

MTAG Group Berhad

Sustainability Policy

Document Control

Item	Details
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1. Purpose

This Sustainability Policy establishes MTAG Group Berhad’s (“MTAG” or “the Group”) commitment to integrating Environmental, Economic, Social and Governance (“EESG”) considerations into the Group’s strategy, governance, operations, risk management, decision-making and sustainability-related disclosures.

The Policy supports:

- Long-term enterprise value creation;
- Sustainable business growth;
- Operational resilience;
- Responsible business conduct;
- Transparent and reliable sustainability-related disclosures; and
- Alignment with evolving sustainability-related regulations, stakeholder expectations and international reporting standards.

This Policy is aligned with:

- ISSB IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information;
- ISSB IFRS S2 – Climate-related Disclosures;
- National Sustainability Reporting Framework (“NSRF”) Malaysia;
- Bursa Malaysia Sustainability Reporting Requirements;
- SASB Standards (where industry-based guidance is relevant);
- SORMIC Guide 2025 (including governance, risk management, internal control, assurance readiness and The Institute of Internal Auditors (“IIA”) Three Lines Model).

This Policy forms part of the Group’s Enterprise Risk Management (“ERM”) framework, governance framework and internal control system.

2. Policy Principles

MTAG adopts the following sustainability governance principles:

- Accountability and governance integrity;
- Transparency, reliability and comparability of sustainability-related disclosures;
- Integration of sustainability into business strategy and risk management;
- Long-term enterprise value creation;
- Responsible management of environmental and social impacts;
- Stakeholder responsiveness and ethical business conduct;
- Continuous improvement and assurance readiness;
- Compliance with applicable laws, regulations and sustainability reporting requirements.

The Group shall ensure sustainability-related disclosures are fair, balanced, accurate, supportable, verifiable and not misleading.

3. Reporting Boundary

The Group’s Sustainability Statement shall be prepared based on the same reporting boundary as the Group’s consolidated financial statements unless otherwise disclosed and justified.

The Group shall assess sustainability-related risks and opportunities across:

- wholly-owned subsidiaries;
- controlled entities;
- operational activities;
- supply chain and sourcing activities;
- key suppliers and contractors;
- customers and other relevant value chain participants where applicable.

Any exclusion of subsidiaries, business units, associates, joint ventures, suppliers or value chain activities from sustainability reporting shall be documented, justified and approved by Management and reviewed by the ARMC.

4. Definitions

For purposes of this Policy:

Term	Definition
ESG	Environmental, Social and Governance matters
EESG	Economic, Environmental, Social and Governance matters
ISSB	International Sustainability Standards Board
SASB	Sustainability Accounting Standards Board
IFRS S1	IFRS Sustainability Disclosure Standard S1 General Requirements for Disclosure of Sustainability-related Financial Information
IFRS S2	IFRS Sustainability Disclosure Standard S2 Climate-related Disclosures
Material Sustainability Matter	Sustainability-related risks or opportunities that could reasonably affect the Group's enterprise value, financial position, financial performance, cash flows, access to finance or cost of capital
Value Chain	Upstream and downstream activities, suppliers, service providers, customers and other business relationships relevant to the Group's operations
Climate-related Risks	Physical risks and transition risks arising from climate change
Sustainability KPI	Sustainability-related metric or performance indicator used to monitor material sustainability matters
Assurance Readiness	State where sustainability-related data, controls and disclosures are sufficiently documented, traceable and supportable for internal or external assurance

5. Governance and Accountability

MTAG adopts a structured sustainability governance framework aligned with The Institute of Internal Auditors ("IIA") Three Lines Model under SORMIC 2025.

The governance framework is intended to ensure:

- accountability and oversight;
- effective sustainability execution;
- integration of ESG into business operations and risk management;
- reliable sustainability reporting;
- assurance readiness and independent review.

5.1 Board of Directors

The Board retains ultimate responsibility and oversight for sustainability governance.

