our learning and development programmes are delivered via various channels, including traditional methods and digital training platforms such as our e-LMS platform.

SUSTAINABILITY STATEMENT

cont'd

A summary of the learning and development programmes participated in by our employees in FY2025 is summarised as follows:

Training Categories	Training Topics	Description
HP Division		
e-Learnings	Learning Management System ("LMS") Training Resources from Online Portals	<p>LMS is an online training platform conducted virtually, in which the company subscribed to Talents LMS - an International Learning solution provider. All staff are encouraged to participate in the training program with monthly uploading of training courses. There are 3 main types of courses, namely:</p> <ol style="list-style-type: none"> 1) Purchase from the Training provider off the shelf; 2) Customised program produced by the committee with assistance from front-line staff; and 3) In-house production with materials collected from online sources.
Training from External Training providers	Malaysia Institute of Accountants ("MIA") & Malaysian Institute of Management ("MIM") Training Program subscription	A Program for managerial staff to accumulate Continuing Professional Education ("CPE") points through attending courses conducted by MIA or MIM on a yearly basis. (Minimum of 6 to 12 CPE Points per person per annum).
Departmental Knowledge Base Training	Job-Related Training Programme	To provide training for front-line staff and Executives of all departments to enhance their job-related knowledge, bring about changes, and achieve efficiency in their operations.
	Standard Operating Procedure ("SOP") Cross-Department Walkthrough Programme	A biannual workshop to review the SOPs of respective departments through Group Studies, Analytics, Brainstorming, and Assessment Tests to further strengthen the SOPs of the departments. Work process improvement projects are also required to be launched.
	Brainstorming Sessions for Individual Departments / Groups	A special activity designed for the respective departments to source ideas and solutions through out-of-the-box thinking to overcome existing challenges and operational bottlenecks.
Departmental Technical Skills Training	Skill-Based Technical Training Programme	A skill-based technical training for staff of the Individual Department to strengthen their operational techniques and mental strength, for example, Interviewing skills, Collection skills, spreadsheet skills and other computer software learning.

SUSTAINABILITY STATEMENT

cont'd

Training Categories	Training Topics	Description
HP Division		
Conceptual/ Leadership Skills Training	Program of Executive Development ("PED")	<p>PED is a customised program for a group of selected Junior staff (Executive & Junior Executive) in the company to enhance and build a better foundation for subsequent training, such as HR 360, ITF, etc.</p> <p>It also aims to increase an individual's skill in one or more areas of expertise, especially in self-confidence and communication skills. Increases an individual's motivation to perform their job better. To enable the staff to have more awareness and responsibility in their work scope.</p>
	HR360 Individual Development Programme ("IDP")	HR 360 is a customised program for a group of designated staff in the company based on the collective Individual Development Assessment Plan to develop their potential as future leaders. This program includes workshops and coaching sessions to help identify the training needs and areas of improvement for selected staff.
	Pre-Innovative Task Force Development Programme ("Pre-ITF")	This is a continuation series for staff who have completed their HR-360 IDP Program. A training Program to prepare trainees for further escalation to ITF. It serves as a selection platform for Management to identify suitable candidates for ITF.
	Learning and Development Skills for Managers	A program designed for Managers to be exposed to Learning Development Skills in Training Need Analysis, understand the objectives of training, and manage training activities.
Compliance & Awareness Training	Anti-Bribery Management System ("ABMS"), AMLA, PDPA & On-Boarding are Awareness Programmes and Implementation	An awareness program to affirm the Company's commitment to conducting all businesses of the Company in an honest, ethical, corruption-free, and professional manner wherever the Company operates.
	ISO Training	A special training session was conducted by an outsourced ISO consultant for the ISO Committee in preparation for ISO readiness in ELK-DESA.
IT Related Training	Data Security and Privacy	An online training on the IT security awareness Programme aimed to alert staff to IT scams.
	Core System Training	An in-house training program launched by the IT department aimed to familiarise staff with the company's systems and IT functions and enhance their technical skills and software applications for daily operations.

SUSTAINABILITY STATEMENT

cont'd

Training Categories	Training Topics	Description
Furniture Division		
Compliance & Awareness Training	Warehouse Safety Awareness	Equip employees with the knowledge and skills necessary to identify and avoid potential hazards.
	Safe Handling of Forklift Truck	An in-depth course on manual and mechanical forklift handling, which is designed to increase safety, motivation, and productivity, that helps protect personnel, loads, and equipment.
Conceptual/ Leadership Skills Training	Strategic Planning Theories, Tools and Practice for Businesses	This programme helps to understand key strategic planning tools and apply them to the organisation.
	Board of Directors: Navigating Resilience via ESG Strategy	ESG resilience refers to a company's ability to withstand and adapt to risks and opportunities arising from ESG factors. This training helps to set strategic ESG targets and roadmap. We can learn how best to identify and close gaps in GHG inventory and roadmap development.
	Strategic and Systems Thinking Leadership Competency Skills for Corporate Managers	People who are inclined to think strategically often anticipate obstacles before they arise. This forethought enables them to craft effective solutions, avoid escalating challenges and risk, and create new value for the enterprise by exploiting opportunities or creating opportunities that lead to better results.
	Sales Leadership Excellence through Mastering Key Habits	This program focuses on understanding the crucial role of sales executives, developing a proactive outlook, maintaining high standards, and improving skills, abilities, and attitudes. By integrating Stephen Covey's 7 Habits of Highly Effective People, participants will cultivate essential habits and core competencies to make a significant impact on themselves and their organisation.
	Sharpening Your Core Leadership Competencies	This programme seeks to help you apply core leadership competencies in leading winning teams and sharpen your competencies to achieve superior performance.
Team/ Department Collaboration Training	Developing Crucial Communication Skills for High-Stake Conversations	Whether it's navigating conflicts, delivering constructive feedback, or discussing sensitive topics, the ability to handle tough conversations with grace and effectiveness can significantly impact team dynamics, employee satisfaction, and organisational success.
	Impactful Communications at the Workplace	Developing communication skills among administrative staff through experiential learning.
	Building A Great Team Through Growth Mindset	Explores the power of a growth mindset in fostering a great team.
	Forging Ahead as a Cohesive Team	This programme will help you discover and live out the five behaviours of a cohesive team: building trust, mastering conflict, achieving commitment, embracing accountability and focusing on results. You will learn that team cohesion happens when you remain united with your team members while working to achieve common goals.
	Accountability in the Workplace	This workshop empowers participants to take ownership of their actions and contribute to a culture of accountability that drives success.

