CLIMATE REPORT

Although climate risks have always been an integral part of our risk management strategy, FY2024 marks the first year we have introduced a dedicated section for climate-related disclosures, in line with the growing requirement for a climate report as a result of the adoption of IFRS Sustainability Disclosure Standards ("**IFRS SDS**").

Our Board and management are closely monitoring developments in this area. We recognise the evolving risks and opportunities presented by climate change, including extreme weather events, energy disruptions, and the urban heat island effect, all of which could potentially impact our business. Our response will be influenced by factors such as our financial performance, the feasibility of climate initiatives, and the effectiveness of government policies promoting a low-carbon, climate-resilient economy.

Our approach to managing these climate risks is structured around the four key pillars of IFRS SDS, outlined below:

1. Governance

Climate change risks are addressed within the Sustainability Governance framework, as detailed in the "Sustainability Governance" section of this Sustainability Statement.

We acknowledge the interconnectedness of climate change with other sustainability issues, such as economic performance, health and safety, water management, energy management, and emissions.

We remain committed to continuously monitoring and managing climate-related risks and opportunities through our Enterprise Risk Management ("**ERM**") process.

2. Strategy

We acknowledge that climate change poses a significant risk to our business and the environment in which we operate. Our strategy for managing climate change can be summarised as follows:

- Adapt to the physical climate risk given its pervasive and global nature, which is beyond our control;
- Mitigate transition risk, such as the introduction of carbon price, which affects our construction cost;
- Take advantage of increased demand for green buildings through early adoption.

The key material risks identified for our business, along with our adaption plan, are outlined below.

Acute Physical Risk

Physical Risk	Potential Financial Impact	Our Adaptation Plan
Safety and Security of Our People and Property The increased risk of extreme weather events, such as floods and heat waves, presents a potential threat to the safety and security of both our people and our assets. This includes: • Unsafe working conditions for construction workers, which could result in fatalities or significant incidents; and • Damage to existing properties, including structural harm, disruptions to utilities (e.g., energy supply), and challenges to access and security	Increased operational expenses due to: • Higher project costs due to disruptions in project schedules caused by extreme weather events and work stoppages • Increased labour costs from reduced manhours due to unsafe working conditions during extreme weather events (e.g. floods and heat waves) • Rising repair costs from damage to property and infrastructure • Liquidated Ascertained Damages ("**LAD**") for delays in project completion	• Increased scrutiny of project costs associated with climate -related factors • Regular property inspections and maintenance schedules • Continuous monitoring by management personnel of weather conditions to mitigate potential incidents. Refer to: Health & Safety of this Sustainability Statement

Physical Risk	Potential Financial Impact	Our Adaptation Plan
	• Increased insurance premiums driven by hospitalisation claims and damage to properties and construction sites caused by extreme weather-related incidents	
Supply Chain Disruption Disruption to the supply chain caused by shortages or unavailability of essential raw materials, utilities (such as energy and water), or manpower at our sites	Increased operational expenses resulting from: • Project schedule disruptions due to delays in material deliveries or labour shortages • Liquidated Ascertained Damages ("**LAD**") due to delays in project completion	• Established relationships with multiple suppliers and logistics partners while maintaining transparent communication with clients • Periodic review of buffer stocks and manpower practices, as needed Refer to the "Procurement Practices" section of our Sustainability Statement

Chronic Physical Risk

Chronic risks involve long-term, gradual shifts in climate patterns that can impact businesses over time such as:

Physical Risk	Potential Financial Impact	Our Adaptation Plan
Rising Average Temperatures Inadequate chiller systems — inability to operate the chiller systems effectively due to increasing average temperatures.	• Higher construction costs for climate-resilient systems, such as upgrading air conditioning systems • Increased operational expenses due to higher energy consumption for cooling systems • Higher maintenance costs for repairing or replacing chiller systems or upgrading existing systems to accommodate more extreme temperature fluctuations	• Ensure compliance with the continuous inspection and regular maintenance plan for chillers and the building ventilation system
Rising Sea Level Increased risk of coastal flood at potential sites.	Increased operational expenses due to: • Higher construction expenses for flood-resistant design elements, such as elevated foundations or reinforced structures • Increased repair and maintenance costs due to flood damage to the building's structure and utilities	• Continuous monitoring by management of weather conditions to mitigate potential incidents • Incorporation of flood detention ponds and improved drainage systems in the planning and design phases

Transitional Risk

Transitional risks arise from the global shift toward a low-carbon economy as societies address the challenges of climate change.

