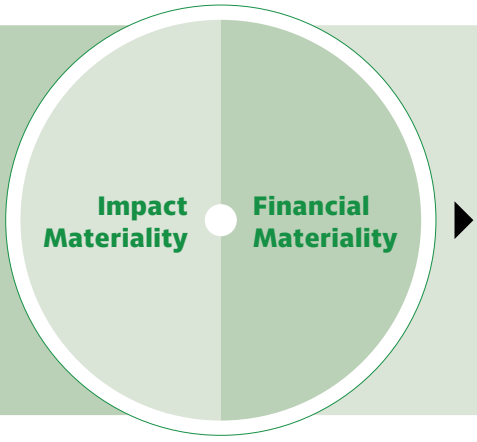
Progressing on the Sustainability Journey

Driven by our vision to be a leading regional construction and engineering group, we deliver infrastructure and built environments that enable economic progress while recognising our responsibility to minimise environmental impacts, protect our people and contribute positively to communities and stakeholders. Our mission, innovating to deliver value, guides how we embed sustainability into the way we plan, operate and deliver projects. By integrating responsible practices and forward-looking solutions across our business, we support sustainable growth, strengthen long-term resilience and create shared value for all stakeholders.

To translate these commitments into action, we undertook a double materiality assessment in 2024 to assess how sustainability matters affect our financial performance and how our activities impact the environment and society. This approach informs our decision-making and strategic priorities, enabling us to improve operating efficiency, reduce risk exposure, enhance access to financing and markets and reinforce supply chain resilience.

- Mitigating environmental and social impacts and serving as a positive change catalyst, consistent with our business model and philosophy of sustainable value creation
- Contributing to global efforts addressing climate change, pollution and human and labour rights



- Leveraging sustainability as a strategy to strengthen resilience against existing and emerging risks that could materially impact Financial, Business and Operational (FBO) performance
- Leveraging ESG to capitalise on opportunities for business development and value creation

At the same time, we closely monitor the evolving sustainability landscape, including regulatory developments, reporting requirements and disclosure standards that shape stakeholder expectations and industry practices. Our approach includes strengthening our disclosures and data management processes to ensure transparency, comparability and decision-useful information.

As part of these efforts, we have enhanced our climate change disclosures since 2024 by adopting updated emission factors and expanding our Scope 3 coverage to six categories of GHG emissions. This enabled us to align with IFRS S2 disclosure standards by 2025, in compliance with the NSRF requirements for Group 1 listed companies on the Main Market of Bursa Malaysia.

During the year, we have aligned with IFRS S1 disclosure standards. We have also set project-level KPIs based on our current targets to ensure all projects are monitored and tracked on their sustainability progress.

Progressing on the Sustainability Journey

SunCon ESG Framework

Vision
To be a leading regional construction and engineering group

Mission
Innovating to deliver value underpins our relentless efforts to drive positive and sustainable change in the way we work and operate to create value for all our stakeholders

Our Strategic Thrust

Striving in low carbon economy
Forging sustainable practices to remain competitive in the net-zero transition

Encouraging inclusive growth
Promoting inclusive growth by being a responsible employer and partnering for regional growth

Guaranteeing safety
Zero accidents objective for all people working in our workplaces remains the topmost priority for the Group

Respecting ethical principles
Adopting strong governance framework for employees to contribute effectively in upholding the Group's core values of Integrity, Humility and Excellence

ESG Focus Areas

Environmental
- Climate Action
- Circular Economy
- Water Protection
- Biodiversity

Social
- Employee Management
- Occupational Safety and Health
- Product Quality and Responsibility
- Fair Labour Practice
- Community Enrichment

Governance
- Governance and Ethical Business
- Risk and Regulatory Compliance
- Anti-Corruption and Anti-Bribery
- Data Privacy and Security
- Responsible Supply Chain

Key Enablers

Collaboration | **Innovation** | **Digitalisation**

Our Strategic Thrust

	Environmental	Social	Governance
Strategic Theme	**Environmental** To tackle climate change and restore nature	**Social** To be a people-centric corporate citizen	**Governance** To create long-term value through ethical business practices and continuous stakeholder engagement
Sustainability Goals	**Goal 1** Enabling sustainable construction practices	**Goal 2** Investing in fair, safe and inclusive workforce	**Goal 3** Ensuring compliance embracing transparency
Key SDG Alignment			

Progressing on the Sustainability Journey

SunCon's ESG Framework serves as the Group's overarching strategy for defining sustainability focus areas, setting strategic priorities and embedding sustainability across our business strategies, operations and organisational culture. It provides a structured approach for integrating ESG considerations into decision-making while guiding the development of a practical, high-impact sustainability roadmap that supports sustained and enhanced value creation.

Aligned with our Vision and Mission, the framework brings sustainability into the core of our business philosophy and corporate ethos. Our Strategic Thrust establishes broad-based pillars that guide the identification of relevant and material ESG Focus Areas. From these areas, we systematically identify, categorise and monitor associated risks and opportunities.

Building on these insights, we develop management approaches and tactical strategies to mitigate risks and capture opportunities, with performance tracked against defined KPIs and targets. We continuously refine execution to drive improved outcomes and strengthen performance over time.

To accelerate implementation and drive meaningful progress, our framework is supported by three Key Enablers: Collaboration, Innovation and Digitalisation. Through Collaboration, we strengthen alignment across business divisions and work closely with external stakeholders. Innovation enables us to adapt and evolve in response to a changing operating environment, while Digitalisation allows us to leverage technology to enhance performance and drive operational improvements.

Collectively, our framework supports the achievement of our overarching Sustainability Goals under our Sustainability Roadmap: enabling sustainable construction, investing in a fair, safe and inclusive workplace and ensuring compliance while embracing transparency. It also contributes to the advancement of our selected United Nations Sustainable Development Goals (UN SDGs), including supporting the transition to a low-carbon economy, promoting inclusive growth, safeguarding safety and upholding ethical principles.

AWARDS AND RECOGNITION

Our continued progress in sustainability is reflected in the recognition we received from leading ESG and financial indices during the reporting year. We maintained our **MSCI AA ESG Rating**, demonstrating consistent performance across environmental, social and governance practices. In addition, we improved our **FTSE4Good ESG rating from 3 stars to 4 stars** and we continued to be listed in the FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index, highlighting the sustained recognition of our growing market presence and investor confidence.

We are also proud to have been named **runner-up in SWCorp's PROBINA Award Year 2025** for our waste management practices at our data centre project in Bukit Jalil. This award highlights our strong efforts in implementing sustainable practices at our construction sites.

Progressing on the Sustainability Journey

CONTRIBUTION TO THE UN SDGS AND UNITED NATIONS GLOBAL COMPACT (UNGC)

Through alignment with selected UN SDGs and the Ten Principles of the UNGC, we advance ESG initiatives that support low-carbon transition, inclusive growth, workplace safety and responsible business conduct.

MEMBERSHIP OF ASSOCIATIONS

As active members of various industry bodies and professional associations, we advocate for stronger ESG practices within the industry. This includes advancing responsible supply chain practices, supporting human and labour rights, improving employment conditions and promoting decarbonisation, resource efficiency, as well as recycling and waste management.

Association	Our Membership & Contribution
Construction Industry Development Board (CIDB)	• Support CIDB's efforts to strengthen the capacity and capability of the construction industry through participation in industry programmes and adoption of established standards and best practices, particularly in quality, safety and health performance
Master Builders Association Malaysia (MBAM)	• Collaborate with industry stakeholders to enhance construction standards, strengthen workforce competencies, drive innovation and advocate for regulatory improvements through active participation in MBAM committees and workshops
Human Resource Development Corporation (HRDC)	• Facilitate the development of a skilled, knowledgeable and future-ready construction workforce via participation in HRDC-certified training and development programmes

Governance

GRI 205, 206, 308, 414, 415, 418

As our operating environment grows more complex, the importance of strong governance becomes even more pronounced amid rising stakeholder expectations, heightened regulatory requirements, and interconnected risks, as we advance our sustainability agenda. We are strengthening our governance framework through improved processes, controls, and oversight, with integrity as the foundation guiding our decisions, risk management, and ESG impact. We also extend these expectations to our supply chain, using enhanced due diligence and clear behavioural standards to promote responsible conduct across our operations.

Governance Focus Area:

- Governance and Ethical Business
- Responsible Supply Chain
- Data Privacy and Security
- Anti-Corruption and Anti-Bribery
- Risk and Regulatory Compliance

Performance on Governance KPIs and Targets

ESG Focus Areas	Target	2023	2024	2025
Governance and Ethical Business	No confirmed major non-compliance with all SunCon Codes of Conduct	Zero non-compliance	Zero non-compliance	**Zero non-compliance[1]**
Anti-Corruption and Anti-Bribery	Maintain 100% employees awareness on Anti-Corruption and Anti-Bribery	100%	100%	**100%**
	Zero confirmed bribery and corruption incidents	Zero confirmed incident	Zero confirmed incident	**1[2]**
	Achieved 100% compliance rate in due diligence for all new employees and associates	N/A	N/A	**100%**
Data Privacy and Security	Zero confirmed incidents of breach of customer privacy and losses of customer data	Zero confirmed incident	Zero confirmed incident	**Zero confirmed incident**
Responsible Supply Chain	Suppliers and subcontractors to complete Environmental and Social Assessment	Work in progress	330 responses	**To be conducted in FY2026**
	100% of new suppliers/ subcontractors screened using environmental and social criteria	Achieved	Achieved	**Achieved**
Risk and Regulatory Compliance	Zero non-compliance with all regulatory requirements and guidelines	33 notices received from authorities. All closed	16 notices received from authorities. All closed	**12 notices received from authorities. All closed**

[1] Excluding bribery and corruption cases, which have been reported under the Anti-Corruption and Anti-Bribery targets.
[2] A former employee was investigated in a corruption case. The Malaysian Anti-Corruption Commission (MACC) has cleared SunCon of any wrongdoing.

Governance

GOVERNANCE AND ETHICAL BUSINESS

SUSTAINING GOVERNANCE RESILIENCE THROUGH RIGOROUS POLICY MANAGEMENT

At SunCon, we uphold governance resilience through well-defined policies that guide conduct, internal controls and operational processes across the organisation. These policies are reviewed periodically, as prescribed under the relevant policies, with key updates presented to our Board to ensure continued alignment with regulatory requirements, stakeholder expectations, and industry trends.

Board Policies				
Remuneration Policy for Directors and Senior Management	Policy on Selection and Assessment of the Board	Policy on Selection of External Auditors	Non-Audit Services Policy	Fit and Proper Policy

Corporate Policies			
Code of Conduct and Business Ethics (CCBE)	Whistleblowing Policy and Procedures	Anti-Bribery and Corruption Policy	Anti-Money Laundering, Countering Financing of Terrorism and Countering Proliferation Financing Policy
Associates Code of Conduct	Gifts, Entertainment and Hospitality Policy	Quality, Environmental, Safety and Health Policy	Sustainability Policy

Alignment with Sunway Berhad's Policies		
Human Rights Policy	Diversity and Inclusion Policy	Employees Grievance Procedure
Anti-Sexual Harassment Policy	Water Management Policy	Sustainable Procurement Policy

In 2025, we implemented a new Sustainability Policy that embeds ESG considerations into our decision-making and operational practices, aligning with Sunway Group's Sustainability Policy and its commitments to the UN SDGs and Net Zero emissions by 2050. The policy serves as the foundation of SunCon's sustainability governance and strategy, guiding our initiatives and reinforcing responsible conduct across our subsidiaries and value chain, while driving long-term sustainable value for our stakeholders.

The policy is accessible here: https://ir2.chartnexus.com/suncon/doc/cg/Sustainability-Policy.pdf

As a member of Sunway Group, we further align our practices with group-level policies to maintain consistent governance standards across all entities. Our policies and corporate governance framework are accessible via our corporate website at https://www.sunwayconstruction.com.my/corporate-sustainability/governance.

Governance

SUNCON ESG GOVERNANCE STRUCTURE

Our approach to governance is driven by tone from the top, with our Board of Directors providing direct and active leadership through rigorous oversight, sound deliberation and informed decision making. This establishes a consistent organisational tone and supports the effective execution of our strategic priorities.

To embed sustainability into core business performance, we have linked ESG-related elements to GMD's and Senior Management's remuneration and KPIs since 2022. These topics include reducing carbon emissions, enhancing occupational safety and health performance, increasing waste diversion from landfills and improving ESG ratings.

Additionally, we maintain Board effectiveness by ensuring the Board receives regular updates on emerging issues and evolving trends, including climate change. We also uphold a balanced Board diversity, with female directors representing 43% of its seven members as of 31st December 2025 in line with the Malaysian Code on Corporate Governance guidelines.

Specific roles and responsibilities of the Board are outlined along with key elements of our governance structure in the Corporate Governance Overview Statement in this report. These details are further supported by the Terms of Reference for the Board and the Sustainability Committee (SC).

Scan the QR code to view our Sustainability Committee Terms of Reference:
https://ir2.chartnexus.com/suncon/doc/cg/GS05.%20TOR%20Sustainability%20Committee.pdf

Sustainability Governance Structure

Board of Directors ▸ The Board provides strategic direction for SunCon and its subsidiaries, ensuring that we remain on track to achieve our objectives. It shapes and reviews our overall strategy, upholds core values and maintains strong governance standards. The Board also oversees management to ensure that operations are conducted with integrity and in full compliance with applicable laws and regulations.

Sustainability Committee ▸ The Sustainability Committee (SC) oversees our sustainability strategy and key ESG priorities by reviewing targets, performance and overall sustainability progress. The SC also reviews the sustainability initiatives and provides recommendations to ensure they align with the business and sustainability strategies. It meets at least twice a year and submits recommendations to the Board on related matters.

TAN LER CHIN (CHAIRPERSON)

DR SARINDER KUMARI A/P OAM PARKASH

DATUK KWAN FOH KWAI

ERIC TAN CHEE HIN[1]

Governance

Risk Management Committee	The Risk Management Committee (RMC) oversees SunCon's risk management framework and processes, including sustainability-related risks. It monitors, reviews, and deliberates on corporate and operational risks, ensuring appropriate mitigation plans are in place and effective. The RMC meets at least quarterly each year and all SC members serve on the RMC.
Nomination and Remuneration Committee	The Nomination and Remuneration Committee (NRC) oversees all matters pertaining to remuneration, including that of SunCon's senior management. The NRC tracks the sustainability-related KPIs cascaded to senior management and meets at least quarterly every year.
Sustainability Department	The Sustainability Department supports the Board and the SC in meeting regulatory requirements for ESG disclosures via policy recommendations and alignments. Moreover, the department tracks and monitors sustainability-related data and initiatives across SunCon to ensure accurate and transparent reporting. The department works closely with project directors across all business operations at SunCon to ensure the effective implementation of sustainability strategies and initiatives.

[1] Appointment of Mr Eric Tan Chee Hin as a member of SC in place of Mr Liew Kok Wing, effective on 3 March 2025.

ANTI-CORRUPTION AND ANTI-BRIBERY

ZERO TOLERANCE APPROACH TO CORRUPTION

We enforce a strict zero-tolerance stance on all forms of bribery and corruption, recognising them as a serious and material threats to our integrity, competitiveness, long-term value and stakeholder interests. Guided by impact materiality considerations, we acknowledge that corruption undermines governance, distorts decision-making and elevates operational and financial risk, while eroding the trust our clients, partners, and investors place in us.

Our Anti-Bribery and Corruption (ABC) Policy aimed to prevent any corruption and bribery practices within our operations and across our value chain.

Our approach is reinforced through the following policies and frameworks, which help safeguard our organisation and uphold the highest standards of conduct:

- Anti-Money Laundering Policy
- Gift, Hospitality and Entertainment Policy
- Code of Conduct and Business Ethics
- Associates Code of Conduct
- Anti-Bribery Manual (implemented as part of the ABMS certification)

The ABC Policy is reviewed and approved by the Board and the Board-level Audit Committee, which periodically assesses its relevance, effectiveness and compliance with regulatory requirements. It has been developed in line with local laws, including Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 and its 2018 amendment. In addition, our standard operating procedures and internal controls are similarly aligned with the Act. The policy is publicly available on our website and can be accessed via the QR code.

Scan the QR code to view our policies and corporate governance framework:
https://www.sunwayconstruction.com.my/investor-relations/corporate-governance

In May 2025, we attained the ISO 37001:2016 Anti-Bribery Management Systems (ABMS) certification, reinforcing our robust systems, controls and procedures against bribery and corruption. This includes maintaining a whistleblowing channel, an active Internal Audit function, access for external auditors and a Compliance Officer supported by the Compliance Function Team (CFT) to ensure the effective implementation of our anti-bribery controls.

Governance

Employee Anti-Corruption Training and Compliance

During the reporting period, we continued our annual Anti-Bribery and Anti-Corruption (ABC) compliance declaration, accompanied by briefing videos on ABC and a mandatory assessment. This is in addition to our anti-corruption briefing and training sessions for all employees, with new joiners receiving dedicated onboarding briefings on our ABC Policy. These initiatives are supported by our Employee Handbook, available on the company intranet, which outlines our principles on anti-corruption, good governance, corporate integrity, and ethical business conduct.

We also organise periodic refresher programmes to maintain awareness and reinforce employees' understanding of our anti-corruption expectations. These are regularly updated via quarterly emails, notice boards, and other internal communication channels, such as TV screens in our offices.

As of 31 December 2025, 100% of our employees, including new joiners, completed ABC training. All employees also signed the annual Code of Conduct and Business Ethics (CCBE) and the ABC Declaration Form.

Supply Chain Integrity and Anti-Corruption Compliance

All new business partners are required to register in our e-Supplier Registration and Evaluation (e-SRE) portal, where they must submit Anti-Corruption declarations. These declarations are mandatory for tender participation because they form part of the subsequent onboarding process and are incorporated into the contract upon award. Prior to onboarding, we conduct due diligence to assess the integrity and risks of potential vendors, suppliers, and contractors.

