

## SUSTAINABILITY STATEMENT (CONT'D)

### ECONOMICS

#### Financial Performance and Business Sustainability

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.

We understand that providing returns to shareholders is equally important to align with shareholders' expectation. A total of 12 sen per share is declared and paid during the year 2023 compared to a paid out of 10 sen and 4 sen per share in 2022 and 2021 respectively.

In summary, our key Financial Performance and Growth on a year-to-year basis is a testament that the Board and Management 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 2023 Annual Report for the Synopsis of Master-Pack Group data facts on Financial Performance for 2023.

#### 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. All three subsidiaries are certified with ISO 9001:2015.

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. The new corrugated line which we invested last year in Kuching is fully operational and is ready to meet the expansion plans of our customers.

#### 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.

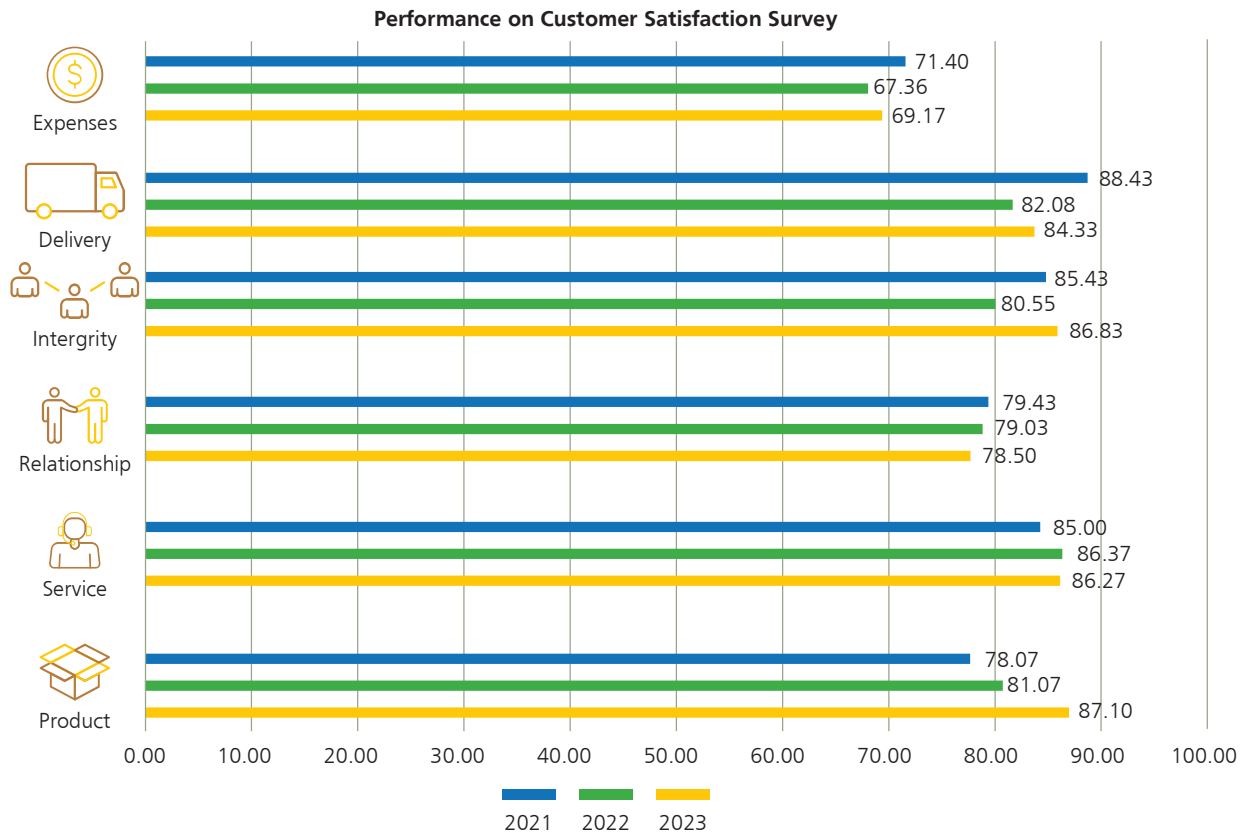
# SUSTAINABILITY STATEMENT (CONT'D)

## ECONOMICS (cont'd)

### Customer Satisfaction

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.

Annually we conduct customer survey to assess customer satisfaction with the aim of improving quality service and concerns.



### 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. As such in 2023, we have revised our Vendor Code of Conduct policy in which our expectations of our suppliers are laid down. 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.

## SUSTAINABILITY STATEMENT (CONT'D)

### ECONOMICS (cont'd)

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. We have also recently organized a one-day training session 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 quality, delivery and services. Our raw material purchases that we procure both locally and some overseas are customized for our major customers.

	2021	2022	2023
Local material purchases (excluding services)	47%	62%	59%

We are however unable to source certain materials locally, therefore the materials have to be imported in order to meet the specification and quality standards set by our customers. This is the main reason non-local purchases are significant to the Group.

#### 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.