DEEP DIVES SUSTAINABILITY TOPICS

K4 ENVIRONMENT

At Kelington, our purpose is to engineer solutions that enable a low-carbon future. Leveraging our deep engineering expertise and proven execution capabilities, we empower customers to achieve their decarbonisation goals through low-carbon, high-efficiency technologies. We partner closely with customers to design and deliver tailored solutions that reduce emissions, optimise resource use, and embed sustainable practices across operations. By combining technical excellence with a strong sustainability focus, we create long-term value for our customers while contributing meaningfully to environmental progress.

"We engineer sustainable solutions that help customers reduce environmental impact and improve efficiency"

ONG SENG HENG
Chief Sustainability Officer
Since Feb 2026

ST1 Preventing Climate Change

Kelington Advancing Climate Action Through Sustainable Engineering

Kelington is committed to supporting the transition to a low-carbon economy by progressively reducing greenhouse gas emissions across its operations and value chain. This includes enhancing energy efficiency and exploring lower-carbon pathways within its industrial gas business, while continuing to deliver reliable, high-quality engineering and gas solutions that meet the evolving needs of its customers.

The Company's climate ambition focuses on reducing electricity-related emissions from Ace Gases manufacturing operations through the increased adoption of renewable energy and energy efficiency measures. At the same time, Kelington is driving the transition towards a low-carbon economy by expanding revenue from sustainable and low-carbon engineering solutions.

The climate transition plan supports financial resilience by mitigating exposure to energy price volatility, future carbon pricing, and evolving regulatory requirements, while improving operational efficiency and promoting long-term cost stability.

By expanding its portfolio of low-carbon and environmentally sustainable engineering solutions, Kelington aims to strengthen its competitive positioning, capture growth opportunities aligned with customer decarbonisation needs, and support sustainable long-term value creation for shareholders and stakeholders.

Carbon related Disclosures

Kelington Group is committed to transparency and sustainability, aligning its climate-related disclosures with ISSB IFRS S2 recommendations. The Company continues to strengthen its climate strategy, enhance metrics and targets, and assess the financial implications of climate-related risks and opportunities. Supported by scenario analysis and a cloud-based carbon accounting system, Kelington is preparing for third-party assurance to ensure credible, reliable, and accessible reporting.

Governance

The Board of Directors oversees the identification, assessment and management of climate-related risks and opportunities in accordance with the Board Charter, Risk Management Policy and related governance documents. Climate considerations are integrated into the Board's oversight of strategy, risk management, capital allocation and investment decisions, ensuring alignment with the Group's long-term business objectives, climate goals and regulatory expectations.

The Board reviews and approves climate-related goals and targets proposed by CSO and monitors progress against these targets periodically. Through the Nomination Committee, the Board ensures that its composition maintains an appropriate mix of skills and experience to effectively oversee climate-related matters.

The RMC supports the Board by overseeing the management of climate-related physical and transition risks and opportunities, monitoring performance against climate-related targets, and reviewing mitigation strategies. The AC, with support from the RMC, oversees the adequacy and integrity of internal controls and processes relevant to climate-related disclosures, including greenhouse gas emissions data and climate-related assumptions. The AC coordinates assurance over climate-related disclosures and oversees the linkage between material climate-related risks and opportunities and the Group's financial reporting, including related judgements and estimates.

The Board seeks assurance from the CEO and CFO on the effectiveness of the Group's risk management and internal control systems, including the management of sustainability and climate-related risks and opportunities.

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Management Role

Climate-related risks, opportunities and transition considerations are embedded into the Group's strategic and operational discussions and are regularly reviewed by the EMC and the Board. Executive Directors are responsible for incorporating climate-related risks and opportunities into long-term business strategy and overseeing the implementation of climate-related initiatives.

The Group CSO leads the development and execution of the Group's climate strategy under the oversight of the RMC, with support from the EMC.

The management monitors climate-related risks and opportunities, including energy cost volatility, physical climate impacts and operational resilience, and implements appropriate mitigation and adaptation measures.

Execution and Reporting

The SWG supports the execution of the Group's climate strategy by monitoring climate-related metrics and targets, conducting climate risk assessments and supporting scenario analysis. The SWG works cross-functionally with Finance, Business Units and other key functions to assess climate-related risks, potential financial impacts and capital requirements.

The SWG reports climate-related performance and risk assessments to the CSO at least twice a year, with material matters escalated to the EMC and the Board as appropriate. These processes are integrated into the Group's Enterprise Risk Management framework, enabling informed decision-making and effective management of climate-related risks and opportunities in line with IFRS S2.

Transition Objectives & Targets

Kelington's climate strategy is anchored in its long-standing commitment to safety, sustainability, and high-quality engineering services. Operating in environments involving flammable, explosive, and toxic gas and chemicals, the Group prioritises robust safety and environmental controls to protect people, property, and the environment while maintaining operational efficiency.

As climate action becomes increasingly urgent, Kelington's strategy focuses on reducing its own operational emissions and enabling customers' decarbonisation through sustainable engineering solutions. This approach supports a transition to a low-carbon economy while reinforcing the Group's competitive positioning and long-term value creation.

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Transition Area	Objective / Target	Time Horizon	Scope / Coverage	Strategic Rationale
GHG Emissions Reduction & Net Zero	Achieve net zero greenhouse gas emissions	Long term (by 2050)	Direct operational emissions and energy use (Scope 1 and Scope 2).	Aligns the Group's long-term strategy with global climate goals and reduces exposure to transition risks while supporting long-term value creation.
	Improve emissions efficiency and reduce absolute emissions where feasible.	Medium term	Direct operational emissions and energy use (Scope 1 and Scope 2), with key value chain activities, including logistics and project execution-related emissions.	Enhances operational efficiency, strengthens climate resilience, and manages cost and regulatory exposure associated with carbon pricing and emissions controls.
	Maintain the 2024 greenhouse gas emissions baseline, and strengthen emissions data governance and periodic recalibration processes, where necessary.	Short term	Group-wide operations.	Enables informed decision-making, effective target setting, and credible monitoring of progress against transition objectives.
Renewable Energy Transition	Increase the proportion of renewable electricity used in operations.	Long term	Scope 2 electricity consumption.	Reduces Scope 2 emissions and supports the transition to a lower-carbon energy mix while balancing cost and supply considerations.
	Adopt a flexible renewable energy sourcing strategy (e.g. certified green supply, RECs, selective on-site / off-site solutions).	Medium term	Offices, manufacturing facilities and selected project-related activities.	Allows phased implementation and cost management while integrating renewable energy considerations into operational planning.
Business Transformation / Green Revenue	Expand sustainable and low-emissions engineering solutions as part of core business activities.	Short term	Customer-facing engineering, design and project execution, including low-carbon solutions such as CCUS and biogas systems.	Positions the Group to capture climate-related opportunities by supporting customers' decarbonisation and sustainable manufacturing needs.
	Integrate sustainability considerations into engineering design and value engineering.	Ongoing	Engineering design, system selection and project execution.	Enhances customer value and strengthens competitiveness in markets with rising climate and regulatory expectations.

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Transition Area	Objective / Target	Time Horizon	Scope / Coverage	Strategic Rationale
Carbon Reduction Enablement for Customers	Deliver tailored engineering solutions that reduce emissions, optimise processes and integrate sustainable practices.	Ongoing	Customer operations and manufacturing processes.	Supports customers' climate transition while reinforcing Kelington's role as a trusted engineering partner in the low-carbon economy.
Innovation & Collaboration	Collaborate with technology partners and customers to develop and deploy low-carbon and environmental solutions.	On-going	Partnerships, R&D, selected pilot projects.	Enables access to emerging technologies, supports innovation-led growth, and mitigates transition risk through shared development and deployment.
Advocacy & Awareness	Strengthen internal climate awareness and promote responsible project execution.	Short term	Employees and project teams.	Builds organisational capability to manage climate risks and opportunities and supports consistent execution of the Group's climate strategy.

Sustainable Engineering Revenue

Kelington monitors green revenue as an indicator of the Group's contribution to the low-carbon transition through its engineering solutions.

Green revenue represents revenue generated from products, services, and engineering solutions that contribute to environmental sustainability. This includes the design, supply, and installation of greenhouse gas abatement and emissions reduction systems, as well as solutions that enhance energy efficiency, optimise resource utilisation, reduce waste, and support cleaner industrial processes for semiconductor and industrial clients. These solutions enable customers to reduce operational emissions while improving process performance and efficiency.

The Group has established an aspirational target for green revenue to account for 30% of total Group revenue by 2030, reflecting Kelington's strategic focus on expanding its portfolio of sustainability-aligned engineering solutions and capturing opportunities arising from the low-carbon transition.

Progress against this metric is monitored periodically and informs strategic decision-making, investment priorities and market positioning.

Metric	Unit	FY2024	FY2025
Green Revenue	RM'000	3,345	**110,794**
Percentage of Group Revenue	%	0.3	**8.7**

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Climate Transition Pathway

Time Horizon	Transition Focus	Key Targets	Primary Transition Levers
Short term (2025–2030)	**Laying the foundation**	• 10% reduction in Scope 1 & 2 emissions by 2030. • 5% emissions intensity reduction in Industrial Gas Division by 2030. • ≥30% green revenue from climate-related engineering solutions	Optimise energy-intensive operations (e.g. compressors, liquefaction processes at Kerteh); gradual shift to renewable electricity; Electrify vehicle fleets; commercialise sustainable engineering solutions.
Medium term (2031–2040)	**Scaling decarbonisation**	• 10% reduction in Scope 3 emissions by 2035.	Expanded renewable electricity sourcing through PPAs, green tariffs, and on-site generation; Collaboration with key vendors to support emissions reduction across the value chain; Participation in the CCUS value chain through strategic partnerships; and Selective use of high-quality, verified carbon removals to address residual emissions.
Long term (2041–2050)	**Achieving net zero**	• Net zero Scope 1 & 2 emissions by 2050. • 100% Renewable Energy by 2045	Transition towards 100% renewable electricity, where feasible, through long-term renewable energy sourcing (e.g. power purchase agreements); strengthen low-carbon requirements across the supply chain; and advance carbon-neutral technologies through strategic partnerships across the value chain.

Climate-related Risks & Opportunities

Kelington's climate-related risks and opportunities ("CRO") are integrated into the Group's enterprise risk management framework to ensure a holistic and coordinated approach to risk identification, assessment and management. Climate-related risks are evaluated alongside other business risks, enabling consistent prioritisation and oversight across the organisation.

Each identified climate-related risk is assigned to an appropriate risk owner, including senior management or relevant business functions, to ensure clear accountability for mitigation actions and ongoing management. Climate-related risks and opportunities are reviewed regularly by the Board, the RMC and the EMC, with support from the SWG.

This governance structure enables Kelington to proactively manage climate-related risks while identifying and capitalising on climate-related opportunities, including the development of low-carbon engineering solutions, renewable energy integration, operational efficiency improvements, and the exploration of carbon capture-related solutions.

Potential Impacts of Climate-related Risks and Opportunities

Under the Group's risk management framework, climate-related risks are identified, assessed and managed across short-, medium- and long-term time horizons, taking into account the nature, likelihood and potential magnitude of their impacts.

For the purposes of climate risk assessment, Kelington considers climate-related risks broadly in line with IFRS S2, including:

- **Physical risks** – risks arising from the physical impacts of climate change, including acute and chronic climate-related events that may affect operations, projects, or supply chains; and
- **Transition risks** – risks associated with the transition to a lower-carbon economy, including changes in regulation, market dynamics, technology developments and stakeholder expectations.

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By aligning its climate risk management practices with IFRS S2, Kelington seeks to ensure transparent and decision-useful climate-related disclosures, strengthen its ability to manage climate-related risks effectively, and enhance its capacity to capture climate-related opportunities in support of long-term business resilience.

The Group applies shorter time horizons for financial materiality assessments to align with business planning and budgeting cycles, while longer time horizons are used for climate-related risks and opportunities under IFRS S2 to reflect the extended nature of climate impacts and transition pathways.

At this stage, the financial impacts of climate-related risks and opportunities have not been fully quantified due to evolving methodologies, data availability, and the early stage of assessment. The Group is progressively enhancing its capabilities to support more comprehensive quantification in future reporting periods.

Risk / Opportunity

Extreme weather causing damage to infrastructure and supply chain disruption.

Type	Affected Business Segments / Value Chain
Physical risk (Acute)	• Gas production facilities • Project execution & construction sites (Customer Locations) • Logistics & transportation • Key suppliers & contractors

Potential Impact

Short Term (≤3 years)	Medium Term (>3 to ≤7 years)	Long Term (>7 to ≤10 years)
• Temporary shutdowns or reduced operating capacity at gas plants due to flooding, storms, or heat stress • Delays in project execution, construction, and commissioning at customer sites. • Disruption to logistics and delivery schedules for industrial gases, equipment, and materials. • Increased repair, maintenance, and emergency response costs. • Potential contractual penalties or short-term revenue loss due to service interruptions.	• Higher frequency and severity of weather-related disruptions affecting operational reliability. • Higher insurance premiums and more restrictive coverage terms. • Longer project lead times and increased cost buffers in customer contracts.	• Sustained increase in operating and maintenance costs impacting long-term margins. • Potential asset impairment or reduced asset useful life in high-risk locations. • Shifts in customer demand toward suppliers with higher climate resilience.

Management Response

Kelington manages acute physical risks from extreme weather events through the implementation of climate-resilient design standards, enhanced flood protection and drainage systems, and safeguards for critical infrastructure at operational and project sites.

To address potential supply chain disruptions, the Group maintains a diversified supplier base, undertakes early procurement planning for critical materials and equipment, and works closely with key vendors to enhance supply continuity and responsiveness.

These measures are designed to reduce operational downtime, protect project execution timelines, and support the reliability of operations in the event of extreme weather conditions.

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Risk / Opportunity

Increased frequency and severity of extreme weather events may require design modifications to enhance climate resilience, increasing project complexity and execution timelines.

Type

Physical risk (Acute)

Affected Business Segments / Value Chain

- Engineering & design function
- Project management & execution
- Key suppliers & contractors

Potential Impact

Short Term (≤3 years)	Medium Term (>3 to ≤7 years)	Long Term (>7 to ≤10 years)
• Design modifications introduced during project planning or execution, extending engineering and approval cycles. • Delays to construction, installation, and commissioning due to revised specifications. • Potential short-term margin pressure or exposure to liquidated damages if delays are not contractually recoverable.	• Higher baseline project complexity and longer lead times across engineering and execution phases. • Increased need for specialised skills, resources, and supplier capabilities. • Contract structures evolving to include more contingency, risk-sharing, or weather-related clauses.	• Long-term increase in project delivery costs affecting competitiveness if not offset by value-based pricing. • Potential differentiation for climate-resilient design capabilities, influencing customer selection and market positioning.

Management Response

Kelington responds to extreme weather–driven design changes by embedding climate-resilience considerations early in the project design stage, including enhanced flood protection, the use of resilient materials, and the integration of robust utility and redundancy systems where appropriate.

Early engagement with clients, regulators, and technical consultants, together with strengthened engineering standards and project planning processes, supports clearer scope definition and risk allocation. These measures help manage design complexity, minimise rework, and reduce the risk of project delays arising from weather-related design modifications.

Risk / Opportunity

Long-term climate shifts, including droughts, heatwaves, and changing precipitation patterns, may disrupt supply chains by affecting raw material availability, transportation reliability, and production timelines.

Type

Physical risk (Chronic)

Affected Business Segments / Value Chain

- Procurement & supply chain management
- Key suppliers & upstream manufacturing
- Logistics & transportation
- Industrial gas plants & operations
- Project execution & delivery (Customer sites)

Potential Impact

Short Term (≤3 years)	Medium Term (>3 to ≤7 years)	Long Term (>7 to ≤10 years)
• Intermittent delays in material deliveries due to supplier or transport disruptions. • Increased procurement lead times and short-term schedule adjustments. • Higher logistics and sourcing costs from alternative suppliers or routes.	• Reduced availability or higher cost of critical materials from climate-exposed suppliers. • Lower reliability of transportation networks affecting project planning and execution.	• Persistent increases in procurement and logistics costs affecting long-term competitiveness. • Potential delays or constraints in large-scale project delivery due to systemic supply limitations.

Management Response

Kelington addresses chronic physical risks to supply chains by strengthening supplier diversification, prioritising early procurement of critical materials, and increasing engagement with key suppliers to assess climate exposure and continuity risks.

The Group also enhances logistics planning and inventory management, and integrates supply chain resilience considerations into project planning and contract structures, helping to reduce exposure to prolonged climate-related disruptions.

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Risk / Opportunity

Long-term increases in temperature and the frequency of heatwaves may adversely affect employee health and safety, especially for outdoor or high-temperature work, potentially increasing healthcare costs and absenteeism.

Type

Physical risk (Chronic)

Affected Business Segments / Value Chain

- Project execution & construction (Customer sites)
- Human Resources & workforce management
- Contractors & subcontractors

Potential Impact

Short Term (≤3 years)	Medium Term (>3 to ≤7 years)	Long Term (>7 to ≤10 years)
• Increased risk of heat-related illnesses affecting employee well-being. • Temporary productivity loss due to heat-related work stoppages or reduced work intensity. • Higher short-term absenteeism and medical claims.	• Sustained productivity impacts requiring adjusted work schedules and additional rest periods. • Higher operating costs from expanded health, safety, and monitoring measures. • Increased training and supervision requirements to manage heat-related safety risks.	• Structural changes to work practices, including increased reliance on automation or remote monitoring. • Persistent increase in healthcare, insurance, and employee welfare costs. • Talent attraction and retention challenges if working conditions are perceived as unsafe or less attractive.

Management Response

Kelington manages heat-related health and safety risks by strengthening occupational health and safety ("OHS") practices, including heat-stress risk assessments, enhanced work-rest protocols, access to cooling, hydration, and personal protective measures, and targeted training for employees and contractors working in heat-exposed environments.

The Group also integrates climate considerations into workforce planning, scheduling, and site-level safety management to help protect employee well-being, maintain productivity, and reduce absenteeism over the short, medium, and long term.

Risk / Opportunity

Kelington could face transition risk from carbon tax exposure as Malaysia implements carbon pricing and related climate regulations that increase costs for emissions-intensive activities.

Type

Transition risk (Policy & Regulatory)

Affected Business Segments / Value Chain

- Operations & facilities
- Procurement & supply chain
- Finance & cost management
- Commercial & contracting

Potential Impact

Short Term (≤3 years)	Medium Term (>3 to ≤7 years)	Long Term (>7 to ≤10 years)
• Initial increase in operating costs from carbon taxes, levies, or compliance-related charges. • Higher fuel and electricity costs affecting project execution and logistics. • Increased administrative and reporting requirements related to emissions monitoring and compliance.	• Changes in procurement costs as suppliers incorporate carbon pricing into pricing structures. • Margin pressure if carbon-related costs cannot be fully passed through to customers.	• Structural changes to cost base requiring transformation of operating models and energy sourcing. • Potential competitiveness impact if emissions intensity remains higher than peers.

Management Response

Kelington manages carbon pricing and regulatory transition risks by strengthening emissions monitoring and reporting, improving energy efficiency, and evaluating lower-emission alternatives across operations and project activities.

The Group plans to progressively incorporate carbon cost considerations into pricing, procurement, and contract structures, where relevant, while monitoring evolving regulatory developments to support timely compliance and informed capital allocation decisions.

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Risk / Opportunity

Climate change may give rise to increased legal and regulatory compliance risks, including heightened expectations on directors' duties to identify, manage, and disclose climate-related risks, as well as potential exposure to climate-related litigation, regulatory enforcement actions, or stakeholder claims.

Type

Transition risk (Legal)

Affected Business Segments / Value Chain

- Board of Directors & Senior Management
- Corporate compliance, risk management
- Finance & reporting
- Operations & project execution
- Investor relations & stakeholder engagement

Potential Impact

Short Term (≤3 years)

- Increased compliance and advisory costs to meet new or enhanced climate-related disclosure and governance requirements
- Higher management and Board time commitment to climate risk oversight and reporting.
- More stringent internal controls and assurance requirements over climate-related data and processes.

Medium Term (>3 to ≤7 years)

- Greater legal exposure from heightened scrutiny by regulators, investors, and other stakeholders.

Long Term (>7 to ≤10 years)

- Potential long-term litigation risk related to historical disclosures or decisions
- Increased expectations from financiers and insurers for demonstrable climate-risk governance as a condition for capital access.

Management Response

Kelington manages climate-related legal and regulatory risks by strengthening Board and management oversight of climate-related matters, integrating climate risks into the enterprise risk management framework, and enhancing policies, internal controls, and disclosure processes in line with evolving regulatory and stakeholder expectations.

The Group also monitors regulatory developments, provides targeted training to directors and senior management, and engages external advisers where appropriate to support compliance and reduce exposure to legal and reputational risks.

Risk / Opportunity

Failure to meet sustainability and climate-related targets, inadequate responses to climate change, or involvement in environmental incidents may result in public backlash, negative media coverage, loss of stakeholder trust, and reputational damage, potentially affecting customer confidence, talent attraction, and market positioning.

Type

Transition risk (Market & Reputational)

Affected Business Segments / Value Chain

- Corporate brand & reputation
- Sales, marketing & business development
- Human Resources & talent management
- Investor relations & financing
- Operations & project execution

Potential Impact

Short Term (≤3 years)

- Negative media coverage or stakeholder criticism following missed targets or environmental incidents.
- Immediate reputational impact affecting customer sentiment and employee morale.
- Increased management time and costs related to crisis response, communication, and remediation.

Medium Term (>3 to ≤7 years)

- Erosion of customer trust affecting tender success rates and repeat business.
- Reduced ability to attract and retain talent, particularly among skilled and sustainability-conscious employees.
- Heightened scrutiny from investors, lenders, and regulators on sustainability performance and disclosures.

Long Term (>7 to ≤10 years)

- Sustained reputational damage affecting market positioning and brand equity.
- Potential loss of strategic customers or exclusion from sustainability-linked projects and supply chains.

Management Response

Kelington manages reputational risks related to sustainability and climate performance by strengthening target-setting, monitoring, and accountability mechanisms, enhancing transparency and consistency in sustainability disclosures, and maintaining robust environmental management and incident response processes.

The Group also engages proactively with customers, employees, investors, and other stakeholders, and continuously reviews its sustainability strategy and performance to help maintain trust, protect brand reputation, and support long-term market positioning.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Risk / Opportunity

Current and emerging regulations, including carbon taxes and stricter emissions standards, may increase business costs for emissions-intensive activities and require manufacturers to adopt advanced engineering solutions. Kelington's products and services can help clients reduce environmental impact, creating a strategic opportunity to support the transition to a low-carbon economy while mitigating regulatory and financial risks.

