

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

Material Matters: Climate and energy, waste management, air emissions, biodiversity, water efficiency

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

UN SDGs:



Risks	Opportunities	Our Approaches
Shorter-term (1-5 years) - Physical risks: Increased severity and frequency of extreme weather events (eg. floods, heatwaves) may damage physical assets, disrupt operations and increase capital, operational and supply chain costs - Policy and legal risks: Stricter regulations, new legislation and enhanced disclosure requirements may disrupt business activities and increase compliance costs - Technology risks: Rapid technology shifts may require immediate upgrades or system replacements to meet new standards, raising costs and operational complexity - Financial risks: Potential for increased operational and capital expenditures due to asset stranding, market volatility, credit risk, rising insurance premiums, availability of financial instruments and growing investor scrutiny - Market risks: Volatile markets, changing consumer preferences, and raw material price fluctuations may impact pricing, demand and profitability - Reputational risks: Growing consumer and investor preference for sustainability may influence brand perception and reduce demand for products or services Longer-term (>5 years) - Physical risks: Gradual changes in climate patterns and precipitation levels may affect resource availability, alter consumer behaviour and disrupt long-term operations - Policy and legal risks: Ongoing development of climate policies, carbon pricing mechanisms and global sustainability standards may require major business model adjustments and increase long-term compliance burdens - Market risks: Structural market shifts driven by decarbonisation may reduce demand for high-emission products, lower asset values and reshape competitive landscapes - Technology risks: Continued investment in advanced technologies to meet future environmental standards may increase costs, strain data management and cybersecurity and disrupt existing systems and processes - Reputational risks: Lack of credible long-term climate action may result in sustained loss of brand trust, customer loyalty and challenges in attracting or retaining talent	- Demonstrate stronger business alignment with environmental and climate change priorities to enhance brand value and stakeholder trust - Leverage new and cleaner technologies, supported by policy incentives, subsidies and tax benefits to drive innovation and competitiveness - Tap into a wider range of sustainability-linked financing options offered by financial institutions and investors - Drive the development and expansion of green business lines through targeted R&D and innovation, meeting shifting customer demands and sustainability expectations - Improve resource management efficiency (e.g. biodiversity, energy, water and waste) to reduce operational costs and enhance long-term resilience - Strengthen risk preparedness and strategic positioning through early adaptation to market, regulatory and consumer trends related to sustainability	- Improve operational resilience by ensuring spare capacity, conduct regular maintenance and adopting appropriate technologies to mitigate disruptions and support long-term sustainability - Implement green initiatives, innovation and investments that reduce environmental footprints and support compliance with evolving regulations and stakeholder expectations - Develop and invest in low emission and/or renewable technologies to meet increasing customer demands for cleaner energy and support the shift toward a circular and low-carbon economy - Explore and pursue new green business lines, whilst integrating climate-related financial risk considerations into investment decisions to enhance resilience and identify growth opportunities - Optimise resource use through efficient management of biodiversity, energy, water and waste, thereby reducing environmental impact and improving cost-effectiveness

EMPOWERING OUR PEOPLE

Material Matters: Health and safety, diversity and inclusion, human rights and labour practices, employee development

Key Stakeholders: Employees, suppliers (who work at our operational sites)

UN SDGs:



Risks	Opportunities	Our Approaches
Shorter-term (1-5 years) - Regulatory and policy risks: Stricter regulations and enhanced disclosure requirements related to health and safety (H&S), diversity, human rights and employee development as well as potential labour rights violations can lead to regulatory fines, reputational damage and costly operational changes - Workforce attraction and retention risks: Inadequate development plans, lack of diversity, insufficient compensation, limited career progression, unethical labour practices may result in reduced employee engagement, high turnover and challenges in both attracting and retaining top talent - Health and safety risks: Unsafe workplaces, physical, ergonomic and psychosocial hazards, alongside 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 longer-term damage to business reputation and branding - Reputational and stakeholder trust risks: Negative media coverage or stakeholder activism linked to human rights breaches, diversity gaps, or unsafe practices may result in loss of business opportunities, talent flight or investor pressure Longer-term (>5 years) - Operational risks: Under-skilled or disengaged workforce, low workforce morale and employee dissatisfaction can lead to reduced productivity, higher operational costs, increased errors, accidents and disruptions to business operations - Financial risks: Consistently underperforming workforce can cause the loss of competitive advantage, impact customer retention, missed business opportunities and damage company reputation - Legal and compliance risks: Failure to meet evolving global standards in labour, diversity or H&S practices may increase exposure to litigation, sanctions or even jeopardise the company's ability to continue operating in key markets	- Develop talent and provide equal opportunities based on industry benchmarked standards, which can lead to a more skilled and competent workforce - Uphold principles of human rights and responsible labour practices to enhance reputation, stakeholder confidence and long-term brand loyalty - Implement strong health and safety systems to improve overall productivity, reduce downtime as well as enhance all aspects of physical, mental and social health at the workplace - A positive diversity culture brings varied perspectives, fostering innovation and collaboration, improving customer and employee satisfaction, attracting better talent and improving employee retention - Strengthen workforce resilience by integrating mental health, wellness and flexible work arrangements into core employee strategies - Demonstrate leadership in social responsibility and sustainability performance, creating potential advantages in ESG ratings, customer preferences and investor interest	- Invest in employee development through training, career growth opportunities, wellness programmes and supportive policies to enhance productivity, job satisfaction and retention - Ensure our employees work in a safe and conducive environment with proactive workplace H&S practices - Exemplify workplace diversity through inclusive leadership, diverse recruitment, comprehensive policies, ongoing education and a supportive work environment - Prioritise local hiring to build shared values, strengthen community integration and support local economic development - Strengthen human rights due diligence across the value chain, including ethical sourcing, supplier screening and grievance mechanisms - Establish governance and reporting mechanisms to monitor progress on H&S, diversity and labour practices, ensuring transparency and accountability

