

SUSTAINABILITY STATEMENT (Cont'd)

Each Material Topic was assessed and prioritised using a defined methodology that categorised them into Highly Critical, Critical, Moderate, Low, or Very Low importance levels. Based on the outcomes, 13 topics were rated as Critical, signifying strong relevance and alignment with both stakeholder interests and SAMEE Group's sustainability impact areas. One material topic, Climate Change and Environmental Issues, was rated as Moderate, reflecting ongoing stakeholder interest while recognising its evolving maturity in the Group's sustainability strategy.

This materiality assessment outcome highlights SAMEE Group's strong alignment between stakeholder expectations and our strategic impact areas. The validated material topics serve as the foundation for our sustainability strategy, performance measurement, risk management, and future disclosures. They directly inform our EESG targets, operational focus areas, and reporting practices with reference to the GRI Standards and Bursa Malaysia's requirements.

Sustainability Risks and Opportunities

Material Topics	Strategic Objectives of Our Initiatives	Descriptions of the material topics	Potential Risks	Potential Opportunities
Climate Change and Environmental Issues	Reduce environmental impact and address climate change risks.	The Group's initiatives to mitigate climate-related risks through emissions reduction strategies and environmental conservation efforts.	The introduction of carbon pricing mechanisms, such as carbon taxes may impose additional costs if SAMEE Group does not reduce our energy-related carbon footprint. Exposure to flooding may impact the Group's manufacturing operations in Thailand.	Optimising energy use, material efficiency, waste minimisation and switching to renewable grid energy sources when practical not only lowers SAMEE's environmental footprint but also reduces costs.
Energy Management	Manage and reduce energy consumption through efficiency and renewable energy adoption.	The Group's energy efficiency policies, aiming to minimise negative environmental impacts through conservation measures and renewable energy integration.	Emerging policies such as Malaysia's National Energy Transition Roadmap ("NETR"), carbon tax proposals, and global EESG disclosure mandates may introduce compliance costs and reporting obligations.	Upgrading to energy-efficient machinery, retrofitting lighting systems (e.g., LED), and optimising production cycles can significantly reduce operational energy usage and costs.
Waste and Hazardous Materials Management	Manage waste and hazardous materials responsibly and comply with relevant regulations.	The Group's policies on waste minimisation, proper disposal of hazardous materials, and overall environmental protection strategies.	Disposal of hazardous waste requires certified contractors and safe treatment facilities, which may escalate in cost due to stricter regulations or scarcity of licensed vendors.	Partnering with licensed recyclers to recover valuable materials (e.g., metal scrap, used oil) turns waste into revenue and supports circular manufacturing goals.
Employee Well-Being, Health and Safety	Promote a safe and healthy work environment for all employees.	The Group's initiatives to ensure the health, safety, and overall well-being of our workforce through proactive policies and programs.	Exposure to heavy machinery, high-precision tools, and chemical substances may increase the risk of occupational incidents if safety protocols are not rigorously followed.	Demonstrating a zero-accident culture, with visible leadership commitment and continuous safety training, enhances SAMEE's reputation as an employer of choice in the engineering sector.

SUSTAINABILITY STATEMENT (Cont'd)