Type	Affected Business Segments / Value Chain
Transition opportunity (Regulatory)	• Customer value chain (Downstream) • Sales, marketing & business development • Research & development / Innovation • Project development & execution

Potential Impact

Short Term (≤3 years)	Medium Term (>3 to ≤7 years)	Long Term (>7 to ≤10 years)
• Increased customer enquiries and tenders for compliance-driven engineering solutions. • Near-term revenue opportunities from projects addressing emissions control and efficiency requirements • Strengthened customer. relationships through regulatory advisory and solution support.	• Sustained growth in demand as carbon pricing and emissions regulations tighten. • Expansion of solution offerings aligned with low-carbon and energy-efficient technologies. • Improved competitiveness and margin resilience through differentiated sustainability-focused capabilities.	• Structural shift in customer demand toward low-carbon, climate-resilient engineering solutions. • Enhanced market positioning as a trusted partner in the low-carbon transition. • Long-term revenue diversification and reduced exposure to policy-driven transition risks.

Management Response
Kelington captures this opportunity by developing and delivering engineering solutions that help customers reduce emissions, improve energy efficiency, and comply with evolving climate-related regulations.

The Group continues to strengthen technical capabilities, innovation, and project execution, and works closely with customers to integrate sustainability considerations into system design and implementation, supporting both regulatory compliance and long-term environmental performance.

Risk / Opportunity

Advance low-emissions engineering and process-efficiency solutions that enable customers to reduce greenhouse gas emissions, improve operational efficiency, and achieve long-term cost optimisation, strengthening Kelington's competitive position in the low-carbon transition.

Type	Affected Business Segments / Value Chain
Transition opportunity (Technology & Market)	• Customer operations (Downstream) • Sales & business development • Technology development & innovation • Project execution & value engineering

Potential Impact

Short Term (≤3 years)	Medium Term (>3 to ≤7 years)	Long Term (>7 to ≤10 years)
• Increased uptake of efficiency-driven solutions delivering immediate energy and cost savings to customers. • Near-term project wins driven by value engineering and operational optimisation. • Enhanced customer engagement through performance-focused solution design.	• Expansion of solution portfolio with higher-value, differentiated offerings. • Improved margins through technology-led differentiation and efficiency expertise. • Stronger customer loyalty and repeat business based on measurable performance outcomes.	• Long-term revenue growth aligned with global decarbonisation and productivity trends. • Reduced exposure to transition risks through diversification into low-emissions solutions.

Management Response
Kelington collaborates with international partners to identify, develop, and deploy climate-related technologies that support greenhouse gas mitigation and enhance climate resilience.

These collaborations enable the Group to access advanced engineering capabilities, accelerate technology deployment, and strengthen its competitive position in the low-carbon transition.

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Risk / Opportunity

By proactively implementing robust climate and sustainability practices, transparently communicating progress, and meeting or exceeding environmental expectations, the Group can strengthen stakeholder trust, enhance brand value, and position itself as a sustainability leader, supporting long-term competitiveness and growth.

Type	Affected Business Segments / Value Chain
Transition opportunity (Market & Reputational)	• Governance, risk & sustainability functions • Corporate brand & reputation • Sales, marketing & business development • Investor relations & financing • Human resources & talent management

Potential Impact

Short Term (≤3 years)	Medium Term (>3 to ≤7 years)	Long Term (>7 to ≤10 years)
• Improved stakeholder confidence through transparent sustainability disclosures. • Enhanced brand perception supporting customer engagement and employee morale.	• Stronger differentiation in competitive tenders and customer selection processes. • Improved talent attraction and retention, particularly among sustainability-conscious professionals. • Increased interest from investors and lenders seeking credible sustainability performance.	• Sustained brand value and market positioning as a trusted sustainability-focused partner. • Greater access to capital and long-term partnerships aligned with low-carbon objectives. • Enhanced resilience and competitiveness supporting long-term growth.

Management Response

Kelington advances this opportunity by integrating climate and sustainability considerations into strategy and operations, strengthening performance monitoring and accountability, and ensuring transparent, consistent communication with stakeholders on sustainability progress.

The Group also leverages sustainability initiatives to differentiate its market offering by delivering green and low-carbon engineering solutions, collaborating with clients on transition-aligned projects, and demonstrating measurable environmental outcomes. These actions support the attraction of environmentally conscious customers, strengthen stakeholder trust, and reinforce Kelington's brand value and long-term competitiveness.

Scenario Analysis & Climate Resilience

In FY2025, Kelington has conducted qualitative climate-related scenario analysis to assess the resilience of its strategy and business model under a range of plausible climate transition pathways, in line with IFRS S2. The analysis focuses primarily on transition risks and opportunities, reflecting the Group's role as an engineering solutions provider to emissions-intensive industrial clients, rather than ownership of large emissions-intensive assets.

The scenario analysis considers a range of assumptions related to the global transition towards a low-carbon economy. These include potential developments in climate policies and regulations, technological advancements, changes in energy systems, market demand for low-carbon solutions, and broader macroeconomic trends that may influence industrial investment and project development.

The scenarios are designed to evaluate potential impacts on Kelington's:

- Market demand for low-carbon engineering solutions;
- Cost structure and capital allocation decisions;
- Revenue growth opportunities; and
- Exposure to project execution and investment risks.

The analysis indicates that the Group is relatively resilient across the scenarios, with transition risks primarily relating to potential cost increases, regulatory changes, and slower adoption of low-carbon solutions, which may result in project delays, cost recovery challenges, and margin pressure. Transition opportunities arise from increased demand for low-carbon and energy-efficient engineering solutions, particularly under accelerated transition scenarios.

The financial impacts of the scenario analysis have not been quantitatively modelled at this stage. This reflects the project-based nature of the Group's business, where climate-related financial effects are highly dependent on the timing of regulatory developments, client investment decisions, and technology adoption rates, which remain subject to significant uncertainty. Accordingly, the scenario analysis is currently qualitative and focused on strategic direction and resilience rather than precise financial outcomes. The Group will continue to enhance its scenario analysis capabilities and progressively evaluate the quantification of financial impacts as market conditions, data availability and regulatory clarity evolve.

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Scenarios Considered

Kelington assessed three transition scenarios, broadly aligned with internationally recognised climate pathways (including NGFS-aligned narratives), covering a range of temperature outcomes and regulatory environments. These scenarios assess how changes in climate policy, regulation, technology adoption, market demand, and energy systems may affect the Group over the short, medium and long term, aligned with key transition milestones (2030, 2040 and 2050).

Scenario	Assumptions	Temperature Alignment	Adoption & Regulation
Scenario 1: **Accelerated Green Transition**	Rapid and coordinated global decarbonisation supported by stringent carbon pricing and strong regulatory mandates.	Below 1.5°C – 2°C	High regulation, high technology adoption
Scenario 2: **Delayed Decarbonisation**	Gradual policy tightening with uneven adoption across regions and industries.	Below 2.5°C – 3°C	Moderate regulation, slower technology adoption
Scenario 3: **Business-as-Usual**	Limited policy action and low adoption of decarbonisation technologies.	Below 3.5°C – 4°C	Weak regulation, low technology adoption

Time Horizons Applied

The analysis considers multiple time horizons to reflect different risk transmission mechanisms:

Short Term (Up to 2030)	Project pipeline volatility, delayed investments, working capital and margin impacts.
Medium Term (2031-2040)	Shifts in client demand, technology adoption, and cost competitiveness.
Long Term (Beyond 2040)	Structural changes in energy systems, regulation, and industrial decarbonisation pathways.

Scenario analysis adopts longer time horizons to reflect the extended nature of climate transition pathways, technology adoption cycles, and energy system changes. The CRO register applies shorter and medium-term horizons aligned to operational planning and risk management processes. Management considers both perspectives to ensure effective short-term risk management and long-term strategic resilience.

Climate Scenario Analysis: Key Risks and Opportunities

Across the scenarios, the Group has identified the following material climate-related risks and opportunities:

Material Climate-related Opportunities

- Increased demand for carbon capture, greenhouse gas reduction, and low-emissions engineering solutions under accelerated transition pathways.
- Growth opportunities in biogas and biomethane upgrading projects and renewable energy integration, supporting clients' decarbonisation pathways.
- Competitive advantage from providing engineering solutions that support clients' Scope 1 and Scope 2 emissions reduction strategies.

Material Climate-related Risks

- Project delays, suspensions, or cancellations under slower transition scenarios.
- Risk of unrecovered engineering, design, or mobilisation costs for early-stage projects.
- Margin pressure and reduced market relevance if low-carbon solutions adoption remains limited.

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Strategic Responses by Scenario

Kelington's strategic responses are designed to remain flexible and proportionate across scenarios:

Scenario 1

Accelerated Green Transition

- Accelerate investment and partnerships in carbon capture and low-carbon engineering solutions.
- Participate selectively in biogas, biomethane, and renewable energy projects.
- Secure long-term renewable electricity sourcing through PPAs, on-site / off-site projects, and flexible REC strategies.

Scenario 2

Delayed Decarbonisation

- Maintain CCS and low-carbon technology R&D while deferring large-scale capital commitments.
- Phase renewable energy sourcing and adopt cost-benefit-driven REC purchases.
- Preserve technical readiness and optionality for accelerated adoption if policy conditions strengthen.

Scenario 3

Business-as-Usual

- Limit exposure to capital-intensive low-carbon projects.
- Focus on operational cost efficiency, compliance, and disciplined risk management.
- Avoid over-commitment where regulatory and market signals remain weak.

Assessment of Strategic Resilience

The scenario analysis indicates that Kelington's strategy demonstrates moderate to high resilience across a range of climate transition pathways. This resilience is supported by the Group's asset-light business model, which limits exposure to stranded assets and enables capital to be redeployed as market conditions evolve. A stage-gated investment approach further enhances resilience by allowing capital commitments to be managed progressively, thereby containing downside risks in uncertain policy and market environments. In addition, Kelington's partnership-based growth strategy provides access to emerging low-carbon technologies while avoiding full development and technology risks. Flexible renewable energy sourcing, including the use of power purchase agreements ("PPAs") and renewable energy certificates ("RECs"), enhances adaptability to energy price volatility and evolving regulatory requirements.

Collectively, these elements strengthen Kelington's strategic flexibility, support the effective management of climate-related risks, and position the Group to capture opportunities arising from the transition to a low-carbon economy.

Climate Transition Implementation Plan

Key initiatives and milestones

Strategy	**Strategy** Deliver low-carbon engineering solutions while reducing operational emissions, supporting clients' decarbonisation, and strengthening long-term business resilience in line with net zero ambitions.			
Levers	**Scope 1:** Operational Efficiency	**Scope 2:** Renewable Energy	**Growth:** Low Carbon Solutions	**Enablers:** Governance & Capability
	Energy efficiency and process optimisation in operations to reduce fuel use, improve productivity, and lower direct emissions.	Adoption of PPAs, RECs and solar solutions to reduce electricity-related emissions and enhance energy cost stability.	Expansion into carbon capture, biogas and GHG reduction solutions to support clients' emissions reduction and drive green revenue growth.	Integrated into ERM, supported by stage-gated investments, partnerships and capability building, with execution monitored through KPIs and governance structures.
Impact	**Environmental Impact** Reduced Scope 1 and 2 emissions and improved energy and resource efficiency.	**Financial Impact** Lower operating costs, improved energy resilience and reduced exposure to regulatory and carbon-related risks.	**Strategic Impact** Stronger market positioning and increased demand for low-carbon engineering solutions.	
Timeline	**Shot Term (2025- 2030)** Laying the foundation	**Medium Term Focus (2031- 2040)** Scaling Decarbonisation	**Long Term Focus (2041- 2050)** Achieving Net Zero	

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Capital allocation and investment considerations

Kelington adopts an asset-light, stage-gated investment approach to manage uncertainty, limit downside risk, and preserve financial flexibility in an evolving transition environment. Capital is deployed selectively, with a focus on strengthening engineering design expertise, project management capabilities, and digital tools. The Group also leverages partnerships and joint initiatives to pilot and scale low-carbon solutions, enabling access to emerging technologies while sharing development and technology risks. Financial discipline is maintained by evaluating climate-related investments against strategic fit, resilience under different transition scenarios, and their potential to deliver sustainable long-term value.

Operational integration

Area	Current State	Planned / Future State
Energy sourcing	Electricity sourcing is primarily conventional, with monitoring of energy costs and regulatory developments.	Integrate renewable electricity strategies, including green tariffs and RECs, into operational planning to manage energy price volatility and evolving regulatory requirements.
Procurement	Procurement decisions are primarily driven by cost, quality, delivery reliability, and compliance requirements.	Incorporate sustainability and emissions considerations into supplier selection and procurement processes, with progressive prioritisation of low-emissions materials and services where feasible.
Project execution	Sustainability considerations are applied on a project-specific basis, largely driven by customer requirements and regulatory standards.	Systematically apply sustainability and efficiency principles in project design and delivery to support customers' emissions reduction objectives while optimising cost and performance.
Internal coordination	Business units and support functions coordinate on operational matters through existing management and reporting structures.	Strengthen cross-functional coordination to ensure consistent integration of climate and sustainability considerations across geographies and operations.

Customer and supply chain engagement

Kelington collaborate with customers to co-develop and deliver low-emissions engineering solutions that support regulatory compliance, enhance operational efficiency, and enable long-term cost optimisation. The Group also intends to engage its supply chain by communicating sustainability expectations, encouraging responsible business practices, and progressively working with key suppliers to improve emissions transparency over time. In parallel, Kelington aims to strengthen its market positioning by leveraging its sustainability credentials and climate-related capabilities to differentiate itself in competitive tenders and build long-term customer relationships.

Overall, this implementation plan supports Kelington's strategy by embedding climate considerations into decision-making, maintaining flexible and proportionate investment approaches, and aligning execution closely with customer needs and evolving transition pathways, thereby enhancing business resilience and long-term value creation.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Balancing Sustainability and Financial Performance

In overseeing climate-related initiatives, the Board considers trade-offs between upfront investment requirements, technological and regulatory uncertainty, and long-term growth potential, competitiveness, and contribution to climate transition objectives. These trade-offs are assessed to ensure alignment with Kelington's business strategy, financial discipline, and sustainability objectives.

Examples of trade-offs considered include decisions relating to CCUS and other low-emissions engineering solutions, where the Board evaluates operational readiness, commercial viability, and strategic value to support business growth while addressing hard-to-abate emissions. In addition, decisions on adopting green energy solutions, such as renewable electricity sourcing, require balancing short-term return on investment with anticipated reductions in Scope 2 emissions and longer-term operational cost stability and cost savings.

Through its climate-related scenario analysis, the Group assesses how different transition pathways, regulatory developments, and market conditions may affect its strategy, cost structure, and resilience. These assessments indicate that Kelington's transition strategy prioritises scalable, partnership-based CCUS and low-emissions solutions, rather than capital-intensive ownership of decarbonisation assets.

Renewable energy instruments, such as renewable energy certificates ("RECs"), and potential investments in renewable generation assets may be considered over time, subject to commercial viability, regulatory clarity, and alignment with long-term financial objectives. The timing and scale of such initiatives are evaluated in the context of prevailing market conditions and scenario analysis outcomes.

By aligning its transition strategy with scenario-based resilience considerations, the Board seeks to balance financial performance with strategic climate-related opportunities, supporting sustainable growth, long-term resilience, and value creation.

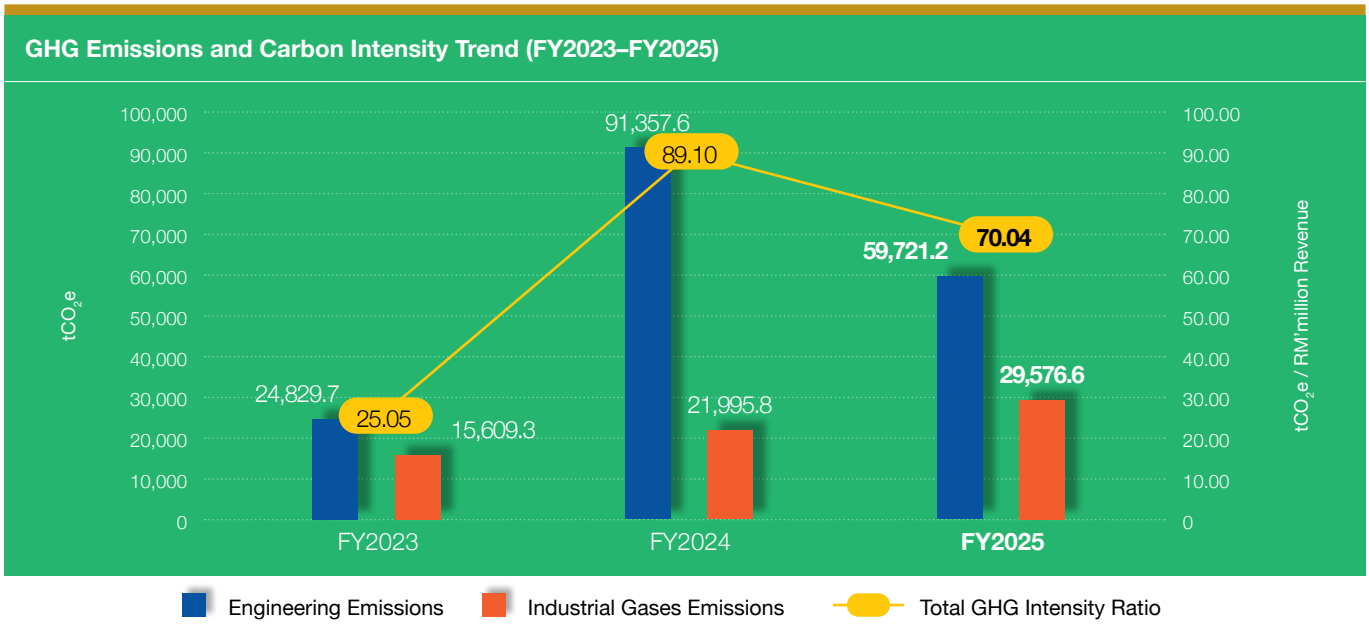
Metrics & Targets

GHG Emissions

GHG emissions represent a key climate-related metric for Kelington. The Group monitors and manages emissions across Scope 1, Scope 2 and relevant Scope 3 categories in accordance with the Greenhouse Gas Protocol.

To ensure consistent measurement and reporting, Kelington engaged Pantas Software Sdn. Bhd. ("Pantas") beginning in FY2024 to conduct comprehensive GHG accounting across the Group. The emissions inventory is prepared based on the Greenhouse Gas Protocol, with methodologies aligned with ISO 14064-1:2018, supporting consistency with internationally recognised standards for emissions quantification and reporting.

Greenhouse Gas Emissions Performance



DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

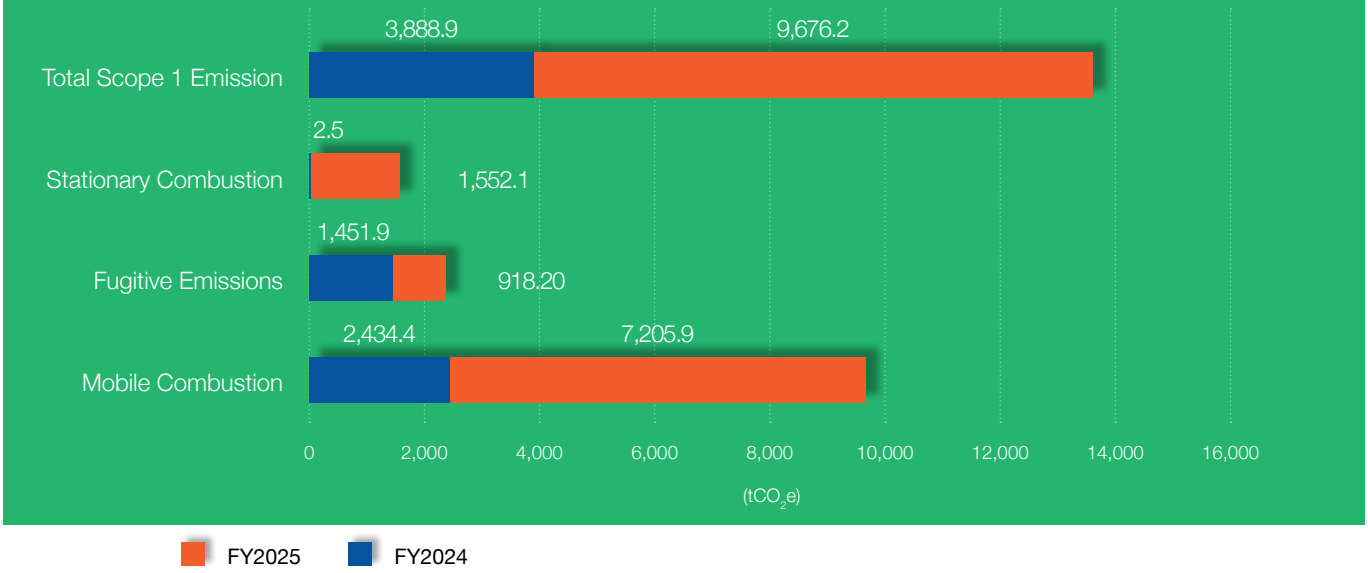
Scope	Description	FY2023 (tCO_2e)	FY2024 (tCO_2e)	FY2025 (tCO_2e)	YOY Change (%)
Scope 1	Direct emissions from operations	12,495	3,888.9	9,676.2	+149
Scope 2	Indirect emissions from purchased electricity	3,807	15,178.9	18,046.7	+19
Scope 3	Other indirect value chain emissions	24,137	94,285.6	61,574.9	-35
Total		**40,439**	**113,353.4**	**89,297.8**	**-21**
GHG Emissions Intensity (tCO_2e per RM million revenue)					
Group Revenue	RM'million	1,614	1,272	1,275	+0.2
Group Level Emission Intensity	tCO_2e / RM'million Revenue	25.05	89.10	70.04	-21

Note:
Year-on-year changes are mainly due to methodology enhancements. Scope 1 was higher in FY2023 due to prior classification; from FY2024, products from LCO_2 production is no longer treated as direct emissions. Scope 2 increased in FY2024–FY2025 following adoption of region-specific grid emission factors (vs. prior uniform average). Scope 3 increased from FY2024 due to improved data coverage and use of carbon accounting software, compared to manual estimates in FY2023.

In FY2025, Kelington recorded total GHG emissions of 89,297.8 tCO_2e, representing a 21% reduction compared with FY2024 (113,353.4 tCO_2e). The decrease was primarily attributable to lower Scope 3 emissions, reflecting reduced procurement volumes associated with engineering projects during the reporting period.

Kelington's emissions profile is influenced by the nature of its two core business segments. The Engineering division is largely project-driven and emissions may fluctuate depending on project scale and procurement requirements. In contrast, the Industrial Gases division operates manufacturing facilities that generate emissions primarily from ongoing plant operations and electricity consumption.

