

Mapping Our Material Matters

YTL Group’s material matters, which are aligned with the UNSDGs, are inherently tied to our sustainability strategy, and they are categorised into four sustainability pillars. The identification of risks and opportunities within each of the sustainability 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, customers, governments and regulators, investors, banks and lenders

UNSDGs :



Materials Matters	Risks	Opportunities	Our Approaches
Climate and energy	<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 that may disrupt operations and increase operational, capital, and supply chain costs</li> </ul>	<ul style="list-style-type: none"> <li>Demonstrate business alignment with environmental and climate change priorities and participation in carbon markets</li> </ul>	<ul style="list-style-type: none"> <li>Improve operational resilience through spare capacity management, regular asset maintenance, and adoption of appropriate technological advances</li> </ul>
Waste management	<ul style="list-style-type: none"> <li>Regulatory and policy risks: Interventions such as escalating carbon prices and/or carbon taxes, as well as new legislations and/or reporting requirements</li> </ul>	<ul style="list-style-type: none"> <li>Leverage new and cleaner technologies with the use of supportive policy incentives, subsidies, and tax benefits</li> </ul>	<ul style="list-style-type: none"> <li>Reduce our impacts on the environment through green initiatives, innovation, and investments.</li> </ul>
Air emissions	<ul style="list-style-type: none"> <li>Financial risks: Increased capital and/or operational expenditure to comply with new regulations, R&amp;D, as well as the adoption of new technologies</li> </ul>	<ul style="list-style-type: none"> <li>Pursue attractive ESG-linked lending options from banks or lenders</li> </ul>	<ul style="list-style-type: none"> <li>Develop and invest in low emission and renewable energy technologies to allow us to fulfil increased customer demands for cleaner energy and circular economy</li> </ul>
Biodiversity	<ul style="list-style-type: none"> <li>Reputational risks: Shift in consumer behaviour and investor preference for more sustainable businesses may influence demand for services</li> </ul>	<ul style="list-style-type: none"> <li>Development and expansion of green business lines through R&amp;D and innovation</li> </ul>	<ul style="list-style-type: none"> <li>Explore viable new green business lines, including incorporation of potential climate-related financial risk management into investment decisions for major growth projects</li> </ul>
Water efficiency	<ul style="list-style-type: none"> <li>Operational risks: Cancellation, expiration, termination, or renegotiation of any concessions or key contracts or the imposition of restrictive regulatory controls</li> </ul> <p><b>Long-term (&gt;5 years)</b></p> <ul style="list-style-type: none"> <li>Physical risks: Longer-term shifts in temperature and precipitation patterns may influence consumer demand, disrupt operations, and/or impact resources</li> <li>Technological risks: Disruption of existing technologies; development and use of emerging low emission technologies and products may affect competitiveness, costs, and consumer demand</li> </ul>	<ul style="list-style-type: none"> <li>Improve resource management efficiency (e.g. biodiversity, energy, water, and waste) to reduce operational costs</li> <li>Identify and invest in innovative technologies and solutions to build adaptive capacity and ensure climate resilience</li> </ul>	<ul style="list-style-type: none"> <li>Efficient resource management through the conservation of both terrestrial and marine biodiversity and ecosystems, energy efficiency, the prioritisation of sustainable water use, and responsible waste management</li> </ul>

EMPOWERING OUR PEOPLE

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

**UNSDGs :**



Materials Matters	Risks	Opportunities	Our Approaches
<p>Health and safety</p> <p>Diversity, equity, and inclusion (DEI)</p> <p>Human rights and labour practices</p> <p>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 that may lead to regulatory fines as well as business reputation and branding damage</li> <li>Workforce retention risks: Inadequate talent training and development plan, lack of DEI, insufficient incentives or remuneration packages, and stalled career progression that may 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 that may lead to injuries, illnesses, or accidents in the workplace and regulatory fines and impact 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 resulting in reduced productivity, higher operational costs, increased errors and accidents, as well as causing disruptions to business operations</li> <li>Financial risks: Weak workforce can cause the loss of competitive advantage, impact on customer retention, as well as missing business opportunities and damaging company reputation</li> </ul>	<ul style="list-style-type: none"> <li>Develop talent and provide equal opportunities with industry benchmarked standards</li> <li>Uphold principles of human rights and best labour practices</li> <li>Good occupational health and safety practices improve overall productivity and all aspects of physical, mental, and social health and safety in the workplace</li> <li>Promote a positive DEI culture to improve workplace performance</li> </ul>	<ul style="list-style-type: none"> <li>Continuously invest in human resources, including upskilling and re-skilling programmes</li> <li>Ensure employees are able to continue working in a safe and conducive environment with good workplace safety and health practices</li> <li>Exemplify workplace DEI through inclusive leadership, diverse recruitment, comprehensive policies, ongoing education, and a supportive work environment</li> <li>Prioritise local community hiring as it cultivates shared values between the company and workforce</li> </ul>

ENRICHING COMMUNITIES

**Key Stakeholders :** Communities, Media

**UNSDGs :**



Materials Matters	Risks	Opportunities	Our Approaches
<p>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 may pose threats and negative impacts on the company's reputation and local support for the company</li> </ul>	<ul style="list-style-type: none"> <li>Build a responsible brand and foster healthy relationships with partners</li> <li>Develop partnerships and collaboration opportunities with like-minded partners for better outreach</li> <li>Use of technologies to enhance the resilience of the local community through capacity building initiatives</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



Materials Matters	Risks	Opportunities	Our Approaches
Ethical business and compliance	<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: Vendors reliability, human rights practices for suppliers' workers, logistics challenges, product quality, and information security create vulnerabilities and possible disruptions in supply chains</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 the company's financial health</li> <li>Reputational risks: Weak corporate governance may lead to potential reputational damage and loss of license to operate</li> <li>Market risks: Inadequate or insufficient investment in innovation and product development reduces the company's competitive position and potential losses in the customer base</li> </ul>	<ul style="list-style-type: none"> <li>Inculcate a strong compliance culture throughout the company</li> <li>Invest in long-term sustainable products and infrastructure to promote business resilience</li> <li>Stimulate and increase competitiveness and create new green business segments</li> <li>Integrate climate-related risk management with the current risk management and internal control framework</li> <li>Build an agile and resilient supply chain that is sustainable</li> <li>Create a secure environment for digital assets, customers, and stakeholders</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>Implementation of 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 chains and procurement processes</li> <li>Commit to producing world-class products and services at competitive prices for global markets</li> <li>Innovation in products and solutions</li> </ul>
Anti-bribery and corruption			
Governance and transparency			
Financial sustainability			
Risk management			
Cybersecurity and data protection			
Responsible products and services			
Sustainable supply chain			