

ECONOMICS

Financial Performance and Business Sustainability

MPGB Sustainability Targets	Target	Results
	5% Revenue growth for 2024	Did not achieve

The group was able to sustain the business volume for 2024, however due to competitive pressure on pricing the group recorded a lower revenue in the 2024.

Financial performance is significant to our internal and external stakeholders where our business growth as well as our financial statements and cashflow enable us to continue business without external parties curbing our credit limits. Financial institutions are very selective in providing new or renewing existing banking facilities as non-financial matters pertaining to Environment, Social and Governance (ESG) becomes an additional important item of consideration in giving out banking facility. Supply chain customers and vendors are forced to be selective in continuing business transactions as ESG becomes a standard requirement for assessment profiling in line with changing global regulations introducing carbon tax.

	2022	2023	2024
Dividend Declared & Paid for each financial year	10 sen	12 sen	18 Sen

We understand that providing returns to shareholders is equally important to align with shareholders' expectation. For the financial year 2025, the first interim dividend of 8 sen have been declared on 27 February 2025 and shall be paid on 27 March 2025.

The Board and Management shall continue to strive relentlessly towards long term business profitability and growth whilst sustaining our presence as the Preferred Packaging Supplier within the niche packaging market.

Master-Pack creates sustainable value for its customer, the supply chain, shareholders and other stakeholders to whom derived economic value is distributed. The economic value distribution derive are taxes for the government, compensation and benefits for the employees, dividends for the shareholders, raw material and service prices for the suppliers and service providers. Part of the value earned is retained in the Group for capital investments and to maintain leverage against capital market fluctuations.

Please refer to the Management Discussion section of the 2024 Annual Report for the Synopsis of Master-Pack Group data facts on Financial Performance for 2024.

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMICS (CONT'D)

Commitment to Quality & Productivity

Having the latest revision of ISO 9001 :2015 certification is a testament that we continue to uphold a consistent quality standard of our products. Our factory in Vietnam has recently obtained certification of ISO 14001:2015 a testament to Master-Pack’s commitment to be environmentally friendly in the way operations are managed. All three subsidiaries are certified with ISO 9001:2015 and ISO 14001:2015.

A comprehensive quality management system framework has been established to ensure customers that quality assurance policies and procedures are in place to address product quality and reliability on regular basis as well as improving work efficiency.

All our products are subject to monitoring and quality control checks during different stages of production. Thereafter, our products are delivered on timely basis and met the customer’s expectation in order to build customer’s confidence and trust.

Product and services responsibility

Basically, our products are manufactured customized to the requirements of our customers. Corrugated cartons and wooden packaging manufactured by our Company’s plants are fully recyclable products. Our packaging is designed holistically with the product of our clients in mind in order to optimize overall environment performance. The packaging that we produce would be designed to be effective, beneficial and safe for users and communities throughout its life cycle.

We do not sell direct to consumers nor are the products sold on retail basis. Carton boxes made from paper are fully recyclable. The product lifespan will be much dependent on conditions during use and storage of the product which is not within the company’s control once the product is delivered into the hands of the customers. As a general rule, the company’s product responsibility ends once the products are delivered and received by the customers.

Customer Satisfaction

MPGB Sustainability Targets	Target	Results
	80% customer satisfaction rating	83.46%

The sales team is committed to continuously strive to improve our level of service, quality and product excellence. The team continues to focus, listen and pay attention to the smallest details in our pursuit to achieve total customer satisfaction. Most of all, it takes team effort to serve the interest of customers from various industries, catering to the individual requirements of each company.



ECONOMICS (CONT'D)

Supply Chain Management

Master-Pack understands that ethical sourcing and responsible supply management is important to procurement decisions.

Our suppliers are selected in accordance with our established procurement process which includes technical and commercial evaluation as well as eventual product acceptance by our customers. We are continually refining our procurement standards to respond to changes in the regulatory environment and new product requirement. Our Supplier Code of Conduct policy have been updated in 2024 to be aligned with our expectations of our suppliers' conformance. The suppliers are required to read and understand the terms contained therein and pledge a commitment to abide by the terms set forth in the Master-Pack's Supplier Code of Conduct. This creates clarity around the standards to be met. We count on reliable supplier relationship and also support our suppliers in implementing our requirements.

Master-Pack Vendor Code of Conduct available on <https://master.net.my/investor-relations/vendor-supplier-code-of-conduct/> outlines our expectation and guidelines with respect to responsible sourcing including commitments to human rights, the environment, health and safety and business ethics. The Vendor Code of Conduct is also available in English and Vietnamese catering to our business operation in Malaysia and Vietnam. The intention of this Vendor Code of Conduct is to increase awareness and improve transparency, economic, environment, social and governance adherence and the integrity of Master-Pack's supply chain. All our key material suppliers and contractors had agreed to adhere to our Vendor Code of Conduct by signing the letter of acknowledgement that they have read and understood the terms set forth and pledge a commitment to abide by the terms of the Master-Pack Vendor Code of Conduct.

The Group have not identified or received reports of any potential violations by suppliers on the Vendor Code of Conduct for the year under review.

Our procurement team encourages our business partners to make continuous improvements toward sustainable business conduct. A one-day training session was organized for our Vietnamese suppliers on the Responsible Business Alliance Code requirements.

Local Supply Chain

We emphasize our business needs for materials in local procurement while taking into consideration to establish a secure, reliable and cost-effective supply chain that conforms to our required standards of product quality, pricing, delivery and technical support services. The suppliers supplying raw materials are require to demonstrate compliance to RoHs and REACH requirements. Our raw material purchases that we procure both locally and some overseas are customized for our major customers.

	2022	2023	2024
Local material purchases (excluding services)	62%	59%	64%

We are committed and give first priority to source our material purchases locally. However, there are still materials which are not available locally or does not meet the specification and quality standards set by our customers and as a result have to be imported. We continue our pursuit to manage our customer's expectation levels on locally available materials and if possible, to replace with local materials.

Environmental and Social Assessment in Supply Chain

Suppliers' assessment questionnaires on the areas of environment and social aspects are currently being design and will be implemented soon. The questionnaire will be aligned to the Supplier Code of Conduct policy which suppliers have committed to implementing.

Conflict-Free Minerals Policy & Raw Materials Sourcing

We do not procure or use in our production processes any of the supplies that contain the 3TG raw material. In other words, we are not part of the supply chain on raw material and products that could possibly benefit armed groups in the Democratic Republic of Congo and adjoining countries. We will continue to be vigilant in our raw material sourcing to ensure that conflict-free mineral remains not applicable to our Company.

Tax Governance

Taxation is important for Master-Pack and for our stakeholders. The Group continuously monitors and manage tax matters. We formulate our tax strategy based on the local tax regulatory requirements in both Malaysia and Vietnam. Our tax strategy is incorporated into audited financial statements which are audited by external auditors and approved by the Board of Directors with recommendation from Audit Committee.