Scope 1 Emissions – Direct Emissions



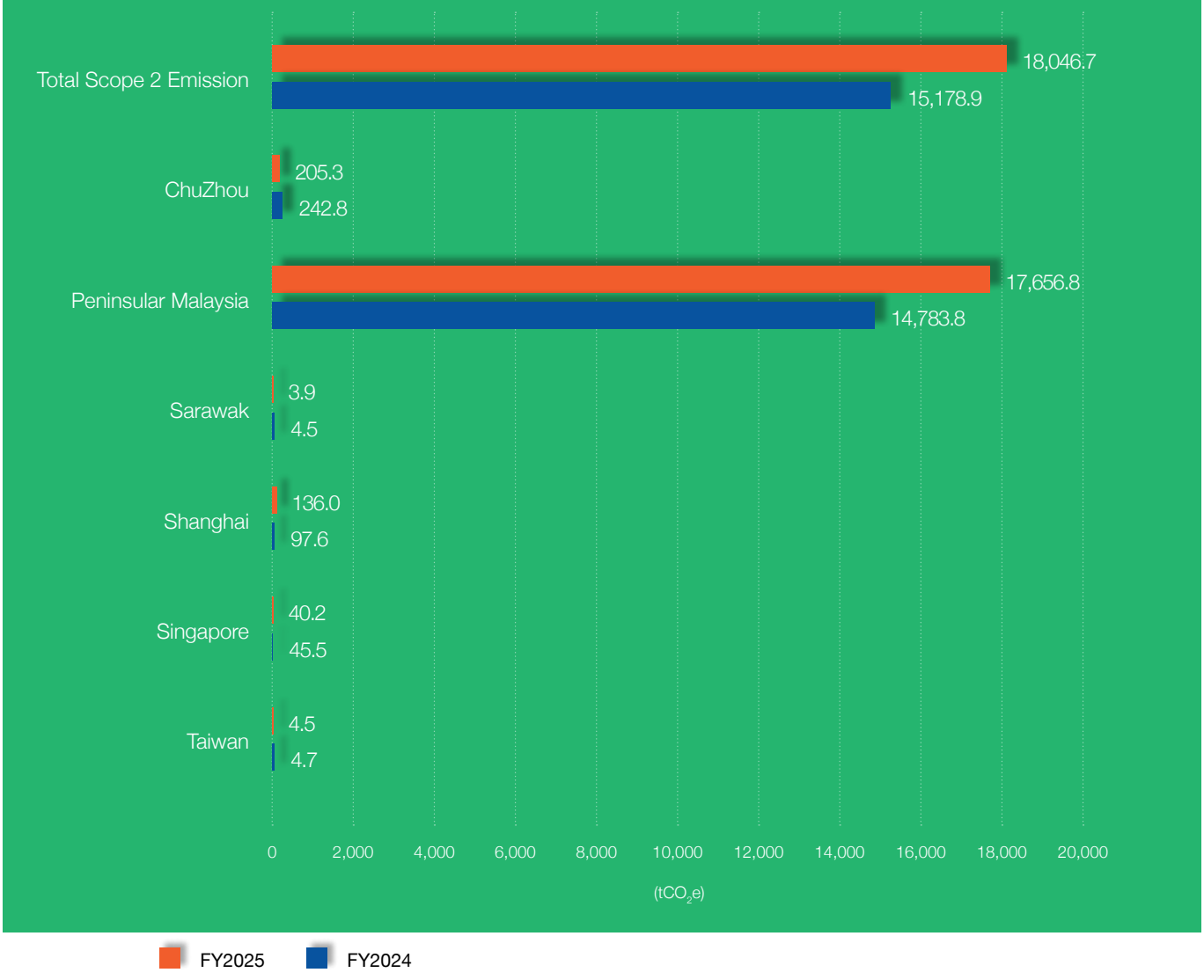
Scope 1 emissions increased from 3,888.9 tCO_2e in FY2024 to 9,676.2 tCO_2e in FY2025, primarily due to higher fuel consumption associated with project activities.

The increase was mainly driven by mobile combustion emissions from project operations in Taiwan, where fuel-powered equipment was used during the base-build phase before permanent utilities became available.

Despite this increase, Scope 1 emissions remain a relatively small proportion of the Group's overall emissions profile compared with electricity-related emissions and value chain emissions.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Scope 2 Emissions – Purchased Electricity By Location



Scope 2 emissions increased from 15,178.9 tCO_2e in FY2024 to 18,046.7 tCO_2e in FY2025, primarily reflecting higher electricity consumption associated with the industrial gas manufacturing operations. The increase was mainly driven by higher production during the year, as gas processing and manufacturing activities require continuous electricity supply to support operational stability.

Kelington calculates Scope 2 emissions using the location-based method, which reflects the average emission intensity of electricity grids in the jurisdictions where the Group operates.

The Group does not currently utilise contractual instruments such as renewable energy certificates ("RECs"), power purchase agreements ("PPAs"), or green electricity tariffs. Accordingly, market-based Scope 2 emissions are not reported for the current reporting period.

Electricity consumption remains a key focus area for emissions management, particularly at energy-intensive facilities. The Group continues to monitor energy use and identify opportunities to improve energy efficiency and support future initiatives that may reduce electricity-related emissions.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Scope 3 – Value Chain Emissions

Scope 3 GHG (CO_2) Emission	Unit of Measure	FY2024 (New Baseline)	FY2025
Purchased goods and services	tCO_2e	92,477.91	**58,265.5**
Capital goods	tCO_2e	0	**2,097.0**
Upstream transportation and distribution	tCO_2e	0	**0**
Waste generated in operations	tCO_2e	3.25	**2.4**
Business Travel (Air & Land)	tCO_2e	1,160.48	**330.5**
Employee Commuting	tCO_2e	643.95	**879.5**
Fuel and energy related activities (not include in Scope 1 or 2)	tCO_2e	Data Not Available	**Data Not Available**
Upstream leased assets	tCO_2e	Data Not Available	**Data Not Available**
Investments	tCO_2e	Data Not Available	**Data Not Available**
Downstream transportation and distribution	tCO_2e	Data Not Available	**Data Not Available**
Processing of sold products	tCO_2e	Data Not Available	**Data Not Available**
Use of sold products	tCO_2e	Data Not Available	**Data Not Available**
End of life treatment of sold products	tCO_2e	Data Not Available	**Data Not Available**
Downstream leased assets	tCO_2e	Data Not Available	**Data Not Available**
Franchises	tCO_2e	Data Not Available	**Data Not Available**
Total		**94,285.59**	**61,574.9**

Notes:-

1. *Historically, emissions related to Upstream Transportation and Distribution were aggregated under Purchased Goods and Services due to limitations in data classification within the procurement records.*
2. *For waste-related emissions, estimation could not be performed as the waste treatment methods for FY2025 could not be verified. Due to limited access to detailed waste records and the absence of confirmed disposal or treatment information from waste contractors, the consultant was unable to determine appropriate emission factors for reliable estimation.*

Scope 3 emissions decreased significantly from 94,285.6 tCO_2e in FY2024 to 61,574.9 tCO_2e in FY2025, mainly due to lower procurement volumes of engineering materials.

The largest contributor to Scope 3 emissions is Purchased Goods and Services, which declined from 92,477.9 tCO_2e to 58,265.5 tCO_2e. This reduction was primarily attributable to lower procurement of hook-up materials sourced from China during the reporting period.

Emissions from business travel also decreased from 1,160.5 tCO_2e to 330.5 tCO_2e, reflecting reduced travel activities and greater use of virtual meetings and digital collaboration tools.

As Kelington's engineering operations are project-based, Scope 3 emissions may fluctuate depending on project scale, procurement requirements and construction timelines.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

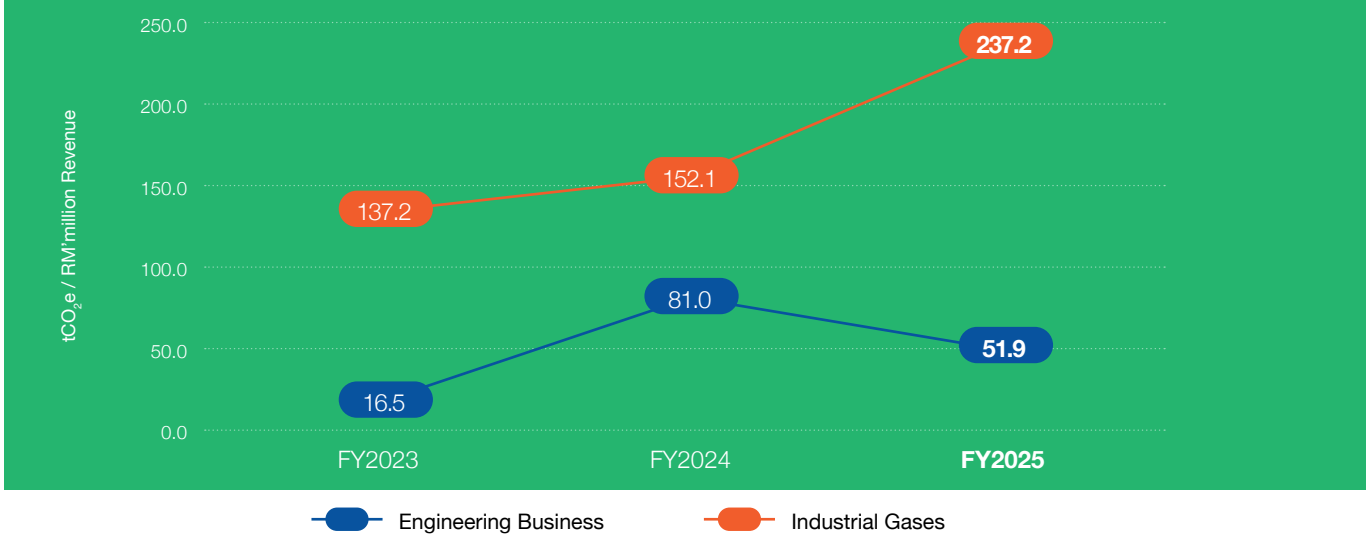
GHG Emissions Intensity

Kelington monitors emissions intensity to evaluate carbon efficiency relative to business performance.

Despite relatively stable Group revenue of RM1,275 million in FY2025 (FY2024: RM1,272 million), the Group achieved an improvement in emissions intensity. GHG emissions intensity decreased from 89.1 tCO_2e per RM million revenue in FY2024 to 70.0 tCO_2e per RM million revenue in FY2025, representing a 21% improvement.

The improvement reflects lower procurement-related emissions from engineering projects during the reporting period.

GHG Emissions Intensity Trend by Business Segment (FY2023-FY2025)

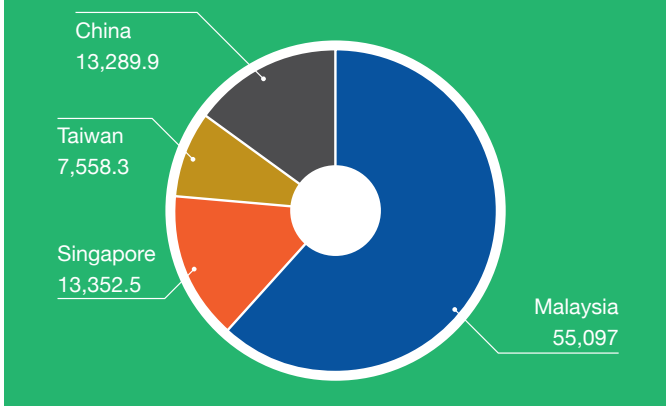


Emissions intensity varies across Kelington's business segments due to the different nature of operations.

The Engineering division recorded a reduction in emissions intensity from 81.0 to 51.9 tCO_2e per RM million revenue, reflecting lower procurement volumes during the year.

In contrast, the Industrial Gases division recorded a higher emissions intensity of 237.2 tCO_2e per RM million revenue in FY2025, reflecting the energy-intensive nature of gas processing and manufacturing operations. The increase in emissions intensity was primarily attributable to lower divisional revenue recorded during the year while operational emissions remained relatively stable due to the continuous energy requirements of gas production facilities. As these facilities require consistent electricity consumption to maintain operational stability and safety, emissions do not fluctuate proportionately with revenue, resulting in a higher emissions intensity ratio during periods of lower revenue performance.

Emissions by Geographical Region



In FY2025, Kelington's emissions were primarily concentrated in Malaysia, which accounted for approximately 62% of total Group emissions.

This concentration reflects the location of the Group's industrial gas manufacturing facilities, including gas processing and CO_2 recovery plants that require significant electricity consumption.

Singapore and China each contributed approximately 15% of total emissions, mainly associated with engineering project activities and procurement-related emissions.

Taiwan accounted for approximately 8.5% of total emissions, reflecting the smaller operational scale of the Group's activities in that jurisdiction.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Climate Targets and Progress

Kelington has established climate targets covering Scope 1, Scope 2 and selected Scope 3 emissions categories. These targets support the Group's long-term transition towards lower-carbon operations while recognising the evolving nature of its business activities.

The Group's combined Scope 1 and Scope 2 emissions increased from 19,067.9 tCO_2e in FY2024 (base year) to 27,723.0 tCO_2e in FY2025, representing an increase of 45.4% above the base year level.

This places the Group above the reduction trajectory required to achieve its 2030 target of a 10% reduction in Scope 1 and Scope 2 emissions from the FY2024 baseline.

Management considers FY2025 a transitional year to reassess the Group's decarbonisation pathway and strengthen emissions management across the organisation. The Group will retain its 2030 target and implement enhanced reduction initiatives beginning in FY2026.

Decarbonisation Strategy

To support its emissions reduction targets, Kelington is strengthening its decarbonisation strategy through a combination of operational improvements, energy management and renewable electricity adoption.

Within the Industrial Gases division, an energy efficiency programme has been implemented, supported by the appointment of an Energy Manager registered with the Energy Commission of Malaysia, in accordance with the Energy Efficiency and Conservation Act 2024.

Key initiatives include:

- Strengthening site-level energy management and operational efficiency.
- Improving monitoring of electricity consumption at energy-intensive facilities.
- Exploring renewable electricity procurement and on-site renewable energy solutions.
- Supporting customers in reducing product carbon footprint through lower-carbon engineering solutions.

Approach to Residual Emissions

Kelington prioritises direct emissions reduction and renewable electricity adoption as the primary pathways for reducing Scope 1 and Scope 2 emissions.

As the Group expands its operations, energy demand may increase despite efficiency improvements. In this context, Kelington aims to progressively reduce the emissions intensity of its operations while managing absolute emissions growth.

Carbon credits may be considered for a limited portion of hard-to-abate emissions, primarily related to residual Scope 1 emissions where direct abatement options remain technically or economically constrained. These will only be used after internal emissions reduction measures have been prioritised.

Methodology for Climate Targets

Kelington establishes climate targets based on operational baselines, historical emissions performance and strategic business priorities.

Progress towards climate targets is monitored through internal reporting systems, including tracking of:

- Absolute emissions
- Emissions intensity metrics
- Renewable energy adoption

Performance is reviewed on a bi-annual basis by the SWG, with results reported to the RMC as part of the Group's ERM framework.

Kelington's climate targets are informed by internationally recognised climate objectives, including the Paris Agreement goal of limiting global temperature increase to well below 2°C and pursuing efforts towards 1.5°C, as well as national climate commitments under Malaysia's Nationally Determined Contributions ("NDCs").

Malaysia has committed to achieving net-zero greenhouse gas emissions by 2050 and reducing economy-wide carbon intensity by 45% by 2030 relative to 2005 levels. These national commitments provide context for Kelington's climate transition planning.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Target	Target type	Boundary / Coverage	Base Year	Base year emissions	Target year	Time Horizon (Transition Plan)	FY2025	Assurance
10% Reduction Scope 1 & 2 absolute emissions	Absolute	Company Facilities and Vehicles, Purchased electricity	FY2024	19067.9 tCO_2e	FY2030	Short Term	**27,723 tCO_2e (+45%)**	Not assured (assurance readiness established)
5% Reduction Scope 3 emissions	Absolute	Purchased goods and services; Capital goods; Upstream transportation and distribution; Waste generated in operations; Business travel; and Employee commuting.	FY2024	94285.6 tCO_2e	FY2030	Short Term	**61,575 tCO_2e (-35%)**	Not assured (assurance readiness established)
***Industrial Gas Division - Reduce CO_2e intensity ratio by 5%**	Intensity	Industrial Gas Division - Company Facilities and Vehicles, Purchased electricity	FY2024	117 tCO_2e per unit revenue	FY2030	Short Term	**167 tCO_2e per unit revenue (+43%)**	Not assured (assurance readiness established)
10% Reduction Scope 3 emissions	Absolute	Purchased goods and services; Capital goods; Upstream transportation and distribution; Waste generated in operations; Business travel; and Employee commuting.	FY2024	94285.6 tCO_2e	FY2035	Medium Term	**61,575 tCO_2e (-35%)**	Not assured (assurance readiness established
100% Renewable Energy in Malaysia	Intensity	Purchased electricity	FY2024	0% / 15178.9 tCO_2e	FY2045	Long Term	**0% / 18,046.7 tCO_2e**	Not assured (assurance readiness established)
Net Zero Scope 1 & 2 absolute emissions	Absolute	Company Facilities and Vehicles, Purchased electricity	FY2024	19067.9 tCO2e	FY2050	Long Term	**27,723 tCO_2e (+45%)**	Not assured (assurance readiness established)

Note:
The Group has reviewed and updated the emissions intensity metric for the Industrial Gas business. Previously measured as tCO_2e per EBITDA, the metric has been revised to tCO_2e per revenue, as EBITDA is a financial performance measure and is not commonly used as an intensity denominator under IFRS S2 or other mainstream sustainability frameworks. The adoption of a revenue-based intensity metric enhances comparability with industry practices and provides a more meaningful basis for assessing the Group's climate performance.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Financial Impacts & Performance (Qualitative Assessment)

Climate-related financial impacts are currently assessed qualitatively based on identified physical risks, transition risks and climate-related opportunities. At this stage, the Group has not disclosed quantitative estimates of the financial effects due to uncertainties relating to the timing, magnitude and likelihood of such impacts, as well as limitations in available data and methodologies.

In view of these uncertainties and the evolving nature of climate-related risk assessment, management considers that providing quantitative estimates at this stage may not result in reliable or decision-useful information. The Group will continue to enhance its risk assessment processes and data capabilities, and will assess the feasibility of providing quantitative estimates of climate-related financial effects in future reporting periods.

CRO	Time Horizon	Financial Impacts	Notes
Physical Risk (Acute & Chronic)	Medium	Potential increase in operating and project execution costs; potential disruption to project schedules and revenue recognition due to extreme weather events.	Impacts depend on location, project timing, and severity of physical events; assessed qualitatively.
Physical Risk (Acute & Chronic)	Short	Potential increase in health, safety, and insurance-related costs.	Managed under existing occupational safety and risk management frameworks.
Transition risk (Policy/Legal)	Short	Potential increase in compliance, energy, and operating costs arising from regulatory changes, carbon pricing, and market transition pressures.	Magnitude and timing subject to policy and market developments across jurisdictions.
Transition risk (Market/Policy)	Short	Exposure to energy price volatility may affect operating expenses and margins.	Mitigation options include energy efficiency measures and potential renewable energy sourcing over time.
Transition risk (Policy/Legal)	Short	Potential increase in business and administrative costs related to climate reporting, systems, and governance.	Costs are phased and managed as part of broader compliance and governance initiatives.
Opportunity	Short	Potential revenue growth from low-emissions engineering, CCUS, and sustainability-related solutions.	Establishing revenue tracking and classification framework is ongoing.
Opportunity	Medium	Enhanced brand value and market positioning in sustainability-driven tenders and customer engagements.	Benefits are indirect and not currently quantified.

Climate Change Performance and Executive Remuneration

Kelington's current metrics and targets reflect an early-stage but structured approach to managing climate-related performance, supported by established governance and risk management processes. While climate change performance is not currently incorporated into executive remuneration, the Group continues to focus on strengthening data quality, monitoring progress, and enhancing transparency in its climate-related disclosures. As Kelington's sustainability strategy and measurement capabilities continue to mature, the Group will review its approach in line with evolving best practices, regulatory expectations, and business priorities, with the aim of progressively strengthening the linkage between climate-related performance, strategic decision-making, and long-term value creation.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Limitations, Assumptions and Uncertainties

The effectiveness of Kelington's climate-related strategy, targets, and transition planning is subject to a number of limitations, assumptions, and uncertainties. These factors may influence the timing, scale, and outcomes of the Group's climate-related actions and should be considered when interpreting the metrics & targets disclosures.

Limitations and uncertainties

Data availability and measurement

The accuracy and completeness of emissions data, particularly for Scope 3 emissions, may be constrained by data availability, estimation methodologies, and reliance on third-party information. As data quality, methodologies, and systems continue to mature, reported metrics may be subject to refinement over time.

Market and economic conditions

Fluctuations in energy prices, renewable energy certificate ("REC") markets, carbon credit prices, and raw material availability may affect the cost-effectiveness and feasibility of certain transition measures. These external market dynamics are largely outside the Group's direct control and may influence implementation timelines.

Technology maturity and scalability

Certain low-carbon technologies, including carbon capture, utilisation and storage ("CCUS") solutions, remain at an early stage of commercial deployment. Uncertainties relating to technological performance, scalability, cost trajectories, and operational integration may affect the pace and extent of adoption.

Policy and regulatory uncertainty

Future changes in climate-related regulations, carbon pricing mechanisms, incentives, and subsidies at national or international levels may impact the financial viability and prioritisation of transition initiatives. Regulatory developments may also influence customer demand and project economics.

Time horizon and forward-looking assumptions

Climate-related targets and transition plans are developed using forward-looking assumptions and may focus primarily on near- to medium-term horizons. Long-term outcomes are inherently uncertain and may be influenced by changes in policy direction, technology development, and market conditions.

Operational and business model considerations

As an asset-light, project-based engineering group, Kelington's emissions profile and transition pathway are influenced by project mix, customer requirements, and geographic footprint. Certain operational constraints, including limited control over customer-owned assets and supply chain practices, may affect the Group's ability to directly influence emissions outcomes.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Key assumptions and dependencies

Kelington's climate-related strategy, targets, and transition planning are also based on a number of assumptions and external dependencies that influence feasibility, timing, and outcomes. These assumptions are forward-looking in nature and subject to change.

Key assumptions

Market & Finance

Investor and customer preferences are expected to increasingly favour low-carbon and sustainability-related solutions, supporting demand for Kelington's low-emissions engineering and CCUS-related offerings.

Policy & Regulation

Government climate policies, carbon pricing mechanisms, and renewable energy incentives are assumed to remain broadly stable or evolve in line with currently observable policy paths.