We also provide mandatory ABC onboarding briefings to all appointed suppliers, vendors and contractors, which require formal acknowledgement and acceptance of our policies and procedures. They are regularly reminded to comply with our zero-tolerance policy and uphold ethical practices aligned with our standards. This is also emphasised in all subcontractor-related documents, whose language was enhanced in 2025 to highlight the requirement for business associates to uphold the same standards in their conduct and activities. Any non-compliance may result in corrective action, including termination and/or blacklisting from future tenders.

Subsequently, we issued our Associates Code of Conduct, applicable to subcontractors, suppliers and consultants. Effective 20 August 2025, the code formally sets out the ethical standards expected of all parties conducting business with us.

Supply Chain Due Diligence

As part of our due diligence process, we assess active subcontractors and suppliers for bribery and corruption risks. Identified high-risk and medium-risk partners are subjected to further review by the CFT.

In 2025, we conducted internal audits and risk assessments to assess ABMS compliance and evaluate bribery risks across the departments and projects reviewed. During our annual assessment through internal audits, we have assessed 100% of our operations and identified the following significant corruption-related risks:

Supply Chain Bribery and Corruption Risk Areas	Risks Level
• Awarding contracts to subcontractors, suppliers or consultants	HIGH

Mitigation Measures

- Enhanced digital onboarding system (eSRE)
- Strengthened required declarations to include Conflict of Interest
- Enhanced Letter of Award provisions
- Conducted third party review
- Performed integrity risk assessment for active subcontractors and suppliers

Supply Chain Bribery and Corruption Risk Areas	Risks Level
• Hiring without adequate due diligence	HIGH

Mitigation Measures

- Enhanced Due Diligence for high-risk positions

Governance

Anti-Corruption Performance Data

In 2025, we recorded a corruption incident involving an employee. We took stringent measures against the said employee who was investigated by the MACC and subsequently terminated from employment. On 18 August 2025, the MACC confirmed in a letter that the investigation did not involve Sunway Construction Sdn. Bhd. and Sunway Engineering Sdn. Bhd.. The MACC also confirmed that the individual acted in a personal capacity and not on behalf of either company.

Whistleblowing Policy and Procedures

We maintain an established whistleblowing channel that enables all stakeholders to raise concerns through secure and confidential hotlines. All submissions are reviewed and investigated in accordance with our Whistleblowing Policy.

Whistleblowing Hotlines

Telephone: **(603) 5639 8033**

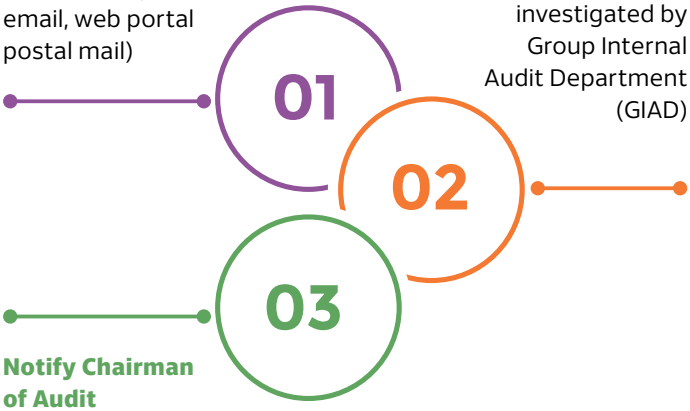
Email: **whistleblowing.SCG@sunway.com.my**

Report Received

Reported via whistleblowing channels (e.g. hotline, email, web portal postal mail)

Independent Review

Reviewed and investigated by Group Internal Audit Department (GIAD)



Notify Chairman of Audit Committee

All cases will be notified to the Chairman of the Audit Committee

Our Whistleblowing Policy enables whistleblowers and anyone who submits a report to remain anonymous while protecting them against any form of retaliation. All reports are handled with the highest level of confidentiality, with details disclosed only when required by law or essential for legal proceedings.

During FY2025, there was one whistleblower case reported through the whistleblowing channel. However, the case was unrelated to the Company. As such, no confirmed whistleblowing incidents were recorded for SunCon during the year.

DATA PRIVACY AND SECURITY

Data privacy and security are fundamental to our operations, as we manage a substantial volume of personal and confidential stakeholder information. We remain fully compliant with the Personal Data Protection Act (PDPA) 2010 and adhere to our Risk Management Framework (ISO 31000 principles).

Our protocols safeguard confidentiality at every stage, from data collection and processing to use and storage. We maintain stringent access controls so that data is used solely for its intended purpose. We grant access only to authorised personnel for a defined period, with the data owner's prior consent. We continuously enhance our data protection capabilities by investing in and upgrading our infrastructure, thereby strengthening our resilience against both current and emerging cybersecurity threats. In 2025, we received zero substantiated complaints regarding customer breaches.

Going forward, we will advance our data protection and cybersecurity posture by moving beyond baseline compliance and adopting more proactive, intelligence-driven safeguards. We will continue to uphold strict PDPA governance and reinforce our access controls to ensure that personal data is always handled responsibly, transparently and with clear consent.

SunCon's digital infrastructure is supported by Sunway Digital Hub, which is ISO 27001:2022 certified and oversees our cybersecurity strategies and implementations for SunCon under the direction of its Chief Information Officer. We maintain strong security governance and plan to further enhance our security measures, including more frequent stress testing, real-time threat monitoring, and strengthened incident response capabilities.

We will also continue to nurture a resilient cybersecurity culture across our workforce, partners, and vendors. By enhancing ongoing training, strengthening accountability and ensuring robust adherence to our Sunway E-Policy, we will make cybersecurity a shared responsibility across the organisation, ensuring secure, uninterrupted operations as we accelerate our digital transformation.

Governance

RISK AND REGULATORY COMPLIANCE

As a company operating in a highly regulated environment, we uphold strong compliance practices to minimise legal, financial and operational exposure that could disrupt our projects or affect our profitability. This also safeguards our reputation, which is critical to securing new opportunities, maintaining industry credibility and building trust with clients, regulators and investors.

We apply our Enterprise Risk Management (ERM) framework to identify, assess, monitor and mitigate risks related to strategy, operations, finance and compliance. This framework enables us to respond effectively to an evolving landscape of risks and regulatory expectations. The Board and Risk Management Committee provides oversight to ensure that risk management remains embedded in our decision-making processes and aligned with the organisation's strategic direction.

To support consistent and disciplined operations across the organisation, we maintain ISO-certified management systems, including ISO 9001 for Quality Management, ISO 14001 for Environmental Management and ISO 45001 for Occupational Health and Safety. These standards strengthen our approach to risk identification, regulatory compliance, incident prevention and continuous improvement. Furthermore, we emphasise good governance and uphold high standards of ethics and integrity across our operations by complying with our ISO37001:2016 Anti-Bribery Management System. This reinforces our zero-tolerance stance on bribery and corruption, ensuring that we conduct our business ethically and transparently.

In 2025, we recorded 12 notices from authorities, all of which have been closed. These outcomes were achieved through immediate corrective actions, strengthened process controls, targeted retraining, updates to risk assessments and SOPs and closure of all required action items in compliance with regulatory requirements.

RESPONSIBLE SUPPLY CHAIN

A responsible supply chain is fundamental to our credibility and to creating sustainable value. Our projects rely on a wide network of suppliers whose practices directly influence our environmental footprint, social impact and the quality of our products and services. When suppliers uphold strong standards, it enhances the quality of our delivery and reinforces stakeholder trust.

We are aligned with Sunway Group's Sustainable Procurement Policy, as well as our Code of Conduct and Business Ethics Policy. In 2025, we introduced the Associates Code of Conduct to further strengthen supply chain governance across the company.

Scan the QR code to view Sunway Group's Sustainable Procurement Policy:
https://www.sunway.com.my/wp-content/uploads/sustainability-policies/Sunway-Berhad-Sustainable-Procurement-Policy-240425.pdf

Scan the QR code to view our Code of Conduct and Business Ethics Policy:
https://ir2.chartnexus.com/suncon/doc/cg/Policy%2005.%20Code%20of%20Conduct%20&%20Business%20Ethics%20Policy%20(CCBE)%20R2%20-%20Website%20Version%201.pdf

Scan the QR code to view our Associates Code of Conducts:
https://ir2.chartnexus.com/suncon/doc/cg/16.%20Associates%20Code%20of%20Conduct%20(Upd%2020012026).pdf

Recognising the need to build a responsible supply chain and broader value chain, we are committed to fostering sustainable practices among our suppliers to support long-term value creation. This includes assessing all risks associated with all potential suppliers and contractors during the due diligence phase. All newly appointed suppliers are screened through our onboarding system to ensure they meet our requirements and expectations. In 2025, we screened 100% of new suppliers for environmental and social criteria through our onboarding system.

In addition, we conducted audits of selected supply chain partners and no material non-compliance was identified in 2025.

Should a non-compliant supplier fail to respond or satisfactorily address the non-compliance, we will enforce measures in line with our policies and contractual obligations. These may include removal from our approved list and disqualification from future engagement with us. Moving forward, we intend to expand our audit scope to include broader environmental and social areas as we continue to enhance our oversight.

For more information about anti-bribery and corruption in our tender process, please refer to the Anti-Bribery and Corruption section on pages 69-71.

Governance

Sourcing Materials Responsibly

We are cognisant that the construction industry's sustainability maturity is still developing, and this presents challenges in sourcing cost-effective green materials at scale. Within this context, we operate under defined project specifications that shape the materials we procure, including the extent to which green alternatives can be incorporated.

We acknowledge these challenges and continue to strengthen our approach to responsible sourcing, working toward integrating more sustainable options. In 2025, our top construction materials by tonnage and low-carbon construction materials implemented are as follows:

Top Construction Materials by Tonnage

Ready-Mixed Concrete (RMC)	Quarry Product	Steel Bar	Steel Mesh
609,391 Tonnage	**124,931 Tonnage**	**30,805 Tonnage**	**9,144 Tonnage**

Low-Carbon Construction Materials Implemented

Material	Initiatives	Benefits
Steel	• Use recycled steel in projects for reinforcement works where deemed suitable after assessment	• Reduces consumption of raw materials • Lowers carbon emissions associated with steel production
Green Concrete	• Use eco-friendly concrete containing Pulverised Fuel Ash (PFA) and Ground Granulated Blast-furnace Slag (GGBS) • Use Aerated Concrete (AAC)	• Enhances the sustainability of concrete and reduces environmental impact • Provides good workability and efficiency with a lower carbon footprint
Bamboo	• Use as a reinforcement material for soil stabilisation	• Provides a sustainable alternative to conventional methods due to its low environmental impact • Enhances the load-bearing capacity of soil

Prioritising Local Suppliers and Vendors

We remain committed to supporting local industries by engaging suppliers located near our project sites, wherever feasible. This enables us to contribute to the local economy, support surrounding businesses and foster broader community development. Local sourcing also means shorter transport distances, which improves delivery efficiency and reduces our carbon emissions. In 2025, 85% of our procurement spend was directed to local suppliers. While we continue to prioritise and optimise local sourcing, the expansion of our data centre portfolio may require procuring certain materials from overseas.

Environmental

GRI 301, 302, 303, 304, 305, 306

Environmental stewardship remains a defining benchmark for an organisation's long-term business resilience and national development. Climate volatility, declining natural capital, rising temperatures and tightening global regulations are reshaping expectations for responsible construction worldwide. These shifts require companies to improve efficiency, reduce environmental impact and maintain alignment with national and global sustainability pathways.

For SunCon, the environmental agenda informs how we safeguard project continuity, manage operational risks and support Malaysia's transition towards a low-carbon, resource-efficient economy. Strong environmental performance supports our licence to operate, helps protect local ecosystems and positions us to contribute to infrastructure that is more adaptive and climate-resilient. As one of Malaysia's leading construction companies, environmental stewardship remains an important enabler of our long-term operational and strategic performance.

Environmental Focus Area:

- Climate Action
- Circular Economy
- Water Protection
- Biodiversity

Performance on Environmental KPIs and Targets

ESG Focus Areas	Target	Interim Target 2025	2023	2024	2025	Progress Tracking
Climate Action	Reduce Scope 1 emissions by 40% by 2030 compared to 2020 levels (2020: 9,713 tCO_2e)	7,285 tCO_2e (25% reduction)	7,440 tCO_2e	12,283 tCO_2e	**13,402 tCO_2e *7,285 tCO_2e after offset**	
	Reduce Scope 2 emissions by 40% by 2030 compared to 2020 levels (2020: 3,724 tCO_2e)	2,793 tCO_2e (25% reduction)	6,997 tCO_2e *3,692 tCO_2e after offset	6,729 tCO_2e *2,327 tCO_2e after offset	**20,400 tCO_2e *2,793 tCO_2e after offset**	
	Zero non-compliance on ambient air quality	Achieved	Achieved	Achieved	**Achieved**	
	Zero non-compliance on noise quality	Achieved	Achieved	Achieved	**Achieved**	
	Zero non-compliance on vibration level	Achieved	Achieved	Achieved	**Achieved**	
	Achieve environmental monthly inspection score of 80%	Achieved	83.8%	83.8%	**86.2%**	
Circular Economy	20% waste diversion from landfill by 2030	11%	19.9%	26%	**63.2%**	
Water Protection	Reduce potable water consumption by 30% by 2030 from 2020 levels (2020: 392,726 m^3)	333,817 m^3 (15%)	298,366 m^3 (24.0%)	264,628 m^3 (32.6%)	**238,364 m^3 (39.3%)**	
	Alternative water sources (rainwater harvesting/water recycling) of at least 10% of the total water withdrawn by 2030	8%	12.3%	16.0%	**24.8%**	
	Zero non-compliance on water discharge quality	Zero non-compliances	Not achieved	Not achieved	**Achieved**	

Environmental

Performance on Governance KPIs and Targets

Sustainability Matters	Target	Interim Target 2025	2023	2024	2025	Progress Tracking
Biodiversity	Zero environmental incidents with adverse environmental damage	Zero non-compliances	Achieved	Achieved	**Achieved**	

Legend: Progress Tracking

- Meeting the interim target, maintain performance towards meeting the 2030 target
- Falling short of the interim target for one year, review current practices
- Falling short of the interim target for more than two years, review and revise the target (if necessary)

CLIMATE ACTION

Climate action is a material topic for us at SunCon and our stakeholders, as it helps us protect the environment, strengthen business continuity and create long-term value. Our stakeholders expect us to manage our carbon footprint and embed sustainable practices across our operations and projects, in line with evolving regulatory, market and investor expectations.

By taking proactive climate action, we deliver measurable environmental, economic and governance outcomes. We have adopted solar energy at multiple facilities, reducing our operational carbon footprint while achieving significant energy savings and emissions reductions. We also use lower embodied carbon materials, such as green concrete and Electric Arc Furnace (EAF) steel, further supporting sustainable construction practices. These initiatives help us stabilise long-term costs, enhance our reputation and maintain investor confidence, as reflected in our continued inclusion in the FTSE4Good Bursa Malaysia Index and strong ESG ratings.

Through robust governance, we align our efforts with national and global Net Zero targets, including the Paris Agreement, and ensure transparency and accountability via enhanced sustainability reporting. As we expand into energy-intensive developments, such as data centres, our climate action approach supports progress towards our Scope 1 and 2 emissions reduction targets, which are aligned with the Science Based Targets initiative (SBTi), enabling responsible management of emissions growth.

Our Sustainability Policy guides our approach and is supported by SunCon's Net Zero Carbon by 2050 roadmap, which aligns with the Sunway Group's Net Zero aspirations. Since 2024, our decarbonisation roadmap has set out clear actions and timelines across all emissions scopes, providing a detailed path for how we intend to achieve our long-term climate goals:

2030: Mid-term

Scope 1	Scope 2	Scope 3
• Transition from diesel-powered equipment wherever possible • Replace aged machinery • Review sub-contracting strategy	• Define carbon offset credits generated by solar investment projects	• Engage major commodity suppliers on managing supply chain ESG • Complete full Scope 3 emissions accounting and establish a viable reduction target by 2027 • Incorporate environmental and social assessments as part of the supply chain selection process by 2026 • Review business strategy

2045: Long-term

• Tap technological solutions to advanced machinery fleet • Explore alternative fuel sources	• Tap technological solutions on electricity consumption	• Tap technological solutions to reduce emissions • Explore viable carbon credits to offset residual carbon • Promote low-carbon transportation for materials deliveries and business travels

Moving forward in 2026, we are looking into updating our Scope 1 and Scope 2 targets and re-baseline them due to improvements in data.

Environmental

EMISSIONS MANAGEMENT

We are steadfast in delivering measurable reductions in our carbon footprint. This commitment is underscored by a target of a 5% annual reduction in Scope 1 and Scope 2 emissions, exceeding the SBTi's recommended rate of 4.2%.

We also ensure alignment with industry best practices and international standards for our greenhouse gas (GHG) inventory and accounting by applying the GHG Protocol to define our boundary and methodology. Additionally, we adopt both financial control and equity share approaches for our carbon emissions reporting, recognising 100% of our carbon emissions from our direct subsidiaries and accounting for emissions from Joint Ventures (JVs) based on the Group's equity ownership.