Responsibilities include:

- Approving sustainability strategy, policy and direction;
- Reviewing material sustainability-related risks and opportunities;
- Overseeing sustainability integration into long-term strategic planning;
- Reviewing and approving material sustainability-related disclosures;
- Overseeing climate-related governance and enterprise resilience;
- Reviewing significant sustainability targets and commitments.

The Board shall review sustainability matters at least annually and more frequently where significant sustainability-related matters arise.

5.2 Audit and Risk Management Committee (“ARMC”)

The ARMC supports the Board in overseeing sustainability governance, ESG risk management, internal controls and reporting integrity.

Responsibilities include:

- Reviewing ESG risks within the ERM framework;
- Reviewing sustainability-related internal controls and reporting processes;
- Monitoring compliance with ISSB, NSRF, Bursa Malaysia and other applicable requirements;
- Reviewing sustainability disclosures prior to Board approval;
- Overseeing sustainability assurance readiness;
- Reviewing findings from internal and external sustainability assurance activities;
- Monitoring corrective actions arising from ESG assurance reviews.

The ARMC shall review sustainability-related matters periodically, including through quarterly risk and governance reporting where applicable.

5.3 Key Senior Management (“KSM”)

Management is accountable for implementation and operational integration of sustainability strategy and controls.

Responsibilities include:

- Embedding ESG considerations into operations and decision-making;
- Implementing sustainability initiatives and mitigation plans;
- Monitoring ESG performance and sustainability KPIs;
- Ensuring adequacy of sustainability resources, competencies and systems;
- Reporting sustainability-related matters to the ARMC and Board;
- Maintaining sustainability-related internal controls and supporting evidence.

5.4 Sustainability Working Group (“SWG”)

The SWG is responsible for sustainability implementation and coordination.

Responsibilities include:

- Coordinating sustainability initiatives across the Group;
- Collecting, validating and consolidating sustainability data;
- Maintaining sustainability KPI registers and supporting evidence;
- Supporting sustainability reporting and compliance activities;
- Coordinating climate-related and ESG data monitoring;
- Supporting sustainability assurance readiness.

5.5 Internal Audit

Internal Audit provides independent assurance over selected sustainability governance, risk management and internal control processes.

The Group shall maintain an assurance readiness plan for material sustainability disclosures.

Responsibilities include:

- Reviewing the design and operating effectiveness of controls over selected sustainability metrics, sustainability-related controls and reporting processes;
- Assessing ESG governance, ERM integration and sustainability control effectiveness;
- Reviewing sustainability reporting processes, sustainability data governance and assurance readiness;
- Evaluating traceability, supporting evidence and reliability of sustainability-related information;
- Reporting assurance findings, recommendations, corrective actions and target completion dates to the ARMC.

5.6 External Assurance Providers

Where required by regulation, the Board, stakeholder expectations or business needs, external assurance providers may be engaged to provide independent verification or assurance over selected sustainability disclosures and reporting processes.

This may include assurance over:

- greenhouse gas (“GHG”) emissions;
- climate-related disclosures;
- sustainability metrics and targets;
- material sustainability KPIs;
- sustainability reporting processes;
- sustainability-related data integrity.

Assurance findings, observations, corrective actions and implementation timelines shall be reported to the ARMC for monitoring and oversight.

6. Materiality Assessment

The Group shall conduct a formal materiality assessment at least annually or more frequently where there are significant changes in:

- business operations;
- regulatory requirements;
- stakeholder expectations;
- sustainability-related risks and opportunities;
- market conditions or business strategy.

The materiality assessment shall consider:

- financial materiality;
- stakeholder engagement outcomes;
- climate-related risks and opportunities;
- value chain exposure;
- operational and strategic impacts;
- relevant SASB industry-based topics;
- Bursa Malaysia and NSRF reporting expectations.

Material sustainability matters shall be:

- identified and prioritised by Management;
- validated through Management review;
- reviewed by the ARMC;
- escalated to the Board where appropriate.