Energy & Technology

Renewable energy technologies are assumed to continue improving in efficiency and cost competitiveness, while CCUS solutions are expected to progress toward greater commercial viability over time.

Organisational capability

The Group assumes that its internal processes, governance structures, and workforce expertise will continue to support the delivery of low-carbon engineering solutions and advisory services to customers.

Key dependencies

Energy market access	Stakeholder engagement	Access to capital and incentives	Regulatory approvals and permits	Technology provider
The availability of affordable and commonly available renewable electricity options, including PPAs, RECs, and green tariff programme is a key dependency influencing emissions management and energy-related transition measures.	Effective implementation of transition initiatives depends on the engagement and support of employees, suppliers, customers, and other key stakeholders across the value chain.	Certain transition initiatives may depend on access to capital, financing mechanisms, subsidies, or government incentives for renewable energy or other low-carbon projects.	Required permits and approvals for renewable energy projects, carbon offset programmes, or low-carbon solutions must be obtained in a timely manner.	Vendors supplying low-carbon technologies, equipment, or services are expected to deliver in accordance with agreed timelines, specifications, and quality standards.

ST1 Preventing Climate Change

Kelington Advancing Climate Action Through Sustainable Engineering

Kelington is committed to supporting the transition to a low-carbon economy by progressively reducing greenhouse gas emissions across its operations and value chain. This includes enhancing energy efficiency and exploring lower-carbon pathways within its industrial gas business, while continuing to deliver reliable, high-quality engineering and gas solutions that meet the evolving needs of its customers.

The Company's climate ambition focuses on reducing electricity-related emissions from Ace Gases manufacturing operations through the increased adoption of renewable energy and energy efficiency measures. At the same time, Kelington is driving the transition towards a low-carbon economy by expanding revenue from sustainable and low-carbon engineering solutions.

The climate transition plan supports financial resilience by mitigating exposure to energy price volatility, future carbon pricing, and evolving regulatory requirements, while improving operational efficiency and promoting long-term cost stability.

By expanding its portfolio of low-carbon and environmentally sustainable engineering solutions, Kelington aims to strengthen its competitive positioning, capture growth opportunities aligned with customer decarbonisation needs, and support sustainable long-term value creation for shareholders and stakeholders.

Carbon related Disclosures

Kelington Group is committed to transparency and sustainability, aligning its climate-related disclosures with ISSB IFRS S2 recommendations. The Company continues to strengthen its climate strategy, enhance metrics and targets, and assess the financial implications of climate-related risks and opportunities. Supported by scenario analysis and a cloud-based carbon accounting system, Kelington is preparing for third-party assurance to ensure credible, reliable, and accessible reporting.

Governance

The Board of Directors oversees the identification, assessment and management of climate-related risks and opportunities in accordance with the Board Charter, Risk Management Policy and related governance documents. Climate considerations are integrated into the Board's oversight of strategy, risk management, capital allocation and investment decisions, ensuring alignment with the Group's long-term business objectives, climate goals and regulatory expectations.

The Board reviews and approves climate-related goals and targets proposed by CSO and monitors progress against these targets periodically. Through the Nomination Committee, the Board ensures that its composition maintains an appropriate mix of skills and experience to effectively oversee climate-related matters.

The RMC supports the Board by overseeing the management of climate-related physical and transition risks and opportunities, monitoring performance against climate-related targets, and reviewing mitigation strategies. The AC, with support from the RMC, oversees the adequacy and integrity of internal controls and processes relevant to climate-related disclosures, including greenhouse gas emissions data and climate-related assumptions. The AC coordinates assurance over climate-related disclosures and oversees the linkage between material climate-related risks and opportunities and the Group's financial reporting, including related judgements and estimates.

The Board seeks assurance from the CEO and CFO on the effectiveness of the Group's risk management and internal control systems, including the management of sustainability and climate-related risks and opportunities.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Management Role

Climate-related risks, opportunities and transition considerations are embedded into the Group's strategic and operational discussions and are regularly reviewed by the EMC and the Board. Executive Directors are responsible for incorporating climate-related risks and opportunities into long-term business strategy and overseeing the implementation of climate-related initiatives.

The Group CSO leads the development and execution of the Group's climate strategy under the oversight of the RMC, with support from the EMC.

The management monitors climate-related risks and opportunities, including energy cost volatility, physical climate impacts and operational resilience, and implements appropriate mitigation and adaptation measures.

Execution and Reporting

The SWG supports the execution of the Group's climate strategy by monitoring climate-related metrics and targets, conducting climate risk assessments and supporting scenario analysis. The SWG works cross-functionally with Finance, Business Units and other key functions to assess climate-related risks, potential financial impacts and capital requirements.

The SWG reports climate-related performance and risk assessments to the CSO at least twice a year, with material matters escalated to the EMC and the Board as appropriate. These processes are integrated into the Group's Enterprise Risk Management framework, enabling informed decision-making and effective management of climate-related risks and opportunities in line with IFRS S2.

Transition Objectives & Targets

Kelington's climate strategy is anchored in its long-standing commitment to safety, sustainability, and high-quality engineering services. Operating in environments involving flammable, explosive, and toxic gas and chemicals, the Group prioritises robust safety and environmental controls to protect people, property, and the environment while maintaining operational efficiency.

As climate action becomes increasingly urgent, Kelington's strategy focuses on reducing its own operational emissions and enabling customers' decarbonisation through sustainable engineering solutions. This approach supports a transition to a low-carbon economy while reinforcing the Group's competitive positioning and long-term value creation.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Transition Area	Objective / Target	Time Horizon	Scope / Coverage	Strategic Rationale
GHG Emissions Reduction & Net Zero	Achieve net zero greenhouse gas emissions	Long term (by 2050)	Direct operational emissions and energy use (Scope 1 and Scope 2).	Aligns the Group's long-term strategy with global climate goals and reduces exposure to transition risks while supporting long-term value creation.
	Improve emissions efficiency and reduce absolute emissions where feasible.	Medium term	Direct operational emissions and energy use (Scope 1 and Scope 2), with key value chain activities, including logistics and project execution-related emissions.	Enhances operational efficiency, strengthens climate resilience, and manages cost and regulatory exposure associated with carbon pricing and emissions controls.
	Maintain the 2024 greenhouse gas emissions baseline, and strengthen emissions data governance and periodic recalibration processes, where necessary.	Short term	Group-wide operations.	Enables informed decision-making, effective target setting, and credible monitoring of progress against transition objectives.
Renewable Energy Transition	Increase the proportion of renewable electricity used in operations.	Long term	Scope 2 electricity consumption.	Reduces Scope 2 emissions and supports the transition to a lower-carbon energy mix while balancing cost and supply considerations.
	Adopt a flexible renewable energy sourcing strategy (e.g. certified green supply, RECs, selective on-site / off-site solutions).	Medium term	Offices, manufacturing facilities and selected project-related activities.	Allows phased implementation and cost management while integrating renewable energy considerations into operational planning.
Business Transformation / Green Revenue	Expand sustainable and low-emissions engineering solutions as part of core business activities.	Short term	Customer-facing engineering, design and project execution, including low-carbon solutions such as CCUS and biogas systems.	Positions the Group to capture climate-related opportunities by supporting customers' decarbonisation and sustainable manufacturing needs.
	Integrate sustainability considerations into engineering design and value engineering.	Ongoing	Engineering design, system selection and project execution.	Enhances customer value and strengthens competitiveness in markets with rising climate and regulatory expectations.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Transition Area	Objective / Target	Time Horizon	Scope / Coverage	Strategic Rationale
Carbon Reduction Enablement for Customers	Deliver tailored engineering solutions that reduce emissions, optimise processes and integrate sustainable practices.	Ongoing	Customer operations and manufacturing processes.	Supports customers' climate transition while reinforcing Kelington's role as a trusted engineering partner in the low-carbon economy.
Innovation & Collaboration	Collaborate with technology partners and customers to develop and deploy low-carbon and environmental solutions.	On-going	Partnerships, R&D, selected pilot projects.	Enables access to emerging technologies, supports innovation-led growth, and mitigates transition risk through shared development and deployment.
Advocacy & Awareness	Strengthen internal climate awareness and promote responsible project execution.	Short term	Employees and project teams.	Builds organisational capability to manage climate risks and opportunities and supports consistent execution of the Group's climate strategy.

Sustainable Engineering Revenue

Kelington monitors green revenue as an indicator of the Group's contribution to the low-carbon transition through its engineering solutions.

Green revenue represents revenue generated from products, services, and engineering solutions that contribute to environmental sustainability. This includes the design, supply, and installation of greenhouse gas abatement and emissions reduction systems, as well as solutions that enhance energy efficiency, optimise resource utilisation, reduce waste, and support cleaner industrial processes for semiconductor and industrial clients. These solutions enable customers to reduce operational emissions while improving process performance and efficiency.

The Group has established an aspirational target for green revenue to account for 30% of total Group revenue by 2030, reflecting Kelington's strategic focus on expanding its portfolio of sustainability-aligned engineering solutions and capturing opportunities arising from the low-carbon transition.

Progress against this metric is monitored periodically and informs strategic decision-making, investment priorities and market positioning.

Metric	Unit	FY2024	FY2025
Green Revenue	RM'000	3,345	**110,794**
Percentage of Group Revenue	%	0.3	**8.7**

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Climate Transition Pathway

Time Horizon	Transition Focus	Key Targets	Primary Transition Levers
Short term (2025–2030)	**Laying the foundation**	• 10% reduction in Scope 1 & 2 emissions by 2030. • 5% emissions intensity reduction in Industrial Gas Division by 2030. • ≥30% green revenue from climate-related engineering solutions	Optimise energy-intensive operations (e.g. compressors, liquefaction processes at Kerteh); gradual shift to renewable electricity; Electrify vehicle fleets; commercialise sustainable engineering solutions.
Medium term (2031–2040)	**Scaling decarbonisation**	• 10% reduction in Scope 3 emissions by 2035.	Expanded renewable electricity sourcing through PPAs, green tariffs, and on-site generation; Collaboration with key vendors to support emissions reduction across the value chain; Participation in the CCUS value chain through strategic partnerships; and Selective use of high-quality, verified carbon removals to address residual emissions.
Long term (2041–2050)	**Achieving net zero**	• Net zero Scope 1 & 2 emissions by 2050. • 100% Renewable Energy by 2045	Transition towards 100% renewable electricity, where feasible, through long-term renewable energy sourcing (e.g. power purchase agreements); strengthen low-carbon requirements across the supply chain; and advance carbon-neutral technologies through strategic partnerships across the value chain.

Climate-related Risks & Opportunities

Kelington's climate-related risks and opportunities ("CRO") are integrated into the Group's enterprise risk management framework to ensure a holistic and coordinated approach to risk identification, assessment and management. Climate-related risks are evaluated alongside other business risks, enabling consistent prioritisation and oversight across the organisation.

Each identified climate-related risk is assigned to an appropriate risk owner, including senior management or relevant business functions, to ensure clear accountability for mitigation actions and ongoing management. Climate-related risks and opportunities are reviewed regularly by the Board, the RMC and the EMC, with support from the SWG.

This governance structure enables Kelington to proactively manage climate-related risks while identifying and capitalising on climate-related opportunities, including the development of low-carbon engineering solutions, renewable energy integration, operational efficiency improvements, and the exploration of carbon capture-related solutions.

Potential Impacts of Climate-related Risks and Opportunities

Under the Group's risk management framework, climate-related risks are identified, assessed and managed across short-, medium- and long-term time horizons, taking into account the nature, likelihood and potential magnitude of their impacts.

For the purposes of climate risk assessment, Kelington considers climate-related risks broadly in line with IFRS S2, including:

- **Physical risks** – risks arising from the physical impacts of climate change, including acute and chronic climate-related events that may affect operations, projects, or supply chains; and
- **Transition risks** – risks associated with the transition to a lower-carbon economy, including changes in regulation, market dynamics, technology developments and stakeholder expectations.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

By aligning its climate risk management practices with IFRS S2, Kelington seeks to ensure transparent and decision-useful climate-related disclosures, strengthen its ability to manage climate-related risks effectively, and enhance its capacity to capture climate-related opportunities in support of long-term business resilience.

The Group applies shorter time horizons for financial materiality assessments to align with business planning and budgeting cycles, while longer time horizons are used for climate-related risks and opportunities under IFRS S2 to reflect the extended nature of climate impacts and transition pathways.

At this stage, the financial impacts of climate-related risks and opportunities have not been fully quantified due to evolving methodologies, data availability, and the early stage of assessment. The Group is progressively enhancing its capabilities to support more comprehensive quantification in future reporting periods.

Risk / Opportunity

Extreme weather causing damage to infrastructure and supply chain disruption.

Type	Affected Business Segments / Value Chain
Physical risk (Acute)	• Gas production facilities • Project execution & construction sites (Customer Locations) • Logistics & transportation • Key suppliers & contractors

Potential Impact

Short Term (≤3 years)	Medium Term (>3 to ≤7 years)	Long Term (>7 to ≤10 years)
• Temporary shutdowns or reduced operating capacity at gas plants due to flooding, storms, or heat stress • Delays in project execution, construction, and commissioning at customer sites. • Disruption to logistics and delivery schedules for industrial gases, equipment, and materials. • Increased repair, maintenance, and emergency response costs. • Potential contractual penalties or short-term revenue loss due to service interruptions.	• Higher frequency and severity of weather-related disruptions affecting operational reliability. • Higher insurance premiums and more restrictive coverage terms. • Longer project lead times and increased cost buffers in customer contracts.	• Sustained increase in operating and maintenance costs impacting long-term margins. • Potential asset impairment or reduced asset useful life in high-risk locations. • Shifts in customer demand toward suppliers with higher climate resilience.

Management Response

Kelington manages acute physical risks from extreme weather events through the implementation of climate-resilient design standards, enhanced flood protection and drainage systems, and safeguards for critical infrastructure at operational and project sites.

To address potential supply chain disruptions, the Group maintains a diversified supplier base, undertakes early procurement planning for critical materials and equipment, and works closely with key vendors to enhance supply continuity and responsiveness.

These measures are designed to reduce operational downtime, protect project execution timelines, and support the reliability of operations in the event of extreme weather conditions.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Risk / Opportunity

Increased frequency and severity of extreme weather events may require design modifications to enhance climate resilience, increasing project complexity and execution timelines.

Type

Physical risk (Acute)

Affected Business Segments / Value Chain

- Engineering & design function
- Project management & execution
- Key suppliers & contractors

Potential Impact

Short Term (≤3 years)	Medium Term (>3 to ≤7 years)	Long Term (>7 to ≤10 years)
• Design modifications introduced during project planning or execution, extending engineering and approval cycles. • Delays to construction, installation, and commissioning due to revised specifications. • Potential short-term margin pressure or exposure to liquidated damages if delays are not contractually recoverable.	• Higher baseline project complexity and longer lead times across engineering and execution phases. • Increased need for specialised skills, resources, and supplier capabilities. • Contract structures evolving to include more contingency, risk-sharing, or weather-related clauses.	• Long-term increase in project delivery costs affecting competitiveness if not offset by value-based pricing. • Potential differentiation for climate-resilient design capabilities, influencing customer selection and market positioning.

Management Response

Kelington responds to extreme weather–driven design changes by embedding climate-resilience considerations early in the project design stage, including enhanced flood protection, the use of resilient materials, and the integration of robust utility and redundancy systems where appropriate.

Early engagement with clients, regulators, and technical consultants, together with strengthened engineering standards and project planning processes, supports clearer scope definition and risk allocation. These measures help manage design complexity, minimise rework, and reduce the risk of project delays arising from weather-related design modifications.

Risk / Opportunity

Long-term climate shifts, including droughts, heatwaves, and changing precipitation patterns, may disrupt supply chains by affecting raw material availability, transportation reliability, and production timelines.

Type

Physical risk (Chronic)

Affected Business Segments / Value Chain

- Procurement & supply chain management
- Key suppliers & upstream manufacturing
- Logistics & transportation
- Industrial gas plants & operations
- Project execution & delivery (Customer sites)

Potential Impact

Short Term (≤3 years)	Medium Term (>3 to ≤7 years)	Long Term (>7 to ≤10 years)
• Intermittent delays in material deliveries due to supplier or transport disruptions. • Increased procurement lead times and short-term schedule adjustments. • Higher logistics and sourcing costs from alternative suppliers or routes.	• Reduced availability or higher cost of critical materials from climate-exposed suppliers. • Lower reliability of transportation networks affecting project planning and execution.	• Persistent increases in procurement and logistics costs affecting long-term competitiveness. • Potential delays or constraints in large-scale project delivery due to systemic supply limitations.

Management Response

Kelington addresses chronic physical risks to supply chains by strengthening supplier diversification, prioritising early procurement of critical materials, and increasing engagement with key suppliers to assess climate exposure and continuity risks.

The Group also enhances logistics planning and inventory management, and integrates supply chain resilience considerations into project planning and contract structures, helping to reduce exposure to prolonged climate-related disruptions.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Risk / Opportunity

Long-term increases in temperature and the frequency of heatwaves may adversely affect employee health and safety, especially for outdoor or high-temperature work, potentially increasing healthcare costs and absenteeism.

Type

Physical risk (Chronic)

Affected Business Segments / Value Chain

- Project execution & construction (Customer sites)
- Human Resources & workforce management
- Contractors & subcontractors

Potential Impact

Short Term (≤3 years)	Medium Term (>3 to ≤7 years)	Long Term (>7 to ≤10 years)
• Increased risk of heat-related illnesses affecting employee well-being. • Temporary productivity loss due to heat-related work stoppages or reduced work intensity. • Higher short-term absenteeism and medical claims.	• Sustained productivity impacts requiring adjusted work schedules and additional rest periods. • Higher operating costs from expanded health, safety, and monitoring measures. • Increased training and supervision requirements to manage heat-related safety risks.	• Structural changes to work practices, including increased reliance on automation or remote monitoring. • Persistent increase in healthcare, insurance, and employee welfare costs. • Talent attraction and retention challenges if working conditions are perceived as unsafe or less attractive.

Management Response

Kelington manages heat-related health and safety risks by strengthening occupational health and safety ("OHS") practices, including heat-stress risk assessments, enhanced work-rest protocols, access to cooling, hydration, and personal protective measures, and targeted training for employees and contractors working in heat-exposed environments.

The Group also integrates climate considerations into workforce planning, scheduling, and site-level safety management to help protect employee well-being, maintain productivity, and reduce absenteeism over the short, medium, and long term.

Risk / Opportunity

Kelington could face transition risk from carbon tax exposure as Malaysia implements carbon pricing and related climate regulations that increase costs for emissions-intensive activities.

Type

Transition risk (Policy & Regulatory)

Affected Business Segments / Value Chain

- Operations & facilities
- Procurement & supply chain
- Finance & cost management
- Commercial & contracting

Potential Impact

Short Term (≤3 years)	Medium Term (>3 to ≤7 years)	Long Term (>7 to ≤10 years)
• Initial increase in operating costs from carbon taxes, levies, or compliance-related charges. • Higher fuel and electricity costs affecting project execution and logistics. • Increased administrative and reporting requirements related to emissions monitoring and compliance.	• Changes in procurement costs as suppliers incorporate carbon pricing into pricing structures. • Margin pressure if carbon-related costs cannot be fully passed through to customers.	• Structural changes to cost base requiring transformation of operating models and energy sourcing. • Potential competitiveness impact if emissions intensity remains higher than peers.

Management Response

Kelington manages carbon pricing and regulatory transition risks by strengthening emissions monitoring and reporting, improving energy efficiency, and evaluating lower-emission alternatives across operations and project activities.

The Group plans to progressively incorporate carbon cost considerations into pricing, procurement, and contract structures, where relevant, while monitoring evolving regulatory developments to support timely compliance and informed capital allocation decisions.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Risk / Opportunity

Climate change may give rise to increased legal and regulatory compliance risks, including heightened expectations on directors' duties to identify, manage, and disclose climate-related risks, as well as potential exposure to climate-related litigation, regulatory enforcement actions, or stakeholder claims.

Type

Transition risk (Legal)

Affected Business Segments / Value Chain

- Board of Directors & Senior Management
- Corporate compliance, risk management
- Finance & reporting
- Operations & project execution
- Investor relations & stakeholder engagement

Potential Impact

Short Term (≤3 years)

- Increased compliance and advisory costs to meet new or enhanced climate-related disclosure and governance requirements
- Higher management and Board time commitment to climate risk oversight and reporting.
- More stringent internal controls and assurance requirements over climate-related data and processes.

Medium Term (>3 to ≤7 years)

- Greater legal exposure from heightened scrutiny by regulators, investors, and other stakeholders.

Long Term (>7 to ≤10 years)

- Potential long-term litigation risk related to historical disclosures or decisions
- Increased expectations from financiers and insurers for demonstrable climate-risk governance as a condition for capital access.

Management Response

Kelington manages climate-related legal and regulatory risks by strengthening Board and management oversight of climate-related matters, integrating climate risks into the enterprise risk management framework, and enhancing policies, internal controls, and disclosure processes in line with evolving regulatory and stakeholder expectations.

The Group also monitors regulatory developments, provides targeted training to directors and senior management, and engages external advisers where appropriate to support compliance and reduce exposure to legal and reputational risks.

Risk / Opportunity

Failure to meet sustainability and climate-related targets, inadequate responses to climate change, or involvement in environmental incidents may result in public backlash, negative media coverage, loss of stakeholder trust, and reputational damage, potentially affecting customer confidence, talent attraction, and market positioning.

Type

Transition risk (Market & Reputational)

Affected Business Segments / Value Chain

- Corporate brand & reputation
- Sales, marketing & business development
- Human Resources & talent management
- Investor relations & financing
- Operations & project execution

Potential Impact

Short Term (≤3 years)

- Negative media coverage or stakeholder criticism following missed targets or environmental incidents.
- Immediate reputational impact affecting customer sentiment and employee morale.
- Increased management time and costs related to crisis response, communication, and remediation.

Medium Term (>3 to ≤7 years)

- Erosion of customer trust affecting tender success rates and repeat business.
- Reduced ability to attract and retain talent, particularly among skilled and sustainability-conscious employees.
- Heightened scrutiny from investors, lenders, and regulators on sustainability performance and disclosures.

Long Term (>7 to ≤10 years)

- Sustained reputational damage affecting market positioning and brand equity.
- Potential loss of strategic customers or exclusion from sustainability-linked projects and supply chains.

Management Response

Kelington manages reputational risks related to sustainability and climate performance by strengthening target-setting, monitoring, and accountability mechanisms, enhancing transparency and consistency in sustainability disclosures, and maintaining robust environmental management and incident response processes.