Material Topics	Strategic Objectives of Our Initiatives	Descriptions of the material topics	Potential Risks	Potential Opportunities
Labour Practices and Rights	Protect and promote labour rights across the organisation.	The Group's approach to ensuring fair labour practices, respecting workers' rights, and providing equitable employment conditions.	Poor communication, inadequate grievance mechanisms, or perceived unfairness in treatment may lead to strained labour relations, disputes, or productivity decline.	By strengthening internal communication channels, establishing effective grievance mechanisms, and promoting fairness and inclusivity in workplace practices, SAMEE Group can cultivate a positive employee relations environment.
Employee Learning and Development	Enhance employee capabilities through continuous learning and development.	The Group's efforts to enhance employees' skills and knowledge through structured communication channels, training programs and career development initiatives.	Failure to keep staff updated on safety, regulatory, or ESG standards may expose SAMEE Group to operational or legal risks.	Training staff in areas like Industry 4.0, energy efficiency, ESG and 7 Habits of Highly Effective people equips SAMEE Group to meet market and client expectations for sustainability and smart manufacturing.
Attracting, Developing, Rewarding and Retaining Employees	Attract, develop, and retain top talent while fostering diversity and inclusion.	The Group's initiatives focused on attracting, developing, and retaining talent to foster a motivated and high-performing workforce.	Inability to retain trained and skilled employees can disrupt operations, increase recruitment costs, and impact productivity.	To invest in structured talent development programs, competitive compensation packages, and meaningful career pathways, SAMEE Group can attract and retain skilled employees, enhance workforce stability, and reduce recruitment and training costs.
Customer Satisfaction and Relationship	Maintain strong and trusted relationships with customers through high quality and reliability.	The Group's efforts in maintaining strong customer relationships through effective feedback systems and ensuring customer satisfaction to enhance brand reputation and loyalty.	Any lapse in product quality, precision, or timely delivery may result in customer dissatisfaction, rework, penalties, or contract termination.	To enhance quality control systems, precision standards, and supply chain efficiency, SAMEE Group can not only reduce the risk of defects or delays but also differentiate us as a reliable and high-performance partner.
Product and Service Quality	Ensure continuous quality improvement to meet customer and international standards.	The Group's commitment to ensuring the highest quality standards across all products and services to meet customer expectations and comply with regulations.	Global and local regulations around safety, chemical content, and environmental impact (e.g., REACH, RoHS) require ongoing monitoring and adaptation in SAMEE's manufacturing and QA processes.	By proactively adapting to evolving regulations such as REACH, RoHS, and other environmental or safety directives, SAMEE Group can position ourselves as a preferred supplier for multinational clients who prioritise compliance-readiness in their procurement processes.

SUSTAINABILITY STATEMENT (Cont'd)

Material Topics	Strategic Objectives of Our Initiatives	Descriptions of the material topics	Potential Risks	Potential Opportunities
Ethics and Compliance	Uphold ethical business practices and prevent corruption across the Group.	The Group's commitment to upholding integrity, transparency, and compliance with anti-corruption laws and ethical business practices.	Reputational risk arising from potential cases of corruption and mismanagement.	Strengthens integrity among Stakeholders.
Economic Performance	Drive sustainable economic performance while contributing to communities.	The Group's economic value creation through financial sustainability, resilience to risks, and contributions to national and regional economies.	With the growing global emphasis on EESG and de-carbonisation, including Malaysia's potential carbon tax or ETS in the future, SAMEE Group may face rising costs from compliance with carbon disclosure and GHG reduction mandates.	SAMEE Group can capitalise on rising demand for low-carbon, resource-efficient manufacturing processes by enhancing energy efficiency, reducing waste, and carbon neutrality certification pathways.
Technology, Innovation and Development	Promote innovation and technology advancement to enhance operations.	The Group's commitment to fostering innovation through continuous investment in technology, and product development to stay competitive.	Innovation initiatives often demand significant investment in prototyping and testing, with no assured return on investment or certainty of market acceptance.	To mitigate investment risk and enhance return on R&D, SAMEE Group can pursue joint development programs with key clients or industry partners. By aligning innovation efforts with real-time customer needs, SAMEE Group increases the likelihood of commercial adoption while sharing development costs, resulting in faster go-to-market, stronger client retention, and more targeted innovations.
Cybersecurity and IT Resource Management	Safeguard the organisation's IT infrastructure and customer data.	The Group's strategies for managing IT resources, safeguarding data, and ensuring robust cybersecurity infrastructure, including Enterprise Resource Planning ("ERP") system optimisation.	The lack of a formally documented and publicly disclosed cybersecurity and IT resource management policy exposes SAMEE Group to reputational and regulatory risks.	Investing in upskilling programs for internal IT teams supports innovation, enhances system performance, and reduces reliance on third-party vendors.
Supply Chain Management	Develop a responsible and sustainable supply chain.	The Group's efforts to ensure responsible and sustainable supply chain practices through supplier assessments and partnerships.	Heavy dependence on foreign vendors for high-tech aerospace-grade parts limits SAMEE's flexibility and increases vulnerability to currency fluctuations and cross-border disruptions.	Strengthening local supplier networks helps reduce lead times, enhance flexibility, and support national economic development. SAMEE Group can also benefit from Malaysian government incentives for local sourcing.