Materiality assessment outcomes shall be used in determining:

- sustainability strategy and priorities;
- sustainability-related disclosures;
- ESG risk assessments;
- sustainability metrics and targets;
- resource allocation and action plans.

7. Sustainability Strategy and Financial Effects

The Group recognises that sustainability-related risks and opportunities may have a direct impact on its financial performance, position, cash flows, access to finance, cost of capital, and long-term enterprise value.

Sustainability considerations shall be integrated into business strategy, including strategic planning, capital allocation, operational decisions, procurement, and investment evaluation.

The Group shall assess how sustainability-related factors, including environmental, social, climate-related, regulatory, and supply chain risks and opportunities, may influence business resilience and financial outcomes over the short, medium, and long term.

Sustainability objectives shall support long-term value creation and be aligned with the Group's risk management framework and strategic priorities.

8. ESG Risk Management and ERM Integration

The Group integrates Environmental, Social and Governance (ESG) risks into its Enterprise Risk Management (ERM) framework in line with ISSB IFRS S1 and IFRS S2 requirements.

ESG risks shall be identified, assessed, prioritised, monitored and managed using the Group's established risk management methodology, including likelihood and impact assessment, risk ownership assignment, and mitigation planning.

Material sustainability-related risks shall be incorporated into the Group's overall risk register and escalated through established governance channels, including Management, the ARMC, and the Board where appropriate.

The ERM framework shall ensure that ESG risks are considered alongside financial and operational risks to support informed decision-making and effective risk oversight.

8.1 ESG Risk Universe

The Group's ESG risk universe includes sustainability-related risks that may affect business performance, long-term resilience, and stakeholder value creation.

These risks are identified and managed under the Group's Enterprise Risk Management ("ERM") framework in accordance with **ISSB IFRS S1 and IFRS S2**.

For governance and completeness, ESG risks are broadly grouped into the following categories:

- Environmental and climate-related risks (including energy, emissions, waste, water, and biodiversity)
- Supply chain and sourcing risks (including FSC® Chain-of-Custody compliance and third-party dependencies)
- Operational and business continuity risks (including production disruption and crisis events)
- Financial and market risks (including liquidity, FX, inflation, and credit exposure)
- Regulatory and compliance risks (including ISSB, Bursa, NSRF, tax and legal obligations)
- Human capital and workforce risks (including talent retention, skills gap, labour practices and organisational culture)
- Health, safety and security risks (including occupational safety and operational hazards)
- Technology and cybersecurity risks (including AI adoption, digital disruption and data security)
- Governance, conduct and reporting integrity risks (including corporate reporting accuracy, ESG disclosures, ABC, fraud, and whistleblowing integrity)
- Reputational and stakeholder trust risks (including ESG communication, ESG claims and public perception)
- Geopolitical and macroeconomic risks (including trade disruption, instability, and supply shocks)
- Strategic and organisational risks (including competition, culture, and M&A integration)

8.2 Alignment with Emerging Global Risks (IIA 2025)

The Group's ESG risk framework is benchmarked against key emerging global risk themes, including:

- Business continuity and operational resilience
- Climate change and environmental sustainability
- Communication, Reputational and stakeholder trust risk
- Cybersecurity and data protection
- Digital disruption and artificial intelligence (AI)
- Financial liquidity and insolvency risk
- Fraud, bribery and financial crime risks
- Geopolitical uncertainty and supply chain disruption
- Governance and corporate reporting integrity
- Health, safety and security risks
- Human capital, diversity and talent management
- Market changes/competition and customer behaviour changes
- Mergers and acquisitions risk
- Organisational culture
- Regulatory change and compliance
- Supply chain and third-party dependency risk

9. Supply Chain, FSC® and Third-party ESG Governance

The Group is committed to responsible supply chain management to support operational resilience, regulatory compliance, and sustainable business practices.

The Group shall manage ESG risks across its supply chain, including suppliers, contractors, and other third parties that may have an impact on environmental, social, and governance performance.