The Group also engages proactively with customers, employees, investors, and other stakeholders, and continuously reviews its sustainability strategy and performance to help maintain trust, protect brand reputation, and support long-term market positioning.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Risk / Opportunity

Current and emerging regulations, including carbon taxes and stricter emissions standards, may increase business costs for emissions-intensive activities and require manufacturers to adopt advanced engineering solutions. Kelington's products and services can help clients reduce environmental impact, creating a strategic opportunity to support the transition to a low-carbon economy while mitigating regulatory and financial risks.

Type	Affected Business Segments / Value Chain
Transition opportunity (Regulatory)	• Customer value chain (Downstream) • Sales, marketing & business development • Research & development / Innovation • Project development & execution

Potential Impact

Short Term (≤3 years)	Medium Term (>3 to ≤7 years)	Long Term (>7 to ≤10 years)
• Increased customer enquiries and tenders for compliance-driven engineering solutions. • Near-term revenue opportunities from projects addressing emissions control and efficiency requirements • Strengthened customer. relationships through regulatory advisory and solution support.	• Sustained growth in demand as carbon pricing and emissions regulations tighten. • Expansion of solution offerings aligned with low-carbon and energy-efficient technologies. • Improved competitiveness and margin resilience through differentiated sustainability-focused capabilities.	• Structural shift in customer demand toward low-carbon, climate-resilient engineering solutions. • Enhanced market positioning as a trusted partner in the low-carbon transition. • Long-term revenue diversification and reduced exposure to policy-driven transition risks.

Management Response
Kelington captures this opportunity by developing and delivering engineering solutions that help customers reduce emissions, improve energy efficiency, and comply with evolving climate-related regulations.

The Group continues to strengthen technical capabilities, innovation, and project execution, and works closely with customers to integrate sustainability considerations into system design and implementation, supporting both regulatory compliance and long-term environmental performance.

Risk / Opportunity

Advance low-emissions engineering and process-efficiency solutions that enable customers to reduce greenhouse gas emissions, improve operational efficiency, and achieve long-term cost optimisation, strengthening Kelington's competitive position in the low-carbon transition.

Type	Affected Business Segments / Value Chain
Transition opportunity (Technology & Market)	• Customer operations (Downstream) • Sales & business development • Technology development & innovation • Project execution & value engineering

Potential Impact

Short Term (≤3 years)	Medium Term (>3 to ≤7 years)	Long Term (>7 to ≤10 years)
• Increased uptake of efficiency-driven solutions delivering immediate energy and cost savings to customers. • Near-term project wins driven by value engineering and operational optimisation. • Enhanced customer engagement through performance-focused solution design.	• Expansion of solution portfolio with higher-value, differentiated offerings. • Improved margins through technology-led differentiation and efficiency expertise. • Stronger customer loyalty and repeat business based on measurable performance outcomes.	• Long-term revenue growth aligned with global decarbonisation and productivity trends. • Reduced exposure to transition risks through diversification into low-emissions solutions.

Management Response
Kelington collaborates with international partners to identify, develop, and deploy climate-related technologies that support greenhouse gas mitigation and enhance climate resilience.

These collaborations enable the Group to access advanced engineering capabilities, accelerate technology deployment, and strengthen its competitive position in the low-carbon transition.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Risk / Opportunity

By proactively implementing robust climate and sustainability practices, transparently communicating progress, and meeting or exceeding environmental expectations, the Group can strengthen stakeholder trust, enhance brand value, and position itself as a sustainability leader, supporting long-term competitiveness and growth.

Type	Affected Business Segments / Value Chain
Transition opportunity (Market & Reputational)	• Governance, risk & sustainability functions • Corporate brand & reputation • Sales, marketing & business development • Investor relations & financing • Human resources & talent management

Potential Impact

Short Term (≤3 years)	Medium Term (>3 to ≤7 years)	Long Term (>7 to ≤10 years)
• Improved stakeholder confidence through transparent sustainability disclosures. • Enhanced brand perception supporting customer engagement and employee morale.	• Stronger differentiation in competitive tenders and customer selection processes. • Improved talent attraction and retention, particularly among sustainability-conscious professionals. • Increased interest from investors and lenders seeking credible sustainability performance.	• Sustained brand value and market positioning as a trusted sustainability-focused partner. • Greater access to capital and long-term partnerships aligned with low-carbon objectives. • Enhanced resilience and competitiveness supporting long-term growth.

Management Response

Kelington advances this opportunity by integrating climate and sustainability considerations into strategy and operations, strengthening performance monitoring and accountability, and ensuring transparent, consistent communication with stakeholders on sustainability progress.

The Group also leverages sustainability initiatives to differentiate its market offering by delivering green and low-carbon engineering solutions, collaborating with clients on transition-aligned projects, and demonstrating measurable environmental outcomes. These actions support the attraction of environmentally conscious customers, strengthen stakeholder trust, and reinforce Kelington's brand value and long-term competitiveness.

Scenario Analysis & Climate Resilience

In FY2025, Kelington has conducted qualitative climate-related scenario analysis to assess the resilience of its strategy and business model under a range of plausible climate transition pathways, in line with IFRS S2. The analysis focuses primarily on transition risks and opportunities, reflecting the Group's role as an engineering solutions provider to emissions-intensive industrial clients, rather than ownership of large emissions-intensive assets.

The scenario analysis considers a range of assumptions related to the global transition towards a low-carbon economy. These include potential developments in climate policies and regulations, technological advancements, changes in energy systems, market demand for low-carbon solutions, and broader macroeconomic trends that may influence industrial investment and project development.

The scenarios are designed to evaluate potential impacts on Kelington's:

- Market demand for low-carbon engineering solutions;
- Cost structure and capital allocation decisions;
- Revenue growth opportunities; and
- Exposure to project execution and investment risks.

The analysis indicates that the Group is relatively resilient across the scenarios, with transition risks primarily relating to potential cost increases, regulatory changes, and slower adoption of low-carbon solutions, which may result in project delays, cost recovery challenges, and margin pressure. Transition opportunities arise from increased demand for low-carbon and energy-efficient engineering solutions, particularly under accelerated transition scenarios.

The financial impacts of the scenario analysis have not been quantitatively modelled at this stage. This reflects the project-based nature of the Group's business, where climate-related financial effects are highly dependent on the timing of regulatory developments, client investment decisions, and technology adoption rates, which remain subject to significant uncertainty. Accordingly, the scenario analysis is currently qualitative and focused on strategic direction and resilience rather than precise financial outcomes. The Group will continue to enhance its scenario analysis capabilities and progressively evaluate the quantification of financial impacts as market conditions, data availability and regulatory clarity evolve.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Scenarios Considered

Kelington assessed three transition scenarios, broadly aligned with internationally recognised climate pathways (including NGFS-aligned narratives), covering a range of temperature outcomes and regulatory environments. These scenarios assess how changes in climate policy, regulation, technology adoption, market demand, and energy systems may affect the Group over the short, medium and long term, aligned with key transition milestones (2030, 2040 and 2050).

Scenario	Assumptions	Temperature Alignment	Adoption & Regulation
Scenario 1: **Accelerated Green Transition**	Rapid and coordinated global decarbonisation supported by stringent carbon pricing and strong regulatory mandates.	Below 1.5°C – 2°C	High regulation, high technology adoption
Scenario 2: **Delayed Decarbonisation**	Gradual policy tightening with uneven adoption across regions and industries.	Below 2.5°C – 3°C	Moderate regulation, slower technology adoption
Scenario 3: **Business-as-Usual**	Limited policy action and low adoption of decarbonisation technologies.	Below 3.5°C – 4°C	Weak regulation, low technology adoption

Time Horizons Applied

The analysis considers multiple time horizons to reflect different risk transmission mechanisms:

Short Term (Up to 2030)	Project pipeline volatility, delayed investments, working capital and margin impacts.
Medium Term (2031-2040)	Shifts in client demand, technology adoption, and cost competitiveness.
Long Term (Beyond 2040)	Structural changes in energy systems, regulation, and industrial decarbonisation pathways.

Scenario analysis adopts longer time horizons to reflect the extended nature of climate transition pathways, technology adoption cycles, and energy system changes. The CRO register applies shorter and medium-term horizons aligned to operational planning and risk management processes. Management considers both perspectives to ensure effective short-term risk management and long-term strategic resilience.

Climate Scenario Analysis: Key Risks and Opportunities

Across the scenarios, the Group has identified the following material climate-related risks and opportunities:

Material Climate-related Opportunities

- Increased demand for carbon capture, greenhouse gas reduction, and low-emissions engineering solutions under accelerated transition pathways.
- Growth opportunities in biogas and biomethane upgrading projects and renewable energy integration, supporting clients' decarbonisation pathways.
- Competitive advantage from providing engineering solutions that support clients' Scope 1 and Scope 2 emissions reduction strategies.

Material Climate-related Risks

- Project delays, suspensions, or cancellations under slower transition scenarios.
- Risk of unrecovered engineering, design, or mobilisation costs for early-stage projects.
- Margin pressure and reduced market relevance if low-carbon solutions adoption remains limited.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Strategic Responses by Scenario

Kelington's strategic responses are designed to remain flexible and proportionate across scenarios:

Scenario 1

Accelerated Green Transition

- Accelerate investment and partnerships in carbon capture and low-carbon engineering solutions.
- Participate selectively in biogas, biomethane, and renewable energy projects.
- Secure long-term renewable electricity sourcing through PPAs, on-site / off-site projects, and flexible REC strategies.

Scenario 2

Delayed Decarbonisation

- Maintain CCS and low-carbon technology R&D while deferring large-scale capital commitments.
- Phase renewable energy sourcing and adopt cost-benefit-driven REC purchases.
- Preserve technical readiness and optionality for accelerated adoption if policy conditions strengthen.

Scenario 3

Business-as-Usual

- Limit exposure to capital-intensive low-carbon projects.
- Focus on operational cost efficiency, compliance, and disciplined risk management.
- Avoid over-commitment where regulatory and market signals remain weak.

Assessment of Strategic Resilience

The scenario analysis indicates that Kelington's strategy demonstrates moderate to high resilience across a range of climate transition pathways. This resilience is supported by the Group's asset-light business model, which limits exposure to stranded assets and enables capital to be redeployed as market conditions evolve. A stage-gated investment approach further enhances resilience by allowing capital commitments to be managed progressively, thereby containing downside risks in uncertain policy and market environments. In addition, Kelington's partnership-based growth strategy provides access to emerging low-carbon technologies while avoiding full development and technology risks. Flexible renewable energy sourcing, including the use of power purchase agreements ("PPAs") and renewable energy certificates ("RECs"), enhances adaptability to energy price volatility and evolving regulatory requirements.

Collectively, these elements strengthen Kelington's strategic flexibility, support the effective management of climate-related risks, and position the Group to capture opportunities arising from the transition to a low-carbon economy.

Climate Transition Implementation Plan

Key initiatives and milestones

Strategy	**Strategy** Deliver low-carbon engineering solutions while reducing operational emissions, supporting clients' decarbonisation, and strengthening long-term business resilience in line with net zero ambitions.			
Levers	**Scope 1:** Operational Efficiency	**Scope 2:** Renewable Energy	**Growth:** Low Carbon Solutions	**Enablers:** Governance & Capability
	Energy efficiency and process optimisation in operations to reduce fuel use, improve productivity, and lower direct emissions.	Adoption of PPAs, RECs and solar solutions to reduce electricity-related emissions and enhance energy cost stability.	Expansion into carbon capture, biogas and GHG reduction solutions to support clients' emissions reduction and drive green revenue growth.	Integrated into ERM, supported by stage-gated investments, partnerships and capability building, with execution monitored through KPIs and governance structures.
Impact	**Environmental Impact** Reduced Scope 1 and 2 emissions and improved energy and resource efficiency.	**Financial Impact** Lower operating costs, improved energy resilience and reduced exposure to regulatory and carbon-related risks.	**Strategic Impact** Stronger market positioning and increased demand for low-carbon engineering solutions.	
Timeline	**Shot Term (2025- 2030)** Laying the foundation	**Medium Term Focus (2031- 2040)** Scaling Decarbonisation	**Long Term Focus (2041- 2050)** Achieving Net Zero	

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Capital allocation and investment considerations

Kelington adopts an asset-light, stage-gated investment approach to manage uncertainty, limit downside risk, and preserve financial flexibility in an evolving transition environment. Capital is deployed selectively, with a focus on strengthening engineering design expertise, project management capabilities, and digital tools. The Group also leverages partnerships and joint initiatives to pilot and scale low-carbon solutions, enabling access to emerging technologies while sharing development and technology risks. Financial discipline is maintained by evaluating climate-related investments against strategic fit, resilience under different transition scenarios, and their potential to deliver sustainable long-term value.

Operational integration

Area	Current State	Planned / Future State
Energy sourcing	Electricity sourcing is primarily conventional, with monitoring of energy costs and regulatory developments.	Integrate renewable electricity strategies, including green tariffs and RECs, into operational planning to manage energy price volatility and evolving regulatory requirements.
Procurement	Procurement decisions are primarily driven by cost, quality, delivery reliability, and compliance requirements.	Incorporate sustainability and emissions considerations into supplier selection and procurement processes, with progressive prioritisation of low-emissions materials and services where feasible.
Project execution	Sustainability considerations are applied on a project-specific basis, largely driven by customer requirements and regulatory standards.	Systematically apply sustainability and efficiency principles in project design and delivery to support customers' emissions reduction objectives while optimising cost and performance.
Internal coordination	Business units and support functions coordinate on operational matters through existing management and reporting structures.	Strengthen cross-functional coordination to ensure consistent integration of climate and sustainability considerations across geographies and operations.

Customer and supply chain engagement

Kelington collaborate with customers to co-develop and deliver low-emissions engineering solutions that support regulatory compliance, enhance operational efficiency, and enable long-term cost optimisation. The Group also intends to engage its supply chain by communicating sustainability expectations, encouraging responsible business practices, and progressively working with key suppliers to improve emissions transparency over time. In parallel, Kelington aims to strengthen its market positioning by leveraging its sustainability credentials and climate-related capabilities to differentiate itself in competitive tenders and build long-term customer relationships.

Overall, this implementation plan supports Kelington's strategy by embedding climate considerations into decision-making, maintaining flexible and proportionate investment approaches, and aligning execution closely with customer needs and evolving transition pathways, thereby enhancing business resilience and long-term value creation.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Balancing Sustainability and Financial Performance

In overseeing climate-related initiatives, the Board considers trade-offs between upfront investment requirements, technological and regulatory uncertainty, and long-term growth potential, competitiveness, and contribution to climate transition objectives. These trade-offs are assessed to ensure alignment with Kelington's business strategy, financial discipline, and sustainability objectives.

Examples of trade-offs considered include decisions relating to CCUS and other low-emissions engineering solutions, where the Board evaluates operational readiness, commercial viability, and strategic value to support business growth while addressing hard-to-abate emissions. In addition, decisions on adopting green energy solutions, such as renewable electricity sourcing, require balancing short-term return on investment with anticipated reductions in Scope 2 emissions and longer-term operational cost stability and cost savings.

Through its climate-related scenario analysis, the Group assesses how different transition pathways, regulatory developments, and market conditions may affect its strategy, cost structure, and resilience. These assessments indicate that Kelington's transition strategy prioritises scalable, partnership-based CCUS and low-emissions solutions, rather than capital-intensive ownership of decarbonisation assets.

Renewable energy instruments, such as renewable energy certificates ("RECs"), and potential investments in renewable generation assets may be considered over time, subject to commercial viability, regulatory clarity, and alignment with long-term financial objectives. The timing and scale of such initiatives are evaluated in the context of prevailing market conditions and scenario analysis outcomes.

By aligning its transition strategy with scenario-based resilience considerations, the Board seeks to balance financial performance with strategic climate-related opportunities, supporting sustainable growth, long-term resilience, and value creation.

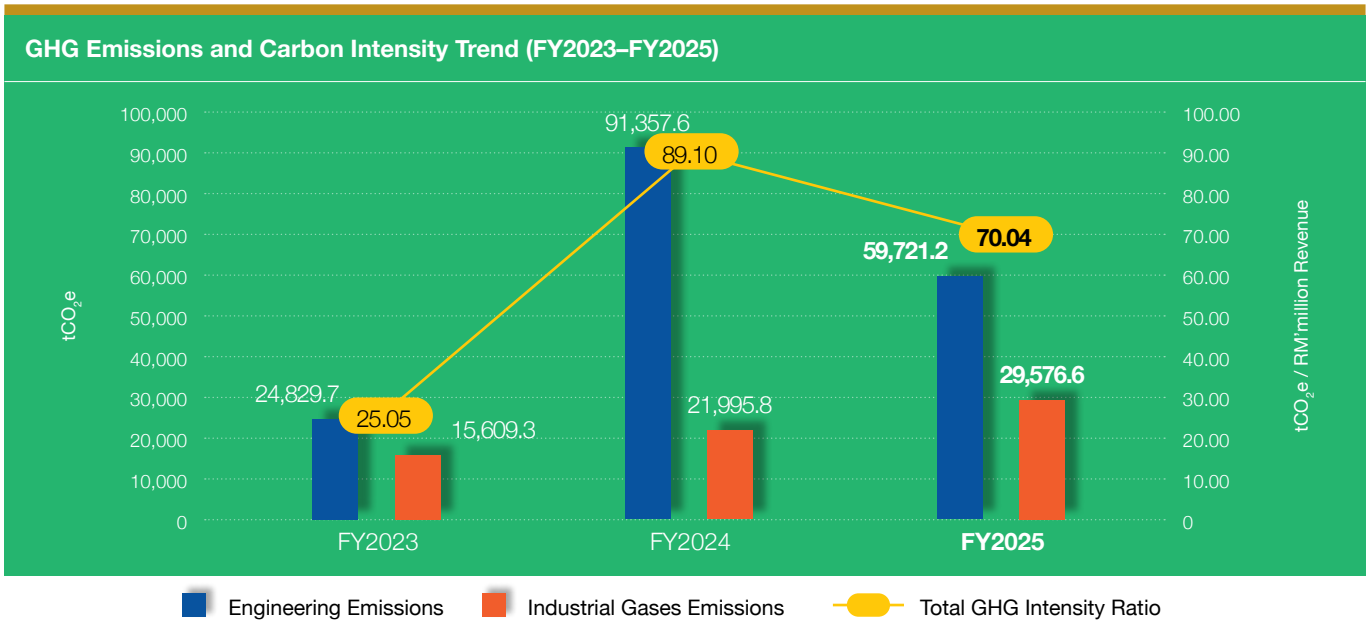
Metrics & Targets

GHG Emissions

GHG emissions represent a key climate-related metric for Kelington. The Group monitors and manages emissions across Scope 1, Scope 2 and relevant Scope 3 categories in accordance with the Greenhouse Gas Protocol.

To ensure consistent measurement and reporting, Kelington engaged Pantas Software Sdn. Bhd. ("Pantas") beginning in FY2024 to conduct comprehensive GHG accounting across the Group. The emissions inventory is prepared based on the Greenhouse Gas Protocol, with methodologies aligned with ISO 14064-1:2018, supporting consistency with internationally recognised standards for emissions quantification and reporting.

Greenhouse Gas Emissions Performance



DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

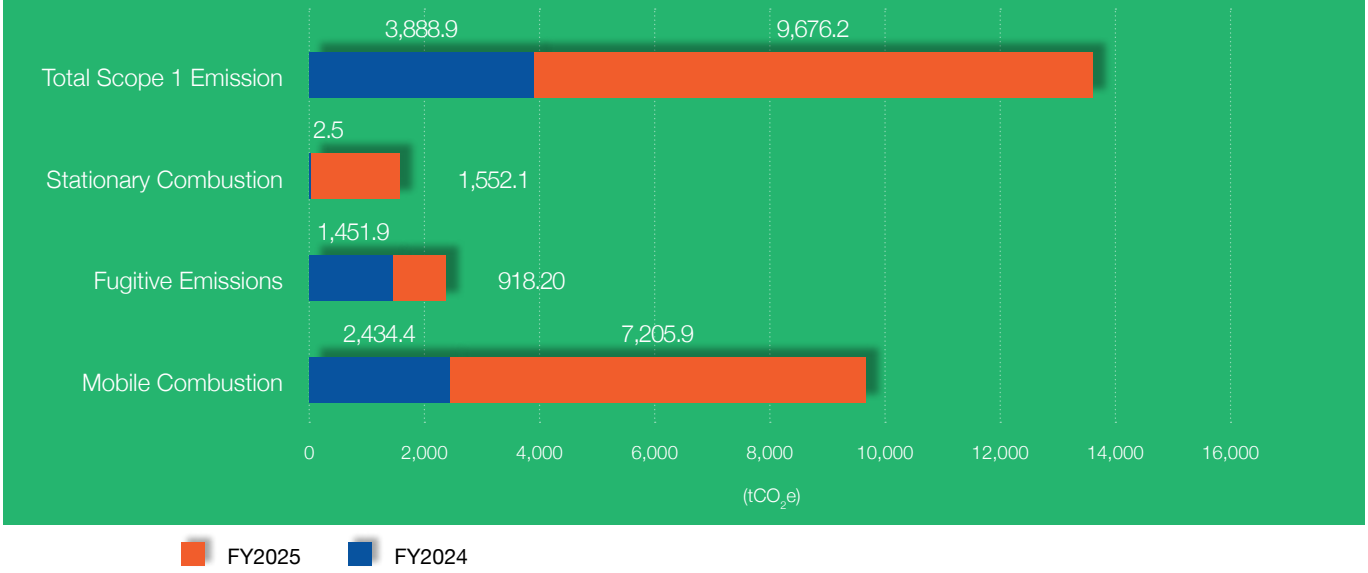
Scope	Description	FY2023 (tCO_2e)	FY2024 (tCO_2e)	FY2025 (tCO_2e)	YOY Change (%)
Scope 1	Direct emissions from operations	12,495	3,888.9	9,676.2	+149
Scope 2	Indirect emissions from purchased electricity	3,807	15,178.9	18,046.7	+19
Scope 3	Other indirect value chain emissions	24,137	94,285.6	61,574.9	-35
Total		**40,439**	**113,353.4**	**89,297.8**	**-21**
GHG Emissions Intensity (tCO_2e per RM million revenue)					
Group Revenue	RM'million	1,614	1,272	1,275	+0.2
Group Level Emission Intensity	tCO_2e / RM'million Revenue	25.05	89.10	70.04	-21

Note:
Year-on-year changes are mainly due to methodology enhancements. Scope 1 was higher in FY2023 due to prior classification; from FY2024, products from LCO_2 production is no longer treated as direct emissions. Scope 2 increased in FY2024–FY2025 following adoption of region-specific grid emission factors (vs. prior uniform average). Scope 3 increased from FY2024 due to improved data coverage and use of carbon accounting software, compared to manual estimates in FY2023.