SUSTAINABILITY STATEMENT

cont'd

Training Categories	Training Topics	Description
Furniture Division		
Corporate Financial Knowledge	Managing Profit and Cash Flows and Ensuring Better Cash Flows with Profitability: Monitoring Key Ratios	This programme seeks to help participants understand profitability, return on investment ("ROI") and cash flow, and learn financial ratio analysis to drive cash flow and profitability
	Finance for Non Finance Manager	Non-finance managers need to operate more strategically, managing the growth and risk in their organisations and therefore must have the necessary financial skills and knowledge to effect change & add value to their businesses in the short and long term.

During the financial year under review, the employees of ELK-Desa Group recorded a total of 8,941 hours of training, averaging approximately 26 hours of training per employee for both divisions. HP Division recorded lower average training hours in FY2025 due to fewer courses scheduled.

Learning and Development (Training Hours)	FY2023		FY2024		FY2025			
	HP		HP		HP		Furniture	
	Total	Average	Total	Average	Total	Average	Total	Average
Total Training Hours	6,797	35	7,194	35	6,602	32	2,339	17
					Total: 8,941 Average: 26			
Gender								
Male	1,459	27	1,871	35	1,727	33	1,712	16
					Total: 3,439 Average: 22			
Female	5,338	38	5,323	35	4,875	31	627	18
					Total: 5,502 Average: 29			
Employee Category								
Senior Managers	100	14	175	25	220	31	71	24
					Total: 291 Average: 29			
Middle Managers	1,927	60	1,817	55	2,385	58	427	30
					Total: 2,812 Average: 51			
Executives	4,002	33	4,408	35	3,636	29	1,200	17
					Total: 4,836 Average: 25			
Non-Executives	768	23	793	21	361	10	640	12
					Total: 1,001 Average: 11			

SUSTAINABILITY STATEMENT

cont'd

Occupational Health and Safety

Due to the nature of our operations, which involve handling cash, we are acutely aware of the safety risks to our employees, including potential incidents of robbery and burglary. To safeguard our operations and employees' safety, we have implemented a range of security measures across our operations and facilities, including installing closed-circuit televisions ("CCTVs"), employing security guards, implementing security management, and collaborating with security service providers for certain cash-handling activities. Besides, the growth of online payment alternatives has further reduced the risks associated with cash handling.

We regularly conduct assessments of occupational safety and health risks across our operations to ensure a safe and secure working environment for all employees. This assessment is particularly important for our Furniture Division, as our daily activities involve the use of light tools and machines, forklifts in handling and mobilising goods. By identifying and addressing these risks proactively, we aim to minimise workplace accidents, ensure compliance with safety regulations, and promote a culture of safety awareness among our employees. Additionally, these assessments also help us implement relevant training programmes and safety procedures to the specific needs of our Furniture Division.

In addition to physical safety, we place a strong emphasis on the mental well-being of our employees. In FY2023, the HP Division launched the We Hear You ("WHY") event, which continued into FY2025. This event is designed to create a supportive environment where employees feel comfortable discussing their welfare and mental health openly. Through WHY, we aim to better understand and address the mental health needs of our workforce, while fostering a positive organisational culture. The WHY event is available to the HP Division's employees throughout the year.

We regularly provide training, including safety and health training, for our employees. These programmes cover essential topics such as reporting work-related injuries, emergency response approaches for addressing various emergency situations, safety risks, and fire safety. By providing these training, we aim to equip our employees with the knowledge and skills necessary to manage potential hazards effectively and respond appropriately to emergencies.

In FY2025, the Group carried out the health and safety standards virtually, which contributed to more employees being trained compared to FY2024.

	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Number of employees trained on health and safety standards ²⁸	NA	32	175	135
			310	

28 The HP Division began to collect this data in FY2024.

We are pleased to report that there were no work-related fatalities, serious occupational injuries, or lost time incident rates for ELK-Desa Group in FY2025. The safety performance of ELK-Desa Group in FY2025 is summarised as follows:

	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Work-related fatalities	0	0	0	0
			0	
Lost time incident rate ^{29 30}	NA	0	0	0
			0	
High-consequence work-related injuries (excluding fatalities) ³¹	NA	0	0	0
Recordable work-related injuries ^{32 33}	NA	0	0	0

29 The definition of lost time incident and recordable work-related injuries are the same, defined as work-related injuries which resulted in at least one day of medical leave.

30 The HP Division began to collect this data in FY2024.

31 The HP Division began to collect this data in FY2024.

32 The HP Division began to collect this data in FY2024.

33 The definition of lost time incident and recordable work-related injuries are the same, defined as work-related injuries which resulted in at least one day of medical leave.

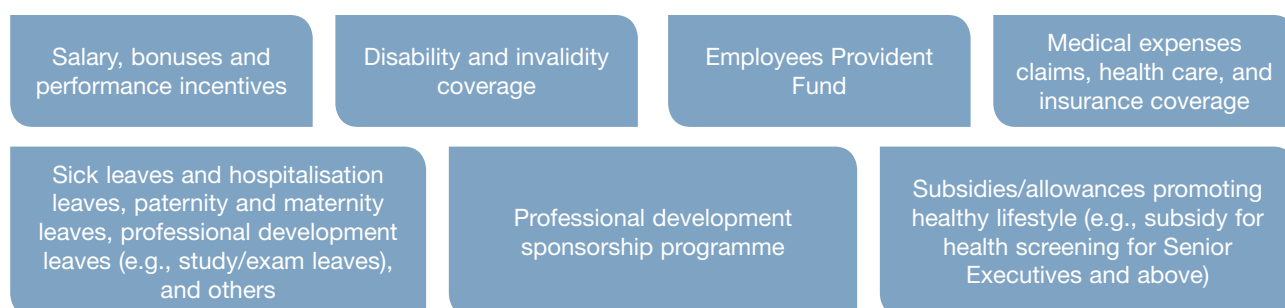
SUSTAINABILITY STATEMENT

cont'd

Employee Remuneration and Benefits

ELK-Desa Group provides fair and competitive compensation and benefits to attract and retain talent. These incentives are also designed to motivate employees, enhance their performance, and realise the growth potential of the business and our employees. We strive to support our employees, to a practical extent, in achieving a healthy work-life balance by providing comprehensive benefits, including medical and insurance coverage, retirement plans, opportunities for learning and development, and parental leaves. These initiatives are aimed at fostering both personal and family growth, ensuring our employees feel valued and supported.

Generally, the remuneration and benefits for full-time employees are summarised as follows:



In FY2025, the ratio of basic salary and remuneration of women to men for every employee category is summarised as follows:

	FY2024	FY2025	
	HP	HP	Furniture
Employee category			
Senior Managers	0.37:1	0.39:1	NA ³⁴
Middle Managers	0.87:1	0.82:1	0.61:1
Executives	0.89:1	0.89:1	0.73:1
Non-Executives	0.88:1	0.84:1	0.88:1

³⁴ NA as there were no female Senior Managers in FY2025.