This includes ensuring responsible sourcing practices, strengthening supplier ESG awareness, and promoting compliance with applicable sustainability and ethical requirements.

For certified materials, including FSC® Chain-of-Custody, the Group shall maintain integrity of certification through proper documentation, traceability, and compliance with certification standards.

Third-party ESG risks shall be assessed and monitored based on risk exposure and criticality, and shall be incorporated into the Group's overall ESG and ERM framework.

10. Climate-related Governance and Risk Management

The Group shall identify, assess, manage and monitor climate-related risks and opportunities in accordance with IFRS S2 requirements.

This includes physical risks (such as extreme weather events and long-term climate impacts) and transition risks (such as regulatory changes, market shifts, technology changes, and evolving stakeholder expectations).

Climate-related risk assessments shall consider short-, medium- and long-term time horizons and their potential financial and operational impacts on the Group, including supply chain exposure and business continuity risks.

Where appropriate, the Group may conduct climate scenario analysis to evaluate resilience under different climate pathways and support strategic decision-making.

Climate-related risks shall be integrated into the Group's ERM framework and escalated to Management, the ARMC, and the Board where material.

11. Metrics, Targets and performance monitoring

The Group shall establish sustainability metrics, targets and baselines that are aligned with its stakeholder mapping, materiality assessment, sustainability-related risks and opportunities, and applicable reporting requirements.

Metrics shall not be selected solely for ease of data availability. They shall be selected based on relevance to the Group's material sustainability matters, business model, value chain, strategic priorities, risk profile and stakeholder expectations.

In determining sustainability metrics, Management shall consider:

- a. matters raised by key stakeholders, including shareholders, employees, customers, suppliers, regulators, financiers and local communities;
- b. material sustainability matters identified through the Group's materiality assessment;
- c. sustainability-related risks and opportunities that may affect the Group's cash flows, financial position, financial performance, access to finance or cost of capital;
- d. climate-related physical and transition risks, and climate-related opportunities;
- e. relevant IFRS S1 and IFRS S2 disclosure requirements;
- f. relevant SASB industry-based disclosure topics and metrics;
- g. Bursa Malaysia and NSRF sustainability reporting requirements; and
- h. availability, reliability and assurance-readiness of data.

For each material sustainability matter, Management shall maintain a sustainability KPI register containing, at minimum:

Required field	Description
Material matter	The sustainability matter identified through materiality assessment
Stakeholder linkage	Stakeholder group affected or interested
IFRS / SASB linkage	Relevant IFRS S1, IFRS S2 and SASB reference
KPI / metric	Indicator used to measure performance or risk exposure
Baseline year	Year from which performance is measured
Baseline value	Starting value, with methodology and assumptions
Target	Quantitative or qualitative target
Target year	Short-, medium- or long-term target date
Data owner	Function responsible for data preparation
Approver	Management role responsible for review and sign-off
Source system	System, document or register used as source evidence
Calculation method	Formula, emission factor or methodology used
Reporting frequency	Monthly, quarterly, semi-annually or annually
Assurance status	Not assured, internally reviewed, limited assurance or reasonable assurance
Evidence retained	Supporting documents required for verification

Targets shall be approved by Management and, where material to the Group's strategy, risk appetite, external reporting or public commitments, reviewed by the ARMC and approved by the Board.

Baselines shall be recalculated only where there is a material change in reporting boundary, methodology, acquisition, disposal, data quality or regulatory requirement. Any baseline recalculation shall be documented, reviewed and approved.

Sustainability performance shall be measured using defined baselines, clear methodologies, and consistent calculation approaches to ensure comparability and reliability over time.

The Group shall regularly monitor sustainability performance against approved targets through defined reporting cycles (e.g. monthly, quarterly, or annually, where applicable).

Performance results, including significant variances from targets or expectations, shall be reviewed by Management and escalated to the ARMC and Board where material.