ENRICHING COMMUNITIES

Material Matters: Local communities

Key Stakeholders: Communities, media



Risks	Opportunities	Our Approaches
Shorter- and longer-term • Reputation and branding risks: Inadequate community engagement and inability to address local community concerns can lead to mistrust and opposition, potentially resulting in community resistance, project delays and long-term damage to the company's reputation and local support • Social license risk: Failure to build meaningful relationships with communities may jeopardise longer-term access to land, resources, or operational continuity in key project areas • Conflict and operational disruption risk: Poor stakeholder management can escalate tensions, leading to protests, legal action, or disruptions that affect project timelines and costs	• Active engagement and demonstrating commitment to community well-being can build trust, foster brand loyalty and enhance company reputation • Develop partnerships and collaboration with like-minded partners for better outreach, capacity building and driving innovative solutions • Strengthen social license to operate by aligning projects with community priorities and expectations • Support longer-term business continuity by contributing to local economic development, employment and education • Create shared value by integrating community needs into business planning, especially for site selection, infrastructure development and impact mitigation	• Enrich local communities through community engagement initiatives with like-minded partners that promote mutual understanding, resilience and shared value creation • Empower underprivileged and underserved groups through education and by creating opportunities for access to learning, vocational training and entrepreneurship • Establish inclusive stakeholder engagement processes, including transparent communication channels and feedback mechanisms to incorporate community input into project planning and operations • Measure and report community impact regularly to ensure continuous improvement and accountability in social performance

EMBRACING THE MARKETPLACE

Material Matters: Ethical business and compliance, anti-bribery and corruption, governance and transparency, financial sustainability, risk management, cybersecurity and data protection, responsible products and services, sustainable supply chains

Key Stakeholders: Customers, suppliers, business partners and industry group, shareholders and investors, government and regulators, banks and lenders



Risks	Opportunities	Our Approaches
Shorter-term (1-5 years) - Cybersecurity risks: Data breaches, intellectual property theft, phishing and social engineering attacks can cause financial losses, reputational damage and loss of competitive advantage - 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 - Supply chain risks: Vendor reliability, human rights practices in the supply chain, logistics challenges, product quality and information security create vulnerabilities and possible disruptions in supply chain networks - Ethics and compliance risks: Lapses in anti-bribery and corruption (ABC) enforcement or weak compliance monitoring may result in investigations, penalties and loss of stakeholder trust Longer-term (>5 years) - Financial risks: Revenue volatility, payment delays and defaults, transaction fraud, regulatory compliance costs, competition pressure and limited financing options can negatively impact the company's financial health - Reputational risks: Weak corporate governance may lead to potential reputational damage - Market risks: Inadequate and insufficient investment in innovation and product development may weaken company's competitive position and may lead to losses in the customer base - Digital and data risks: In the long-term, underinvestment in cybersecurity, data privacy frameworks or digital infrastructure could erode stakeholder confidence, particularly in customer-facing services and platforms	- Inculcate a strong compliance culture throughout the company and create a secure environment for digital assets, customers and stakeholders - Promote investment in sustainable products, green business segments and their infrastructure to enhance business resilience and increase competitiveness - Integrate climate-related risk management into existing risk management practices and internal control frameworks - 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 - Strengthen ethical governance practices to improve investor confidence, reduce misconduct and support long-term value creation - Enhance transparency through regular disclosures on financial, ESG and compliance matters, building stronger stakeholder trust and market reputation	- Uphold sound corporate governance and achieve resilient financial performance - Implement effective risk management practices with robust board oversight on ESG matters - Adopt and enforce a zero-tolerance approach towards fraud, bribery and corruption - Implement an integrity pledge and ongoing, role-specific employee training programmes to disseminate and improve understanding of the organisation's policies, business values and expectations - Ensure fair and responsible supply chain and procurement processes - Commit to producing high-quality, ethical and innovative products, services and solutions at competitive prices - Conduct periodic and refresher training on topics such as ABC, cybersecurity, data protection and responsible conduct - Integrate data governance frameworks and invest in cybersecurity technologies to protect sensitive information and digital operations - Establish cross-functional compliance monitoring and reporting structures to proactively identify risks and implement corrective actions