For the Furniture Division, there are 3 male Senior Managers and no female Senior Managers. This is due to the smaller scale of the furniture employee base and reflects the outcomes of prior appointment processes, and does not signify any intentional gender exclusion. Nevertheless, we will continue to uphold equality in our employment practices and promote diverse gender participation in our workforce.

SUSTAINABILITY STATEMENT

cont'd

Employee Retention

As at 31 March 2025, the turnover and new hire rates of employees of the Group are broken down by employee category, age group, and gender, and are reported in the table below.

Employee turnover ^{35 36}	31 March 2023		31 March 2024		31 March 2025			
	HP		HP		HP		Furniture	
	Number	%	Number	%	Number	%	Number	%
Employee category								
Senior Managers	0	0	0	0	0	0	0	0
					Number: 0			
Middle Managers	4	13	2	6	2	5	0	0
					Number: 2			
Executives	15	12	16	13	11	9	4	6
					Number: 15			
Non-Executives	7	21	4	11	3	9	1	2
					Number: 4			
Age group								
Aged < 30	11	20	11	20	7	13	1	3
Aged 30 – 50	13	12	9	7	9	7	4	4
Aged > 50	2	7	2	8	0	0	0	0
Gender								
Male	9	17	5	9	5	9	2	2
Female	17	12	17	11	11	7	3	9
Total	26	13	22	11	16	8	5	4

35 Turnover rate = Number of turnover (of said category) / number of employees (of said category) at the end of the financial period

36 In FY2025, we have revised our turnover definition to cover only confirmed employees.

New employee hire ³⁷	31 March 2023		31 March 2024		31 March 2025			
	HP		HP		HP		Furniture	
	Number	%	Number	%	Number	%	Number	%
Employee category								
Senior Managers	0	0	0	0	0	0	0	0
Middle Managers	6	19	1	3	6	15	0	0
Executives	26	22	19	15	19	15	22	31
Non-Executives	4	12	12	32	4	11	1	2
Age group								
Aged < 30	13	24	25	46	16	31	9	23
Aged 30 – 50	23	21	7	6	10	8	13	16
Aged > 50	0	0	0	0	3	10	1	5
Gender								
Male	7	13	6	11	7	13	13	12
Female	29	21	26	17	22	14	10	29
Total	36	19	32	16	29	14	23	16

37 New hire rate = Number of new hire (of said category) / number of employees (of said category) at the end of the financial period

SUSTAINABILITY STATEMENT

cont'd

A summary of indicators for parental leaves pursuant to GRI 401-3 is as follows.

Parental Leave	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Number of employees entitled to parental leave during the financial year				
Male	24	23	35	43
Female	63	71	101	26
Number of employees that took parental leave during the financial year				
Male	3	2	3	3
Female	8	20	20	1
Number of employees that returned to work during the financial year after parental leave				
Male	3	2 ³⁸	3	3
Female	7	14 ³⁹	20	2
Number of employees who were still employed 12 months after their return to work during the previous financial year				
Male	4	3	2	1
Female	5	7	10	0
Return to work rate^{40 41}				
Male	100%	100%	100%	100%
Female	100%	100%	100%	100%
Retention rate⁴²				
Male	67%	100%	100%	100%
Female	71%	100%	71%	NA

38 This data has been restated subsequent to a correction in HR records.

39 This data has been restated subsequent to a correction in HR records.

40 Return to work rate = total number of employees that returned to work after parental leave / total number of employees due to return to work after taking parental leave

41 FY2024 return to work rate were restated due to the adjustments in number of employees that returned to work during the financial year after parental leave.

42 Total number of employees who were still employed 12 months after their return to work during the previous financial year.

FOCUSING ON CUSTOMERS

Covered in this section	
Material Sustainability Matters	<ul style="list-style-type: none"> Data Privacy & Security
GRI Topics	<ul style="list-style-type: none"> GRI 418 – Customer Privacy

DATA PRIVACY & SECURITY

Customer Experience and Satisfaction

HP Division

We ensure we stay connected with our customers to better understand customers' expectations, identify areas for improvement, and continuously enhance our service and experience provided to customers. We are committed to responsible financing and ensuring our customers are well-informed about our products through clear documentation, briefings by our employees, and product disclosure sheets.

SUSTAINABILITY STATEMENT

cont'd

We have established multiple channels for our customers to reach us, including our customer service care line, email, and customer service at our office. We also utilise social media platforms and digital communication tools such as Facebook, WhatsApp, and two-way SMS to enhance accessibility. In FY2025, we introduced a mobile application, enabling customers to make their payments, to inquire or seek advice about loan, insurance, and road tax matters online, or to contact our HP Careline Team. In FY2025, we further upgraded the applicable to MyELK-Desa+. To further streamline convenience, we offer various payment options, including JomPay and e-Pay networks. Our customer care line is now equipped with an Interactive Voice Response system to improve communication and address customers' inquiries more accurately and efficiently.

These online engagement tools have allowed us to maintain consistent communication with existing customers while streamlining business processes for greater efficiency. Leveraging technologies and digital tools, we have reduced the lead time from application to disbursement, enhancing our service delivery.

We also actively seek feedback and comments from our customers via various channels, including a survey link to customers attached to our responses made through our email-based customer service channel. The link to the customer survey is also available in our product brochure. The outcome of customer surveys is compiled, analysed, and considered to improve our customer relationship management process and technology and digitalisation, especially relating to our service to customers. Management regularly holds discussions and meetings with relevant personnel to assess and review customers' experiences and address any issues raised. Customer views and feedback are taken seriously, and we implement necessary actions to improve our service and customer experience and expectations, where appropriate.

Alongside key issues or highlights with regard to other stakeholders, highlights and key issues raised by customers, including how we address them and actions undertaken to enhance our customer relationship management process, are discussed at the SWG.

Furniture Division

Our Furniture business is supported by a sizeable and dedicated team comprising sales and marketing personnel, office administrative personnel, as well as store and warehouse personnel, who work together to serve our large base of furniture dealers – our valued customers. To ensure we continuously meet their needs and maintain a high satisfaction level, our Managers-in-charge carry out monthly dealer surveys. These surveys gather feedback from dealers about ELK-Desa Furniture, particularly in comparison to their other suppliers.

To maximise the effectiveness of this feedback initiative, the surveys are conducted based on specific selection criteria, ensuring that we target the most relevant and representative dealers. The insights gathered from these surveys are then regularly reviewed and analysed by the Management team, allowing us to identify areas for improvement and address concerns promptly.

Customer Privacy

We adhere to strict policies and procedures to safeguard customer data in compliance with the Personal Data Protection Act 2010 ("PDPA 2010") and other relevant laws and regulations. Amongst others, these measures include training for employees, particularly new hires, on PDPA 2010 requirements, documented SOPs, document disposal practices, documentation practices, and ensuring robust IT and data governance practices are in place. When delivering customer service, to further ensure the security and confidentiality of personal information, we conduct an identity check before addressing any inquiries related to sensitive details.