Where necessary, the Group shall implement corrective actions or improvement plans to address underperformance and strengthen sustainability outcomes.

12. Sustainability data governance and internal controls

Sustainability data shall be subject to documented internal controls, including data owner certification, preparer-reviewer approval, evidence retention, calculation review, variance analysis, change control and management sign-off. Data used for external reporting shall be traceable to source records and retained in accordance with the Group's document retention requirements.

13. Sustainability Commitments

13.1 Environmental Responsibility

The Group is committed to:

- Minimising environmental impact across operations
- Improving energy efficiency and resource optimisation
- Reducing waste generation and promoting circular practices
- Responsible sourcing of materials, including FSC® certified products
- Responsible management of waste and effluent
- Monitoring and reducing **Scope 1 and Scope 2** greenhouse gas emissions
- Managing climate-related risks in accordance with **IFRS S2**

13.2 Social Responsibility

The Group is committed to:

- Providing a safe, healthy, and secure workplace environment
- Strengthening occupational health and safety systems
- Developing employee skills and capabilities through training
- Upholding fair labour practices and human rights principles
- Promoting diversity, equity, and inclusion
- Engaging responsibly with stakeholders and communities

13.3 Economic Responsibility

The Group is committed to:

- Supporting sustainable long-term value creation for stakeholders
- Strengthening operational efficiency and cost optimisation
- Enhancing business resilience and continuity
- Maintaining prudent financial management and liquidity discipline
- Promoting sustainable growth through responsible capital allocation
- Supporting stable economic contributions across operating markets
- Ensuring ESG integration supports enterprise value creation in line with ISSB IFRS S1

13.4 Governance & Ethics

The Group is committed to:

- Maintaining strong corporate governance and ethical conduct
- Ensuring transparency, integrity, and accountability
- Enforcing zero tolerance for bribery and corruption
- Strengthening internal controls and compliance systems
- Ensuring integrity of sustainability claims, including FSC® certification
- Enhancing responsible procurement and supplier governance

14. ESG claims and greenwashing controls

All public sustainability claims, including FSC® certification claims, climate claims, environmental performance claims and supplier sustainability claims, shall be supported by evidence and reviewed before publication. Claims shall be accurate, balanced, current, specific and not misleading. Legal, Sustainability and relevant business owners shall review material ESG claims before release.

15. Reporting, Assurance and Disclosure Approval

The Group shall prepare sustainability-related disclosures in accordance with applicable regulatory requirements, including ISSB IFRS S1 and S2, NSRF, and Bursa Malaysia Sustainability Reporting requirements.

The Group shall maintain appropriate internal controls, documentation, and evidence to support the accuracy, completeness, and reliability of sustainability reporting.

Internal Audit shall provide independent assurance over selected sustainability governance, risk management, data controls, and reporting processes based on risk-based audit planning.

External assurance may be obtained over selected sustainability disclosures, including greenhouse gas emissions and material sustainability KPIs, where required by regulation, Board decision, or stakeholder expectations.

All sustainability disclosures shall be subject to Management review and endorsement, ARMC review, and final approval by the Board prior to publication.

16. Training, Building Organisational Capability and Accountability

The Group recognises that effective sustainability governance requires appropriate competencies, accountability, awareness and continuous capability development across all levels of the organisation.

The Group shall progressively strengthen sustainability-related capabilities through:

- structured sustainability training and awareness programmes;
- development of sustainability reporting competencies;
- enhancement of climate-related knowledge and ESG risk management capabilities;
- strengthening understanding of ISSB, NSRF, Bursa Malaysia and relevant regulatory requirements;
- improving sustainability data governance, reporting accuracy and assurance readiness.

Training programmes may be conducted periodically for relevant employees, Management, operational personnel and data owners involved in sustainability-related activities and reporting processes.

Where appropriate, sustainability-related training hours may form part of employee learning and development programmes.

The Group may progressively incorporate sustainability-related responsibilities, performance indicators and reporting accountability into relevant Management and operational functions to strengthen ownership and accountability for sustainability performance and disclosures.