In FY2025, Kelington recorded total GHG emissions of 89,297.8 tCO_2e, representing a 21% reduction compared with FY2024 (113,353.4 tCO_2e). The decrease was primarily attributable to lower Scope 3 emissions, reflecting reduced procurement volumes associated with engineering projects during the reporting period.

Kelington's emissions profile is influenced by the nature of its two core business segments. The Engineering division is largely project-driven and emissions may fluctuate depending on project scale and procurement requirements. In contrast, the Industrial Gases division operates manufacturing facilities that generate emissions primarily from ongoing plant operations and electricity consumption.

Scope 1 Emissions – Direct Emissions



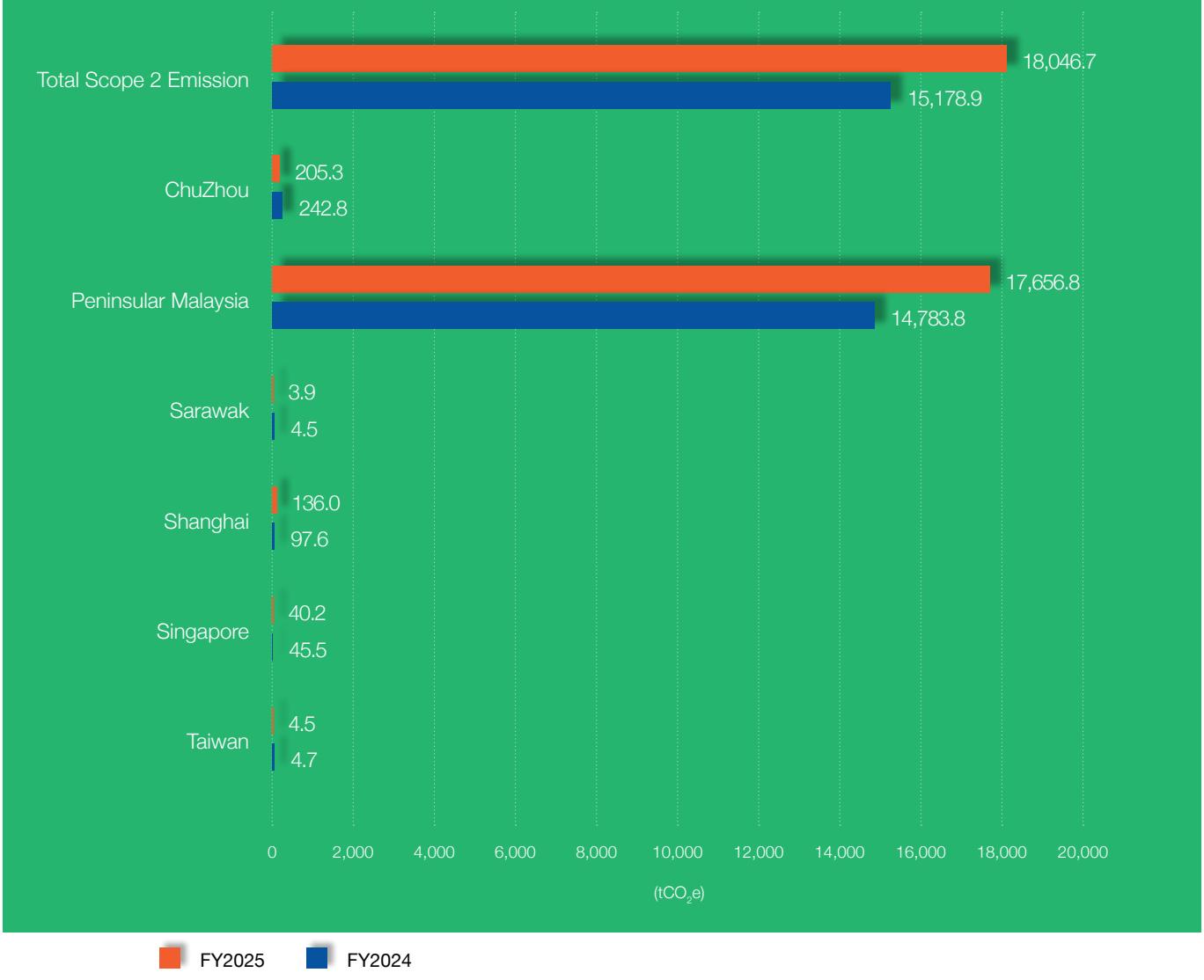
Scope 1 emissions increased from 3,888.9 tCO_2e in FY2024 to 9,676.2 tCO_2e in FY2025, primarily due to higher fuel consumption associated with project activities.

The increase was mainly driven by mobile combustion emissions from project operations in Taiwan, where fuel-powered equipment was used during the base-build phase before permanent utilities became available.

Despite this increase, Scope 1 emissions remain a relatively small proportion of the Group's overall emissions profile compared with electricity-related emissions and value chain emissions.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Scope 2 Emissions – Purchased Electricity By Location



Scope 2 emissions increased from 15,178.9 tCO_2e in FY2024 to 18,046.7 tCO_2e in FY2025, primarily reflecting higher electricity consumption associated with the industrial gas manufacturing operations. The increase was mainly driven by higher production during the year, as gas processing and manufacturing activities require continuous electricity supply to support operational stability.

Kelington calculates Scope 2 emissions using the location-based method, which reflects the average emission intensity of electricity grids in the jurisdictions where the Group operates.

The Group does not currently utilise contractual instruments such as renewable energy certificates ("RECs"), power purchase agreements ("PPAs"), or green electricity tariffs. Accordingly, market-based Scope 2 emissions are not reported for the current reporting period.

Electricity consumption remains a key focus area for emissions management, particularly at energy-intensive facilities. The Group continues to monitor energy use and identify opportunities to improve energy efficiency and support future initiatives that may reduce electricity-related emissions.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Scope 3 – Value Chain Emissions

Scope 3 GHG (CO_2) Emission	Unit of Measure	FY2024 (New Baseline)	FY2025
Purchased goods and services	tCO_2e	92,477.91	**58,265.5**
Capital goods	tCO_2e	0	**2,097.0**
Upstream transportation and distribution	tCO_2e	0	**0**
Waste generated in operations	tCO_2e	3.25	**2.4**
Business Travel (Air & Land)	tCO_2e	1,160.48	**330.5**
Employee Commuting	tCO_2e	643.95	**879.5**
Fuel and energy related activities (not include in Scope 1 or 2)	tCO_2e	Data Not Available	**Data Not Available**
Upstream leased assets	tCO_2e	Data Not Available	**Data Not Available**
Investments	tCO_2e	Data Not Available	**Data Not Available**
Downstream transportation and distribution	tCO_2e	Data Not Available	**Data Not Available**
Processing of sold products	tCO_2e	Data Not Available	**Data Not Available**
Use of sold products	tCO_2e	Data Not Available	**Data Not Available**
End of life treatment of sold products	tCO_2e	Data Not Available	**Data Not Available**
Downstream leased assets	tCO_2e	Data Not Available	**Data Not Available**
Franchises	tCO_2e	Data Not Available	**Data Not Available**
Total		**94,285.59**	**61,574.9**

Notes:-

1. *Historically, emissions related to Upstream Transportation and Distribution were aggregated under Purchased Goods and Services due to limitations in data classification within the procurement records.*
2. *For waste-related emissions, estimation could not be performed as the waste treatment methods for FY2025 could not be verified. Due to limited access to detailed waste records and the absence of confirmed disposal or treatment information from waste contractors, the consultant was unable to determine appropriate emission factors for reliable estimation.*

Scope 3 emissions decreased significantly from 94,285.6 tCO_2e in FY2024 to 61,574.9 tCO_2e in FY2025, mainly due to lower procurement volumes of engineering materials.

The largest contributor to Scope 3 emissions is Purchased Goods and Services, which declined from 92,477.9 tCO_2e to 58,265.5 tCO_2e. This reduction was primarily attributable to lower procurement of hook-up materials sourced from China during the reporting period.

Emissions from business travel also decreased from 1,160.5 tCO_2e to 330.5 tCO_2e, reflecting reduced travel activities and greater use of virtual meetings and digital collaboration tools.

As Kelington's engineering operations are project-based, Scope 3 emissions may fluctuate depending on project scale, procurement requirements and construction timelines.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

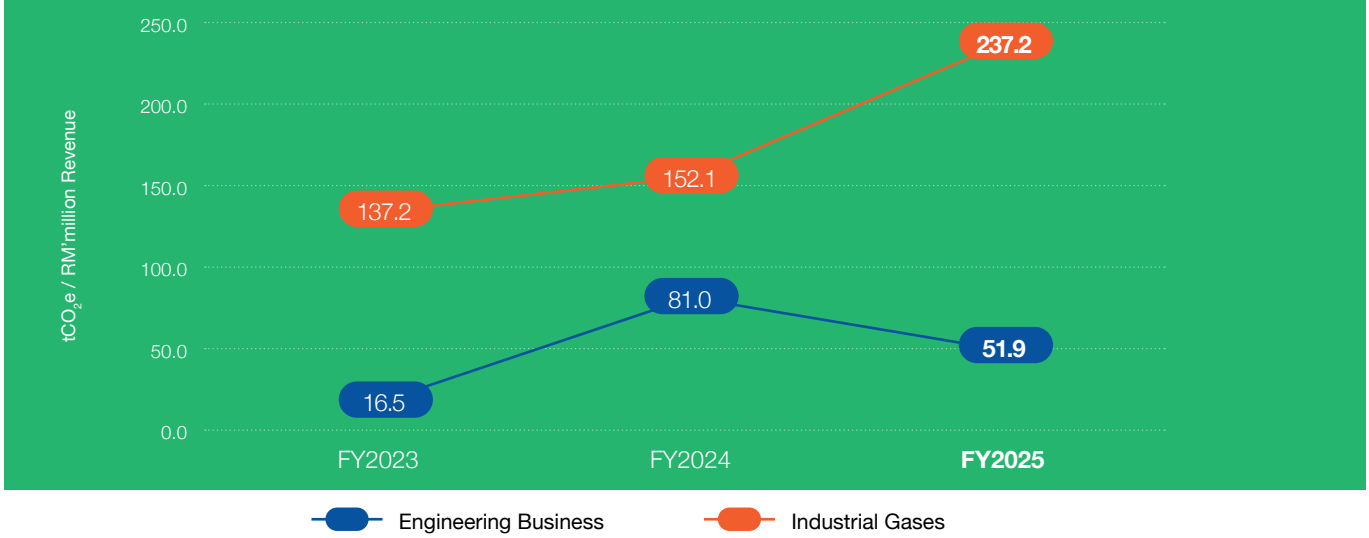
GHG Emissions Intensity

Kelington monitors emissions intensity to evaluate carbon efficiency relative to business performance.

Despite relatively stable Group revenue of RM1,275 million in FY2025 (FY2024: RM1,272 million), the Group achieved an improvement in emissions intensity. GHG emissions intensity decreased from 89.1 tCO_2e per RM million revenue in FY2024 to 70.0 tCO_2e per RM million revenue in FY2025, representing a 21% improvement.

The improvement reflects lower procurement-related emissions from engineering projects during the reporting period.

GHG Emissions Intensity Trend by Business Segment (FY2023-FY2025)

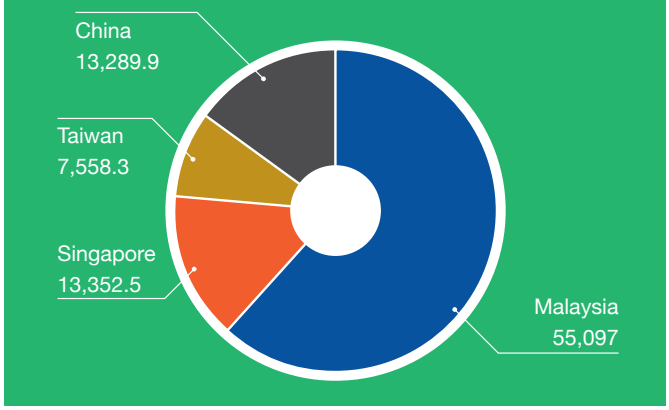


Emissions intensity varies across Kelington's business segments due to the different nature of operations.

The Engineering division recorded a reduction in emissions intensity from 81.0 to 51.9 tCO_2e per RM million revenue, reflecting lower procurement volumes during the year.

In contrast, the Industrial Gases division recorded a higher emissions intensity of 237.2 tCO_2e per RM million revenue in FY2025, reflecting the energy-intensive nature of gas processing and manufacturing operations. The increase in emissions intensity was primarily attributable to lower divisional revenue recorded during the year while operational emissions remained relatively stable due to the continuous energy requirements of gas production facilities. As these facilities require consistent electricity consumption to maintain operational stability and safety, emissions do not fluctuate proportionately with revenue, resulting in a higher emissions intensity ratio during periods of lower revenue performance.

Emissions by Geographical Region



In FY2025, Kelington's emissions were primarily concentrated in Malaysia, which accounted for approximately 62% of total Group emissions.

This concentration reflects the location of the Group's industrial gas manufacturing facilities, including gas processing and CO_2 recovery plants that require significant electricity consumption.

Singapore and China each contributed approximately 15% of total emissions, mainly associated with engineering project activities and procurement-related emissions.

Taiwan accounted for approximately 8.5% of total emissions, reflecting the smaller operational scale of the Group's activities in that jurisdiction.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Climate Targets and Progress

Kelington has established climate targets covering Scope 1, Scope 2 and selected Scope 3 emissions categories. These targets support the Group's long-term transition towards lower-carbon operations while recognising the evolving nature of its business activities.

The Group's combined Scope 1 and Scope 2 emissions increased from 19,067.9 tCO_2e in FY2024 (base year) to 27,723.0 tCO_2e in FY2025, representing an increase of 45.4% above the base year level.

This places the Group above the reduction trajectory required to achieve its 2030 target of a 10% reduction in Scope 1 and Scope 2 emissions from the FY2024 baseline.

Management considers FY2025 a transitional year to reassess the Group's decarbonisation pathway and strengthen emissions management across the organisation. The Group will retain its 2030 target and implement enhanced reduction initiatives beginning in FY2026.

Decarbonisation Strategy

To support its emissions reduction targets, Kelington is strengthening its decarbonisation strategy through a combination of operational improvements, energy management and renewable electricity adoption.

Within the Industrial Gases division, an energy efficiency programme has been implemented, supported by the appointment of an Energy Manager registered with the Energy Commission of Malaysia, in accordance with the Energy Efficiency and Conservation Act 2024.

Key initiatives include:

- Strengthening site-level energy management and operational efficiency.
- Improving monitoring of electricity consumption at energy-intensive facilities.
- Exploring renewable electricity procurement and on-site renewable energy solutions.
- Supporting customers in reducing product carbon footprint through lower-carbon engineering solutions.

Approach to Residual Emissions

Kelington prioritises direct emissions reduction and renewable electricity adoption as the primary pathways for reducing Scope 1 and Scope 2 emissions.

As the Group expands its operations, energy demand may increase despite efficiency improvements. In this context, Kelington aims to progressively reduce the emissions intensity of its operations while managing absolute emissions growth.

Carbon credits may be considered for a limited portion of hard-to-abate emissions, primarily related to residual Scope 1 emissions where direct abatement options remain technically or economically constrained. These will only be used after internal emissions reduction measures have been prioritised.

Methodology for Climate Targets

Kelington establishes climate targets based on operational baselines, historical emissions performance and strategic business priorities.

Progress towards climate targets is monitored through internal reporting systems, including tracking of:

- Absolute emissions
- Emissions intensity metrics
- Renewable energy adoption

Performance is reviewed on a bi-annual basis by the SWG, with results reported to the RMC as part of the Group's ERM framework.

Kelington's climate targets are informed by internationally recognised climate objectives, including the Paris Agreement goal of limiting global temperature increase to well below 2°C and pursuing efforts towards 1.5°C, as well as national climate commitments under Malaysia's Nationally Determined Contributions ("NDCs").

Malaysia has committed to achieving net-zero greenhouse gas emissions by 2050 and reducing economy-wide carbon intensity by 45% by 2030 relative to 2005 levels. These national commitments provide context for Kelington's climate transition planning.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Target	Target type	Boundary / Coverage	Base Year	Base year emissions	Target year	Time Horizon (Transition Plan)	FY2025	Assurance
10% Reduction Scope 1 & 2 absolute emissions	Absolute	Company Facilities and Vehicles, Purchased electricity	FY2024	19067.9 tCO_2e	FY2030	Short Term	**27,723 tCO_2e (+45%)**	Not assured (assurance readiness established)
5% Reduction Scope 3 emissions	Absolute	Purchased goods and services; Capital goods; Upstream transportation and distribution; Waste generated in operations; Business travel; and Employee commuting.	FY2024	94285.6 tCO_2e	FY2030	Short Term	**61,575 tCO_2e (-35%)**	Not assured (assurance readiness established)
***Industrial Gas Division - Reduce CO_2e intensity ratio by 5%**	Intensity	Industrial Gas Division - Company Facilities and Vehicles, Purchased electricity	FY2024	117 tCO_2e per unit revenue	FY2030	Short Term	**167 tCO_2e per unit revenue (+43%)**	Not assured (assurance readiness established)
10% Reduction Scope 3 emissions	Absolute	Purchased goods and services; Capital goods; Upstream transportation and distribution; Waste generated in operations; Business travel; and Employee commuting.	FY2024	94285.6 tCO_2e	FY2035	Medium Term	**61,575 tCO_2e (-35%)**	Not assured (assurance readiness established
100% Renewable Energy in Malaysia	Intensity	Purchased electricity	FY2024	0% / 15178.9 tCO_2e	FY2045	Long Term	**0% / 18,046.7 tCO_2e**	Not assured (assurance readiness established)
Net Zero Scope 1 & 2 absolute emissions	Absolute	Company Facilities and Vehicles, Purchased electricity	FY2024	19067.9 tCO2e	FY2050	Long Term	**27,723 tCO_2e (+45%)**	Not assured (assurance readiness established)

Note:
The Group has reviewed and updated the emissions intensity metric for the Industrial Gas business. Previously measured as tCO_2e per EBITDA, the metric has been revised to tCO_2e per revenue, as EBITDA is a financial performance measure and is not commonly used as an intensity denominator under IFRS S2 or other mainstream sustainability frameworks. The adoption of a revenue-based intensity metric enhances comparability with industry practices and provides a more meaningful basis for assessing the Group's climate performance.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Financial Impacts & Performance (Qualitative Assessment)

Climate-related financial impacts are currently assessed qualitatively based on identified physical risks, transition risks and climate-related opportunities. At this stage, the Group has not disclosed quantitative estimates of the financial effects due to uncertainties relating to the timing, magnitude and likelihood of such impacts, as well as limitations in available data and methodologies.

In view of these uncertainties and the evolving nature of climate-related risk assessment, management considers that providing quantitative estimates at this stage may not result in reliable or decision-useful information. The Group will continue to enhance its risk assessment processes and data capabilities, and will assess the feasibility of providing quantitative estimates of climate-related financial effects in future reporting periods.

CRO	Time Horizon	Financial Impacts	Notes
Physical Risk (Acute & Chronic)	Medium	Potential increase in operating and project execution costs; potential disruption to project schedules and revenue recognition due to extreme weather events.	Impacts depend on location, project timing, and severity of physical events; assessed qualitatively.
Physical Risk (Acute & Chronic)	Short	Potential increase in health, safety, and insurance-related costs.	Managed under existing occupational safety and risk management frameworks.
Transition risk (Policy/Legal)	Short	Potential increase in compliance, energy, and operating costs arising from regulatory changes, carbon pricing, and market transition pressures.	Magnitude and timing subject to policy and market developments across jurisdictions.
Transition risk (Market/Policy)	Short	Exposure to energy price volatility may affect operating expenses and margins.	Mitigation options include energy efficiency measures and potential renewable energy sourcing over time.
Transition risk (Policy/Legal)	Short	Potential increase in business and administrative costs related to climate reporting, systems, and governance.	Costs are phased and managed as part of broader compliance and governance initiatives.
Opportunity	Short	Potential revenue growth from low-emissions engineering, CCUS, and sustainability-related solutions.	Establishing revenue tracking and classification framework is ongoing.
Opportunity	Medium	Enhanced brand value and market positioning in sustainability-driven tenders and customer engagements.	Benefits are indirect and not currently quantified.

Climate Change Performance and Executive Remuneration

Kelington's current metrics and targets reflect an early-stage but structured approach to managing climate-related performance, supported by established governance and risk management processes. While climate change performance is not currently incorporated into executive remuneration, the Group continues to focus on strengthening data quality, monitoring progress, and enhancing transparency in its climate-related disclosures. As Kelington's sustainability strategy and measurement capabilities continue to mature, the Group will review its approach in line with evolving best practices, regulatory expectations, and business priorities, with the aim of progressively strengthening the linkage between climate-related performance, strategic decision-making, and long-term value creation.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Limitations, Assumptions and Uncertainties

The effectiveness of Kelington's climate-related strategy, targets, and transition planning is subject to a number of limitations, assumptions, and uncertainties. These factors may influence the timing, scale, and outcomes of the Group's climate-related actions and should be considered when interpreting the metrics & targets disclosures.

Limitations and uncertainties

Data availability and measurement

The accuracy and completeness of emissions data, particularly for Scope 3 emissions, may be constrained by data availability, estimation methodologies, and reliance on third-party information. As data quality, methodologies, and systems continue to mature, reported metrics may be subject to refinement over time.

Market and economic conditions

Fluctuations in energy prices, renewable energy certificate ("REC") markets, carbon credit prices, and raw material availability may affect the cost-effectiveness and feasibility of certain transition measures. These external market dynamics are largely outside the Group's direct control and may influence implementation timelines.

Technology maturity and scalability

Certain low-carbon technologies, including carbon capture, utilisation and storage ("CCUS") solutions, remain at an early stage of commercial deployment. Uncertainties relating to technological performance, scalability, cost trajectories, and operational integration may affect the pace and extent of adoption.

Policy and regulatory uncertainty

Future changes in climate-related regulations, carbon pricing mechanisms, incentives, and subsidies at national or international levels may impact the financial viability and prioritisation of transition initiatives. Regulatory developments may also influence customer demand and project economics.

Time horizon and forward-looking assumptions

Climate-related targets and transition plans are developed using forward-looking assumptions and may focus primarily on near- to medium-term horizons. Long-term outcomes are inherently uncertain and may be influenced by changes in policy direction, technology development, and market conditions.

Operational and business model considerations

As an asset-light, project-based engineering group, Kelington's emissions profile and transition pathway are influenced by project mix, customer requirements, and geographic footprint. Certain operational constraints, including limited control over customer-owned assets and supply chain practices, may affect the Group's ability to directly influence emissions outcomes.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 1 PREVENTING CLIMATE CHANGE (CONT'D)

Key assumptions and dependencies

Kelington's climate-related strategy, targets, and transition planning are also based on a number of assumptions and external dependencies that influence feasibility, timing, and outcomes. These assumptions are forward-looking in nature and subject to change.