During the financial year under review, there were no substantiated complaints concerning breaches of customer privacy and losses of customer data, or complaints received from outside parties or from regulatory bodies. We are also pleased to report zero cases of identified leaks, thefts, or losses of customer data.

	FY2023	FY2024	FY2025	
	HP	HP	HP	Furniture
Substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	0	0
			0	

SUSTAINABILITY STATEMENT

cont'd

GOVERNANCE

RISK MANAGEMENT

Covered in this section	
Material Sustainability Matters	<ul style="list-style-type: none"> • Risk Management
GRI Topics	<ul style="list-style-type: none"> • Nil

To ensure the long-term sustainability of our business, we have implemented a robust risk management process that addresses short-, medium-, and long-term risks. This process integrates our sustainability management process and practices with an Enterprise-wide Risk Management Framework ("ERM Framework"), which covers strategic, operational, reputational, financial, environmental, social, and governance risk.

Our sustainability management process and ERM Framework provide a structured and calculated approach to risk management, operating at both macro and micro levels. The ERM Framework is aligned with the ERM methodology guided by ISO 31000:2018 Risk Management – Guidelines.

The Board holds the ultimate responsibility for sustainability management, ensuring that sustainability strategies align with the company's overall strategies and overseeing risk management, including setting the risk appetite. The Board reviews the materiality assessment, endorses the Group's MSMs, and approves relevant strategies to address these issues, as well as performance in relation to management effectiveness. Sustainability performance is also taken into account in the assessment and remuneration of Directors and Senior Managers.

The Audit Committee assists the Board in its risk management oversight by reviewing and overseeing the implementation of the ERM Framework by Management. The Audit Committee receives regular updates from Management on the Group's risks and obtains assurance on the integrity of the risk management system. The ERM Framework is periodically reviewed by the Audit Committee to adapt to evolving business needs and regulatory developments before being recommended for the Board's approval. For more information about our ERM framework and internal control, please refer to the **Statement on Risk Management and Internal Control** in this Annual Report 2025.

BUSINESS ETHICS AND INTEGRITY

Covered in this section	
Material Sustainability Matters	<ul style="list-style-type: none"> • Business Ethics and Integrity
GRI Topics	<ul style="list-style-type: none"> • GRI 205 – Anti-corruption

We are committed to upholding high ethical and integrity standards in all aspects of our business, particularly in financial dealings and transactions. We are also committed to complying with all relevant laws and regulations, ensuring transparency and openness in our interactions with stakeholders. These core principles are fundamental to building reliable, trustworthy, and strong stakeholders' confidence in our business, products, and services.

During the financial year under review, there were no significant instances of non-compliance with laws and regulations, nor were there any associated fines or non-monetary sanctions. There were no fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods.

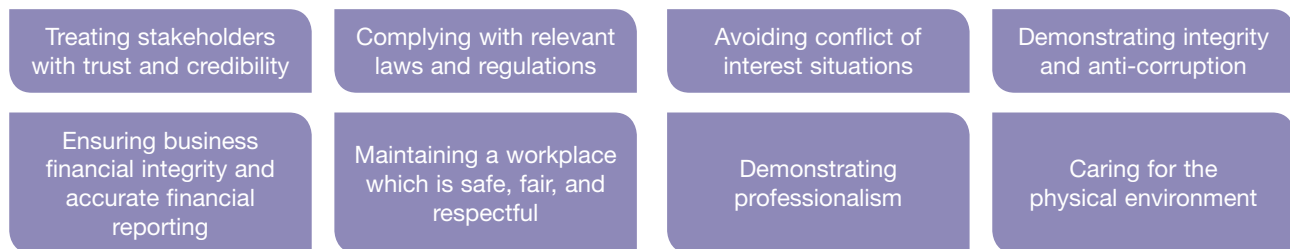
ELK-Desa Group has established open, regular, and well-maintained communication channels with our shareholders and investors to actively listen to and address their concerns or comments. For our customers, we ensure the delivery of accurate and truthful information through well-trained employees, transparent product documentation, and product disclosure sheets.

SUSTAINABILITY STATEMENT

cont'd

The Group has established a Code of Ethics and Conduct ("Code") that governs the business ethics and practices of its Directors, employees, and operations. The Code is further supported by other governance policies, including the Anti-Bribery and Corruption Policy ("ABC Policy") and the Employees Handbook, which provide clear expectations and guidelines for employee behaviour. The Code covers key areas such as compliance, financial integrity, workplace culture, integrity and anti-corruption, and others. The Code is also regularly reviewed, and any updates are communicated to all employees through the Group's internal communication channels. All new employees are introduced to the Code during their onboarding process.

The Code emphasises the importance of, amongst others:



SOPs have been established to integrate ethical business practices into our operations, providing clear guidance for employees on their responsibilities and duties. These SOPs outline acceptable and unacceptable practices, ensuring alignment with our ethical standards. The Management is expected to set the tone at the top and set examples, upholding ethical business behaviours and integrity. Employees are encouraged to voice any concerns or questions, including those related to ethics, and the Management is responsible for addressing these issues promptly and appropriately.

Anti-Corruption and Anti-Bribery

The ELK-Desa Group adheres to a strict zero-tolerance policy against bribery and corruption, ensuring that all business dealings and relationships are conducted fairly, professionally, and with integrity. To uphold these principles, the Group has implemented an Anti-Bribery Management System ("ABMS") through its ABC Policy, which includes a range of controls and monitoring measures to protect business integrity. Besides, a No-Gift Policy is in place to prevent the acceptance of any gifts that could influence business decisions or create conflicts of interest. The Group strictly prohibits facilitation payments and emphasises the importance of avoiding conflicts of interest. The ABC Policy is accessible to the public on the Group's corporate website.

As part of its Group-wide risk assessment process, the Group identifies corruption-related risks, including bribery, facilitation payments, money laundering, fraud, extortion, and collusion, as risk factors. To mitigate these risks, the Group conducts regular policy communication or training to foster continuous anti-corruption awareness among employees. Additionally, controls such as transaction monitoring and reviews have been implemented to ensure compliance.

As of 31 March 2025, all of the Group's operations have been assessed for corruption-related risks.

	FY2023	FY2024	FY2025
Number and percentage of operations assessed for corruption-related risks	2/2 (100%)	2/2 (100%)	2/2 (100%)

The Anti-Bribery & Corruption Working Group oversees the design and implementation of the ABMS, providing guidance to employees and business associates, monitoring the ABMS's performance, and reporting to the Board every year. The ABMS integrates corruption risk into the Group's risk management processes and includes internal controls such as regular or one-off due diligence on employees, business associates, and third-party organisations to evaluate exposure to bribery and corruption risk.