The following are the sources of emission factors applied in our methodology:

DEFRA (United Kingdom)	Suruhanjaya Tenaga (Malaysia) Grid Emission Factor	Energy Market Authority (EMA) Singapore Grid Emission Factor

SunCon's Scope 3 categories

- Category 1: Purchased Goods and Services
- Category 4: Upstream Transportation and Distribution
- Category 5: Waste Generated in Operations
- Category 6: Business Travel (Land and Air)
- Category 7: Employee Commuting
- Category 9: Downstream Transportation and Distribution

Scope 1

Activity data (litre) ×
Emission factor (tCO_2e/litres)

Scope 2

Activity data (kWh) ×
National Grid Emission Factor (tCO_2e/kWh)

Scope 3

Category 1:
Emission ($kgCO_2e$) = Activity Data (tonnes) × Emission Factor ($kgCO_2e$ / tonnes)

Category 4:
Emission ($kgCO_2e$)
= Activity Data (km) × Conversion Factor (litre / km)
× Emission Factor ($kgCO_2e$ / litre)

Category 5:
Emission ($kgCO_2e$) = Waste (tonnes) × Emission Factor ($kgCO_2e$ / tonnes per waste type)

Category 6:
Fuel-based: Emissions ($kgCO_2e$) = Activity data (litre) × Emission factor (tCO_2e/litres)
Distance-based: Emissions ($kgCO_2e$) = Activity data (km) × Emission factor (tCO_2e/km)

Category 7:
Emission ($kgCO_2e$)
= Distance (km) × Emission Factor (kg CO_2e / km per vehicle type)
× Working Days per Year

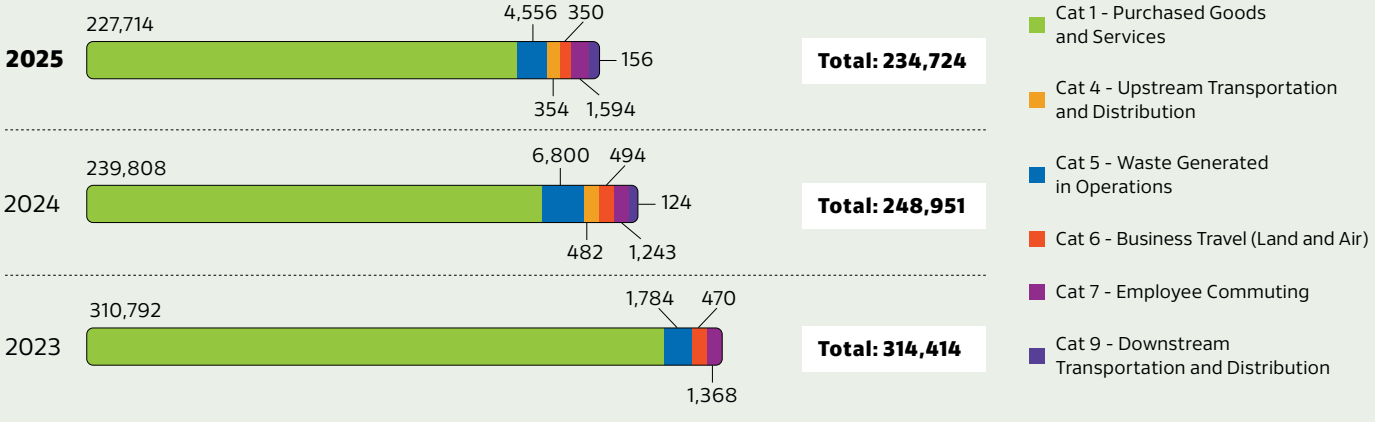
Category 9:
Emission ($kgCO_2e$)
= Activity Data (km) × Conversion Factor (litre / km)
× Emission Factor ($kgCO_2e$ / litre)

1. *Average-data method: Estimating emissions for goods and services by collecting data on the mass (e.g. kilograms), or other relevant units of goods or services purchased and multiplying by the relevant secondary (e.g. industry average) emission factors (e.g. average emissions per unit of goods or services)*
2. *Distance-based method: Determining the distance and mode of travel, then applying the appropriate emission factor for the mode used*

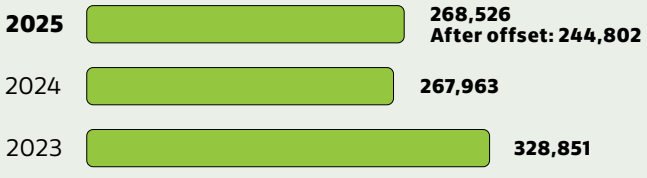
Environmental

Emissions Scope	Energy Sources	Boundary	Data (tCO_2e) 2023	2024	2025
Scope 1	Fossil fuel consumption comprising diesel, petrol, both for stationary and mobile combustion from vehicles and mobile equipment.	Project sites and precast plants owned or controlled by SunCon.	7,440	12,283	**13,402**
Scope 2	Primarily purchased energy, sourced from the national energy utility provider consumed by SunCon.	SunCon's head office, project worksites, company assets and precast plants.	6,997	6,729	**20,400**
Scope 3	Upstream and downstream emissions arising from the following categories:				
	1. Purchased Goods and Services	Construction & Precast Division - Average Data	310,792	239,808	**227,714**
	4. Upstream Transportation and Distribution	Construction - Fuel Based	-	482	**354**
	5. Waste Generated in Operations	Construction & Precast Division - Average Data	1,784	6,800	**4,556**
	6. Business Travel (Land and Air)	SunCon Group - Distance - Based	470	494	**350**
	7. Employee Commuting	SunCon Group - Distance - Based	1,368	1,243	**1,594**
	9. Downstream Transportation and Distribution	Precast Division - Fuel - Based	-	124	**156**

Total Scope 3 tonnes CO_2e Emissions Breakdown

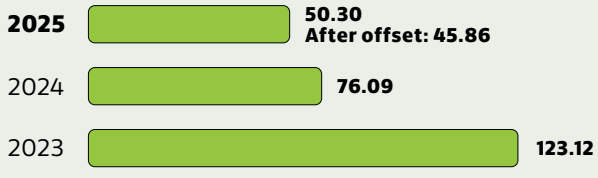


Total GHG Emission (tCO_2e)



Emission Intensity (Scope 1, 2 and 3)

(tonnes CO_2e / RM million)



1 *Scope 3 emissions categories are based on the categories provided under the IPCC GHG Protocol.*
2 *Average-data method: Estimating emissions for goods and services by collecting data on the mass (e.g. kilograms), or other relevant units of goods or services purchased and multiplying by the relevant secondary (e.g. industry average) emission factors (e.g. average emissions per unit of goods or services).*
3 *Distance-based method: Determining the distance and mode of travel, then applying the appropriate emission factor for the mode used.*

Environmental

Emissions Scope	Total GHG Emissions (tCO_2e)		
	2023	2024	2025
Scope 1 (after offset)	7,440	12,283	**13,402** **(7,285)**
Scope 2 (after offset)	6,997 (3,692)	6,729 (2,327)	**20,400** **(2,793)**
Scope 3	314,414	248,951	**234,724**

Emissions Intensity (tCO_2e/RM million)

FY2023 123.12

FY2024 76.09

FY2025

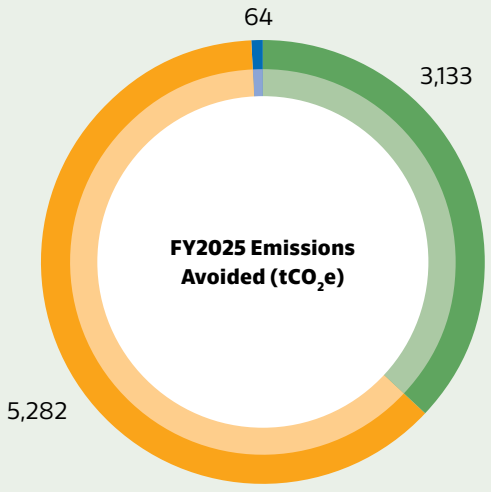
45.86 (after offset)

In 2025, our ventures into data centre projects caused an increase in our Scope 1 and 2 emissions. This increase aligns with the higher turnover of our FY2025 revenue. As such, we have purchased and retired carbon credits and I-RECs to offset Scope 1 and 2 emissions respectively, to meet our annual targets for this reporting year. After offsetting, we achieved a carbon reduction of 39.7% compared to the 2024 figure.

We acknowledge the value of having our disclosures independently verified to maintain accuracy and credibility. For this purpose, we have appointed an external auditor to carry out a limited assurance review of our GHG emissions data. The assurance work was performed in line with ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, as issued by the International Auditing and Assurance Standards Board (IAASB).

For further details on the assurance, please refer to the assurance statement on pages 368-377 of the IAR2025.

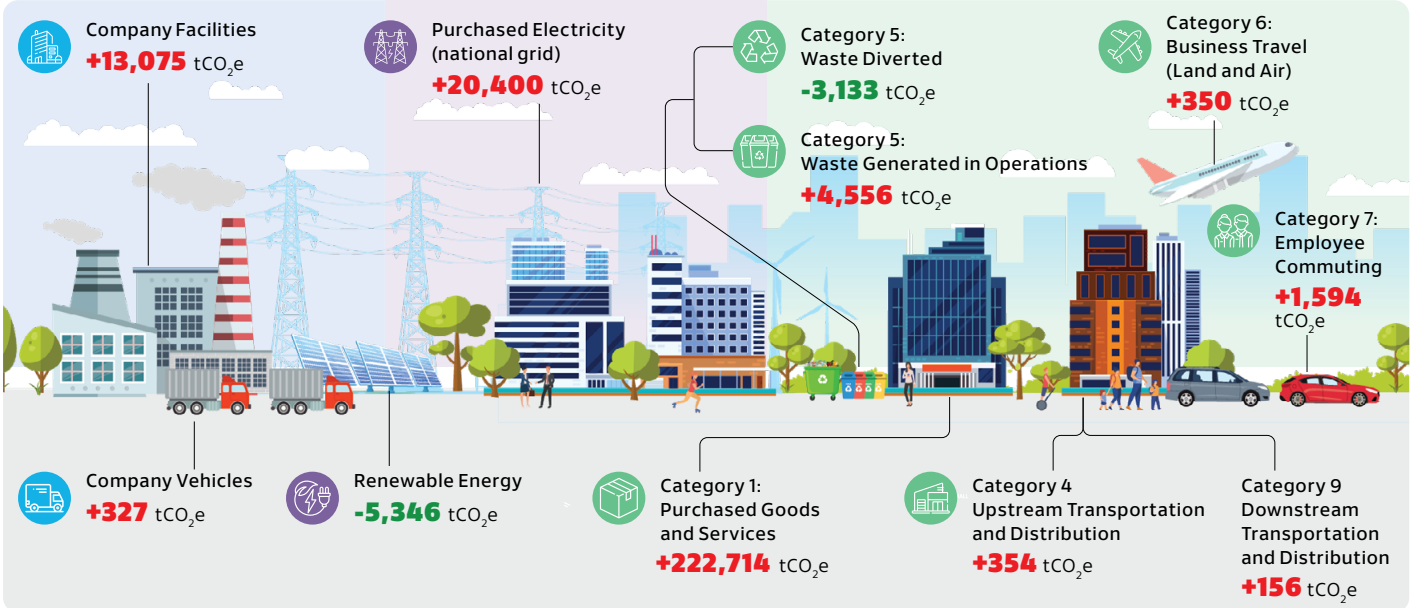
Emissions Avoidance



Category

- Waste diverted from landfill (includes reuse, recycle and reduce)
- Green attribute from solar investment projects
- Electricity generated from renewable sources

Environmental



Scope 1: Direct Emissions	Scope 2: Indirect Emissions	Scope 3: Indirect Emissions
5% of total CO_2e Emissions	**8%** of total CO_2e Emissions	**87%** of total CO_2e Emissions

Carbon Reduction Strategy

We continue to be guided by our Carbon Reduction Strategy, which provides organisational impetus for addressing our carbon footprint and is centred on four key focus areas:

Our Carbon Reduction Strategy

Energy Optimisation

- Upgrade to energy efficient equipment
- Increase renewable energy adoption in operations
- Transition from diesel-powered equipment to low-emission or electric alternatives where feasible
- Explore the use of alternative fuels

Advocacy

- Conduct sustainability workshop for key project personnel and awareness training for staff
- Engage major commodity supply chains for low-carbon plans and targets
- Enhance procurement strategies to include sustainability and climate considerations
- Prioritise local suppliers to reduce transportation emissions from materials deliveries

Carbon Market

- Trade green attributes from solar investment projects and Corporate Green Power Programme (CGPP) to generate income for the near term while operations remain focused on enhancing energy efficiency initiatives
- Continue to explore potential renewable energy (RE) projects with carbon credit trading

Product Stewardship

- Utilise current and emerging technologies, such as Building Information Modeling (BIM) and Industrialised Building System (IBS) to optimise energy use and reduce embodied carbon of projects
- Prioritise low-carbon options, such as products with recycled content (where feasible)
- Minimise waste generation through design and process optimisation

Scope of Emissions Addressed

- Scope 1
- Operational scope 3
- Scope 2
- Embodied scope 3

Environmental

ENERGY MANAGEMENT

We are committed to expanding our sustainable energy portfolio beyond solar by delivering advanced energy infrastructure that improves efficiency and reduces environmental impact. This commitment guides our efforts to strengthen energy management practices across all our project sites.

Our District Cooling System (DCS) at Sunway Square in Sunway City Kuala Lumpur, is one of our sustainable energy projects, which optimises cooling efficiency. Built in collaboration with ENGIE Southeast Asia and completed in April FY2025, the system leverages Thermal Energy Storage (TES), which stores chilled water produced during off-peak hours. This improves chiller efficiency, reduces energy consumption and operational costs, lowers CO_2e emissions by thousands of tonnes annually and eases pressure on the electricity grid, potentially deferring the need for costly infrastructure expansions.

In 2025, we implemented broader energy management initiatives that included equipment upgrades, energy monitoring and site-level energy efficiency improvements. These efforts enabled us to reduce our reliance on fossil fuels, lower our emissions and embed long-term, low-carbon performance across all project sites.

Emissions Reduction/Energy Efficiency Initiatives

Electrical Machinery and Equipment Utilisation

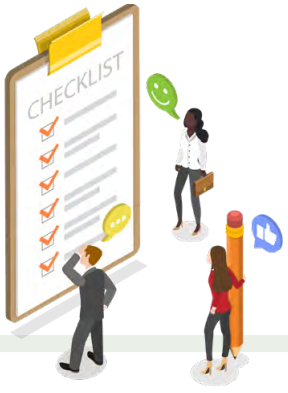
- Utilising electrical bar-bending machines and EV forklifts as part of ongoing efforts to reduce reliance on diesel and support the transition towards electrified equipment

Energy-Efficient Equipment Adoption

- In FY2025, all project sites transitioned to LED light fixtures in site offices, pantries and meeting rooms, totalling approximately 2,261 units, resulting in an estimated reduction of 73.5 tCO_2e of emissions
- Installed 101 units of inverter-type air conditioners to reduce start-up energy load for each Air Handling Unit (AHU) across eight project sites
- Replaced halogen floodlights with energy-efficient LED floodlights

Site Sustainability Practices Inspections

- Conducted site sustainability practices inspections across our Klang Valley sites, focusing on energy management measures such as lighting, HVAC systems and solar energy utilisation
- Planned to fully implement these inspections across all project sites and establish a periodic monitoring schedule to ensure continuous improvement in energy efficiency and sustainable site operations

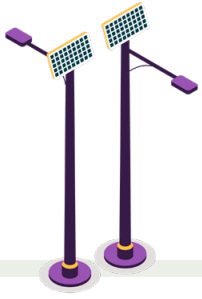


Environmental

Renewable/Clean Energy Initiatives

Diesel-Powered Machinery to Electric or Solar Alternatives Transition

- Continued advancing the electrification of our operations to phase out fossil fuels and reduce Scope 1 and 2 emissions
- Included deploying solar-powered floodlights and tower lights, EV forklifts, electrified bar-bending machines and electric water pumps



Electric Vehicle Charging Station

- Rented a satellite office and site office near an electric vehicle charging station (EVCS), that is accessible to all, at one of the data centre projects, encouraging the use of electric vehicles (EVs) and helping to reduce greenhouse gas emissions

Battery Energy Storage System at Precast Plant

- Implemented a Battery Energy Storage System (BESS) connected to a diesel genset that reduces diesel consumption at the ICPH plant in Singapore through storing additional energy generated by the genset

Renewable Energy Integration

- Installed on-site solar lighting systems, including solar panels for self-consumption at the precast plant in Senai, Johor
- Implemented solar installations at several commercial and industrial properties

Solar-powered tower light

Electric-powered bar-bending machine

Electric vehicle charging station near the site office

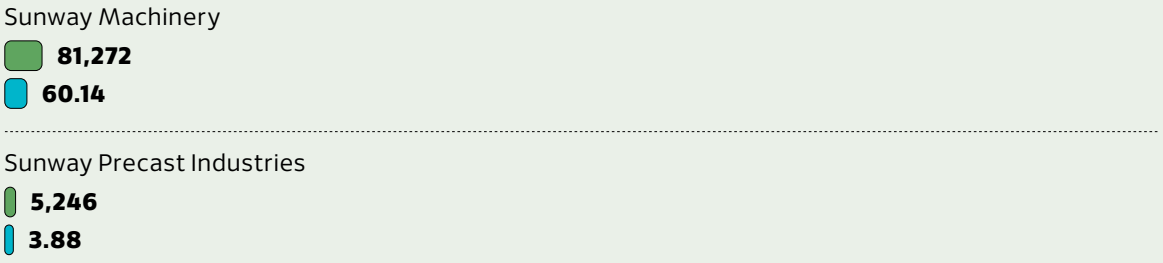
Environmental

Maximising Our Renewable Energy Solutions

With a total installed solar capacity of 5,475 kWp, our system generates approximately 7,138 MWh of renewable electricity annually, enabling the avoidance of 5,282 tCO_2e each year. During the reporting period, we increased our solar capacity by 9% compared to 2024, driven by the commencement of operations at the BRT Depot and the six BRT stations in January 2025.

In 2025, our Renewable Energy division reached a major milestone by securing an 11.8 MWac quota under the Corporate Green Power Programme (CGPP) from the Energy Commission. The CGPP Kapar plant, which commenced operations in November 2025, is expected to generate approximately 24,000 MWh of renewable energy annually, avoiding approximately 18,576 tCO_2e of emissions each year. Together with our existing solar installations, this initiative is expected to increase our total solar capacity to 5.48 MWp.