Key assumptions

Market & Finance

Investor and customer preferences are expected to increasingly favour low-carbon and sustainability-related solutions, supporting demand for Kelington's low-emissions engineering and CCUS-related offerings.

Policy & Regulation

Government climate policies, carbon pricing mechanisms, and renewable energy incentives are assumed to remain broadly stable or evolve in line with currently observable policy paths.

Energy & Technology

Renewable energy technologies are assumed to continue improving in efficiency and cost competitiveness, while CCUS solutions are expected to progress toward greater commercial viability over time.

Organisational capability

The Group assumes that its internal processes, governance structures, and workforce expertise will continue to support the delivery of low-carbon engineering solutions and advisory services to customers.

Key dependencies

Energy market access	Stakeholder engagement	Access to capital and incentives	Regulatory approvals and permits	Technology provider
The availability of affordable and commonly available renewable electricity options, including PPAs, RECs, and green tariff programme is a key dependency influencing emissions management and energy-related transition measures.	Effective implementation of transition initiatives depends on the engagement and support of employees, suppliers, customers, and other key stakeholders across the value chain.	Certain transition initiatives may depend on access to capital, financing mechanisms, subsidies, or government incentives for renewable energy or other low-carbon projects.	Required permits and approvals for renewable energy projects, carbon offset programmes, or low-carbon solutions must be obtained in a timely manner.	Vendors supplying low-carbon technologies, equipment, or services are expected to deliver in accordance with agreed timelines, specifications, and quality standards.

DEEP DIVES SUSTAINABILITY TOPICS

ST2 Pollution & Waste Management

Pollution Prevention & Compliance

Kelington recognises that pollution risks are inherent in engineering, manufacturing, and industrial gas operations. These risks include potential air emissions, wastewater discharge, hazardous waste generation, and environmental contamination arising from industrial processes.

The Group manages these risks through a structured environmental management approach that emphasises pollution prevention, regulatory compliance, operational controls, and continuous monitoring. Environmental risks are assessed within Kelington's operational management processes and Health, Safety and Environment ("HSE") framework to ensure potential environmental impacts are identified, monitored, and mitigated.

Kelington implements environmental management systems and operational procedures to minimise pollution across its operations. As at FY2025, 100% of Kelington's operations are covered under the ISO 14001:2015 Environmental Management System, providing a structured framework for environmental risk management, compliance monitoring, and continuous improvement.

Environmental Monitoring and Operational Controls

Kelington implements monitoring and control mechanisms to ensure compliance with environmental regulations and to detect potential pollution risks early.

At the Group's Kerteh manufacturing facility, environmental parameters including air quality, water quality of nearby rivers, and noise levels are monitored through monthly assessments conducted by an independent environmental monitoring company. Monitoring activities are performed in accordance with requirements set by the Department of Environment ("DOE") Malaysia.

Environmental monitoring data is reviewed monthly by management, and corrective actions are initiated if readings approach regulatory alert thresholds. In addition, a quarterly Environmental Monitoring and Auditing Report is submitted to the DOE to support regulatory oversight and compliance verification.

In FY2025, Kelington recorded zero incidents of non-compliance with environmental laws and regulations, and no penalties were imposed for environmental violations.

DEEP DIVES SUSTAINABILITY TOPICS

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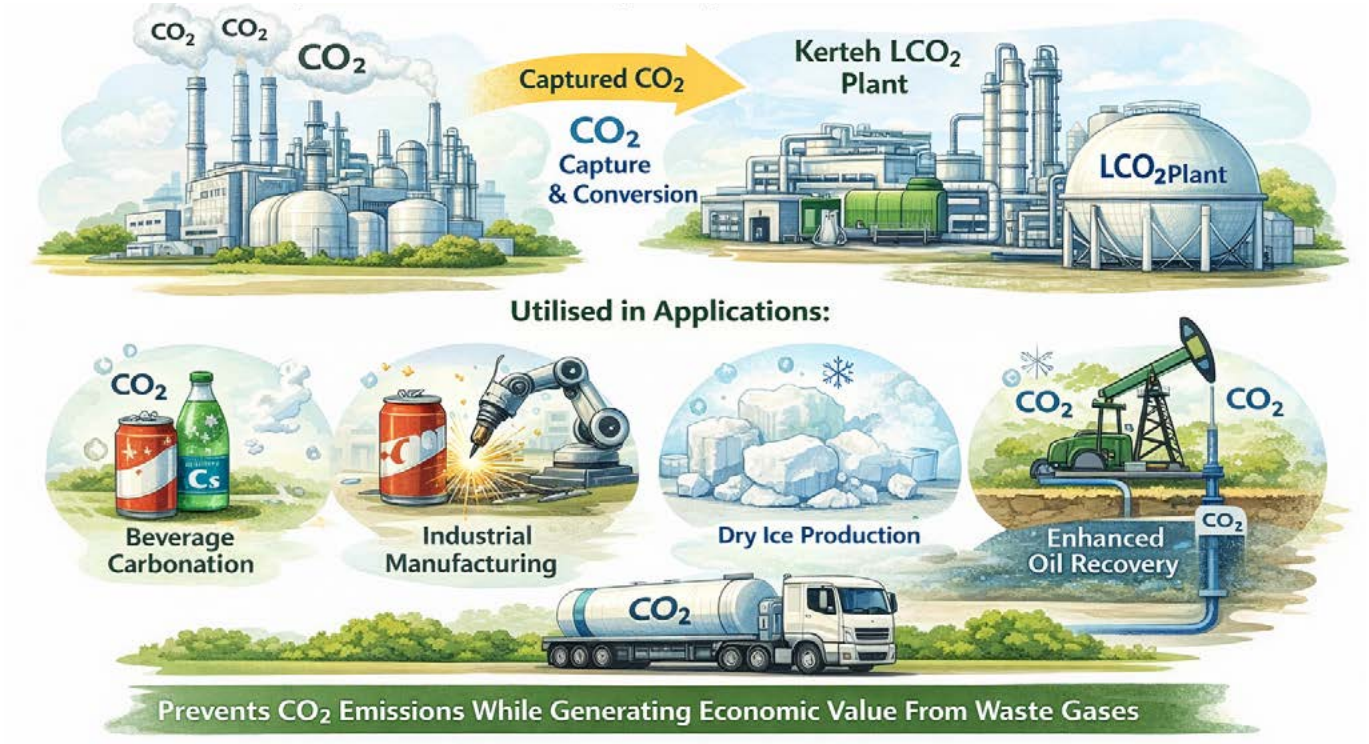
DEEP DIVES SUSTAINABILITY TOPICS
- ST 2 POLLUTION & WASTE MANAGEMENT (CONT'D)

Industrial Gas Operations and Pollution Risk Management

Within the Industrial Gases division, pollution prevention focuses on minimising hazardous waste generation, preventing gas leakage, and ensuring safe management of scheduled waste.

Operational controls include routine equipment monitoring and maintenance to prevent gas leakage, process optimisation to reduce waste generation, and emergency response preparedness supported by employee training and incident response protocols. These measures help ensure safe handling of industrial gases while mitigating environmental risks associated with operations.

Circular Economy Opportunity: Carbon Capture and Utilisation



Kelington also identifies opportunities to reduce environmental impact through circular economy practices and resource recovery initiatives.

At the Kerteh Liquid Carbon Dioxide ("LCO_2") plant, carbon dioxide emissions generated from a neighbouring petrochemical complex are captured and converted into liquid CO_2 for industrial and commercial use. Captured CO_2 is utilised in applications such as beverage carbonation, industrial manufacturing processes, dry ice production, and enhanced oil recovery.

This process prevents CO_2 emissions that would otherwise be released into the atmosphere while generating economic value from industrial waste gases.

In FY2025, Kelington successfully captured approximately 111,348 tonnes of CO_2 through its LCO_2 operations, contributing to environmental emissions reduction and resource efficiency.

In addition, the Group is progressing its involvement in CCUS technologies, positioning itself to participate across the CCUS value chain. This encompasses carbon capture solutions for industrial emitters, downstream utilisation in value-added applications, and the development of CO_2 handling, transportation, and long-term storage infrastructure to support a low-carbon ecosystem.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 2 POLLUTION & WASTE MANAGEMENT (CONT'D)

Sustainable Waste Management Practices

Kelington manages operational waste through its Health, Safety and Environment ("HSE") governance structure, which oversees waste management policies, operational controls, and compliance practices across the Group. Waste management initiatives are guided by the 4R hierarchy — Reduce, Reuse, Recycle and Recover, with the objective of minimising waste generation, improving resource efficiency, and diverting waste from landfill or incineration.

Within the Engineering division, waste management strategies are implemented through coordinated efforts across project teams, site management, and functional working groups to ensure clear governance and accountability throughout project execution.

At the design and planning stage, Project and Design teams apply value engineering principles to enhance design efficiency and optimise material usage. This includes the use of Building Information Modelling ("BIM"), which helps minimise material waste by improving project planning, coordination, and resource utilisation.

At project sites, site supervisors and the HSE working group enforce systematic waste segregation practices, ensuring that recyclable materials are properly separated and managed to maximise recycling potential. Waste generated during construction activities is collected at designated on-site areas and subsequently transported by licensed waste contractors to approved treatment, recycling, or disposal facilities in compliance with applicable environmental regulations.

Kelington also promotes active employee participation in waste reduction initiatives through awareness programmes led by HSE and site management teams. These programmes encourage responsible waste handling practices among employees and subcontractors across project sites.

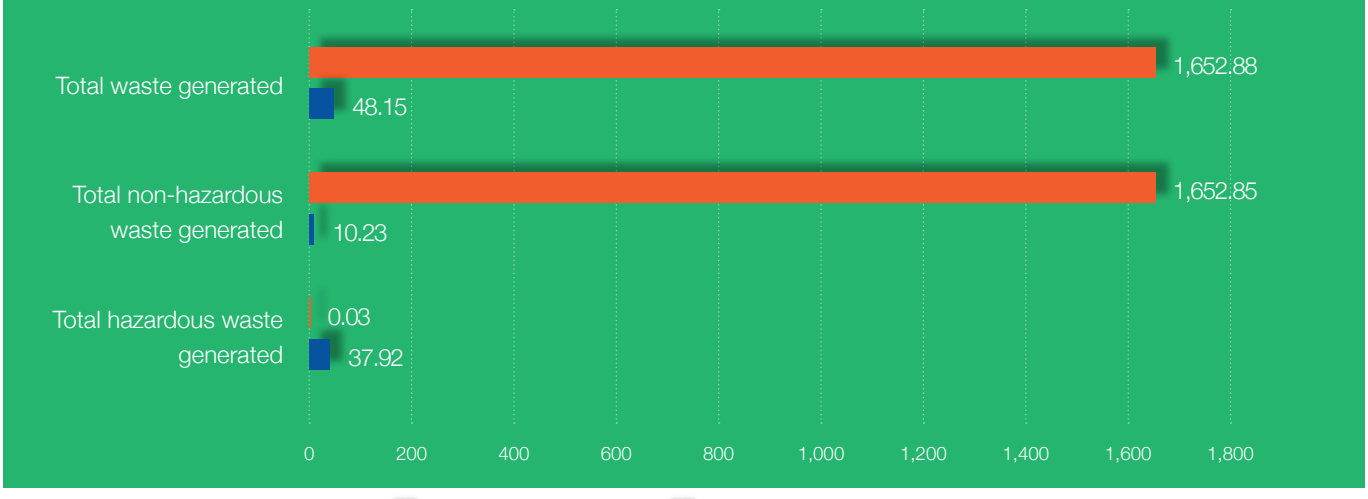
To strengthen operational implementation, the HSE working group conducts site induction and training programmes to ensure employees and contractors understand proper waste management procedures and environmental compliance requirements.

Recognising that waste intensity varies depending on project scope and construction activities, the Sustainability Working Group monitors waste performance and recycling rates across projects, supporting continuous improvement in waste management efficiency and resource utilisation.

Through these coordinated measures, Kelington aims to strengthen waste governance, reduce environmental impact, and improve recycling outcomes across its engineering operations.

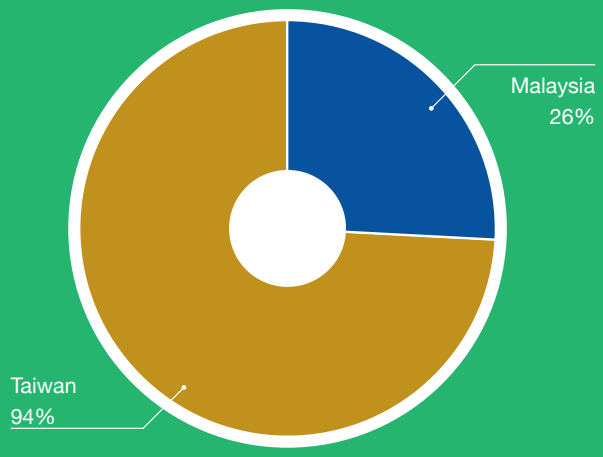
Waste Generation and Recycling Performance

FY2025 Waste Generation by Business Division (Tonnes)



DEEP DIVES SUSTAINABILITY TOPICS
- ST 2 POLLUTION & WASTE MANAGEMENT (CONT'D)

FY2025 Total Waste Generation by Geography of Operations



In FY2025, approximately 97% of the Group's total waste generated originated from the Engineering division, reflecting the project-based nature of engineering activities across multiple construction and installation sites. The Industrial Gases division accounted for approximately 3% of the Group's total waste generation.

From a geographical perspective, waste generation was highly concentrated in Taiwan, which contributed approximately 94% of the Group's total waste generated in FY2025. This was primarily attributable to large-scale underground piping works undertaken during the year, which generated significant volumes of excavated soil.

In comparison, Malaysia accounted for approximately 26% of total waste generated, mainly associated with ongoing engineering projects and operational activities at the Group's facilities. Waste generated in other locations remained relatively small and was primarily associated with project execution activities, particularly facility hook-up works in China and Singapore, which generally generate lower volumes of waste compared with construction-intensive activities.

Kelington Group	Unit of measure	FY2023	FY2024	FY2025
Total Hazardous Waste generated	tonnes	33	59.60	37.95
Total Non-hazardous Waste generated	tonnes	422	1,593.15	1,663.08
Total Wase Generated	**tonnes**	**455**	**1,652.75**	**1,701.03**
Total Hazardous Waste diverted from disposal	tonnes	33	34.64	37.95
Total Non-hazardous Waste diverted from disposal	tonnes	47	1,087.73	1,272.13
Total Waste diverted from disposal	**tonnes**	**80**	**1,122.37**	**1,310.08**
% of Waste Diverted from Disposal	**%**	**18**	**68**	**77**
Total Hazardous Waste directed to disposal	tonnes	0	24.96	0.36
Total Non-hazardous Waste directed to disposal	tonnes	375	505.42	390.95
Total Waste directed to disposal	tonnes	375	530.38	391.31
% of Waste Disposed of through Landfill or Incineration	%	82	32	23

Non-hazardous waste recycled	Unit of measure	FY2023	FY2024	FY2025
Metal	tonnes	44	10.90	**9.34**
Paper or Carton Boxes	tonnes	-	1.30	**0.74**
Wood	tonnes	3	-	**0.01**
Plastic	tonnes	-	1.60	**0.05**
Others	tonnes	-	1,075.00	**1,261.78**
Total Non-hazardous waste recycled	**tonnes**	**47**	**1,088.80**	**1,271.92**

DEEP DIVES SUSTAINABILITY TOPICS
- ST 2 POLLUTION & WASTE MANAGEMENT (CONT'D)

Waste Diversion Progress

Kelington has established a target to achieve a 30% waste diversion from disposal rate by FY2030 as part of its commitment to responsible waste management and resource efficiency.

The Group has made significant progress toward this target. The waste diversion rate improved from 18% in FY2023 to 68% in FY2024, and further increased to 77% in FY2025. This improvement reflects enhanced waste segregation practices, expanded recycling initiatives, and improved engagement with licensed waste management contractors across project sites and operational facilities.

The relatively high diversion rate in FY2025 was primarily driven by project activities involving underground piping works in Taiwan, where a significant portion of excavated sand and soil was transported to designated recycling and reuse facilities in accordance with local regulatory requirements. These materials are subsequently treated and reused for construction or land development purposes, contributing substantially to the Group's reported recycling performance.

While this reflects effective compliance with Taiwan's regulated recycling system for excavated materials, the Group recognises that recycling rates for other waste streams—particularly construction materials and process-related waste—remain an area for further improvement. Kelington will continue to strengthen waste segregation practices and explore additional recycling opportunities to enhance resource efficiency across its operations.

Over the past three years, the percentage of waste directed to disposal has declined from 82% in FY2023 to 32% in FY2024 and further to 23% in FY2025, reflecting the Group's ongoing efforts to improve waste management practices.

Nevertheless, waste management performance may vary depending on project mix and the nature of activities undertaken during the year. As projects differ between construction-intensive works and installation-focused activities, the proportion of recyclable materials—particularly excavated soil—may fluctuate, which can influence overall disposal and recycling rates.

Hazardous and Scheduled Waste Management

Hazardous waste generated from Kelington's operations includes chemicals, contaminated materials, and process-related industrial waste. These wastes are managed in accordance with the Environmental Quality (Scheduled Wastes) Regulations 2005 and relevant local environmental regulations in each operating jurisdiction.

The following scheduled wastes are applicable to Kelington's operations and are managed in compliance with regulatory requirements:

Scheduled waste classification under Malaysia's Environmental Quality (Scheduled Wastes) Regulations 2005	
SW104	Dust, slag, dross, or ash containing aluminium, arsenic, mercury, lead, cadmium, chromium, nickel, copper, vanadium, beryllium, antimony, tellurium, thallium, or selenium, excluding slag from iron and steel factories.
SW305	Spent lubricating oil from machinery and equipment maintenance.
SW306	Spent hydraulic oil from operational processes.
SW409	Disposed containers, bags, or equipment contaminated with chemicals, pesticides, mineral oil, or other scheduled wastes.
SW410	Rags, plastics, papers, or filters contaminated with scheduled wastes.
SW411	Spent activated carbon, excluding carbon used in the treatment of potable water, food industry processes, and vitamin production.

These hazardous waste is segregated, stored, and transported by licensed waste management contractors to approved treatment and disposal facilities.

In FY2025, all hazardous waste was generated and disposed of in Malaysia, where licensed vendors manage waste treatment and disposal in compliance with regulatory requirements.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 2 POLLUTION & WASTE MANAGEMENT (CONT'D)

E-Waste Management and Employee Awareness

Kelington also manages electronic waste ("e-waste") generated from office operations. E-waste contains hazardous substances such as mercury, lead, beryllium, and cadmium, which may pose environmental and health risks if improperly disposed.

In Malaysia, e-waste is classified as Scheduled Waste SW110 under the Environmental Quality (Scheduled Wastes) Regulations 2005.

To promote responsible disposal practices, Kelington has implemented several initiatives, including:

- Establishing e-waste collection stations at all Malaysia offices since FY2024
- Partnering with DOE-registered licensed e-waste recyclers
- Conducting employee awareness programmes on responsible electronic waste disposal

These initiatives support responsible waste management and contribute to the Group's broader environmental stewardship and circular economy objectives.

Activities / Programme



At Kelington HQ, we were honoured to welcome the Tzu Chi Environmental Recycling Team for hybrid awareness session inspiring our team to gain knowledge and embrace mindful recycling practices



DEEP DIVES SUSTAINABILITY TOPICS
- ST 2 POLLUTION & WASTE MANAGEMENT (CONT'D)

Our teams also got their hands dirty (in the best way possible) to segregated waste by material.

While that happened at HQ and Putra Office, our site teams were not left behind.

DEEP DIVES SUSTAINABILITY TOPICS

ST3 Resources Management

Kelington recognises that responsible management of natural resources—including energy, water and other operational utilities—is essential to maintaining operational efficiency, managing environmental impacts, and supporting the Group's long-term sustainability strategy.

Given the energy-intensive nature of certain operations, particularly within the Industrial Gases manufacturing division, resource efficiency remains a key focus for the Group. Kelington therefore prioritises the effective management of energy and water across its operations to improve efficiency, reduce GHG emissions, and minimise environmental footprint.

The Group's approach to resource management is guided by its Sustainable Development and Climate Change Position Statement, which provides a structured framework for managing climate-related risks and opportunities while supporting the transition toward a lower-carbon and more resource-efficient future.

Within this framework, Kelington implements operational controls, monitoring systems and continuous improvement initiatives across its facilities and project activities. The Group also evaluates opportunities to integrate renewable energy solutions and resource-efficient technologies into its operations.

The following sections describe the Group's management approaches and performance in key resource areas:

- Energy management and decarbonisation
- Water management

Energy Management and Decarbonisation Strategy

Kelington's operations span customer project sites and operational facilities across multiple locations. Significant energy consumption primarily arises from the Industrial Gases manufacturing division, where continuous production processes require stable and reliable energy supply.

To manage energy use effectively, the Group has appointed an Energy Manager within its industrial gas operations to oversee energy performance and support the implementation of energy management initiatives across relevant facilities. Through operational monitoring and data analytics, the Group tracks energy consumption, identifies opportunities for efficiency improvements, and supports efforts to reduce GHG emissions as part of its broader decarbonisation strategy.

Kelington is committed to achieving 100% renewable energy by 2045, forming part of the Group's climate transition strategy to reduce Scope 2 emissions and enhance long-term energy resilience.

Renewable Energy Initiatives

Renewable energy is an important component of Kelington's decarbonisation strategy. Since FY2011, the Group has installed and maintained solar photovoltaic ("PV") panels at its Shah Alam office to generate renewable electricity for on-site operations.

In FY2025, the solar PV system generated 11.72 mWh of renewable energy. Regular maintenance is conducted to ensure optimal system performance, including managing operational factors such as dust accumulation and environmental conditions.

The Group continues to explore opportunities to expand renewable energy adoption, including installing solar PV systems at additional facilities and collaborating with renewable energy providers.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 3 RESOURCES MANAGEMENT (CONT'D)

Pathway to 100% Renewable Energy by 2045

To support its long-term renewable energy target, Kelington is evaluating multiple renewable electricity pathways, with a focus on accessible and cost-effective options such as green tariff programmes. These are complemented by selective participation in Power Purchase Agreements ("PPAs"), feasibility studies for mini and micro-hydro projects in Malaysia, and renewable energy partnerships that generate Renewable Energy Certificates ("RECs") to support Scope 2 emissions reduction.