Type of Transitional Risk	Potential Financial Impact	Our Adaptation Plan
Policy & Legal This pertains to the risks associated with adapting to changing laws, regulations, and policies related to sustainability and climate change compliance.	Increased operational expenses due to: • Carbon tax on key materials, such as iron and steel, as outlined in the government's FY2024 budget, though additional details remain undisclosed. • Higher operational expenses from complying with green building regulations.	• Continuously monitor regulatory changes and stay informed about evolving climate regulations. • Engage in competitive sourcing to secure the best resources. • Early consideration of green building certification in the development process.

Opportunities Posed by Climate Change

We are integrating energy-efficient features and pursuing green building certifications (e.g. GBI/GreenRe certification) in our buildings and projects, positioning Tropicana as a brand and market leader in delivering value-added experiences through sustainable, green assets for our customers.

This includes the integration of renewable energy sources and encouraging the adoption of electric vehicles by providing charging ports for our developments.

The increased demand for green buildings is driven by the following factors:
- Rising energy costs and concerns about energy security, given Malaysia's reliance on imported non-renewable energy sources
- Malaysia's Net Zero Goals
- Technological advancements in green technology and materials, making adoption more feasible due to lower costs. This extends beyond the installation of solar panels and includes prioritising green construction materials such as green cement in our buildings

For updates on the progress of green building certifications for our properties, please refer to the "Sustainable & Green Design" section of this Sustainability Statement.

Climate Scenario Analysis

We understand the importance of climate scenario analysis to ensure proper identification of climate risk and its impact on our business over the short, medium and long-term horizon.

In 2024, Tropicana piloted its first climate scenario analysis, leveraging third-party data and literature. In this pilot exercise, we focused on the physical climate risk given the physical nature of business – physical production sites and highly reliant on niche manpower.

Our scenario analysis leveraged insights from sources such as the IPCC and the World Economic Forum's Global Risk Report

We considered a few scenarios and appropriate timelines. We acknowledge the following:
- Increase in global surface temperature of 1.1 ℃ above 1850-1900 from 2011 to 2020.
- WEF Global Risk Report for 2034, by way of a survey, predicts that a 3 ℃ by 2034 is likely.

Therefore, based on our reading, the 1.5 ℃ world by 2050 is unlikely. Therefore, we explored a 2 ℃ scenario and beyond in more depth over a short, medium and long-term horizon.

We then considered the scenario for 10 years, e.g. up until 2035. We limit the long-term time horizon to 10 years to perform a more meaningful assessment and allow us to consider our adaptation strategy in the next 10 years.

Outcome of Scenario Analysis

We recognise that global warming will intensify and at present, the 1.5 °C aspiration set out in the Paris Agreement. This would heighten our exposure to physical climate risk – people, property and supply chain. We predict an increased likelihood of business disruption due to heightened global warming.

Therefore, we have set out the following measures:
- Increased monitoring of weather patterns to ensure our people and premises are safe and secure;
- To continuously engage and diversify our suppliers to mitigate supply chain disruption;
- Continuously assess our insurance to ensure adequate coverage in the face of global warming;
- Review and enhance our business continuity management framework to increase our resilience in the face of climate-related disruption;
- Increase engagement with local government to improve climate adaptation measures by the state and federal authorities.

However, our ability to respond to heightened physical climate risk is limited due to dependence on the government's adaption strategy (e.g. flood mitigation), the financial feasibility of enhanced initiatives, and our financial performance.

Climate scenario analysis is and will remain a work in progress and ongoing exercise. To this end, and in order to establish a baseline and promote awareness to management, we have engaged an independent party to facilitate our climate scenario analysis and climate risk assessment.

