

## Mapping Our Material Matters

YTL Group’s material matters, which are aligned with the UN SDGs, are inherently tied to our sustainability strategy and categorised into four sustainability pillars. Identifying risks and opportunities within each of these pillars helps us to prepare and integrate suitable action plans into our operations, creating a positive impact on all ESG aspects.

### PROTECTION OF THE ENVIRONMENT

**Key Stakeholders :** Communities, governments and regulators, customers, banks and lenders

**UN SDGs :**



Materials Matters	Risks	Opportunities	Our Approaches
<ul style="list-style-type: none"> <li>6 Climate and energy</li> <li>9 Waste management</li> <li>15 Air emissions</li> <li>17 Biodiversity</li> <li>18 Water efficiency</li> </ul>	<p><b>Short-term (1-5 years)</b></p> <ul style="list-style-type: none"> <li>• Physical risks: Increased severity and frequency of extreme weather events, including floods and heatwaves, may damage physical assets, disrupt business operations and increase capital, operational and supply chain costs</li> <li>• Regulatory and policy risks: Stricter regulations, compliance requirements, new legislation and disclosure mandates might disrupt business operations</li> <li>• Financial risks: Increased costs, asset stranding, market volatility, credit risks, higher insurance costs and investor pressure can elevate both capital and operational expenditures</li> <li>• Reputational risks: Shift in consumer behaviour and investor preference for more sustainable businesses may influence demand for services</li> <li>• Operational risks: Stricter regulations, resource inefficiencies, waste management issues, supply chain disruptions and reputational damage can elevate operational risks and costs</li> </ul> <p><b>Long-term (&gt;5 years)</b></p> <ul style="list-style-type: none"> <li>• Physical risks: Longer-term shifts in climate and precipitation patterns may influence consumer demand, disrupt operations and/or impact resources</li> <li>• Technology risks: Necessitating continuous investment in new technologies to meet environmental standards, increasing the complexity and cost of data management and cybersecurity, and potentially disrupting existing technologies and operations</li> </ul>	<ul style="list-style-type: none"> <li>• Demonstrate business alignment with environmental and climate change priorities</li> <li>• Leverage new and cleaner technologies with the use of supportive policy incentives, subsidies and tax benefits</li> <li>• Availability of attractive sustainability-linked financing options from banks or lenders</li> <li>• Development and expansion of green business lines through R&amp;D and innovation</li> <li>• Improve resource management efficiency (e.g. biodiversity, energy, water and waste) to reduce operational costs</li> </ul>	<ul style="list-style-type: none"> <li>• Improve operational resilience by ensuring spare capacity, regular maintenance and adopting new technologies, which can help mitigate disruptions and enhance long-term sustainability</li> <li>• Green initiatives, innovation and investments can lower our environmental footprint and align with regulatory requirements and societal expectations</li> <li>• Develop and invest in low emission and/or renewable technologies, allowing us to fulfil growing customer demands for cleaner energy and support the transition to a circular economy</li> <li>• Explore viable new green business lines, including incorporation of potential climate-related financial risk management into investment decisions, which can open new revenue streams and enhance resilience against climate risks</li> <li>• Efficient resource management through conserving biodiversity, improving energy efficiency, prioritising sustainable water use and responsible waste management can optimise resource use and reduce environmental impact</li> </ul>

## EMPOWERING OUR PEOPLE

**Key Stakeholders :** Employees, Suppliers (who work at our operation sites)

**UN SDGs :**



Materials Matters	Risks	Opportunities	Our Approaches
<p><b>10</b> Health and safety</p> <p><b>11</b> Diversity and inclusion</p> <p><b>12</b> Human rights and labour practices</p> <p><b>13</b> Employee development</p>	<p><b>Short-term (1-5 years)</b></p> <ul style="list-style-type: none"> <li>Regulatory and policy risks: Labour rights violations, stricter regulations and disclosure requirements in health and safety (H&amp;S), diversity and inclusion, human rights and employee development can lead to regulatory fines, reputational damage and costly operational changes</li> <li>Workforce retention risks: Inadequate talent training and development plans, lack of diversity, insufficient incentives or remuneration packages, stalled career progression, unethical labour practices and low employee engagement can lead to high employee turnover and talent retention challenges</li> <li>Health and safety risks: Unsafe workplace, physical, ergonomic and psychosocial hazards, coupled with inadequate emergency preparedness, discrimination, forced labour, poor working conditions and insufficient training, can lead to injuries, illnesses or accidents in the workplace, regulatory fines and damage to business reputation and branding</li> </ul> <p><b>Long-term (&gt;5 years)</b></p> <ul style="list-style-type: none"> <li>Operational risks: Incompetent workforce, low workforce morale and employee dissatisfaction can lead to reduced productivity, higher operational costs, increased errors, accidents and disruptions to business operations</li> <li>Financial risks: Underperforming workforce can cause the loss of competitive advantage, impact customer retention, miss business opportunities and damage company reputation</li> </ul>	<ul style="list-style-type: none"> <li>Develop talent and provide equal opportunities with industry benchmarked standards, which can lead to a more skilled and competent workforce</li> <li>Uphold principles of human rights and best labour practices can enhance company's reputation and, which build consumer trust</li> <li>Good occupational health and safety practices to improve overall productivity, reduce downtime as well as enhance all aspects of physical, mental and social health at the workplace</li> <li>A positive diversity culture brings varied perspectives, fostering innovation and collaboration, improving customer and employee satisfaction, attracting better talent and improving employee retention</li> </ul>	<ul style="list-style-type: none"> <li>Invest in employee development through training, career growth opportunities, wellness programmes and supportive policies, which enhances productivity, job satisfaction and retention</li> <li>Ensure our employees are able to continue working in a safe and conducive environment with good workplace H&amp;S practices</li> <li>Exemplify workplace diversity through inclusive leadership, diverse recruitment, comprehensive policies, ongoing education and a supportive work environment</li> <li>Prioritise local hiring as it cultivates shared values between the company and workforce</li> </ul>