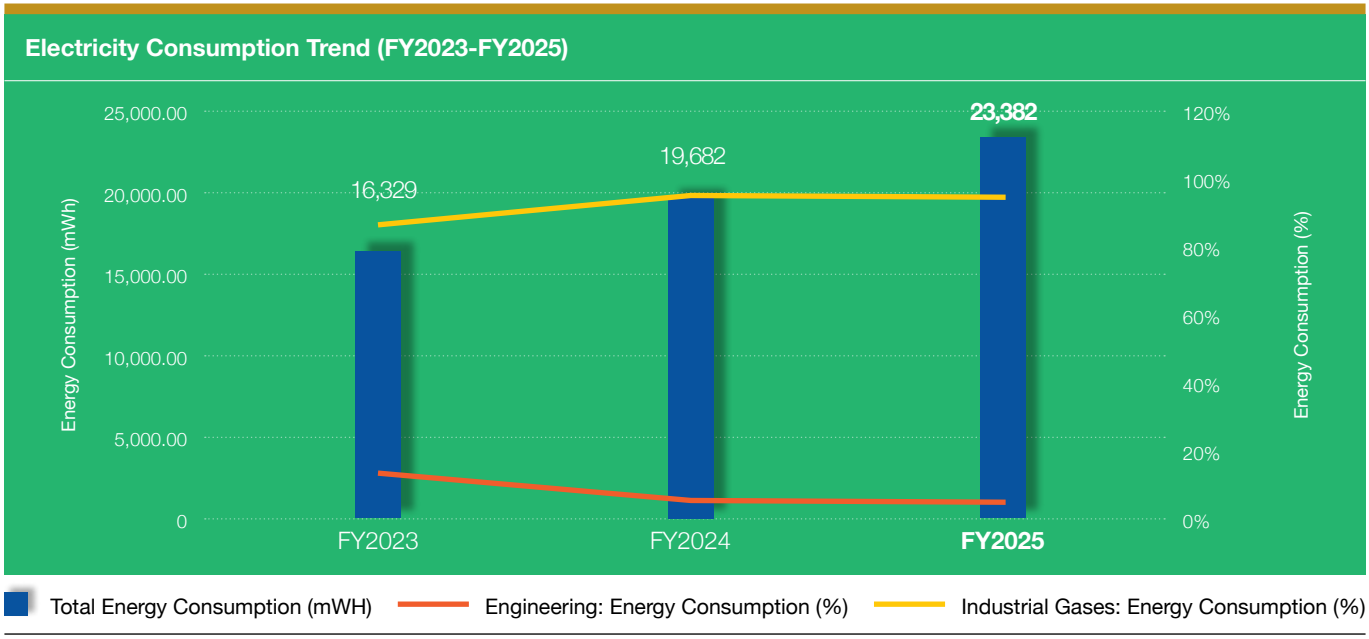
The Group also monitors emerging renewable technologies and evolving market mechanisms to support a gradual, commercially viable transition towards renewable electricity procurement.

Energy Resilience and Climate Risk Management

Energy-related risks, including energy price volatility and regulatory developments associated with the low-carbon transition, are monitored through Kelington's sustainability and enterprise risk management framework. These risks may affect operating costs, regulatory compliance requirements and long-term energy procurement strategies.

To enhance energy resilience and operational efficiency, the Group conducts regular energy performance reviews, benchmarks energy consumption against operational requirements, and implements preventive maintenance programmes to minimise equipment downtime and energy losses.

Kelington also engages employees, partners and suppliers in climate-related initiatives to support the Group's long-term transition toward a lower-carbon operating model.



DEEP DIVES SUSTAINABILITY TOPICS
- ST 3 RESOURCES MANAGEMENT (CONT'D)

Industrial Gases accounted for approximately 95% of Kelington's total energy consumption in FY2025

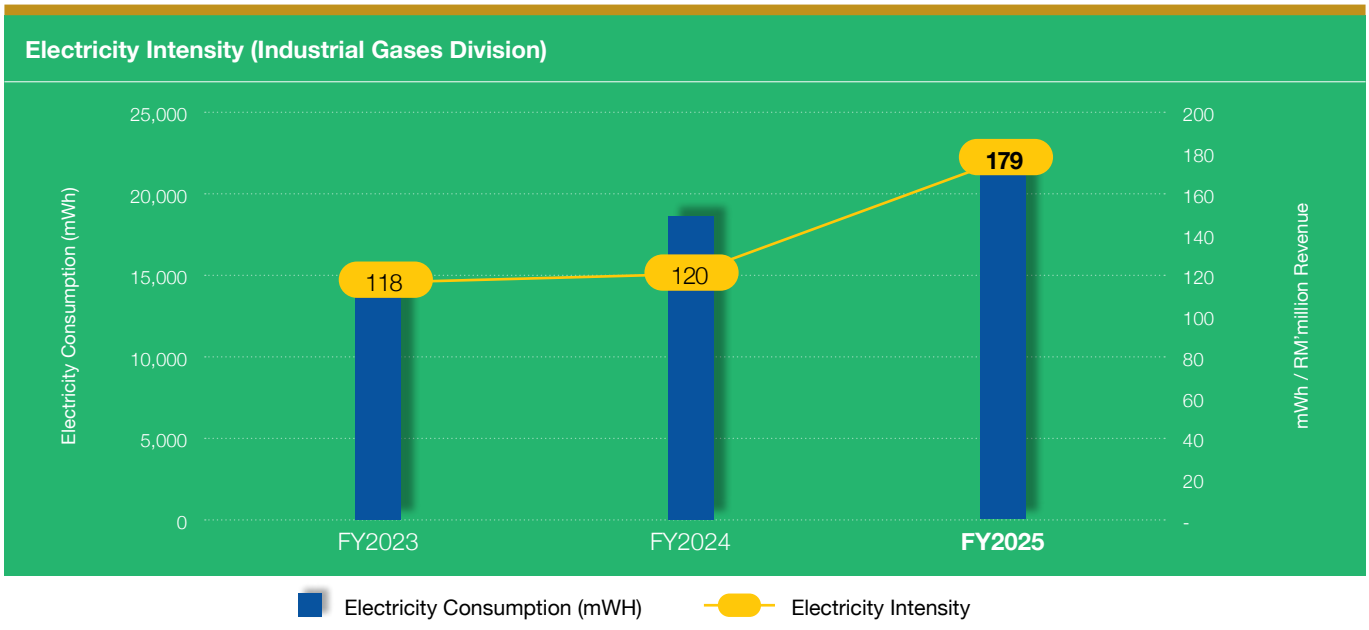
Kelington's total energy consumption increased from 16,329 MWh in FY2023 to 23,382 MWh in FY2025, representing an overall increase of approximately 43% over the three-year period. The increase was primarily driven by higher energy consumption within the Industrial Gases division, reflecting the expansion and operational intensity of gas processing and manufacturing activities.

Energy consumption in the Industrial Gases division increased by approximately 20% in FY2025. As a result, the division continued to account for around 95% of the Group's total energy consumption, consistent with FY2024. This trend reflects the continuous production processes and the operational scale of the Group's industrial gas facilities.

In comparison, energy consumption in the Engineering division rose by approximately 4% in FY2025. The division continued to contribute around 5% of the Group's total energy consumption, reflecting the project-based nature of engineering activities, where energy use is primarily associated with temporary site operations and fabrication works.

Overall, the Group's energy consumption profile remains highly concentrated in the Industrial Gases division, which continues to be the primary driver of energy demand across Kelington's operations.

Electricity Intensity



Note: Intensity metrics are calculated using revenue as the denominator in accordance with IFRS Sustainability Disclosure Standards. Variations in year-to-year intensity may reflect changes in revenue composition and business mix within the Industrial Gases division, where electricity consumption is primarily driven by operations at the Kerteh LCO_2 plant.

Electricity Intensity for the Industrial Gases division increased from 120 MWh per RM'million revenue in FY2024 to 179 MWh per RM million revenue in FY2025. This increase was primarily attributable to lower divisional revenue in FY2025 while electricity consumption remained relatively high due to continuous plant operations.

Kelington monitors electricity intensity based on revenue for the Industrial Gases division as a key operational efficiency indicator, given that the division accounts for the majority of the Group's electricity consumption. Tracking this metric enables the Group to assess energy efficiency relative to business activity and supports ongoing efforts to optimise energy use and manage operational costs.

The Group has established a target to reduce electricity intensity by 5% by 2030. To support this target, Kelington will continue to enhance energy monitoring practices, optimise plant operations, strengthen preventive maintenance programmes, and evaluate opportunities to implement energy-efficient technologies and renewable energy solutions, particularly within the Industrial Gases division where the majority of electricity consumption occurs.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 3 RESOURCES MANAGEMENT (CONT'D)

Renewable Energy Generation

Kelington generates renewable electricity through solar photovoltaic ("PV") panels installed at its Shah Alam office. Solar power generation decreased slightly from 12.6 MWh in FY2024 to 11.7 MWh in FY2025, mainly due to variations in weather conditions and operational efficiency.

While the solar PV system primarily supports office operations and contributes a relatively small portion of total Group energy consumption, it reflects Kelington's ongoing efforts to integrate renewable energy solutions into its operations.

Water Management

Kelington recognises that responsible water management is essential to supporting operational efficiency, environmental protection and regulatory compliance. Although the Group's operations are located in regions not currently classified as water-stressed, water remains an important resource for certain operational processes, particularly within the Industrial Gases manufacturing facilities.

Potential water-related risks include changes in rainfall patterns, extreme weather events and evolving regulatory requirements related to water discharge and environmental protection. Kelington therefore manages water use through operational monitoring, regulatory compliance and continuous improvement initiatives to support sustainable water management across its operations.

Water Management Approach

Kelington's water management approach integrates operational monitoring, regulatory compliance and engineering solutions to support responsible water use.

Water consumption is monitored through regular meter readings and data analysis conducted by the Plant Operations team. The collected data is analysed to identify trends, establish efficiency targets and implement conservation measures where necessary.

To maintain regulatory compliance, water discharge from the Group's operations is monitored in accordance with applicable environmental requirements. At the Group's primary operating site in Kerteh, Terengganu, water quality monitoring is conducted periodically to ensure compliance with Malaysian regulatory standards.

Kelington also designs and installs water treatment systems for customers as part of its engineering services, supporting clients in improving water management and reducing environmental impact.

In addition, cooling tower water treatment systems are implemented to control microbial growth, including Legionella bacteria, thereby supporting workplace health and safety.

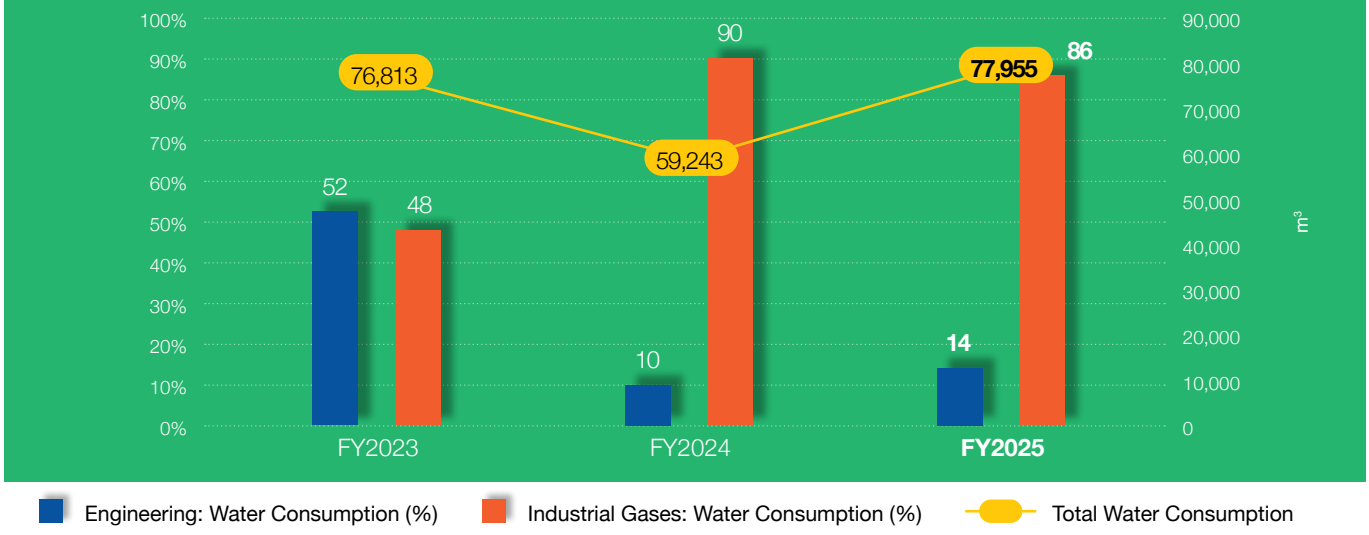
Water Withdrawal by Sources

Kelington's primary source of water is municipal potable water supplied by local utilities. The Group does not utilise surface water (rivers, lakes or ponds), groundwater (wells), or externally sourced wastewater. In FY2025, total water withdrawal was 77,955 m^3.

Water Withdrawal by sources	Unit of measure	FY2023	FY2024	FY2025
Surface water from rivers, lakes, natural ponds	m^3	0	0	**0**
Groundwater from wells, boreholes	m^3	0	0	**0**
Used quarry water collected in the quarry	m^3	0	0	**0**
Municipal potable water	m^3	76,813	59,243	**77,955**
External wastewater	m^3	0	0	**0**
Total Water Withdrawal	**m^3**	**76,813**	**59,243**	**77,955**

DEEP DIVES SUSTAINABILITY TOPICS
- ST 3 RESOURCES MANAGEMENT (CONT'D)

Water Consumption by Business Segment (FY2023-FY2025)

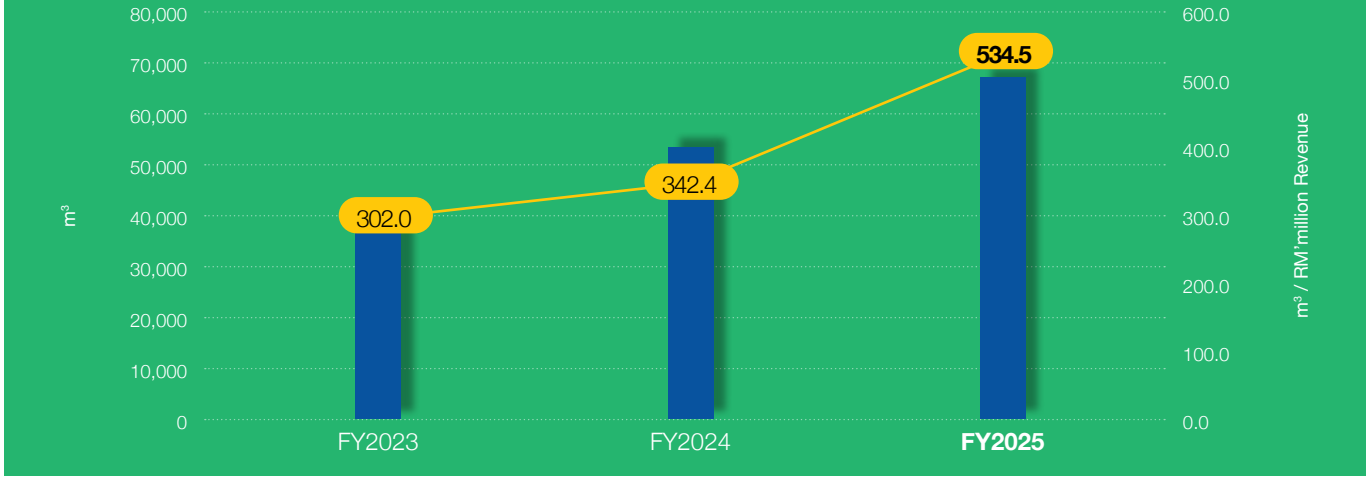


Water consumption is primarily associated with Industrial Gases operations, particularly the LCO_2 manufacturing facility in Kerteh, where water is required for operational processes.

Kelington's total water consumption increased from 59,243 m³ in FY2024 to 77,955 m³ in FY2025, representing an increase of approximately 32% year-on-year. The increase was mainly driven by higher water usage within the Industrial Gases division, reflecting the operational requirements of gas processing activities.

Overall, the Group's water consumption profile continues to be largely influenced by the Industrial Gases division, which remains the primary contributor to total water use across Kelington's operations.

Water Intensity Trend of Industrial Gas Division (FY2023-FY2025)



DEEP DIVES SUSTAINABILITY TOPICS
- ST 3 RESOURCES MANAGEMENT (CONT'D)

Water intensity for the Industrial Gases division increased from 342.4 m³ per RM million revenue in FY2024 to 534.5 m³ per RM million revenue in FY2025. This increase was primarily driven by lower divisional revenue in FY2025, which declined from RM156 million in FY2024 to RM125 million in FY2025, while water consumption remained relatively high due to the continuous operational requirements of the LCO_2 manufacturing facility in Kerteh.

As water consumption within the division is largely associated with plant operations, changes in revenue levels may influence intensity metrics, resulting in year-to-year fluctuations that do not necessarily reflect changes in operational water efficiency.

Kelington monitors water intensity as a key indicator of resource efficiency within the Industrial Gases division, where the majority of the Group's water consumption occurs.

The Group has established a target to reduce water intensity by 5% by 2030, using FY2024 as the base year. To support this target, Kelington will continue to enhance water monitoring practices, optimise operational processes, strengthen preventive maintenance programmes, and evaluate opportunities to implement water-efficient technologies within its industrial gas operations.

Water Discharge & Environmental Compliance

Water discharge from the Group's LCO_2 manufacturing facility in Kerteh primarily consists of non-hazardous process water. This water is discharged through designated drainage systems in accordance with environmental requirements and ultimately flows to receiving water bodies.

The Group conducts periodic monitoring in accordance with the Department of Environment ("DOE") Environmental Management Plan to ensure that discharge quality complies with regulatory standards.

Kelington recorded zero incidents of non-compliance related to water discharge in FY2025, with no associated penalties.

Water Discharge by destination (FY2023-FY2025)

Water Discharge by destination	Unit of measure	FY2023	FY2024	FY2025
Ocean total discharge	m³	0	0	**0**
Surface water total discharge	m³	76,813	59,243	**77,955**
Subsurface / well total discharge	m³	0	0	**0**
Off-site water treatment total discharge	m³	0	0	**0**
Beneficial / other use total discharge	m³	0	0	**0**
Total Water Discharge	**m³**	**76,813**	**59,243**	**77,955**

DEEP DIVES SUSTAINABILITY TOPICS

ST4 Support Biodiversity

Our Commitment to Biodiversity

Kelington recognises the importance of biodiversity and healthy ecosystems in supporting environmental sustainability and long-term economic development. Biodiversity underpins essential ecosystem services such as clean air and water, pollination, pest control and climate regulation.

Industrial activities and population growth can contribute to environmental pressures, including pollution and climate change, which may affect biodiversity. Kelington therefore seeks to minimise the environmental impacts of its operations through responsible environmental management practices.

This commitment is reflected in the Group's Sustainable Development Position Statement, which guides the integration of environmental stewardship into business activities and operational practices.

Biodiversity Management Approach

Kelington integrates biodiversity considerations into its environmental management systems to identify and manage potential environmental impacts arising from its operations.

Where required, Environmental Impact Assessments ("EIA") are conducted for new projects to evaluate potential impacts on surrounding ecosystems and to implement appropriate mitigation measures.

The Group also engages with relevant stakeholders, including government agencies and non-governmental organisations, to support biodiversity conservation and promote sustainable environmental practices.

Operational Monitoring and Environmental Protection

While none of Kelington's operational sites are located within or adjacent to protected areas or biodiversity hotspots, the Group remains committed to minimising its environmental footprint.

Most of Kelington's operations take place within industrial zones or at customer premises, with the LCO_2 manufacturing facility in Kerteh representing the Group's primary operational site.

At the Kerteh facility, designated personnel monitor environmental conditions through a structured environmental management approach. This includes regular environmental audits covering water quality, air quality and noise levels, as well as the implementation of pollution prevention and mitigation measures to ensure compliance with regulatory standards.

Monthly monitoring of air and water quality is conducted, including monitoring of nearby river conditions. The results are reported through quarterly Environmental Monitoring and Auditing Reports submitted to Malaysia's DOE.

Biodiversity Conservation Initiatives and Target

Kelington has established a target to implement at least one biodiversity or greening initiative annually at each community sites as part of its commitment to environmental stewardship.

In FY2025, teams across Malaysia, Singapore, China, Germany and Taiwan participated in the Kelington Worldwide Green Week Initiative, a programme designed using a behaviour-change framework to encourage environmental awareness and sustainable practices among employees.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 4 SUPPORT BIODIVERSITY (CONT'D)

As part of this initiative, several activities were carried out across the Group's locations, including:

Tree planting activities, where employees planted 200 plants at Taman Botani, Shah Alam to support urban greening and habitat enhancement.

The activity provided employees with hands-on experience in environmental conservation, strengthening awareness of biodiversity protection while encouraging active participation in sustainability initiatives.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 4 SUPPORT BIODIVERSITY (CONT'D)

A day of teamwork, purpose, and positive impact! Beach clean-up activities in Singapore, contributing to the protection of coastal ecosystems and raising awareness on marine pollution.

The activity brought employees together in a shared effort to protect coastal environments, strengthening teamwork while raising awareness of the impact of marine pollution.

DEEP DIVES SUSTAINABILITY TOPICS
- ST 4 SUPPORT BIODIVERSITY (CONT'D)

Kelington Worldwide Green Week 2025

Eco Trees Across Five Countries *– Employees and HR teams came together to creatively build Eco Trees using recycled materials from offices and homes, turning everyday waste into meaningful symbols of sustainability.*

DEEP DIVES SUSTAINABILITY TOPICS
- ST 4 SUPPORT BIODIVERSITY (CONT'D)



Plastic-Free Heroes: *BYO Battle – Employees took on the challenge by bringing their own reusable bottles, utensils and food containers, sharing their efforts through photos to inspire a culture of reduced plastic use.*

Tree planting remains one of Kelington's cornerstone initiatives. In 2025, 21 employees participated in a tree planting event at Taman Botani Shah Alam, where 200 trees were planted, reinforcing our commitment to environmental conservation and climate action. The initiative contributed to reforestation efforts, enhanced urban green spaces and strengthened employee volunteerism and community spirit.

Building on this, Kelington launched its Worldwide Green Week in August 2025, bringing together employees across Malaysia, Singapore, Germany, China, and Taiwan through activities that encouraged creativity, collaboration, and sustainability awareness.

Beyond advancing environmental outcomes, the initiative also strengthened employee engagement and cross-border unity. Through challenges such as Eco-Tree construction, Plastic-Free Heroes, and Sustainable Artistry, employees demonstrated innovation and teamwork, reinforcing shared values and fostering a culture of responsibility across the Group.




Environmental engagement programmes were implemented across offices to promote biodiversity awareness and responsible environmental practices. Together, these efforts demonstrate Kelington's commitment to biodiversity conservation and community awareness.