TCFD ALIGNED DISCLOSURES

TASK FORCE ON CLIMATE CHANGE FINANCIAL DISCLOSURE (TCFD)

Extreme weather events such as floods are becoming more common in Malaysia due to climate change. Thus, we see the necessity to identify our climate-related risks and implement tangible mitigating measures to ensure the sustainability of our business. The need to address and disclose climate-related risks has become even more important, as the investing community demands more transparency in climate-related financial disclosures.

Our climate-related risk assessment is based on the Task Force on Climate-related Financial Disclosures (TCFD) and IFRS recommendations. Our first step in preparing to mitigate climate-related risks was to conduct a climate risk assessment to identify the physical and transition risks.

The table below shows the alignment of our disclosures against the four pillars of the TCFD. As we advance, we will intensify our climate actions and deepen our mitigation measures, such as conducting a climate scenario analysis, to increase the transparency of our climate-related disclosures.

GOVERNANCE

The Board Sustainability Committee has oversight on climate-related matters and GHG emissions. This includes driving the Group in its climate change strategy and GHG emissions reduction.

STRATEGY

We are currently stepping up our climate action to implement more robust measures to identify the climate risks and opportunities that will impact our business in the long term. We aspire to embark on science-based emissions reduction targets and conduct a climate scenario analysis in the near future.

RISK MANAGEMENT

In 2022, Our risk management team conducted a climate-related risk assessment for Malaysian operations and in 2023 we expanded this programme to cover the Indonesia operations. The initiative enabled us to identify the climate-related risks and opportunities that are most pertinent to our business activities. The assessment was conducted based on TCFD's recommendations, which consist of:

Transition Risks	Related to the transition to a low-carbon economy.
Physical Risks	These are related to the physical impacts of climate change, which will affect the value of our assets.

METRICS AND TARGETS

We have been collecting data and disclosing our Scope 1 and Scope 2 GHG emissions since 2019. As part of our transition to a low-carbon economy, we are looking into disclosing Scope 3 GHG emissions to reduce the carbon emissions of our value chain. Our Decarbonisation Programme will accelerate this, which seeks to significantly reduce the energy consumption and carbon emissions of our operations across Malaysia and Indonesia.

	Total GHG Emissions (tCO_2e)			
Type of Emissions	2019 (Baseline)	2021	2022	2023
Scope 1	9,257.95	6,442.14	6,044.78	6,576.49
Scope 2	28,245.64	25,242.26	25,051.73	29,081.55

	Revenue (GJ/RM mil)			
	2019 (Baseline)	2021	2022	2023
Total energy intensity	88.76	48.67	65.23	70.92

GHG Framework: GHG Emissions Protocol Calculation Tools

Emission Factor: Grid Emission Factor (GEF) Malaysia, 2017-2021, Malaysia Energy Information Hub (MEIH)

Home - Malaysia Energy Information Hub (st.gov.my)

CLIMATE-RELATED RISKS, OPPORTUNITIES AND POTENTIAL FINANCIAL IMPACTS

We undertook a climate-related risk assessment to evaluate and identify the risks and opportunities that will most likely impact our business in the long term. The climate-related risks are divided into two major categories, while the opportunities are categorised into five different types. Our climate-related risk assessment and disclosures are in accordance with the recommendations of the TCFD.

RISKS		OPPORTUNITIES	
Transition Risks	**Physical Risks**		
- Policy and Legal - Technology - Market - Reputation	- Acute - Chronic	- Resource Efficiency - Energy Source - Products and Services	- Markets - Resilience

Types of Risks **TRANSITION RISKS**

CLIMATE-CHANGE RISKS	CLIMATE-CHANGE OPPORTUNITIES
Policy and Legal: The enhanced or new national and international regulatory requirements for company reporting and products and services.	
- Application of Carbon Taxation - Exposure to litigation - Enhanced emissions-reporting	- Use of government GHG policy initiatives - Eligibility for Green Taxation - Transparent and comparative peer-to-peer reporting and benchmarking
Technology: The cost and effectiveness of transitioning to lower-emission technology.	
- Financial costs to transition to lower emissions technology - Substitution of existing products and services with lower emissions options - Possibility of unsuccessful investment in new technologies - Supply chain capacity to change	- Utilise green modes of transportation such as EVs - Increased choice of low-emission products and services will subsequently reduce cost - Use of sustainability performance-linked loans - Development of new technologies - Supply chain partnership to reduce climate change
Market: The behaviour and preference of customers looking for substitute products with lower emissions.	
- Changing customer behaviour - Uncertainty in market signals - Increased cost of raw materials	- Access to new markets - Development and/or expansion of low-emission goods and services - Raw material substitution - Repurposing and recycling of materials - Reduced taxation for green products - Consumer recycling of packaging
Reputation: The increase in stakeholder concern if the company does nothing to tackle climate change.	
- Shifts in consumer preferences - Negative product feedback - Increased stakeholder concern	- Foster good stakeholder relationship - Potential access to new investors through good ESG rating

Types of Risks	PHYSICAL RISKS
CLIMATE-CHANGE RISKS	**CLIMATE-CHANGE OPPORTUNITIES**
Acute: Critical Increased severity of typhoon and flood.	
- Halt of operations at production bases and damage to equipment due to flooding - Disruption to deliveries - Potential increase in health and safety expenses	- Conduct comprehensive business impact analysis (BIA) and risk assessment when exploring new business sites - Business Continuity Management countermeasures for heavy rain, equipment, etc. - Implementation of work at home and flexible working hours
Chronic: Changing weather patterns and rising mean temperature and sea levels.	
- Increased demand for emergency supplies - Increased insurance coverage for international logistics	- Retrofit old buildings to become energy-efficient - Conduct risk assessment for climate-change scenarios - Countermeasures for climate-change scenarios - Involve Suppliers in an emergency contingency plan - Opportunities for local sourcing