Business units and responsible functions may be required to explain significant variances, reporting delays, data quality issues or failure to achieve approved sustainability targets to Management and/or the ARMC where applicable.

17. Monitoring & Risk Management Approach

All ESG risks are managed through the Group's ERM framework using a structured methodology based on:

- Risk identification and classification (including ESG-specific risk tagging)
- Likelihood and impact assessment
- Risk prioritisation using approved risk matrix methodology
- Assignment of risk ownership at subsidiary and functional level
- Implementation of mitigation controls and action plans
- Continuous monitoring and periodic review

17.1 Governance and Escalation

In line with the SORMIC 2025 Three Lines Model, sustainability and ESG risk governance is structured as follows:

First Line (Operations / SWG): Responsible for operational execution, implementation of controls, risk ownership, and sustainability-related data generation

Second Line (Management / KSM / Risk & Compliance Functions): Responsible for risk oversight, policy implementation, compliance monitoring, aggregation of sustainability-related risks, and reporting to ARMC and Board

Third Line (Internal Audit): Provides independent assurance over the effectiveness of sustainability governance, internal controls, and ESG risk management processes

External Assurance Providers: May provide independent verification and assurance over sustainability-related disclosures, climate-related data, and ESG reporting where applicable

17.2 Risk Reporting and Escalation

Sustainability-related risks are monitored through the Group's ERM reporting and review processes.

Risks assessed as significant based on the Group's approved risk methodology and escalation thresholds are subject to enhanced monitoring, mitigation planning, and governance review in accordance with the Group's risk management framework.

High and Extreme risks are escalated to the appropriate governance levels, including the Audit and Risk Management Committee ("ARMC") and the Board, where necessary.

17.3 Reporting and Compliance Alignment

The Group ensures sustainability practices are aligned with:

- ISSB IFRS S1 – General Sustainability-related Disclosures
- ISSB IFRS S2 – Climate-related Disclosures
- National Sustainability Reporting Framework (NSRF) – Malaysia
- Bursa Malaysia Sustainability Reporting Requirements
- SASB Standards (industry-based comparability where applicable)
- SORMIC Guide 2025 (governance, internal control, The IIA's Three Lines Model, Emerging Global Risks 2025 benchmark and assurance readiness framework)

18. Breach, Escalation and Corrective Action

The Group is committed to maintaining strong governance, accountability, and compliance in the management of sustainability-related matters.

Any breach of this Policy, including failure to comply with ESG requirements, inaccurate reporting, weak internal controls, or misconduct related to sustainability data or disclosures, shall be formally documented and escalated through the Group's governance structure.

Material breaches shall be escalated to Management and the Audit and Risk Management Committee ("ARMC"), and where appropriate, reported to the Board.

Corrective actions shall be defined, assigned to responsible owners, and implemented within agreed timelines. Progress of corrective actions shall be monitored through the Group's ERM and sustainability reporting processes.

Repeated or significant non-compliance may result in disciplinary action, process enhancement, or revision of internal controls to prevent recurrence.

All breaches, corrective actions, and closure status shall be properly recorded and retained as part of the Group's sustainability governance documentation.

19. Continuous Improvement

The Group is committed to continuous improvement in EESG governance and performance through:

- Enhancement of EESG data quality and controls
- Strengthening environmental and social performance
- Improving supply chain EESG governance and traceability (including FSC® certification systems)
- Enhancing readiness for external ESG assurance
- Alignment with evolving ISSB, NSRF, Bursa, and SORMIC 2025 requirements

20. Review and Approval

This Policy is:

- Approved by the Board of Directors
- Reviewed periodically by the Audit and Risk Management Committee and Management
- Updated as necessary in response to regulatory, operational, and stakeholder developments

This Sustainability Policy was reviewed and approved by the Board of Directors of MTAG Group on 25 May 2026 and shall remain effective until revised, replaced or withdrawn by the Board.