SUSTAINABILITY STATEMENT

cont'd

All Directors and employees of the HP Division and Furniture Division have been briefed on the ABC Policy and are required to participate in annual refresher briefings or training, as well as provide written acknowledgement of their commitment to anti-corruption principles. All new employees are also briefed on the ABC Policy during their induction. The Group actively communicates its ABC Policy and the Code to suppliers and business partners.

During the financial year under review, the number and percentage of Board members, employees, and suppliers/ business partners who received communication and training on anti-corruption policies and procedures are summarised in the following table.

	FY2023		FY2024		FY2025			
	HP		HP		HP		Furniture	
	Number	%	Number	%	Number	%	Number	%
Communicated on anti-corruption policies and procedures								
Board of Directors	9 / 9	100%	9 / 9	100%	Group Number: 7 / 7 Percentage: 100%			
Employees	188 / 194	96.9%	204 / 204	100%	208 / 208	100%	139 / 141	98.6%
Suppliers/Business Partners	1,150 / 1,179	97.5%	1,251 / 1,296	96.5%	1,320 / 1,325	99.6%	2,076 / 2,076	100%
Training on anti-corruption policies and procedures								
Board of Directors	9 / 9	100%	9 / 9	100%	Group Number: 7 / 7 Percentage: 100%			
Employee category								
Senior Managers	NA	NA	7 / 7	100%	7 / 7	100%	3 / 3	100%
					Number: 10 / 10 Percentage: 100%			
Middle Managers	NA	NA	33 / 33	100%	41 / 41	100%	14 / 14	100%
					Number: 55 / 55 Percentage: 100%			
Executives	NA	NA	126 / 126	100%	125 / 125	100%	71 / 71	100%
					Number: 196 / 196 Percentage: 100%			
Non-Executives	NA	NA	38 / 38	100%	34 / 35	97.1%	53 / 53	100%
					Number: 87 / 88 Percentage: 98.9%			
Overall total employees	188 / 194	96.9%	204 / 204	100%	207 / 208	99.5%	141 / 141	100%
					Number: 348 / 349 Percentage: 99.7%			

Whistleblowing Programme

At ELK-Desa Group, we promote a culture where employees are encouraged to voice their concerns, particularly regarding actions that conflict with the Group's values. To facilitate this, employees have access to a grievance reporting mechanism managed by Human Resources, which they can use to report any violation of the Code or other workplace issues.

SUSTAINABILITY STATEMENT

cont'd

A Whistleblowing Programme has been established through a Whistleblowing Policy. This programme enables both employees and external stakeholders, including vendors, business dealers, and partners, to report any serious concerns such as serious breaches of the Code, non-compliance with laws and regulations, human rights violations, unethical practices, or situations that put employees in unsafe or unfair working conditions. The Whistleblowing Programme is accessible through the Group's corporate website and serves as an independent reporting channel from Management. This ensures that reports can be submitted confidentially, while providing protection to whistleblowers, particularly employees, against any potential retaliation within the Group.

We are pleased to report that there were no confirmed incidents of corruption, bribery or breaches of the Group's Code or ABC Policy. The Group is committed to regularly reviewing its policies and processes to ensure adherence to the high ethical and integrity standards in all our business operations.

	FY2023	FY2024	FY2025
Confirmed incidents of corruption	0	0	0

INNOVATION, TECHNOLOGY, AND DIGITALISATION

Covered in this section	
Material Sustainability Matters	• Innovation, Technology, and Digitalisation
GRI Topics	Nil

At ELK-Desa Group, innovation is deeply ingrained in our culture and values, and we actively encourage employees to participate in the continuous improvement and development of innovative solutions to enhance business operations and processes. Through our employee engagement activities, we provide a platform for employees to share and contribute their ideas.

We also foster ongoing improvement across the Group and all departments by motivating employees to propose innovative ideas and supporting the implementation of these ideas to align with the Group's ongoing development needs, guided by a set of project criteria. In FY2025, we accepted 10 projects from various departments, further developing ideas or processes into action plans or initiatives to bring the proposed concepts to life.

Technology, Digitalisation and Innovation

Information technology and systems play a critical role in supporting the various functions of the HP Division's operations, including payment methods, customer service, stakeholder communication, as well as meeting facilitation. The HP Division continues to leverage IT adoption and digitisation to enhance business efficiency and operational effectiveness. These initiatives are overseen by the IT Steering Committee, which ensures alignment with the Division's goals.

As we digitise our services and engagement platforms, we also place efforts in guiding hirers and dealers in adapting to changes or updates in our products and solutions. To support this transition, our call agents and HP careline operators are trained in the enhanced systems and technology, ensuring they can provide effective assistance. The relevant SOPs are reviewed from time to time. To ensure a seamless experience, we gather feedback from users to identify areas where users may need more guidance or which may need enhancements.

In FY2025, the adoption rate of our e-payment channels reached approximately 93%, reflecting a positive response to our digital transformation efforts. Moving forward, we aim to expand the MyELK-Desa+ mobile app, transforming it into a holistic application that enhances functionality and improves engagement with hirers.

SUSTAINABILITY STATEMENT

cont'd

Data Security & Privacy

With the increased adoption of IT and digitisation, exposure to cybersecurity risk would inherently increase. At ELK-Desa, IT security risks, including data security and privacy risks, remain among the key risks that we actively manage and monitor.

To address these risks, we conduct regular training and awareness programmes for employees, focusing on data security and privacy. These initiatives are complemented by established SOPs and internal controls designed to promote good cyber hygiene practices and ensure the protection of data security and privacy.

We collaborate with external professional service providers to manage our IT systems and cybersecurity. These providers help implement and maintain necessary safeguards, such as anti-virus software, firewalls, data mirroring and offsite backup, to protect our IT systems, including hardware and software, and safeguard sensitive customer information and data.

To ensure the effectiveness and adequacy of our IT controls and systems, independent audits on our IT systems are conducted at least once a year, either via external audits, internal audits, or both.

The Group is pleased to report that there were no cases of IT breaches that resulted in data or security breaches.