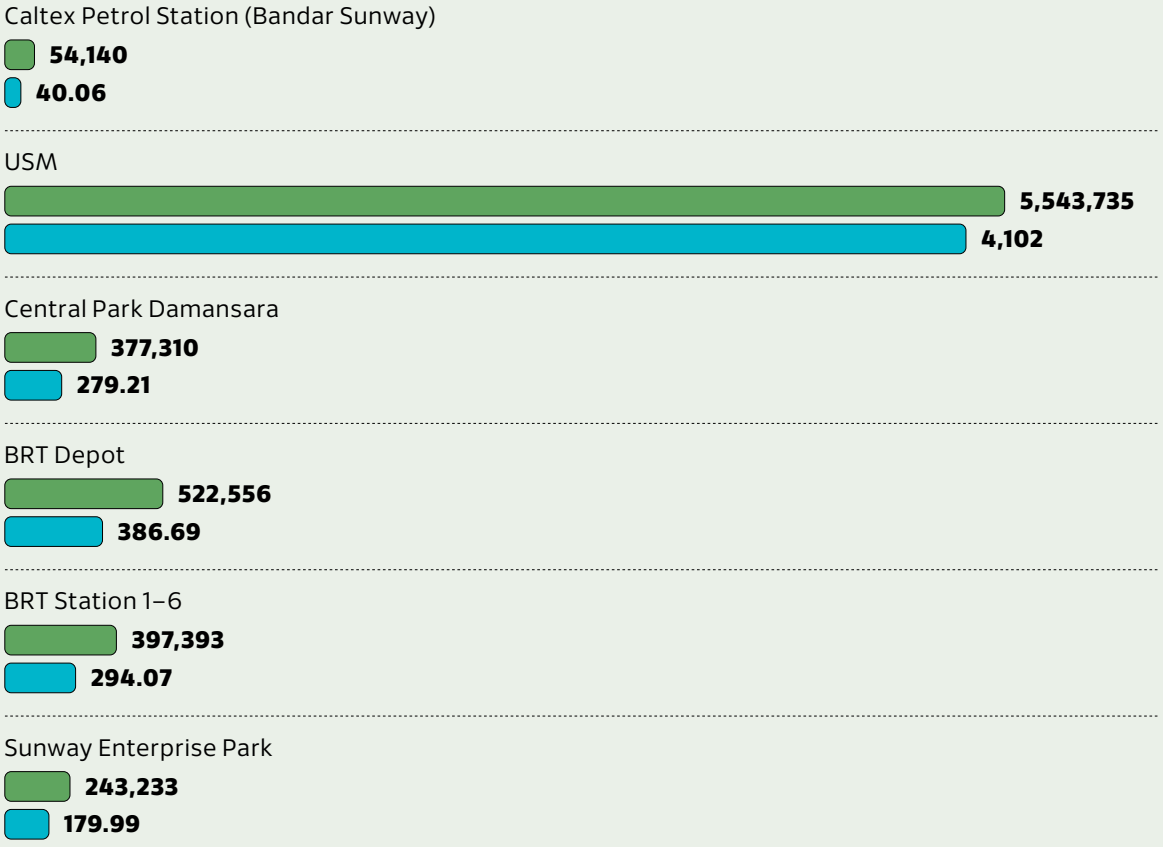
Electricity Generated from Renewable Sources



kWh
86,518

tCO_2e
64.02

Green Attributes from Solar Investment Projects



kWh
7,138,367

tCO_2e
5,282.39

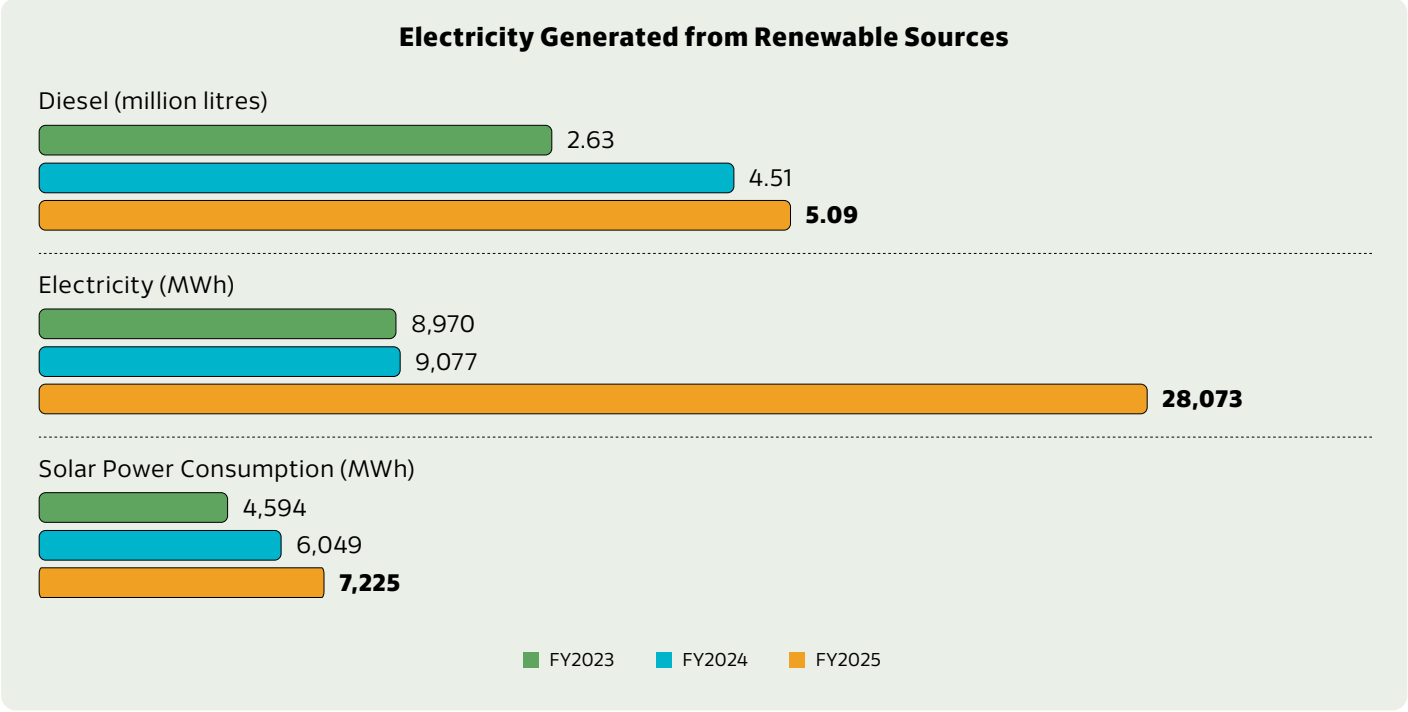
Note: Figures stated may not sum precisely due to rounding of decimals.

Environmental

Energy Consumption

Through SunCon's Sustainability Dashboard, we continuously monitor all our energy usage, including fuel and electricity, throughout the reporting year. The dashboard provides real-time data, which we review during weekly project meetings to make informed decisions and drive progress towards our sustainability targets.

Diesel consumption in 2025 increased substantially compared to 2023 and 2024, due to the awarding of more projects than in the two previous financial years. These awarded projects are carbon-intensive and we are working on initiatives to reduce diesel consumption at project sites. Electricity consumption, however, recorded a significant increase compared to previous years due to testing and commissioning work at one of our data centre projects.



Moving forward, we are actively exploring several initiatives to enhance both our emissions and energy management. We will focus on digitalising core processes to improve workflow efficiency, strengthen governance and improve data integrity. We plan to implement policies and procedures relating to energy efficiency across all project sites to ensure consistent adoption of emission-reduction practices, supporting operational efficiency and long-term sustainability.

We also plan to develop Scope 1 and Scope 2 energy management KPIs for all project sites to strengthen energy-use tracking, improve transparency and drive consistent performance improvements. To reduce direct emissions, we intend to initiate a Battery Energy Storage System (BESS) implementation study to assess its potential to enhance energy efficiency and reduce diesel consumption across our construction sites. The BESS is designed to support intermittent, high-current loads, such as passenger hoists, generators, tower cranes and bar-bending machines, by acting as a power amplifier during peak demand, easing generator strain and improving energy stability.

Our endeavours extend to strengthening engagement with critical suppliers, incorporating sustainability-related clauses into all subcontractor and supplier agreements, as well as conducting on-site performance testing to enhance operational energy efficiency. In alignment with the National Sustainability Reporting Framework (NSRF), our goal is to obtain reasonable assurance for Scope 1 and 2 GHG emissions and to commence the collection of sustainability-related data from key suppliers to improve the completeness of Scope 3 disclosures and strengthen supply chain visibility.

Environmental

Green Building Delivery

SunCon is committed to advancing green building practices by adhering to all relevant building codes and standards, particularly in material selection. This approach helps ensure our construction practices meet industry benchmarks while enabling us to deliver sustainable, eco-friendly urban developments that reduce environmental impact and support our climate goals.

We continue to leverage our expertise to drive green building solutions and are on track to complete 10 green buildings, contributing 11% of our total revenue. These projects align with our climate ambitions by reducing carbon emissions through energy-efficient design, the use of sustainable materials and lower-impact construction methods, reinforcing our role in delivering climate-friendly built environments.

List of Green Building Projects

	Project	Certification
1	Sunway Belfield	Green RE – Platinum
2	Sunway Square, Sunway City Kuala Lumpur – Retail and Cinema	Green RE – Platinum
3	Sunway Square, Sunway City Kuala Lumpur – Sunway University and the Performing Arts Centre	Green RE – Gold
4	Sunway Square, Sunway City Kuala Lumpur – Office Tower 1	LEED – Gold Green RE – Platinum
5	Sunway Square, Sunway City Kuala Lumpur – Office Tower 2	LEED – Gold Green RE – Platinum
6	Sunway Flora	Green RE – Platinum
7	Sunway Medical Centre Ipoh (SMCI)	Green RE – Silver
8	Sunway Medical Centre Phase 4	Green RE – Bronze
9	Sunway Carnival Mall, Penang (SCMR)	GreenMark – Gold Plus Green RE – Gold
10	Sunway Medical Damansara (SMCD)	In progress

We are also enhancing our materials management by prioritising the use of sustainable and low-carbon materials throughout our supply chain.

For more information, please refer to the Responsible Supply Chain section on pages 72-73.

Environmental

CIRCULAR ECONOMY

As one of the leading construction companies in Malaysia, our sector depends heavily on materials such as steel, cement and aggregates, which makes efficient resource use critical to reducing our environmental footprint. Circular economy principles help us to reduce waste to landfill by keeping materials in circulation for as long as possible through reduction, reuse, recycling and repurposing.

The broader industry and market landscape further reinforces the importance of advancing circularity across our operations. For example, processing capacity for construction and demolition waste is still developing, particularly for concrete, aggregates, bricks and asphalt, which highlights the value of maximising resource efficiency at our project sites.

Certified low-carbon materials, such as EAF steel, continue to command a price premium, underscoring the role of thoughtful procurement strategies that support the sector's transition to lower-carbon options. In addition, uneven market availability of low-carbon materials requires more deliberate planning to manage timelines effectively. These conditions illustrate a maturing ecosystem and emphasise the urgency of circular practices as the industry moves towards more sustainable construction methods.

APPLYING CIRCULARITY ACROSS OUR OPERATIONS

We maintain our commitment to applying circular economy practices, recognising the long-term value of reducing waste and extending material life cycles. Our approach focuses on reducing, reusing and recycling materials to minimise landfill disposal and maximise resource efficiency.

The Quality, Environmental, Safety and Health (QESH) Policy

Sustainability Policy

We are guided by these two policies in implementing responsible waste management and material usage practices across our project sites.

The following process flowchart summarises our waste management process, which is implemented across all operational sites:

SunCon's Waste Management Process

1. **Waste Segregation**
   Segregated into:
   - Hazardous Waste
   - Non-Hazardous Waste
2. **General Waste**
   - Hazardous Waste
   - Reusable and Recyclable Waste
   - General Waste
   - Construction Waste
3. **Waste Transport**
   - Waste is transported by appointed licensed waste collectors to approved landfills or recovery centres
4. **Waste Treatment**
   - Recovery of Waste Stream
   - Recycling Facilities
5. **Waste Disposal**
   - Incineration
   - Landfill

We aim to divert at least 20% of our waste from landfills by 2030 through several methods, including closing the waste loop with recycled construction materials, such as timber, steel and concrete, wherever feasible. Since landfill waste contributes significantly to our Scope 3 emissions, specifically Category 5: Waste Generated in Operations emissions, waste reduction and diversion are central to reducing our indirect emissions. To address this, we continue to divert recyclable waste from landfill and keep materials in use for as long as possible. This approach minimises environmental impacts, reduces our dependence on virgin inputs, limits cradle-to-gate waste generation and offers a more sustainable alternative to the linear model of extraction, consumption and disposal.

Environmental

WASTE MANAGEMENT PRACTICES

We apply the Reduce, Reuse and Recycle (3Rs) approach as the foundation of our waste management practices. We minimise waste generation through segregation at source and responsible material planning. The following table provides an overview of the material categories within our operations and the ongoing initiatives implemented in 2025 to reduce, reuse and recycle the respective materials.

Category	Waste Material	How We Manage Waste Material Using This Approach
Construction Materials	• Timber • Concrete • Steel	• Separate construction materials at source to minimise waste • Reuse timber offcuts for signage, storage structures and other site facilities • Repurpose concrete waste for work platforms, sub-base layers and temporary access roads • Deliver steel bars to mills or foundries for recycling • Incorporate recycled construction materials, including recycled steel and concrete, wherever feasible
General Recyclable Materials	• Aluminium • Paper • Plastic • Glass • Cardboard • Bottles	• Separate recyclable materials at source to minimise waste • Channel aluminium, paper, cardboard and bottles to authorised recycling centres

Concrete waste repurposed as crusher run

Timber formwork repurposed into directional site signages

Timber formwork reused for site signage

Concrete waste repurposed for walkways and safe site access

Excess concrete repurposed into water tank bases

Environmental

We also collaborate across internal projects to reduce overall waste and promote circular economy practices. Through sharing of resources and leveraging common waste streams, materials that would otherwise be discarded can be repurposed across different sites. For example, construction debris, excess soil and unused cabin containers from one project can be reused as resources in another project. This approach minimises landfill disposal, improves resource efficiency, lowers costs and reinforces a culture of sustainable operations across our projects.

To ensure these practices are consistently implemented, we maintain comprehensive monitoring and strict compliance controls. We track waste monthly by type, quantity, disposal method and collector category to conduct trend analyses that are then presented during the weekly meetings of projects for management review and decision-making.

In addition, we record recycling data based on waste dockets issued by the transfer station or recycling centre. Our appointed waste contractor submits these dockets to the project team, which reviews and verifies them before approving any payment. This process ensures the integrity and traceability of our data. We only appoint National Solid Waste Management Department (JPSPN)-licensed contractors for construction solid waste and Department of Environment (DOE)-licensed contractors for hazardous (scheduled) waste, to ensure that all waste is managed and disposed of in accordance with regulatory requirements.

We also build internal capabilities by ensuring our people are certified and trained in operational waste management. As of 2025, we have 11 employees certified as Environmental Professionals in Scheduled Waste Management (CePSWaM) and delivered ISO 14001:2015 awareness training to 40 employees. These initiatives also played a key role in embedding responsible waste practices into our daily operations.

WASTE MANAGEMENT COSTS

In FY2025, we recorded RM 3.13 million as the total cost for waste management across our project sites. The following table provides a breakdown of these costs by category:

Category	Cost Incurred (RM mil)
Waste directed to disposal (Landfill waste)	**3.07**
Hazardous (scheduled) waste	**0.06**
Total	**3.13**

HAZARDOUS WASTE MANAGEMENT

Hazardous waste, also referred to as scheduled waste, includes materials that pose potential risks to human health and the environment if not managed properly. We are committed to ensuring the responsible and compliant management of such waste.