## ENRICHING COMMUNITIES

**Key Stakeholders :** Communities, Media

**UN SDGs :**



Materials Matters	Risks	Opportunities	Our Approaches
<p><b>16</b> Local communities</p>	<p><b>Short- and long-term</b></p> <ul style="list-style-type: none"> <li>Reputation and branding risks: Inadequate community engagement and inability to address local community concerns can lead to mistrust and opposition and pose negative threats and impacts on the company's reputation and local support</li> </ul>	<ul style="list-style-type: none"> <li>Active engagement and demonstrating commitment to community well-being can build trust, foster brand loyalty and enhance company reputation</li> <li>Develop partnerships and collaboration with like-minded partners for better outreach, capacity building and driving innovative solutions</li> </ul>	<ul style="list-style-type: none"> <li>Enrich local communities through community engagement initiatives with like-minded partners to create shared values</li> <li>Empower underprivileged and underserved groups through education and by creating opportunities for access to knowledge and education</li> </ul>

EMBRACING THE MARKETPLACE

**Key Stakeholders :** Customers, suppliers, business partners and industry groups, shareholders and investors, governments and regulators, banks and lenders

UN SDGs :



Materials Matters	Risks	Opportunities	Our Approaches
<ul style="list-style-type: none"> <li>1 Ethical business and compliance</li> <li>2 Anti-bribery and corruption</li> <li>3 Governance and transparency</li> <li>4 Financial sustainability</li> <li>5 Risk management</li> <li>7 Cybersecurity and data protection</li> <li>8 Responsible products and services</li> <li>14 Sustainable supply chains</li> </ul>	<p><b>Short-term (1-5 years)</b></p> <ul style="list-style-type: none"> <li>• Cybersecurity risks: Data breaches, intellectual property theft, phishing and social engineering attacks can cause financial losses, reputational damage and loss of competitive advantage</li> <li>• Regulatory and policy risks: Failure to adhere to required standards or relevant regulations may lead to regulatory fines and retraction of the business's license to operate</li> <li>• Supply chain risks: Vendor reliability, human rights practices for suppliers' workers, logistics challenges, product quality and information security create vulnerabilities and possible disruptions in supply chain networks</li> </ul> <p><b>Long-term (&gt;5 years)</b></p> <ul style="list-style-type: none"> <li>• Financial risks: Revenue volatility, payment delays and defaults, transaction fraud, regulatory compliance costs, competition pressure and limited financing options can negatively impact company's financial health</li> <li>• Reputational risks: Weak corporate governance may lead to potential reputational damage</li> <li>• Market risks: Inadequate or insufficient investment in innovation and product development reduces company's competitive position and may lead to losses in the customer base</li> </ul>	<ul style="list-style-type: none"> <li>• Inculcate a strong compliance culture throughout the company and create a secure environment for digital assets, customers and stakeholders</li> <li>• Promote investment in sustainable products, green business segments and their infrastructure to enhance business resilience and increase competitiveness</li> <li>• Integrate climate-related risk management into the current risk management and internal control frameworks</li> <li>• Build an agile and resilient supply chain that is sustainable, reduces dependency on finite resources, enhances adaptability to disruptions and fosters long-term economic and environmental stability</li> </ul>	<ul style="list-style-type: none"> <li>• Uphold sound corporate governance and achieve resilient financial performance</li> <li>• Implement effective risk management practices as well as board oversight on ESG matters</li> <li>• Adopt and enforce a zero-tolerance approach towards fraud, bribery and corruption</li> <li>• Implement an integrity pledge and dedicated ongoing employee training programmes to disseminate and improve understanding of the organisation's policies, business values and expectations</li> <li>• Ensure fair and responsible supply chain and procurement processes</li> <li>• Commit to producing world-class innovative products, services and solutions at competitive prices</li> <li>• Conduct periodic and refresher training on topics such as ABC, cybersecurity and others</li> </ul>