SUSTAINABILITY STATEMENT

cont'd

Performance Data Table (from ESG Reporting Platform)

Indicator	Measurement Unit	2024	2025
Anti-corruption			
Percentage of employees who have received training on anti-corruption by employee category - Bursa C1(a)			
<i>Board of Directors</i>	Percentage	100	100
<i>Senior Managers</i>	Percentage	100	100
<i>Middle Managers</i>	Percentage	100	100
<i>Executives</i>	Percentage	100	100
<i>Non-Executives</i>	Percentage	100	99
Percentage of operations assessed for corruption-related risks - Bursa C1(b)	Percentage	100	100
Confirmed incidents of corruption and action taken - Bursa C1(c)	Number	0	0
Community/Society			
Total amount invested in the community where the target beneficiaries are external to the listed issuer - Bursa C2(a)	MYR	361,679	343,642
Total number of beneficiaries of the investment in communities - Bursa C2(b)	Number	24	43
Diversity			
Percentage of employees by gender and age group, for each employee category - Bursa C3(a)			
Age Group by Employee Category			
<i>Senior Managers Aged below 30</i>	Percentage	0	0
<i>Senior Managers Aged between 30-50</i>	Percentage	29	20
<i>Senior Managers Aged above 50</i>	Percentage	71	80
<i>Middle Managers Aged below 30</i>	Percentage	0	2
<i>Middle Managers Aged between 30-50</i>	Percentage	61	65
<i>Middle Managers Aged above 50</i>	Percentage	39	33
<i>Executives Aged below 30</i>	Percentage	27	23
<i>Executives Aged between 30-50</i>	Percentage	68	68
<i>Executives Aged above 50</i>	Percentage	5	9
<i>Non-Executives Aged below 30</i>	Percentage	55	51
<i>Non-Executives Aged between 30-50</i>	Percentage	40	42
<i>Non-Executives Aged above 50</i>	Percentage	5	7
Gender Group by Employee Category			
<i>Senior Managers Male</i>	Percentage	71	80
<i>Senior Managers Female</i>	Percentage	29	20
<i>Middle Managers Male</i>	Percentage	33	40
<i>Middle Managers Female</i>	Percentage	67	60
<i>Executives Male</i>	Percentage	17	35
<i>Executives Female</i>	Percentage	83	65
<i>Non-Executives Male</i>	Percentage	39	68
<i>Non-Executives Female</i>	Percentage	61	32

SUSTAINABILITY STATEMENT

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Indicator	Measurement Unit	2024	2025
Diversity (Cont'd)			
Percentage of directors by gender and age group - Bursa C3(b)			
Male	Percentage	67	71
Female	Percentage	33	29
Aged below 30	Percentage	0	0
Aged below 30-50	Percentage	44	43
Aged above 50	Percentage	56	57
Energy management			
Total energy consumption - Bursa C4(a)	Megawatt	470.53	1349.92
Health and safety			
Number of work-related fatalities - Bursa C5(a)	Number	0	0
Lost time incident rate ("LTIR") - Bursa C5(b)	Rate	0	0
Number of employees trained on health and safety standards - Bursa C5(c)	Number	32	310
Labour practices and standards			
Total hours of training by employee category - Bursa C6(a)			
Senior Managers	Hours	175	291
Middle Managers	Hours	1,817	2,812
Executives	Hours	4,408	4,836
Non-Executives	Hours	793	1001
Percentage of employees that are contractors or temporary staff - Bursa C6(b)	Percentage	5	5
Total number of employee turnover by employee category - Bursa C6(c)			
Senior Managers	Number	0	0
Middle Managers	Number	2	2
Executives	Number	16	15
Non-Executives	Number	4	4
Number of substantiated complaints concerning human rights violations - Bursa C6(d)	Number	0	0
Supply chain management			
Proportion of spending on local suppliers - Bursa C7(a)	Percentage	100	98
Data privacy and security			
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data - Bursa C8(a)	Number	0	0
Water			
Total volume of water used - Bursa C9(a)	Megalitres	5.28	8.94

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Indicator	Measurement Unit	2024	2025
Bursa (Waste management)			
Bursa C10(a) Total waste generated	Metric tonnes	-	26
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	26
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	0
Bursa (Emissions management)			
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	-	106
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	-	652
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	494

Internal assurance

External assurance

No assurance

(*) Restated

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GRI CONTENT INDEX

Statement of use	ELK-Desa Resources Berhad has reported in accordance with the GRI Standards for the period of 1 April 2024 to 31 March 2025.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards(s)	Not applicable

GRI Standard/ Other Source	Disclosure	Information/Location	Page Number	Omission		
				Requirement(s) Omitted	Reason	Explanation
General Disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	<ul style="list-style-type: none">Legal Name: ELK-Desa Resources BerhadNature of Ownership: Public Listed CompanyHeadquarters: Kuala Lumpur, MalaysiaCountry of Operation: Malaysia				
		SS: About This Report	16			
		AR: Notes to the Financial Statements – Corporate Information	113			
	2-2 Entitles included in the organization's sustainability reporting	SS: About This Report – Reporting Scope and Period	16			
	2-3 Reporting period, frequency and contact point	<ul style="list-style-type: none">Reporting Period: 1 April 2024 to 31 March 2025Frequency: annually (12 months)Publication Date: 18 July, 2025				
		SS: About This Report – Reporting Scope and Period	16			
		SS: About This Report – Contact Details	16			
	2-4 Restatements of information	<ul style="list-style-type: none">Emissions conversion for purchased electricity for FY2023 and FY2024 has been restated to reflect the latest emission factor published by the authoritiesParental leaves data for FY2024 has been restated due to a correction in HR records				
	2-5 External assurance	SS: About This Report – Assurance	16			
	2-6 Activities, value chain and other business relationships	<ul style="list-style-type: none">Sectors: Financial Services SectorThis year SS has been expanded to include sustainability data and information for the Furniture Segment, in addition to the existing HP Segment				
		SS: About This Report – About our Business	16			

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GRI Standard/ Other Source	Disclosure	Information/Location	Page Number	Omission		
				Requirement(s) Omitted	Reason	Explanation
General Disclosures (Cont'd)						
GRI 2: General Disclosures 2021 (Cont'd)	2-7 Employees	<ul style="list-style-type: none">Number of HP and Furniture employees are based on head count and at the end of the reporting periodHP employees required for operations are mainly office-based and their working time is mainly during working hours. Full-time employment arrangements are ideal for such job nature. A few employees are contract-based as the Company employs them on contract-basis past their retirement age.Furniture employees are mainly based in the office and warehouse, apart from sales and marketing employees who conduct frequent customer visits. Our operations are conducted during normal working hours. Full-time employment arrangements are ideal for such job nature. A few employees are contract-based as the Company employs them on contract-basis past their retirement ageNo significant fluctuations in the number of HP employees during the reporting period and between reporting periods				
		SS: Our Employees	36 - 39			
	2-8 Workers who are not employees	<ul style="list-style-type: none">Number of HP and Furniture workers who are not employees and whose work is controlled by the organisation are based on head count and at the end of the reporting periodNo significant fluctuations in the number of HP workers who are not employees during the reporting period and between reporting periods				
		SS: Our Employees	36 - 39			
	2-9 Governance structure and composition	SS: Sustainability Governance	19 - 20			
		AR: Profile of Directors	6 - 7			
		AR: Corporate Governance Overview Statement	68 - 78			
	2-10 Nomination and selection of the highest governance body	AR: Corporate Governance Overview Statement	68 - 78			
		Corporate Governance Report				