We prioritise the proper management of hazardous waste by engaging licensed DOE-registered contractors. We also leverage the DOE's Electronic Scheduled Waste Information System (eSWIS) to track waste data from generation to final treatment and disposal. In 2025, we generated the following scheduled waste:

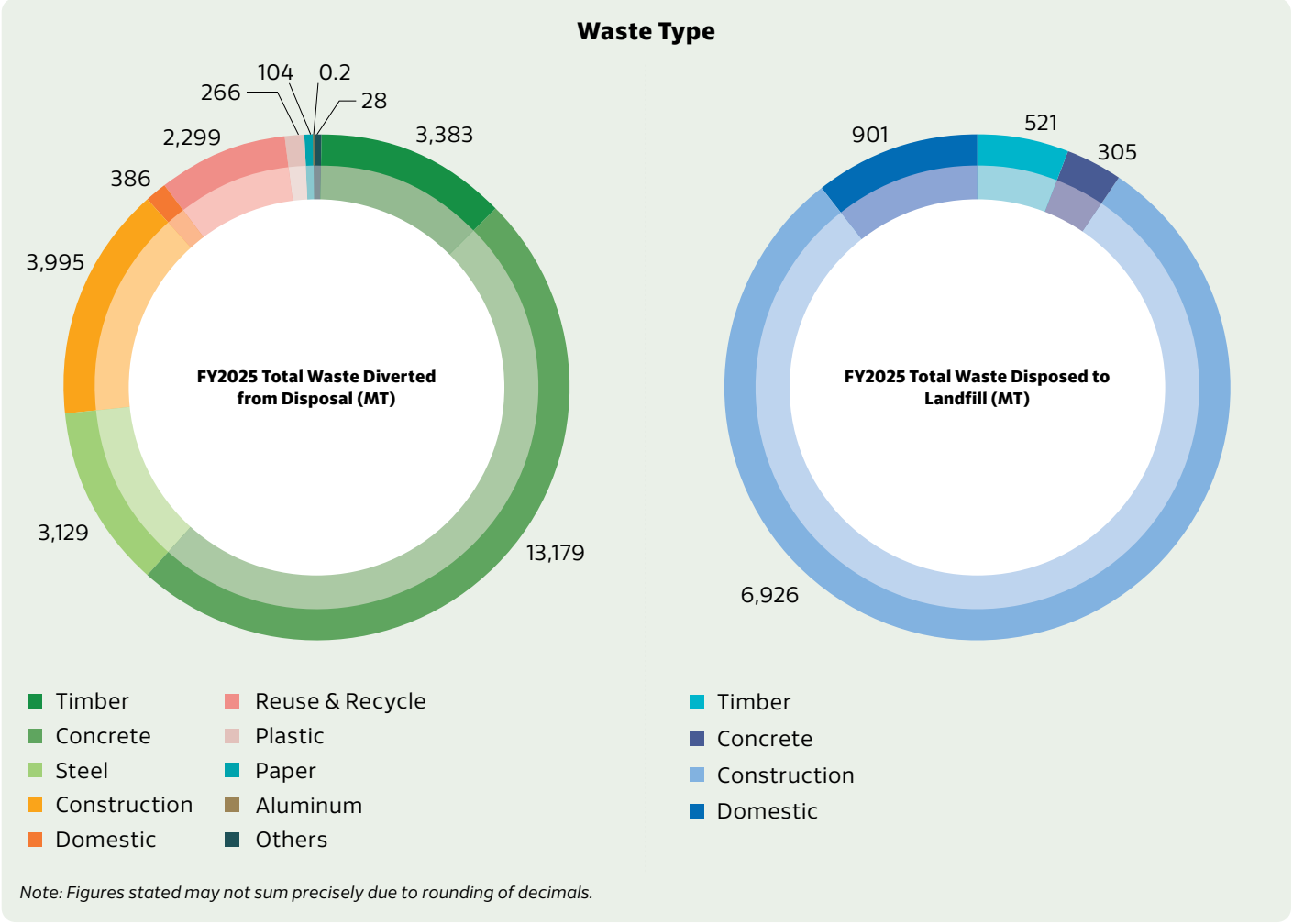
Scheduled Waste Code (Type)	Quantity (kg)
SW305 (Spent lubricating oil)	**124**
SW307 (Spent mineral oil-water emulsion)	**46,391**
SW311 (Waste oil/Oil sludge)	**260**
SW408 (Contaminated soil, debris/ matter)	**7,237**
SW409 (Disposed containers contaminated with chemicals, pesticides, mineral oil or other scheduled waste	**8,407**
SW410 (Rags, plastics, papers or filters contaminated with scheduled wastes)	**3,106**

On-site recycling station for waste segregation

Environmental

WASTE GENERATED

In FY2025, our total waste generated was approximately 35,420 tonnes, comprising 26,769 tonnes of waste diverted from landfills and 8,652 tonnes of waste disposed to landfill. From this, we achieved a 63.2% reduction of construction waste to landfill by reusing materials, which collectively prevented 3,133 tCO_2e. The diversion rate excludes mixed construction and general waste. Our reporting follows a cradle-to-gate approach, ending at the point of delivery to sorting facilities. Therefore, any further recycling beyond that point falls outside our reporting boundary.



Note: Figures stated may not sum precisely due to rounding of decimals.

Looking ahead, we aim to reduce waste at source through enhanced planning, process optimisation and material controls. We plan to expand the approach of reuse across projects by repurposing salvageable materials, such as timber, concrete and steel, while maintaining recycling efforts through strict segregation and dedicated bins for construction and general waste.

In addition, we will reinforce subcontractor oversight through handling requirements and evidence-based documentation, supported by improved digital tracking to enhance data accuracy and drive continuous improvement. We also intend to broaden inter-project collaboration to repurpose waste streams and establish closed-loop systems that maximise resource efficiency.

Moreover, we endeavour to roll out more waste-related training and communication sessions to improve awareness and accountability, while regular reviews of lessons learnt and industry best practices will inform our ongoing refinement of our waste management approach.

Environmental

WATER PROTECTION

Water is a key resource across our operations at SunCon, particularly for construction activities such as concreting, curing, dust suppression, site cleaning and worker amenities. Inefficient water use increases our exposure to rising potable water tariffs and the risk of disruptions at project sites with supply limitations. By managing and reducing our potable water consumption, we strengthen cost control, maintain project continuity and reduce our reliance on municipal water supplies. Responsible water management also minimises pressure on local water infrastructure at our project locations, supporting regulatory compliance, community relations and long-term operational resilience.

DRIVING EFFICIENT AND RESPONSIBLE WATER USE

We remain steadfast in our conservative approach to water management, recognising that water is a finite and shared resource. We focus on efficient consumption, diversified sourcing and rigorous monitoring. We comply with the QESH Policy and Sustainability Policy, which guide these expectations across all project sites for efficient water use, regulatory compliance and responsible stewardship.

Water is consumed across construction and operational activities, including concrete mixing and curing, dust suppression, testing and commissioning, equipment washing and general housekeeping. Our primary water supply is sourced from state water operators in Malaysia and from local utility providers at our international project sites. Across Klang Valley, we source most of our water from state operators such as Air Selangor and supplement this with rainwater harvested on-site and surface runoff stored in sedimentation basins. We discharge water from soil boring work, wheel washing and surface runoff as well as grey water, canteen operations and sewage.

We continue to reduce reliance on potable water by expanding rainwater harvesting and recycling water practices. We also act swiftly to resolve issues identified at our sites, including non-revenue water losses caused by leakages or unauthorised consumption. This includes conducting routine monitoring at project sites to identify irregular usage, detect leakages and address potential water theft.

As outlined in our Environmental KPIs and Targets on page 74, we have set a target to reduce potable water consumption by 30% from 2020 levels by 2030. The target is supported by expanded rainwater harvesting and recycling initiatives. Since 2024, we have tracked the volume of harvested rainwater and recycled water by installing water meters across our project sites, enabling us to improve water data accuracy, enhance optimisation efforts, and reduce reliance on municipal water supplies.

WATER STRESS RISK

Recognising the potential impact of water-related risks on project viability, community wellbeing and operational resilience, we assess these risks using the Aqueduct Water Risk Atlas developed by the World Resources Institute (WRI), which identifies water-stress levels across the geographic areas of our project sites. We also integrate water risk into our planning process, enabling us to use water resources more responsibly, avoid operating in high-stress areas where possible, and ensure our projects do not place additional pressure on local supplies. For Malaysia and Singapore, the assessment indicates low to medium overall water risk, including seasonal variability and drought exposure.

Environmental

WATER MANAGEMENT PRACTICES

While our operating regions generally face a low water scarcity risk and benefit from affordable non-residential tariffs, we remain proactive in water management practices by reinforcing water security across our sites. This includes sourcing alternative supplies such as harvested rainwater, tanker deliveries and approved groundwater extraction during municipal supply disruptions.

In 2025, we continue to implement rainwater harvesting and recycled water initiatives to reduce potable water use across our operations, achieving the following outcomes:

Rainwater Harvesting

- Sanitary system (toilet flushing/cleaning)
- Wash trough and wheel washing
- Boot washing / non portable usages

FY2025 Harvested Rainwater:

2,695 m³

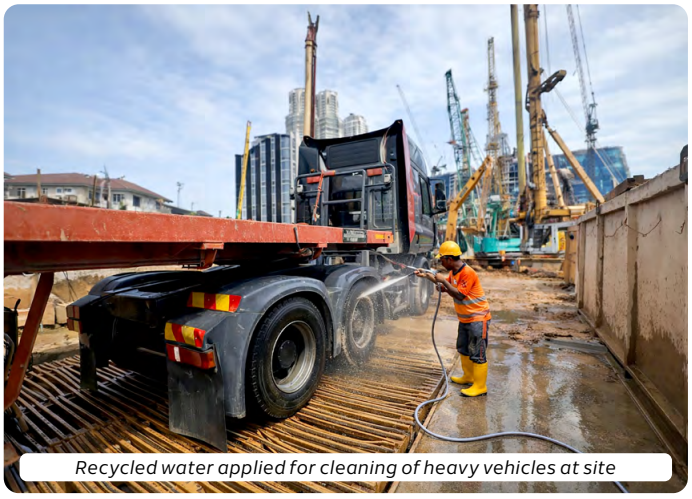
Recycled Water

- Truck wheel washing and cleaning construction vehicles at the wash-trough area
- Dust control by moistening access roads with a water bowser

FY2025 Recycled Rainwater:

75,758 m³

Wheel washing bay supporting on-site water reuse for vehicle cleaning


Recycled water applied for cleaning of heavy vehicles at site

Road and perimeter cleaning using recycled water to maintain site surroundings

Dust control measures implemented using recycled water

Environmental

We install water meters at various sites to consistently reduce our water footprint. In addition, we have site personnel in place to review monthly usage, report significant variances during projects' weekly meetings and propose recommended actions to reduce usage.

Rainwater harvesting system collecting runoff from site office roofs

Condensate water for non-potable purposes

At Iskandar precast plant, wastewater recycling forms an additional pillar of our conservation strategy. The batching plant's treatment system processes wastewater and produces up to 111 m^3 of recycled water daily for non-potable use, reinforcing our commitment to water efficiency across our operations.

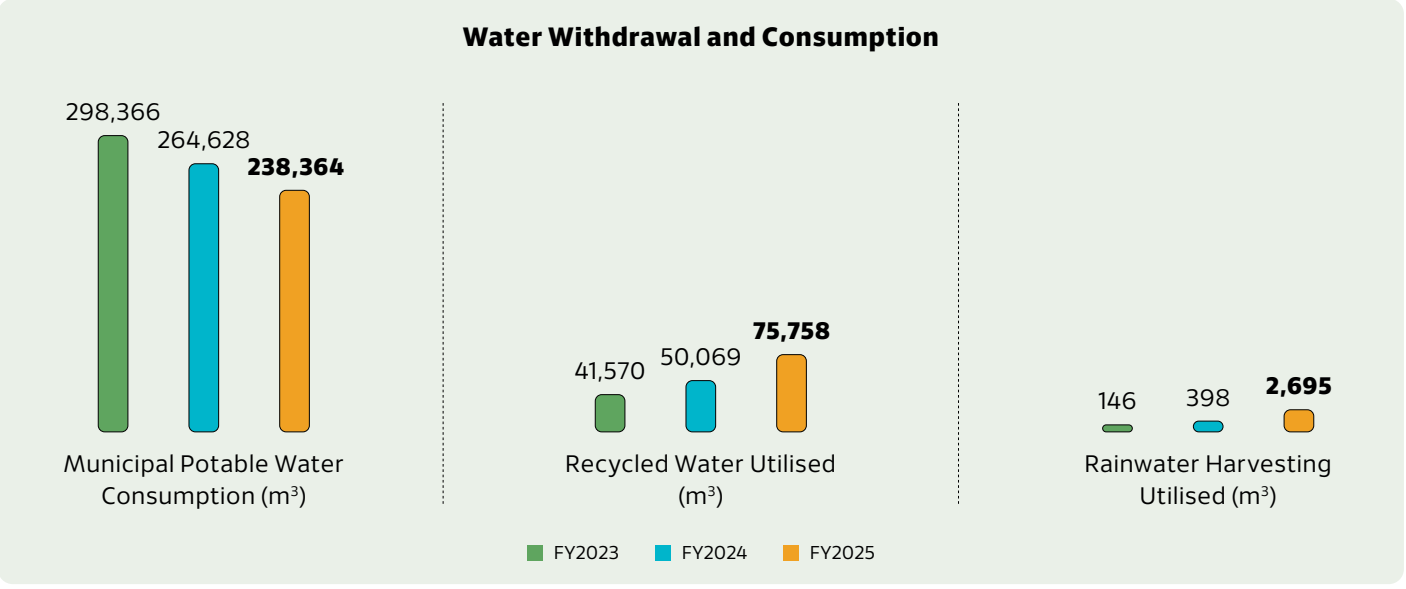
Wastewater treatment system at Iskandar batching plant supporting water reuse

During the reporting year, we successfully reduced municipal water consumption by 24.8%, resulting in an estimated cost savings of RM263,409. Moving forward, our long-term goal is to become a 'water-positive' organisation.

Environmental

WATER WITHDRAWAL AND CONSUMPTION

In 2025, we recorded a significant reduction in overall water consumption compared to 2024. This improvement demonstrates the effectiveness of our water management practices and initiatives across our construction sites and precast plants.



Water Consumption Data (m³)	2023	2024	2025
Water Withdrawal by Source			
Surface water withdrawal (lakes, rivers, natural ponds)	0	0	**0**
Groundwater withdrawal (wells, boreholes)	0	0	**0**
Used quarry water withdrawal	0	0	**0**
Municipal potable water withdrawal	298,366	264,628	**238,364**
External wastewater withdrawal	41,570	50,069	**75,758**
Harvested rainwater withdrawal	146	398	**2,695**
Ocean / seawater withdrawal	0	0	**0**
Total Water Withdrawal (m³)	340,082	315,095	**316,816**
Water withdrawal from water-stressed region	0	0	**0**
Total Water Consumption (m³)	340,082	315,095	**316,816**
Water Discharged by Destination			
Ocean water total discharge	N/A	0	**0**
Surface water total discharge	N/A	0	**0**
Subsurface water / well total discharge	N/A	0	**0**
Off-site water treatment total discharge	N/A	376	**4,980**
Beneficial / other use total discharge	N/A	27	**1,899**
Total Effluent Discharged (m³)	N/A	403	**6,879**

Note: Figures stated may not sum precisely due to rounding of decimals.

Environmental

WASTEWATER MANAGEMENT

We manage our wastewater responsibly to protect local waterbodies and ensure full compliance with all applicable regulations. Our appointed environmental consultant determines the required water quality standards for each project site in line with the Environmental Quality Act 1974 and its subsidiary regulations, including the Environmental Quality (Industrial Effluent) Regulations 2009 and the Environmental Quality (Sewage) Regulations 2009.

In addition, we operationalise these regulatory obligations through our Environmental Instruction, which provides construction-specific guidance for water quality control and embeds sector expectations into day-to-day operations. To apply targeted controls, we manage two categories of wastewater, each with dedicated measures:

Construction-related Activities

Source:
Wheel washing, surface runoff, soil boring work

Strategy
- Use of silt fences, silt traps, temporary perimeter drainage, check dams and slope protection measures
- Utilise an in-house wastewater treatment system to remove total suspended solids (TSS) from construction surface water runoff and monitor treated effluent for TSS and turbidity to ensure compliance with DOE requirements before final discharge

Non-Construction Activities

Source:
Grey water, canteen operations, sewage

Strategy
- Employ service providers to routinely maintain sewage storage tanks for portable and temporary toilets
- Manage waste from the site canteen by installing a grease trap at the sink outlet and disposing of collected grease separately

Any water discharged into receiving waterbodies is assessed to ensure compliance with all applicable legal requirements. The Environmental Quality Act 1974 and its subsidiary regulations, including the Environmental Quality (Industrial Effluent) Regulations 2009 and the Environmental Quality (Sewage) Regulations 2009, govern the identification of priority substances and the allowable limits for discharge.

These requirements, administered by the Department of Environment (DOE), complement the National Water Quality Standards (NWQS), which classify waterbodies from Class I to Class V based on their intended use, such as drinking water supply, fishery and recreation. These classifications define the waterbody criteria that must not be compromised by any project discharge. We treat any substance that could compromise these criteria as a priority concern and set project-specific discharge limits accordingly. This is done by our appointed environmental consultant, who references the relevant legal obligations, the EIA Conditions of Approval, the NWQS parameters, and any client requirements, and upholds the quality thresholds that must be met before discharge occurs.

Additionally, we apply Best Management Practices (BMPs) across all sites, including sediment control, proper runoff management and treatment measures, to ensure that all discharges meet regulatory standards and minimise environmental impact. For discharges from sediment basins or silt traps, we monitor Total Suspended Solids (TSS) and turbidity as the primary parameters to ensure compliance with the prescribed limits. In FY2025, we recorded zero water quality non-compliance incidents issued by the authorities.

Silt trap for sediment control and runoff management

On-site wastewater treatment system

BIODIVERSITY

Construction activities can impact local ecosystems through temporary disturbances such as noise, dust and soil runoff, as well as indirect impacts linked to raw material extraction and transportation within the supply chain. These pressures, if unmanaged, can affect local habitats, surrounding communities and long-term environmental quality, making disciplined oversight essential.

Environmental

BUILDING CONSISTENT BIODIVERSITY OVERSIGHT

We acknowledge biodiversity as a material consideration that influences project feasibility, environmental performance and community acceptance. Our biodiversity management is anchored in the QESH Policy, which sets expectations for preventing ecological disturbance and ensuring compliance with contractual and Environmental Impact Assessment (EIA) requirements. These principles are reinforced through our Sustainability Policy, which guides responsible construction practices across procurement, design and site operations.

Scan the QR code to view our QESH Policy:
https://ir2.chartnexus.com/suncon/doc/cg/QESH%20Policy%20(20241111)%20(English).pdf

Scan the QR code to view our Sustainability Policy:
https://ir2.chartnexus.com/suncon/doc/cg/Policy%2009.%20Sustainability%20Policy.pdf

We remain responsible for identifying and monitoring biodiversity risks across our construction activities. We verify each project's EIA status before work begins and conduct assessments in line with regulatory expectations. Biodiversity risks are further managed through adherence to EIA-driven controls, ISO 14001 environmental management requirements and the implementation of site-specific mitigation plans.

In 2025, EIA assessments were conducted for eight of our 16 active project sites prior to receiving project approval and commencing work. Among these sites, biodiversity risks were assessed and found to have no significant biodiversity impacts, as indicated in their corresponding EIA. In addition, all six (100%) of our operations were certified to ISO 14001:2015 during the reporting year.

We strive to apply a 'do no harm' principle wherever feasible and maintain strict controls to prevent air and water pollution. We are aware of project sites that may contain species listed on the International Union for Conservation of Nature (IUCN) Red List. If any IUCN Red List plant are present on site, we will work with the project owners on the appropriate next steps.

For projects that do not require EIA, we formalise justifications and obtain statements from the relevant authorities to confirm exemptions under the Environmental Quality (Prescribed Activities) (EIA) Order 2015, ensuring transparency and audit readiness. To support consistent oversight, we maintain a live EIA tracking table that monitors biodiversity risks and compliance obligations across ongoing and upcoming projects.