3. Risk Management

We have established Enterprise Risk Management ("**ERM**") framework, policies, and procedures to identify, assess, prioritise and monitor climate risk and opportunities, including whether our adaptation/mitigation strategies are integrated into our business policies, procedures and practices. Detailed disclosure of our Enterprise Risk Management is available in our SORMIC Section of this Annual Report.

For the upcoming 2025, we intend to review our climate-related risks as part of our commitment to ensure that our ERM remain effective. We have engaged an independent consultant to facilitate this whole process. Currently, we have developed a comprehensive list of potential climate-related risks, covering both transition and physical risks. This risk will then be subjected to evaluation based on criteria such as impact, likelihood, vulnerability and speed of onset. This will allow us to ensure that our risk mitigation efforts are appropriate.

4. Metrics & Target

Our Board and our Management monitor and manage the impact of climate-related risks through multiple metrics. We have targets in place as a reference point in enforcing accountability and a performance-based culture across our organisation. Given the nature and impact of climate risks, our target is both qualitative and quantitative.

An overview of our climate risks performance management dashboard is as follows:

Area	Metrics	Performance & Target
Health & Safety • Extreme weather events and the increase in mean temperature represent a threat to the health and safety of our people	Loss Time Injury Rate and Number of Fatalities	• Zero fatality and low injury rate, which can be attributed to climate-related factors. For the reporting year, we are pleased to announce that we achieved zero fatality and a low injury rate
GHG Emissions and Net Zero • As a responsible corporate citizen in Malaysia, we are committed to supporting Malaysia's Net Zero aspirations and global aspirations set out in the Paris Agreement. • However, in doing so, our stance is aligned with the Government of Malaysia's, which emphasises a just and fair transition to a low-carbon economy through inclusive, equitable, and responsible action on climate change. This ensures that the country's move towards sustainability is aligned with its economic interests and is equitable for all citizens.	Scope 1, Scope 2 and Scope 3 GHG emissions	• Our target is to ensure that our Scope 1 and Scope 2 GHG emissions are minimised through efforts on multiple fronts by optimising energy consumption through asset enhancement/ maintenance programs and continuous monitoring and improvement in our business activity • We are pleased to announce that we continue to achieve our targets on these fronts. However, we acknowledge there is always room for improvement

Area	Metrics	Performance & Target
• This is aligned to our business approach, where our Net Zero actions are undertaken with consideration of the financial feasibility and financial performance of our company. • As a business, we are cognisant that we are the source of employment for many and the source of income for our lenders/investors. Our commitment towards Net Zero does not override our socioeconomic responsibilities.		Scope 3 Emission • We have yet to calculate our Scope 3 GHG emission for all sources. However, we are cognisant of our business impact on emissions from sources not directly owned and controlled by us. Therefore, we have in place key measures and targets on initiatives in minimising our carbon footprint as a result of Scope 3 GHG emissions • Employees' emission – Encourage carpooling and public transport usage amongst our employees. To this end, our headquarters office comes equipped with a covered walkway to the nearest metro rail station • Customers' emission – To prioritise green building certification for our developments and emphasize on integration of development to public transport corridors • Supplier's emission – To explore green materials such as green cement, which has lower emissions than the conventional alternative • With respect to Scope 3 Emissions, we will progressively expand our computation to other categories in line with regulatory requirements. This is our moving forward target, and subsequently allow us to put in place targeted measures and initiatives in further reducing our carbon footprint from Scope 3 GHG Emission
Green building certification	Percentage of existing and new developments which are green certified.	• Please refer to the Sustainable and Green Design section of our Sustainability Statement with respect to the percentage of existing and new development that is green-certified • Sales and profit as a result of our green-certified development continue to contribute positively to our company's financial performance
Operating costs, which are significant and directly attributable to climate-related risks. This includes, but is not limited to, the following: • Penalties and fines due to project delays and/or damages to existing projects • Insurance costs due to an increase in premium • Medical claims from employees • Increase in raw material and logistic costs	Climate-related business cost	• For the reporting year, nothing has come to our attention on any material and adverse financial impact on our operating costs and profitability, which can be directly attributable to poor management of climate-related risks • This includes any Liquidated Ascertained Damages during the reporting year as a result of delays, which can be directly attributable to climate-related factors