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GRI Standard/ Other Source	Disclosure	Information/Location	Page Number	Omission		
				Requirement(s) Omitted	Reason	Explanation
General Disclosures (Cont'd)						
GRI 2: General Disclosures 2021 (Cont'd)	2-11 Chair of the highest governance body	AR: Profile of Directors	6 - 7			
		AR: Profile of Key Senior Management	8 - 9			
		Corporate Governance Report				
	2-12 Role of the highest governance body in overseeing the management of impacts	SS: Sustainability Governance	19 - 20			
		SS: Stakeholder Engagement	20 - 21			
		SS: Our Material Matters	22 - 24			
		Corporate Governance Report				
	2-13 Delegation of responsibility for managing impacts	SS: Sustainability Governance	19 - 20			
		SS: Stakeholder Engagement	20 - 21			
		SS: Our Material Matters	22 - 24			
		Corporate Governance Report				
	2-14 Role of the highest governance body in sustainability reporting	SS: Sustainability Governance	19 - 20			
		SS: Our Material Matters	22 - 24			
		Corporate Governance Report				
	2-15 Conflicts of interest	AR: Corporate Governance Overview Statement	68 - 78			
	2-16 Communication of critical concerns	SS: Stakeholder Engagement	20 - 21			
		SS: Business Ethics and Integrity – Whistleblowing Programme	50 - 53			
	2-17 Collective knowledge of the highest governance body	SS: Sustainability Governance	19 - 20			
		Corporate Governance Report				
	2-18 Evaluation of the performance of the highest governance body	SS: Sustainability Governance	19 - 20			
		Corporate Governance Report				
	2-19 Remuneration policies	AR: Corporate Governance Overview Statement	68 - 78			
		Website: https://www.elk-desa.com.my/remuneration_policy.html				
	2-20 Process to determine remuneration	AR: Corporate Governance Overview Statement	68 - 78			
		Remuneration Policy: https://www.elk-desa.com.my/remuneration_policy.html				

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GRI Standard/ Other Source	Disclosure	Information/Location	Page Number	Omission		
				Requirement(s) Omitted	Reason	Explanation
General Disclosures (Cont'd)						
GRI 2: General Disclosures 2021 (Cont'd)	2-21 Annual total compensation ratio	<ul style="list-style-type: none">Ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual): 21.04:1 (HP Division only)Ratio of the percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual): -1.08%:1% (HP Division only)Highest-paid individual: Executive Chairman (HP Division only)All employees: all employees other than those who had work less than 12 months reported under GRI 2-7 have been included (HP Division only)Annual total compensation: basic salary, overtime, allowance, and bonus (HP Division only)				
	2-22 Statement on sustainable development strategy	SS: GED/CEO's Message	17 - 19			
	2-23 Policy commitments	SS: GED/CEO's Message	17 - 19			
		SS: Climate Change, Energy and Emissions Management, and Waste and Water Management	30 - 34			
		SS: Employment Practices at ELK-Desa Group – Inclusive, Respectful, and Safe Workplace – Human Rights, Labour Practices, and Standards	35 - 36			
		SS: Business Ethics and Integrity	50 - 53			
		Code of Ethics and Conduct: https://www.elk-desa.com.my/code-conduct.html				
		Anti-Bribery and Corruption Policy: https://www.elk-desa.com.my/anti-bribery-and-corruption-policy.html				
	2-24 Embedding policy commitments	SS: Employment Practices at ELK-Desa Group – Inclusive, Respectful, and Safe Workplace – Human Rights, Labour Practices, and Standards	35 - 36			
		SS: Business Ethics and Integrity	50 - 53			

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GRI Standard/ Other Source	Disclosure	Information/Location	Page Number	Omission		
				Requirement(s) Omitted	Reason	Explanation
General Disclosures (Cont'd)						
GRI 2: General Disclosures 2021 (Cont'd)	2-25 Processes to remediate negative impacts	SS: Our Sustainability Philosophy	19			
		SS: Stakeholder Engagement	20 - 21			
		SS: Employment Practices at ELK-Desa Group – Inclusive, Respectful, and Safe Workplace – Organisation Culture	35			
		SS: Business Ethics and Integrity	50 - 53			
		Whistleblowing Programme: https://www.elk-desa.com.my/whistleblower_policy.html				
	2-26 Mechanisms for seeking advice and raising concerns	SS: Business Ethics and Integrity – Whistleblowing Programme	52 - 53			
		Whistleblowing Programme: https://www.elk-desa.com.my/whistleblower_policy.html				
	2-27 Compliance with laws and regulations	SS: Business Ethics and Integrity	50 - 53			
	2-28 Membership associations	SS: About This Report – About Our Business	16			
	2-29 Approach to stakeholder engagement	SS: Stakeholder Engagement	20 - 21			
2-30 Collective bargaining agreements	SS: Employment Practices at ELK-Desa Group – Inclusive, Respectful, and Safe Workplace – Human Rights, Labour Practices, and Standards	35 - 36				
Material Topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	SS: Our Material Matters	22 - 24			
	3-2 List of material topics	SS: Our Material Matters	22 - 24			
Topics-Specific Disclosures: Material Matters						
Business Performance and Resilience						
GRI 3: Material Topics 2021	3-3 Management of material topics	SS: The Values We Create as a People-Centric Business	25 - 27			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	SS: The Values We Create as a People-Centric Business – Business Performance and Resilience – Overview of Economic Value Generated and Distributed	27			
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	SS: The Values We Create as a People-Centric Business – Business Performance and Resilience – Financial Inclusion and Support for Local Economic Development	26			

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GRI Standard/ Other Source	Disclosure	Information/Location	Page Number	Omission		
				Requirement(s) Omitted	Reason	Explanation
Topics-Specific Disclosures: Material Matters (Cont'd)						
Business Performance and Resilience (Cont'd)						
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	SS: The Values We Create as a People-Centric Business – Business Performance and Resilience – Financial Inclusion and Support for Local Economic Development	26			
GRI 207: Tax 2019	207-1 Approach to tax	SS: The Values We Create as a People-Centric Business – Business Performance and Resilience – Financial Inclusion and Support for Local Economic Development	26			
Community and Society						
GRI 3: Material Topics 2021	3-3 Management of material topics	SS: The Values We Create as a People-Centric Business – Community and Society	27			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	SS: The Values We Create as a People-Centric Business – Community and Society	27			
Responsible Finance						
GRI 3: Material Topics 2021	3-3 Management of material topics	SS: Responsible Financing	28 - 29			
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	SS: Responsible Financing – Responsible Lending	28			
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	SS: Responsible Financing	28 - 29			
Climate Change, Energy and Emissions Management, and Waste and Water Management						
GRI 3: Material Topics 2021	3-3 Management of material topics	SS: Climate Change, Energy and Emissions Management, and Waste and Water Management	30 - 34			
GRI 302: Energy 2016	302-1 consumption within the organization	• The conversion factor for fuel consumption was obtained from U.S. Energy Information Administration (source: https://www.eia.gov/energyexplained/units-and-calculators/energy-conversion-calculators.php)				
		SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Climate Change, Energy and Emissions Management – Energy	30 - 31			