As part of SunCon's environmental responsibility, we partnered with the Malaysian Nature Society (MNS) during the reporting year to organise mangrove tree-planting activities. This initiative is part of our Corporate Social Responsibility (CSR) efforts, supporting ecosystem restoration and contributing to local biodiversity. Through this collaboration, 500 mangrove trees were planted, which are estimated to sequester approximately 10.50 tCO_2e throughout their growth cycle.

Mangrove tree planting initiative with MNS, with 500 trees planted supporting biodiversity and carbon sequestration

Social

GRI 203, 204, 401, 402, 403, 404, 405, 406, 407, 408, 409, 413, 414

The design and construction of buildings and assets can present socioeconomic opportunities that support community well-being and promote investment and economic growth. At SunCon, we recognise that delivering these outcomes requires responsible business practices, particularly in managing key social matters such as human and labour rights. This includes risks relating to modern slavery, occupational safety and health, fair compensation and the environmental and social impacts of construction activities on local communities.

In 2025, we introduced the Labour Standards Policy to align with the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. This policy reinforces our commitment to ethical practices that respect human rights, uphold dignity and comply with applicable laws across our operations. The policy covers 15 key commitments.

In the same financial year, we established a Foreign Worker Management System (FWMS) with a strong focus on safeguarding worker rights, welfare and dignity. The system supports fair recruitment practices, appropriate employment conditions, access to basic needs, and responsible management of our direct foreign workers, thereby improving well-being and social outcomes across our workforce and project communities.

- Child Labour
- Forced Labour
- Zero Debt Bondage
- Fair Recruitment and Selection Process
- Overtime Management
- Wages, Working Hours, and Benefits
- Non-Discrimination and Non-Harassment
- Freedom of Association
- Workplace Safety and Health
- Medical Insurance
- Accommodation
- Learning and Development
- Performance Management and Career Progression Opportunities
- Levy, Visa, Security Bond and FOMEMA
- Grievance Mechanism

We are committed to safeguarding the rights of all stakeholders, including vulnerable groups, across our activities. Our approach to social performance covers both our internal operations and the wider network of local and international suppliers that support our work:

Social Focus Areas:

- Employee Management
- Occupational Safety and Health
- Community Enrichment
- Fair Labour Practice
- Product Quality and Responsibility

Performance on Social KPIs and Targets

ESG Focus Areas	Target	2023	2024	2025
Employee Management	Average learning and development (L&D) hours of 32 hours per employee	35.7	37.6	**32.1**
Fair Labour Practice	100% engagement with direct workers annually (related to terms of employment)	100	100	**100%**
	Zero confirmed incidents on human rights violation	Zero	Zero	**Zero**

Social

Sustainability Matters	Target	2023	2024	2025
Occupational Safety and Health*	Zero fatalities from construction work activities at all work sites for employees and subcontractors	1	0	**0**
	Accident Rate less than 0.3	0.15	0	**0.26**
	90% worker consultation & participation in ESH related events	100	100	**100**
	Safety & Health monthly inspection score of 80%	84.1%	85.1%	**85.9%**
Product Quality and Responsibility	Zero incidents of non-compliance with regulations concerning quality of our products and services	Zero	Zero	**Zero**
	QLASSIC score: 83% and above for all relevant building projects	82% (3 projects assessed)	84% (3 projects assessed)	**83% (1 project assessed)**
	Achieve the following score on the annual client / consultant satisfaction survey: (a) a minimum average score of 80% (b) a minimum average score of 93% for "satisfaction of product and services" category (c) to achieve a minimum response rate of 85% in annual client/ consultant satisfaction survey	(a) 80.83% (b) 100% (c) 100%	(a) 83.28% (b) 100% (c) 100%	**(a) 83.22%** **(b) 98.9%** **(c) 100%**
	Complete a project within contractual or approved extension of time (EOT) period	Achieved	Achieved	**Achieved**
	Complete construction activities within budgeted costs	Achieved	Achieved	**Achieved**
	Achieve a 90% of subcontractors rated Grade C and above	Achieved	Achieved	**Achieved**
Community Enrichment	Supports communities through social impact projects and initiatives in encouraging inclusive growth	RM2.63 million distributed	RM2.86 million distributed	**RM 2.53 million distributed**

* *Our data only covers Malaysia operations, it excludes all overseas subsidiaries. Moving forward, we will be including data of all overseas subsidiaries.*

EMPLOYEE MANAGEMENT

Effective employee management is vital to our business growth, as the recruitment, development, engagement and retention of employees can impact productivity, stakeholder confidence and long-term sustainability. We are cognisant that effective employee management enhances work quality, reduces turnover, and supports compliance, thereby strengthening our relationships with clients, investors, and suppliers. Conversely, ineffective employee management may lead to lower productivity, increased safety risks and operational or legal issues that undermine service delivery and stakeholder trust.

Our approach to employee management is centred around the following policies and guidelines:

Code of Conduct and Business Ethics (CCBE)	**Employees Grievance Procedure**	**Diversity and Inclusion Policy**
Labour Standards Policy	**Human Rights Policy**	**Malaysian Employment Act 1955 and its equivalents in other countries and jurisdictions**

Social

We also adhere to the UNGC Principles:

Global Compact Principles	Associated Material Matters
Businesses should support and respect the protection of internationally proclaimed human rights Businesses should make sure that they are not complicit in human rights abuses Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining Businesses should uphold the elimination of all forms of forced and compulsory labour Businesses should uphold the effective abolition of child labour	• **Labour Practices and Standards** • **Supply / Value Chain Management** • **Ethical Business Conduct**
Businesses should uphold the elimination of discrimination in respect of employment and occupation	• **Talent Development and Retention** • **Diversity, Equity and Inclusivity**
Businesses should support a precautionary approach to environmental challenges Businesses should undertake initiatives to promote greater environmental responsibility Businesses should encourage the development and diffusion of environmentally friendly technologies	• **Physical Impacts of Climate Change** • **Waste and Pollution Management** • **Water Management** • **Protection of Biodiversity & Ecology** • **Energy Management** • **Emission Management**
Businesses should work against corruption in all its forms, including extortion and bribery	• **Ethical Business Conduct** • **Risk Management and Regulatory Compliance**

Diversity, Equality and Inclusion

We remain committed to upholding diversity, equality and inclusion (DEI) in the workplace by creating an environment that respects individuals and values their contributions. To deliver on our commitment, we implemented awareness and engagement initiatives across the Group, namely:

Enhanced our recruitment and interview process by introducing a feedback form to help reduce potential workplace biases

Continued to listen to and recognise the contributions and achievements of our people and shared their stories through SunCon's official platforms

Introduced contract documents and a foreign worker handbook translated into the native languages of our foreign worker to support clearer communication and improved mutual understanding

Strengthened awareness of our Labour Standards Policy and Human Rights Policy in line with the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights to promote respect, dignity and inclusion across the workforce

Social

Recruitment, Retention and Succession Planning

We uphold a recruitment and retention approach based on fairness, transparency and equal opportunity. Our selection process focuses on qualifications, experience and aptitude and is supported by recruitment materials aligned with DEI principles. This approach extends into employment through performance-based appraisals that guide salary adjustments, bonuses and development needs. New employees receive information on statutory rights and participate in induction programmes that help them adapt to our culture.

We encourage applications from diverse backgrounds and adopt structured screening to minimise bias and ensure balanced decisions. Employees then advance through a learning and development framework designed to support long-term career growth, which is further reinforced by merit-based increments, bonuses and performance-based promotions. Additionally, the findings from our Pulse survey, conducted every two years, help us refine initiatives that shape the employee experience.

Our talent development and succession planning framework operates in tandem to identify high-potential employees through an Annual Talent Review (ATR) conducted with senior leadership. This review assesses employees' readiness and potential for key roles over a five-year horizon, covering senior leadership and two levels below within project leadership. Individual development plans are subsequently established to strengthen leadership capabilities and support the progression of identified talent.

In 2025, we continued to offer internship opportunities to tertiary students, providing exposure to real-world work conditions across different areas of the construction sector. Interns are assigned to a job rotation schedule to support on-the-job learning in office settings and, where relevant, on-site. Those who show strong performance and interest are considered for full-time roles upon completion of their internship. In 2025, we offered internship opportunities to 164 tertiary students.

Competitive Remuneration and Benefits

To ensure we provide competitive remuneration and benefits to our employees, we:

Provide market competitive compensation that reflects employees' contributions to organisational performance. The Group's remuneration approach supports the retention of high-performing talent and strengthens our ability to attract skilled professionals

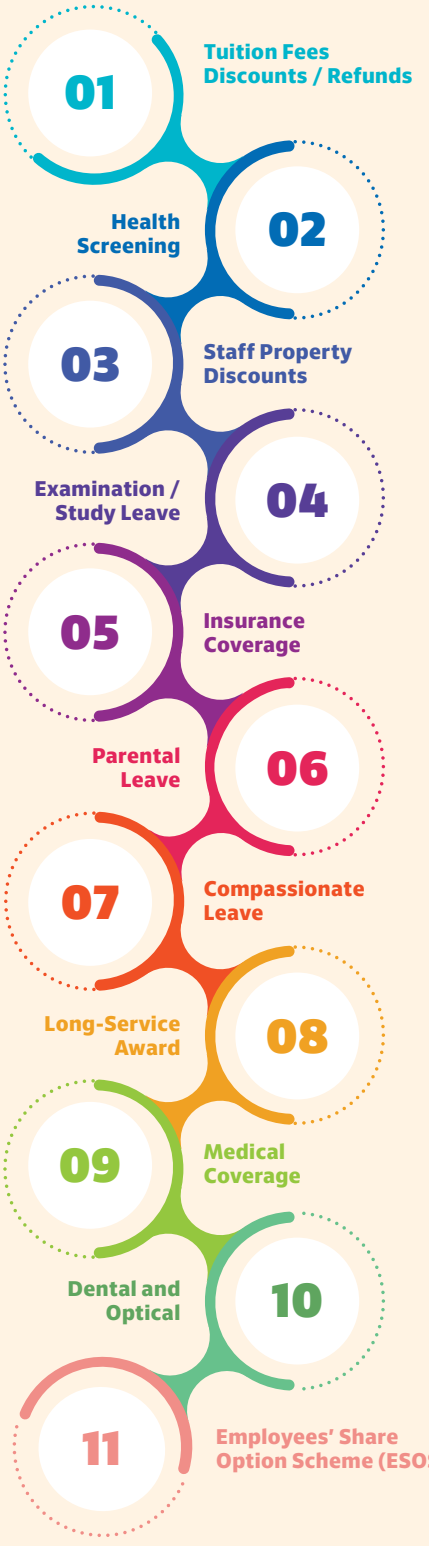
Comply with regulatory requirements, including the Minimum Wages Order 2024 (effective in 2025) and the Employment (Amendment) Act 2022 (EA 2022) on overtime compensation. Beyond compliance, our Human Resources department conducts regular salary benchmarking to assess SunCon's compensation levels against industry practices and direct competitors to ensure continued competitiveness

Gather employee perspectives through various feedback channels to align compensation structures and employment benefits with workforce expectations. To complement our initiative, the Group's benefits portfolio provides a broad range of provisions that exceed statutory requirements and reflects our commitment to employee well-being and their role in supporting organisational success

Social

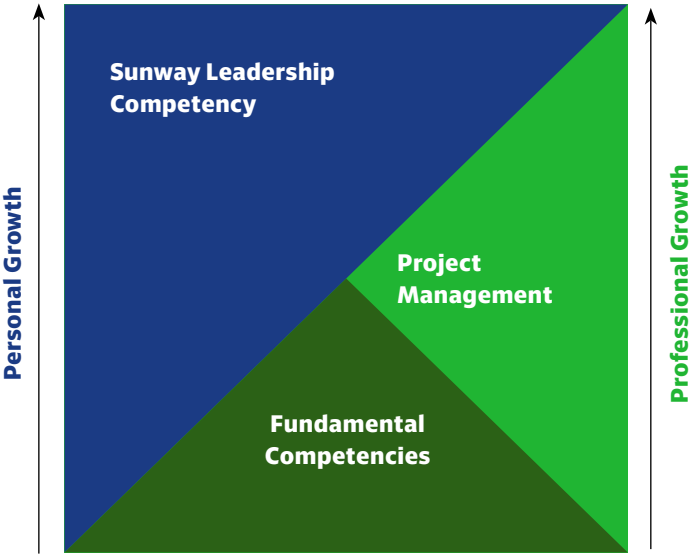
Our remuneration and benefits are as follows:

Remuneration and Benefits



Employee Training

The SunCon Learning Framework provides an approach to talent development across three areas:



Senior Management	Senior Managers to General Managers
Assistant Managers to Managers	Non-Executives to Senior Executives

Fundamental Competencies

Essential skills required to be technically competent and to effectively perform role-specific tasks.

Project Management

Strengthen project management capabilities to lead and manage projects productively

Sunway Leadership Competencies

Developed by Sunway Group to help all employees grow and maximise their potential by learning new skills that enable them to excel in all aspects of their work and lives.

Social

The framework allows employees to progress in line with the competencies expected at each level. To support this progression, training is provided at both personal growth and professional development levels, namely:

Personal Growth

- Personal Leadership: LEAP (Learning, Execution, Agility, Performance)
- 7 Habits of Highly Effective People
- Building a High-Performance Team

Professional Development

- Fundamental Skills - Microsoft Excel (Intermediate / Advanced)
- Environment, Safety & Health (ESH) - HIRADC (Hazard Identification, Risk Assessment & Determining Controls)
- Quality Assurance / Quality Control (QAQC) - ISO 31000:2018 Risk Management
- Other Technical & Professional Subjects
  - FIDIC Contract Courses
  - Certified Data Centre Professional (CDCP) Course
  - Construction Design & Management (CDM) Professional Course

In 2025, we continue to strengthen our Learning and Development strategy by aligning training programmes with project requirements and industry developments to maintain competency as our operations expand in the data centre sector. Key initiatives include specialised data centre training, such as the Certified Data Centre Professional (CDCP) Course, and sustainability-related programmes, such as the Green Building Index (GBI) Facilitator Course and the Carbon Accounting and Footprint Assessment Course.

Employee Management Performance

Our data for employee management in 2025 are as follows:

		2023	2024	2025
Number of Employees		1,820	1,887	**1,747**
Gender	Male	1,538	1,576	**1,429**
	Female	282	311	**318**
Employee Category - Male	Senior Management	17	16	**14**
	Management	108	109	**118**
	Executive	347	423	**450**
	Non-Executive	1,066	1,028	**847**
Employee Category - Female	Senior Management	1	2	**3**
	Management	45	53	**54**
	Executive	193	213	**227**
	Non-Executive	43	43	**34**
Ethnicity	Malay	502	575	**554**
	Chinese	369	385	**368**
	Indian	133	134	**104**
	Others	12	13	**9**
Nationality	Local	1,016	1,107	**1,049**
	Foreigner	804	780	**698**

Social

		2023		2024		2025	
		Number	Rate (%)	Number	Rate (%)	Number	Rate (%)
Total New Hire		264	26	293	26	**204**	**19**
Gender	Male	195	74	222	76	**151**	**74**
	Female	69	26	71	24	**53**	**26**
Age	<30	153	58	165	56	**99**	**49**
	30 – 50	98	37	120	41	**96**	**47**
	>50	13	5	8	3	**9**	**4**
Total Employee Turnover		180	19	208	20	**161**	**15**
Gender	Male	139	77	166	80	**122**	**76**
	Female	41	23	42	20	**39**	**24**
Age	<30	66	37	67	32	**51**	**32**
	30 – 50	80	44	104	50	**94**	**58**
	>50	34	19	37	18	**16**	**10**
Employee Category	Senior Management	1	1	2	1	**4**	**2**
	Management	20	11	25	12	**16**	**10**
	Executive	111	62	108	52	**96**	**60**
	Non-Executive	48	27	73	35	**45**	**28**
Voluntary Turnover		170	18	199	19	**140**	**13**

		2023	2024	2025
Total Spent on Training (RM)		780,605	1,046,690	**889,854**
Total Employee Participated in Training		1,239	1,297	**1,189**
Total Training Hours		37,769	43,203	**34,678**
Average Training Hours per Employee		35.7	37.6	**32.1**
Training Hours by Employee Category	Senior Management	689	664	**570**
	Management	7,036	7,156	**6,418**
	Executive	22,360	26,325	**22,560**
	Non-Executive	7,684	9,058	**5,130**

The Group remains committed to strengthening workforce capability through continuous training, skills development and regular performance reviews to enhance productivity, work quality and talent readiness. We will also improve employee engagement and retention by implementing onboarding programmes, recognition initiatives and engagement activities that support morale and reduce turnover. Workplace safety and compliance will be reinforced through mandatory safety training, routine site inspections, and strict PPE enforcement to minimise accidents and ensure regulatory compliance. Operational efficiency will be improved through workforce planning, clear SOPs and the use of digital tools for scheduling and performance monitoring to prevent disruptions and support timely project delivery. Ethical conduct and governance will be upheld through updated HR policies, Code of Conduct and Business Ethics training, and confidential grievance and whistleblowing channels to ensure fairness and transparency.

Social

FAIR LABOUR PRACTICE

Fair labour practices are fundamental to maintaining safe working conditions, regulatory compliance and trust among employees, clients and the community. Ensuring fair treatment and appropriate compensation supports workforce well-being, enhances productivity and strengthens our relationships with stakeholders. Conversely, shortcomings in labour practices may result in operational disruptions, increased costs and reputational risks that could undermine stakeholder confidence.

Upholding Labour and Human Rights

Our approach to fair labour practice is centred around safeguarding the rights and well-being of all workers through the Sunway Construction Human Rights Policy and the Labour Standards Policy, which align with local legislations and reflect the UN Global Compact's 10 Principles:

Safe Working and Living Conditions	• We provide safe working and living conditions and ensure that workers' accommodations comply with the Workers' Minimum Standards of Housing, Accommodations and Amenities (Amendment) Act 2019 (Act 446). • We conduct periodic inspections to assess workers' living conditions and monitor the status of Certificate of Accommodation (CFA) applications submitted by contractors. • We provide free accommodation for all workers, along with free transportation to the site.
Fair Compensation	• We ensure fair compensation for all workers by meeting Malaysia's Minimum Wage Order 2024 (effective in 2025) requirements and providing equitable pay for overtime hours.
Excessive Working Hours	• We comply with the statutory requirements on working hours, overtime and rest days under the EA 2022.
No Forced Labour	• We prevent forced labour and the exploitation of migrant workers by ensuring that workers retain possession of their personal identification documents, including passports. • We allow workers to return to their home countries upon completion of their contracts or earlier upon resignation with reasonable notice, and to apply for holiday leave during their tenure.
Zero Debt Bondage	• We do not require workers to pay any recruitment or agent fees. • We do not withhold workers' wages or passports. • We cover all passport renewal fees. • We bear all recruitment-related expenses, including Malaysia's Foreign Workers Medical Examination Monitoring Agency (FOMEMA) check-ups, annual permit renewal fees and levy payments.
No Child Labour	• We strictly prohibit child labour at all workplaces and enforce this through our site entry requirements, where all workers must hold a valid work permit and a Construction Personnel Registration Card, both of which require age verification.
Collective Bargaining	• We have not received any request to establish a trade union and, in the absence of one, our HR department engages with foreign workers and holds regular sessions to address employment matters. • We conduct townhall sessions with foreign workers directly hired by SunCon to brief them on company policies, their rights, benefits and career progression plans and to address any grievances regarding working conditions or employment terms.
Freedom of Association	• We respect employees' right to join or affiliate with any legal political party, non-governmental organisation (NGO) trade or professional association. • We uphold employees' right to form unions of their choice without fear of reprisal or harassment.

Social

Our Foreign Worker Management System (FWMS) strengthens our commitments and promotes fair recruitment, ethical employment practices, safe and decent working conditions and worker welfare. Together, these efforts support Decent Work and Economic Growth (SDG 8) and Reduced Inequalities (SDG 10). They cultivate inclusive, equitable, and dignified work for local and foreign workers across our operations.

In 2025, we engaged our direct foreign workers through town halls at 19 project sites. We achieved a 100% participation rate. During these sessions, we briefed them on their employment terms to ensure transparency, integrity and compliance with labour standards. The topics included mandatory EPF contributions in accordance with the latest regulations and the foreign worker handbook. We translated the handbook into their native languages so they are informed about our standards, procedures and benefits. We also drafted and provided employment contracts in their native languages for clarity of terms and conditions. In addition, we offered skills training and supported them in obtaining CIDB Trade Certification, with no salary deductions.

Our policies outline key expectations for labour and human rights protection across our operations, covering local and foreign workers whom SunCon or third-party contractors employ directly. We require all suppliers to comply with our policies as a condition for bidding and securing contracts. The Labour Standards Policy is accessible exclusively via our internal portal.

Minimum Notice Period for Operational Changes

We also provide advance notice when making significant changes to employment conditions such as working schedules, job responsibilities, work locations, or other material adjustments. This supports clear communication and helps employees prepare for operational changes.

Although this is the usual practice, some situations may require immediate action, particularly where occupational safety or essential business needs are involved. To this end, we have established notification procedures for key employment transitions, including probation and termination.

The procedures also allow set periods for employees to share feedback or raise concerns about proposed changes. We review these inputs and where feasible, address them to ensure clear communication during operational changes.

Maintaining a Safe Workplace and Grievance Mechanism

We uphold a zero-tolerance policy on any form of harassment, including sexual harassment. This commitment applies to conduct involving colleagues, supervisors, suppliers or any external stakeholder. We also adopt the Sunway Group Anti-Sexual Harassment Policy, which defines actions, gestures and behaviours that constitute harassment, covering verbal communication and other forms of inappropriate conduct.

The policy also addresses workplace concerns beyond sexual harassment, including undue pressure, coercion, bullying, denial of rights and discriminatory practices. Employees may raise concerns through several channels, including anonymous whistleblowing and formal grievance mechanisms managed by Group Human Resources (GHR) under the Sunway Group Employee Grievance Policy.

All harassment allegations are handled by trained HR instead of GHR personnel who have undergone training to manage such issues. Employees may file formal grievance through procedures established by GHR. These fundamental principles of the policy include:

Comprehensive review of all reported grievances with detailed investigation when required

Equal opportunity for all parties to present their views to ensure procedural fairness

Impartial and objective handling of grievances to support fair resolution

Both local and international employees, including foreign workers, are encouraged to use these grievance mechanisms without fear of reprisal. Grievances may be submitted to immediate supervisors, Department Heads or directly to HR representatives. Foreign workers can contact their assigned HR personnel directly via a dedicated WhatsApp channel. All reported grievances are recorded with resolution details to ensure transparency and effective follow-up.

Social

Employee Satisfaction

The 2024 survey prompted briefings for the designated change enablers to ensure they understood the issues employees highlighted and could address them within their scope. Subsequent roadshows were organised to update employees on the survey results and reinforcing transparency. Around six months later, a pulse survey was conducted to gauge the extent of progress made by the change enablers. The results showed improvement in several areas, although some matters still needed attention. To examine the matters in detail and consider workable options, focus group sessions were held with selected employee groups.

In 2025, we recorded zero complaints related to human or labour rights infringements through the whistleblowing channel or grievance mechanisms. We have also received zero censures, fines, notices or warnings from regulatory authorities regarding human and labour rights matters.

Moving forward, we will prepare employment contracts for foreign workers in Bahasa Melayu and Bahasa Indonesia to facilitate understanding and introduce a dedicated staff handbook to guide them on their rights and welfare while employed by SunCon.

OCCUPATIONAL SAFETY AND HEALTH

Occupational Safety and Health (OSH) remains a strategic priority for our organisation, as it safeguards our workforce and supports seamless project execution across all operations. A strong OSH foundation minimises operational disruptions, mitigates project-related costs and protects the physical and mental well-being of our employees. Maintaining these high safety standards also enhances our credibility as a trusted industry partner and reinforces our commitment to delivering consistent and sustainable business performance.

Our approach to OSH is anchored in our comprehensive Quality, Environmental, Safety and Health (QESH) Policy, which governs how we manage safety across all operations. In addition to our overarching QESH policy, we maintain specific, measurable targets to drive continuous improvement in workplace safety. These include:

Scan the QR code to view our QESH Policy: https://ir2.chartnexus.com/suncon/doc/cg/QESH%20Policy%20(20241111)%20(English).pdf

Target	Description
Achieve zero fatalities during construction work activities at all worksites for employees and subcontractors	We commit to achieving **zero fatalities** during all construction activities at all worksites for both employees and subcontractors.
Achieve an accident rate of less than 0.3	We aim to maintain an **Accident Rate of less than 0.3**, reflecting our focus on minimising workplace injuries and incidents.
Achieve 90% worker consultation and participation in events related to Environment, Safety and Health (ESH)	We aim to achieve at least **90% worker consultation and participation** in ESH-related activities, including awareness sessions, meetings, site walkabouts and other engagement programmes.
Achieve a Safety and Health monthly inspection score of 80%	We commit to achieving a **minimum Safety and Health monthly inspection score of 80%**, ensuring consistent compliance and strong safety management practices across all sites.

In delivering on these commitments, we maintain full compliance with Malaysia's Occupational Safety and Health Act 1994 (OSHA 1994), the Construction Industry Development Board Act 1994 (Act 520) and all other applicable legal and regulatory requirements. We also uphold the relevant regulatory standards in every jurisdiction in which we operate.

In addition, we communicate our OSH requirements to contractors and subcontractors through detailed briefings on our QESH Policy and ESH objectives and targets during contractor kick-off meetings and Site Safety Induction programmes. They are required to comply with our safety standards at all times, and their operations are subject to the same level of scrutiny and performance expectations as our own.

Social

Integrated Leadership and Oversight in OSH

The Board of Directors oversees all OSH matters, while the Group Managing Director (GMD) and senior management lead day-to-day implementation. The GMD is fully responsible for preventing occupational injuries and health risks and ensuring safe working conditions across all sites, supported by the senior leadership team.

We provide the Board and GMD with regular OSH performance updates, ensuring they have clear visibility of major issues, such as Lost Time Injuries (LTIs), other injuries and any fatalities. In addition, we report all OSH matters to the Sustainability Committee (SC), which oversees the implementation of our Sustainability Policy and the management of safety and health risks.

In the event of a significant OSH incident, whether an LTI, a serious injury requiring hospitalisation or a fatality, we immediately initiate a detailed investigation and fully cooperate with the relevant authorities. OSH Committee reviews the investigation findings, including the root cause analysis, preventive measures and lessons learnt, prior to recommending the required corrective actions. Both the consolidated findings and recommended actions are escalated to the Board for oversight, deliberation and endorsement.

SunCon's oversight structure is further reinforced by defined accountability placed on senior leadership, where C-suite leaders are assigned OSH KPIs. These percentage weightings link directly to remuneration, supported by detailed scorecards that set out how SunCon's OSH performance is assessed and translated into pay outcomes.

Percentage of remuneration apportioned to safety and health performance:

Group Managing Director (GMD)	Group Deputy Managing Directors (GDMD)	Employees based at project sites:
5%	10%	25%

Our OSH Committees across all project sites include representation from both local and foreign workers. The committees meet monthly to review environmental, safety and health performance, consider matters raised during site activities and support collaborative decision-making on worker-related safety issues.

OSH Management System

Aside from our QESH Policy and OSH governance structure, we have implemented an OSH Management System certified under ISO 45001:2018, which applies to 100% of site personnel and covers all work activities and work areas under our control to ensure compliance with international best practices.

The system is established in accordance with all applicable legal requirements, which are identified, documented and reviewed for each project using the Legal and Other Requirements Register and Evaluation Compliance (LORR-EC) Form.

In line with our ISO 45001:2018-compliant OSH Management System, we continue to implement the following measures:

- **Hazard Identification and Risk Assessment, prior to the commencement of construction activities**
- **Risk and Opportunity Register (ROR) for identifying, managing and documenting both overall and ESH-related project-specific risks and opportunities**
- **SunCon Minimum Requirement (SCMR) for essential controls**
- **Critical Management Procedures, covering emergency response, incident reporting, training, inspections and audits**
- **The migration of the ESH Department to Autodesk Construction Cloud (ACC) to streamline project management and the sharing of ESH knowledge and related information across teams**

Social

HAZARD IDENTIFICATION, RISK ASSESSMENT AND INCIDENT INVESTIGATION

We identify work-related hazards and assess risks for routine and non-routine activities through three key assessments, namely:

- **Hazard Identification, Risk Assessment and Risk Control (HIRARC)**
- **Chemical Health Risk Assessment**
- **Noise Risk Assessment**

We further conduct hazard identification prior to the commencement of work, throughout work execution and whenever changes occur at the worksite. The hierarchy of controls is applied to eliminate hazards and minimise risks across all work areas under our control. These processes are reinforced through our competent ESH personnel, including Safety and Health Officers (SHO) and Site Safety Supervisors (SSS), who perform hazard assessments, site inspections and risk evaluations in accordance with statutory and internal requirements.

We investigate all work-related incidents through established internal procedures governing incident reporting, hazard and risk assessment and the determination of corrective actions using the hierarchy of controls. As part of this process, we undertake the following approaches:

Corrective and Preventive Measures

We implement corrective and preventive measures, including updating the HIRARC document, revising procedures or work method statements and sharing of lessons learnt with project teams.

Management of Significant OSH Incidents

We initiate incident investigations for significant OSH incidents, such as an LTI or a fatality. We also cooperate with regulatory authorities throughout the process.

We then present our investigation findings to the SC and the main Board. The findings include the root cause analysis, preventive measures implemented and lessons learnt, which we share with other sites to reinforce improved work practices.

We consolidate incident investigations, HIRARC reviews and site performance assessments to evaluate the effectiveness of our occupational health and safety (OHS) management system. These outcomes are presented during the annual Management Review Meeting, guiding informed decision-making when updating company guidelines, Safety and Health Instructions and other ESH documents, which strengthens our OHS management system across our operations.

Monitoring and Assessment

To maintain compliance with regulatory requirements and our QESH Policy, we carry out inspections across all operational sites throughout the reporting year. These inspections establish the compliance status of each site and provide an overall view of performance across our operations.

The following table summarises the assessment scores over the three-year period:

Safety Inspection	2023	2024	2025
Internal monthly Sunway Safety Merit System (SMSS)	84.6%	84.9%	**86.5%**
External audits by certification bodies (at the Construction segment)	Track record of zero non-conformance Request (NCR) for more than 10 years		
Safety and Health Assessment System in Construction (SHASSIC) assessments	• Sunway Belfield 5-star rating at 94.79%; • SMCD 4-star rating at 83.24%	• Sunway Medical Centre Ipoh 4-star rating at 87.46%	• **Sunway Flora 5-star rating at 94.83%**

Social

All project worksites under our control are required to maintain an Risk and Opportunity Register (ROR). The ROR process identifies risks and opportunities linked to environmental, safety and health factors, operational conditions and applicable legal and other requirements.

Strengthening OSH Competency Through Training and Engagement

We communicate the importance of prioritising OSH across our operations and provide training to ensure our employees understand their responsibilities and maintain safe work practices. Our training covers classroom sessions, presentations and practical instruction on the safe use of machinery and equipment, as well as essential medical training, such as first aid and fire drills.

Our employees and workers also contribute to the development, implementation and evaluation of our OSH Management System. Our engagement platforms, such as the ESH Committee Meetings, Toolbox Talks, Pre-Task Talks and ESH awareness campaigns enable our employees to share feedback, highlight site conditions and obtain information that supports safe and compliant work practices.

Where non-compliance with OSH requirements is identified through inspections, audits, observations or other reporting mechanisms, we ensure that appropriate corrective and enforcement actions are taken to promptly address OSH risks.

These actions include:

The issuance of Non-Conformance Reports (NCRs), which formally document deviations from established safety requirements that require corrective actions.

The issuance of Stop Work Orders (SWOs), which are issued to immediately halt unsafe activities until hazards are controlled.

The application of penalties where necessary to reinforce accountability and compliance with OSH standards.

To further reinforce these efforts, we implement comprehensive safety and health management programmes for our employees, business partners and contractors. These programmes ensure that all relevant stakeholders are equipped to effectively identify hazards, assess risks and manage work-related safety and health matters in day-to-day operations.

Among the programmes implemented are:

Target	Description
ESH Induction	As and when required
Toolbox Talk	Weekly
ESH Awareness Campaign	Once every two months
Sunway Safety Merit System (SSMS) Inspection	Monthly
COMBI Initiatives (Fogging, Larvaciding, Search and Destroy, Gotong-Royong Programme)	Weekly
Health Screening and Random Drug Test	As and when required
Emergency Response Drill	As per training plan
Chemical Health Risk Assessment	During start-up and as and when required
Noise Risk Assessment	During start-up and as and when required

Social

We are pleased to report strong engagement in our ESH awareness initiatives across our project sites. With a participation target of over 90% among workers and subcontractors, the initiatives achieved participation levels that exceeded expectations. In 2025, these programmes collectively recorded 43,269 participation instances, demonstrating the strong commitment of our workforce and business partners towards fostering a proactive Environmental, Safety and Health (ESH) culture and reinforcing safe and responsible work practices across our operations.

Strong workforce participation in ESH awareness initiatives

Promoting Employees' Health

Beyond OHS, we advocate for healthy lifestyles among employees by organising various activities to raise awareness of the importance of well-being. During the reporting period, we collaborated with Sunway Medical Centre to organise a voluntary Health Screening Programme from May to August 2025. The programme identifies occupational and communicable diseases at an early stage and aligns with national regulations, industry best practices and the UN SDG 3: Good Health and Well-Being. A total of 3,484 foreign workers including subcontractors who work at our construction sites, participated in this health screening programme. Only 0.3% of the screened participants required follow-up consultations.

Implementing Communication for Behavioural Impact

SunCon implements Communication for Behavioural Impact (COMBI) across its project sites as part of its Zero Larvae, Zero Dengue initiative, aimed at raising awareness by educating workers and surrounding communities about dengue prevention. The approach focuses on changing behaviours to eliminate mosquito breeding grounds and reduce the risk of dengue outbreaks. COMBI is implemented at all sites through a four-pronged strategy:

Fogging

Search and Destroy

Larvaciding

Gotong-Royong Programme

Further information can be found in the Community Enrichment section on page 113-118.

OSH Performance

We maintain rigorous processes to safeguard the accuracy and reliability of our OSH data. Our data is consolidated through a monthly cycle of reporting that draws on site-level ESH committee meetings, departmental ESH meetings and management review deliberations. To reinforce trust and transparency, our OSH data continues to be assured externally by SIRIM QAS International Sdn. Bhd.

Social

Separately, an accident involving a contractor's foreign worker occurred at the ICPH plant. A detailed investigation was undertaken by the ICPH team, and corrective as well as preventive measures were implemented to strengthen on-site safety controls. The Ministry of Manpower Singapore has since permitted work to resume.

Our Accident Rate (AR) for FY2025 was 0.26 per 1,000 workers.

	2023	2024	2025
Worked man-hours*	16,156,813	23,187,220	**21,997,334**
Fatalities			
Employees	0	0	**0**
Temporary employees	0	0	**0**
Contractors	1	0	**0**
Lost Time Injury (LTI) Accidents			
Employees	0	0	**0**
Temporary employees	0	0	**0**
Contractors	0	0	**2**
Total number of reportable accidents[1]	2	1	**3**
Lost Time Incident Rate (LTIR)[2]	0.15	0	**0.26**
Accident Frequency Rate (AFR)[3]	0.06	0	**0.09**

[1] *Defined as total number of fatal and dangerous occurrences and lost time incidents*
[2] *Lost Time Incident Rate covers both employees and contractors (per 1,000 workers, based on DOSH Malaysia JKKP 8)*
[3] *Accident Frequency Rate covers both employees and contractors (per 1,000,000 hours, based on DOSH Malaysia JKKP 8)*
* *Our man-hours boundary is only for Malaysia operations; it excludes any incident occurred at all overseas subsidiaries. Moving forward, we will be including man-hours and incidents of all overseas subsidiaries.*

Moving forward, we will continue to strengthen our OSH practices through the formalisation of procedures, seamless reporting and enhanced digital processes to improve efficiency and compliance across our operations. Planned initiatives include ongoing ESH awareness campaigns, regular ESH sharing sessions, systematic documentation and dissemination of lessons learnt. We will also focus on proactive risk identification, continuous improvement of safety management systems and the fostering of greater engagement and ownership of safety practices among employees, contractors and business partners.