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GRI Standard/ Other Source	Disclosure	Information/Location	Page Number	Omission		
				Requirement(s) Omitted	Reason	Explanation
Topics-Specific Disclosures: Material Matters (Cont'd)						
Climate Change, Energy and Emissions Management, and Waste and Water Management (Cont'd)						
GRI 302: Energy 2016 (Cont'd)	302-3 Energy intensity	SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Climate Change, Energy and Emissions Management – Energy	30 - 31			
	302-4 Reduction of energy consumption	SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Climate Change, Energy and Emissions Management – Energy	30 - 31			
GRI 303: Water and Effluents 2018	303-5 Water consumption	<ul style="list-style-type: none">Water storage not a significant water-related impact to ELK-DesaThe water data was obtained from water bills				
		SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Waste and Water Management – Water Management	34			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	<ul style="list-style-type: none">Consolidation approach for emissions: operational controlThe emissions conversion factor for fuel consumption was obtained from GHG Protocol (source: https://ghgprotocol.org/calculation-tools-and-guidance)				
		SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Climate Change, Energy and Emissions Management – GHG Emissions				
	305-2 Energy indirect (Scope 2) GHG emissions	<ul style="list-style-type: none">Consolidation approach for emissions: operational control.The emissions conversion factor for electricity consumption was obtained from Grid Emission Factor (source: https://meih.st.gov.my/home)				
		SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Climate Change, Energy and Emissions Management – GHG Emissions	32			
	305-3 Other indirect (Scope 3) GHG emissions	SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Climate Change, Energy and Emissions Management – GHG Emissions	32			
	305-4 GHG emissions intensity	<ul style="list-style-type: none">The emissions factor used was obtained from the Grid Emission Factor and it does not specify gases included in the calculation				
SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Climate Change, Energy and Emissions Management – GHG Emissions		32				

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GRI Standard/ Other Source	Disclosure	Information/Location	Page Number	Omission		
				Requirement(s) Omitted	Reason	Explanation
Topics-Specific Disclosures: Material Matters (Cont'd)						
Climate Change, Energy and Emissions Management, and Waste and Water Management (Cont'd)						
GRI 305: Emissions 2016 (Cont'd)	305-5 Reduction of GHG emissions	• The emissions factor used was obtained from the Grid Emission Factor and it does not specify gases included in the calculation				
		SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Climate Change, Energy and Emissions Management – GHG Emissions	32			
GRI 306: Waste 2020	306-3 Waste generated	SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Waste and Water Management – Recycling and Waste Management	33 - 34			
	306-4 Waste diverted from disposal	SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Waste and Water Management – Recycling and Waste Management	33 - 34			
	306-5 Waste directed to disposal	SS: Climate Change, Energy and Emissions Management, and Waste and Water Management – Waste and Water Management – Recycling and Waste Management	33 - 34			
Inclusive, Respectful, and Safe Workplace						
GRI 3: Material Topics 2021	3-3 Management of material topics	SS: Employment Practices at ELK-Desa Group	35 - 36			
		SS: Our Employees	36 - 39			
		SS: Employee Engagement and Employee Wellbeing	39 - 48			
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	• All senior managers of the HP and Furniture Division are Malaysians				
		SS: Our Employees	36 - 39			
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	SS: Employee Engagement and Employee Wellbeing – Learning and Development	40 - 44			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	SS: Employee Engagement and Employee Wellbeing – Employee Retention	47 - 48			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	• Significant locations of operation: our significant locations of operation for HP Division and Furniture Division are mainly in the Klang Valley				
		SS: Employee Engagement and Employee Wellbeing – Employee Remuneration and Benefits	46			
		401-3 Parental leave	SS: Employee Engagement and Employee Wellbeing – Employee Retention	47 - 48		

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GRI Standard/ Other Source	Disclosure	Information/Location	Page Number	Omission		
				Requirement(s) Omitted	Reason	Explanation
Topics-Specific Disclosures: Material Matters (Cont'd)						
Inclusive, Respectful, and Safe Workplace (Cont'd)						
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	SS: Employee Engagement and Employee Wellbeing – Occupational Health and Safety	45			
	403-9 Work-related injuries	SS: Employee Engagement and Employee Wellbeing – Occupational Health and Safety	45			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	SS: Employee Engagement and Employee Wellbeing – Learning and Development	40 - 44			
	404-2 Programs for upgrading employee skills and transition assistance programs	SS: Employee Engagement and Employee Wellbeing – Learning and Development	40 - 44			
	404-3 Percentage of employees receiving regular performance and career development reviews	SS: Employee Engagement and Employee Wellbeing – Performance Appraisal	40			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	SS: Our Employees	36 - 39			
	405-2 Ratio of basic salary and remuneration of women to men	SS: Employee Engagement and Employee Wellbeing – Employee Remuneration and Benefits	46			
Customer Privacy and Security						
GRI 3: Material Topics 2021	3-3 Management of material topics	SS: Focusing on Customers	48 - 49			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	SS: Focusing on Customers – Data Privacy & Security – Customer Privacy	49			
Risk Management						
GRI 3: Material Topics 2021	3-3 Management of material topics	SS: Risk Management	50			

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GRI Standard/ Other Source	Disclosure	Information/Location	Page Number	Omission		
				Requirement(s) Omitted	Reason	Explanation
Topics-Specific Disclosures: Material Matters (Cont'd)						
Business Ethics and Integrity						
GRI 3: Material Topics 2021	3-3 Management of material topics	SS: Business Ethics and Integrity	50 - 53			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	SS: Business Ethics and Integrity – Anti-Corruption and Anti-Bribery	51 - 52			
	205-2 Communication and training about anti-corruption policies and procedures	SS: Business Ethics and Integrity – Anti-Corruption and Anti-Bribery	51 - 52			
	205-3 Confirmed incidents of corruption and actions taken	SS: Business Ethics and Integrity – Whistleblowing Programme	52 - 53			
Innovation, Technology, and Digitalisation						
GRI 3: Material Topics 2021	3-3 Management of material topics	SS: Innovation, Technology, and Digitalisation	53 - 54			