PRODUCT QUALITY AND RESPONSIBILITY

Product quality and responsibility shape the safety, reliability and long-term performance of construction outcomes. For SunCon, these requirements guide project delivery and reflect the Group's operational standards. Effective quality management supports client satisfaction, strengthens prospects for repeat work, reduces rework, improves cost efficiency, maintains regulatory compliance and reinforces SunCon's reputation. Conversely, poor quality management and lapses in responsibility can lead to delays, increased rework, client dissatisfaction, compliance risks and reputational harm. If prolonged, such risks may weaken business opportunities, reduce stakeholder trust and lower employee's morale.

Social

We acknowledge that product quality and responsibility can be affected by factors such as unsuitable materials, deviation from design specifications, workmanship gaps, limited supervisory capability and weak quality control. These factors can affect project results and influence stakeholder confidence.

At SunCon, we uphold product quality and responsibility by adopting recognised frameworks and clear operational policies. SunCon is certified under ISO 9001:2015 and adopts the Construction Industry Standard CIS 7, better known as QLASSIC, by Construction Industry Development Board (CIDB) Malaysia to support quality assurance across building works including data centres. These frameworks guide consistent delivery and reinforce accountability throughout project execution.

Our quality management is governed by the QESH Policy, which outlines requirements for quality, safety, health, well-being and environmental management. An annual review held in 2025 confirmed that the policy remained effective and that the supporting quality objectives had been strengthened. Additionally, we increased our client satisfaction target to drive higher service standards and introduced a new target of zero non-conformance notices to ensure full compliance with legal and regulatory obligations. These enhancements reinforce operational discipline, reduce project risks and support SunCon's broader commitment to continual improvement and sustainable performance.

Ensuring Excellence in Quality

Quality serves as a key indicator of SunCon's technical capability and market reputation, extending beyond the final build to include design innovation, material integrity, structural resilience and the strategic intent of project planning. Each stage of the project cycle, from design to material sourcing and construction, contributes to the overall outcome and supports customer satisfaction, brand strength, safety and reduced environmental impact.

Our commitment to quality aligns with the National Construction Policy 2030 Thrust 1, which promotes stronger project quality and safety standards and is consistent with UN SDG 8, 9 and 11. The Group continues to apply established guidelines and initiatives to ensure consistent quality across all projects and maintain high levels of customer confidence.

To achieve the required quality standards, we have set in place a comprehensive Quality Strategy built around six key focus areas:

6 Key Focus Areas of SunCon's TQM Strategy

INNOVATION Creating greater value and setting a benchmark for businesses	**EMPLOYEE** Ensuring total involvement and employee satisfaction	**PRODUCTS AND SERVICES** Passionately ensuring the highest standards in products and services
CONTINUOUS IMPROVEMENT Creating greater value and setting a benchmark for businesses	**CUSTOMER** Striving to satisfy customers' needs and expectations	**CORPORATE SOCIAL RESPONSIBILITY** Enriching the community and preserving the environment

Social

PRODUCT QUALITY AND RESPONSIBILITY

We have set out the following key measures to support the Quality Strategy and uphold consistent standards during project execution:

Each role is filled by individuals with the right expertise so that responsibilities are carried out effectively. This includes appointing qualified consultants and dependable partners to oversee specialised areas, ensuring that all project components are managed by capable professionals

Critical materials undergo a mandatory Pre-Delivery Inspection (PDI) before reaching the site or designated location. This allows any defects or non-compliance issues to be addressed in advance, ensuring that only approved materials are used and reducing the risk of rework, delays and quality shortcomings

Material selection follows the requirements set under Lembaga Pembangunan Industri Pembinaan Malaysia 1994 (Act 520) and is aligned with relevant Environmental, Social and Governance expectations and client need

The First of Kind process requires initial samples, prototypes or early-stage work to be assessed and approved before full implementation. This creates a clear quality reference that guides subsequent construction activities and promotes consistent outcomes

The testing and commissioning stage is conducted with strict adherence to specifications and established procedures to confirm that systems and installations operate correctly

All project teams, led by the respective Person-In-Charge (PIC), are accountable for quality and customer satisfaction. They are supported by the Total Quality Management (TQM) Department, which may assign full-time personnel to the project team and carry out site visits, assessments, training and other quality improvement activities from the Head Office.

Furthermore, we also conduct three quality management assessments to safeguard and uphold standards throughout the build process. These assessments cover the full cradle-to-gate scope, including the quality of raw materials, the logistics involved in transporting materials to site, the condition and suitability of machinery and equipment, the construction methods used and the quality of the completed works. The assessments are also used to evaluate performance and identify areas for further improvement.

SQMS (Sunway Quality Merit System):

Internally developed system to drive continuous quality improvement across Group operations.

Assessment is based on the following three categories:
- Product workmanship
- Inspection and testing
- Site arrangements

CSS (Client / Consultant Satisfaction Survey):

Measures clients' and consultants' satisfaction levels across the build process, thereby providing crucial feedback on ongoing work.

Criteria covered:
- Quality of works
- Planning
- Job knowledge
- Timely completion
- Responsiveness
- Resources
- Environment
- Safety and health
- Communication
- Subcontractor performance
- Overall performance

QLASSIC (Quality Assessment System in Construction):

External industry benchmark standard developed by CIDB to assess the quality of our completed projects.

Social

To ensure these quality measures are upheld, performance is reviewed annually at the Management Review Meeting chaired by the GMD with department and division heads. Quality targets are embedded in project KPIs and cascaded to individual employee during performance appraisal, with remuneration linked to their achievement. The Sunway Quality Merit System (SQMS) and Client/Consultant Satisfaction Survey (CSS) scores are also integrated into performance KPIs, with allocations set at 5% for the GMD, 10% for both GDMDs and 25% for site-based employees to reflect operational responsibility and the importance of meeting quality expectations.

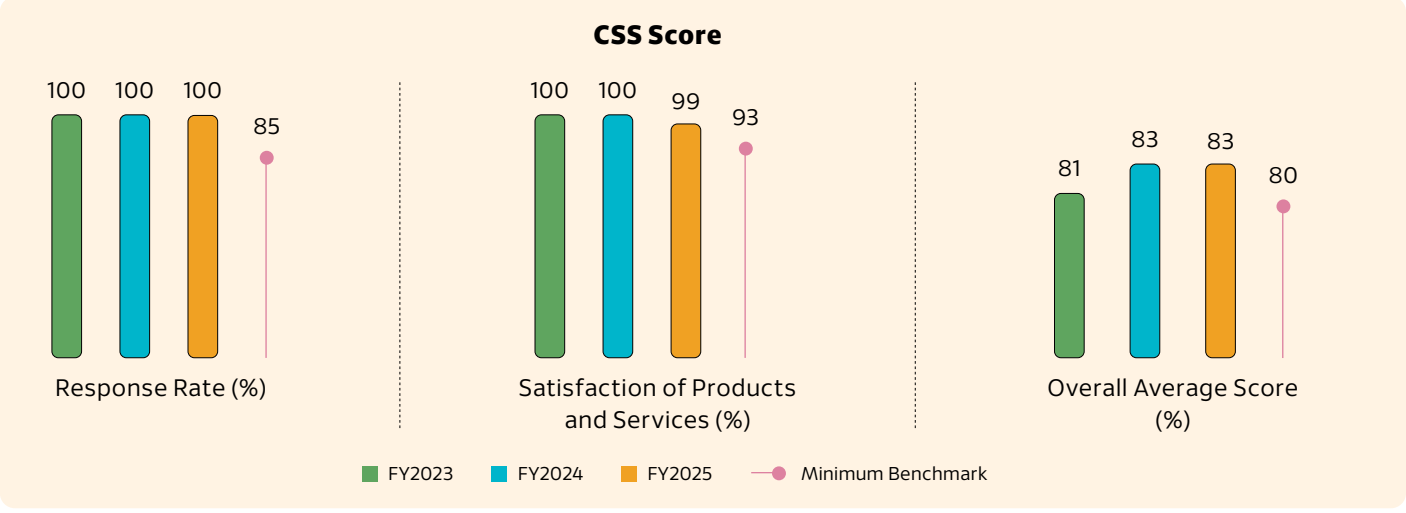
Furthermore, we are carrying out continuous monitoring of quality data to address non-conformance issues, expanding internal assessments to ensure compliance with structured follow-up and conducting training to strengthen employees' understanding of quality standards, compliance requirements and client expectations for project delivery. To reinforce these expectations across project teams, we:

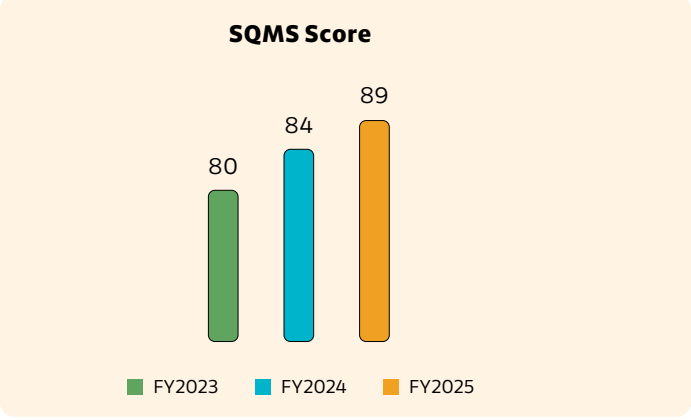
Implemented actions based on survey feedback, including the dissemination of findings to senior management and project teams to clarify strengths and areas requiring improvement

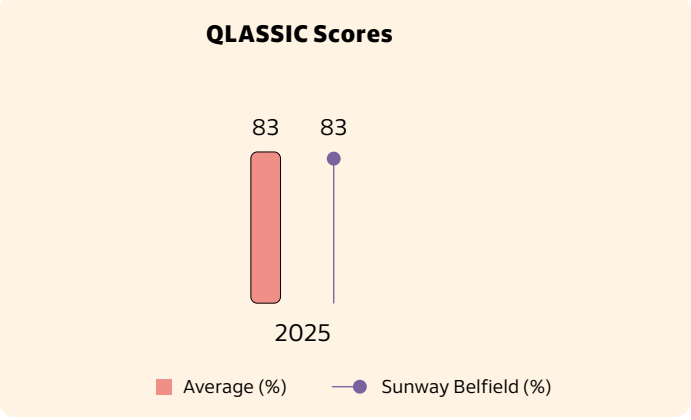
Assigned action plans to relevant departments, projects or individuals with defined responsibilities to ensure accountability

Carried out focused training, toolbox talks and awareness sessions to address recurring issues related to responsiveness, communication and site safety

A follow-up survey in the next reporting cycle will assess the effectiveness of these measures, ensuring continued alignment with client expectations for project delivery.







Social

Looking ahead, the Group will strengthen quality assurance and control by applying stricter inspections, improving site supervision and ensuring compliance with approved drawings, specifications and standards. Regular assessments will support early identification of gaps, while enhanced training will improve employee competency, communication and accountability. We will also manage our sourcing practices responsibly by ensuring that all imported materials comply with the CIDB Act 1994 and meet ESG expectations by carrying out material verification and supplier monitoring to strengthen supply chain transparency.

COMMUNITY ENRICHMENT

Community enrichment is a key focus for SunCon, as we recognise local communities and the wider public as material stakeholders whose well-being is directly affected by our operations and project sites. Construction activities can have social and economic impacts on surrounding areas, influencing daily life and community perceptions if not managed responsibly. In response, SunCon prioritises community development and empowerment initiatives to maintain trust with the local communities around our projects and support our value creation approach through outcomes that deliver lasting benefits to local communities.

Community Feedback Mechanism

We engage with local communities that may be affected by our construction work by holding dialogues and engagement sessions for local communities to share project information and collect project-related feedback. The project team then evaluates the feedback and applies relevant points to the site's OSH management strategy to reinforce risk controls. Local communities may also channel concerns through the SunCon Hotline on our corporate website via:

SunCon Hotline

Snap a picture and tell us about it

Telephone: **(019) 358 2739**

Email: **enquirysuncon@sunway.com.my**

Community Initiatives

SunCon recognises community enrichment as an integral part of responsible business conduct and aligns our efforts with the United Nations Sustainable Development Goals. Local communities are key stakeholders, given that many of our projects are located in close proximity to residential areas. We seek to contribute meaningfully through structured Corporate Social Responsibility programmes and targeted donations that respond to community needs. These initiatives are primarily coordinated through the SunCon Social Club, which organises activities to support and engage local communities. In addition, several project site teams undertook site-led CSR initiatives, extending positive contributions to communities surrounding our operations. Looking ahead, SunCon remains committed to supporting communities around our project sites and sustaining this engagement beyond project completion.

	2023	2024	2025
Total amount contributed to societal causes (RM million)	2.63	2.86	**2.53**
Total number of beneficiaries	18,350	12,066	**7,638**

Social

Impact Story 1: Safeguarding Community Well-Being Near Our Project Sites

In June 2025, the Sunway Flora project team supported a mosquito control effort in a nearby residential area. Site personnel were deployed to carry out fogging and larviciding activities, including the identification and elimination of mosquito breeding sites. The initiative aimed to reduce health risks associated with mosquito-borne diseases and support the well-being of the surrounding community.

The team also conducted clearing works near the Stadium Bukit Jalil to help beautify the area for future landscape work by Majlis Bukit Jalil.

Social

Impact Story 2: Extending Support to Vulnerable Communities

The Sunway City Ipoh Mall project team contributed to community well-being through targeted support initiatives addressing both social welfare and food security. In conjunction with the Lunar New Year period, the team donated RM2,300 worth of festive vouchers to Pertubuhan Kebajikan Kanak-Kanak Cacat Ipoh, enabling the organisation to provide essential items for children with disabilities.

In the spirit of Ramadan, the team collaborated with the SunCon Social Club and Dapur Jalanan Ipoh to distribute food containers to 100 homeless individuals across Ipoh town for sahur.

Social

Impact Story 3: Supporting Community Recovery Following Flood Impact

The RTS Johor–Singapore project team supported post-flood recovery efforts at Pusat Perdagangan Danga Utama in Skudai, which was affected by flash flooding. Volunteers and machinery were deployed to assist with site clearing works, helping to restore access and support the affected community during the recovery process.

Social

Impact Story 4: Maintaining Clean and Safe Surroundings Through Regular Community Action

The MSPR Johor project team conducted weekly gotong-royong activities along Jalan Salleh in Taman Kim Teng, where volunteers worked alongside the residential community to carry out street cleaning efforts. As construction activities are ongoing within the area, these regular initiatives helped to maintain cleanliness and support a safe and orderly environment for the surrounding community.

Social

Impact Story 5: Promoting Sustainable Practices at Project Sites

The data centre project team in Cyberjaya organised an "End Pollution Day" at the construction site to encourage site workers and subcontractors to adopt more sustainable consumption practices. As part of the initiative, workers were encouraged to use reusable water bottle tumblers, supporting waste reduction and raising awareness of plastic pollution and environmental protection. The initiative aimed to encourage the longer-term adoption of reusable alternatives within the site workforce.

ISSB Statement

1.1 COMPLIANCE WITH IFRS SUSTAINABILITY DISCLOSURE STANDARDS

Sunway Construction Group Berhad and its subsidiaries (the Group) present this ISSB Statement in accordance with the IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB), in line with Bursa Malaysia's Main Market Listing Requirements and the National Sustainability Reporting Framework (NSRF). These standards provide a structured basis for communicating sustainability-related information that is relevant to investors and other stakeholders, offering clearer insight into how such matters influence the Group's strategy, performance and long-term value creation.

Sustainability considerations are integrated into the Group's planning, risk management and operational decision-making processes. This integration supports balanced growth while addressing environmental, social and governance expectations across the markets in which the Group operates.

Additional information required under the Main Market Listing Requirements are included on page 327 onwards of this report. The Group has also referred to the disclosure topics within the Sustainability Accounting Standards Board (SASB) standards in preparing this report, supporting more relevant, industry-aligned and decision-useful disclosures.

1.2 CONNECTIVITY WITH FINANCIAL STATEMENTS (REPORTING PERIOD, REPORTING ENTITY AND PRESENTATION CURRENCY)

This report covers the financial year ended 31 December 2025 and aligns with the reporting period of the Group's related consolidated financial statements. It should be read together with those financial statements, which have been prepared in accordance with the Malaysian Financial Reporting Standards (MFRS), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

The Group defines time horizons based on when sustainability-related risks and opportunities could reasonably be expected to occur. As at the end of the reporting period, the following time horizons were identified, consistent with the timelines used for strategic decision-making:

Short-term: 2025-2027	Medium-term: 2028-2034	Long-term: >2034

The sustainability-related financial disclosures cover the same reporting entity as the related consolidated financial statements. The reporting entity comprises the parent company, Sunway Construction Group Berhad, together with its subsidiaries. In preparing these disclosures, the Group assessed its own operations as well as its value chain, which includes, among others, its joint ventures and associates. Further information on the value chain is provided in Note 17-19 in the Audited Financial Statement.

The presentation currency for the sustainability-related financial disclosures is Ringgit Malaysia (RM), consistent with the presentation currency used in the consolidated financial statements. Unless otherwise specified, all amounts are rounded to the nearest million.

1.3 FIRST-TIME ADOPTION OF IFRS SUSTAINABILITY DISCLOSURE STANDARDS AND TRANSITION RELIEFS

The annual reporting period ended 31 December 2025 marks the Group's first year of reporting under the IFRS Sustainability Disclosure Standards. For the financial year commencing 1 January 2025, the Group applied IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. As at 31 December 2025, no other IFRS Sustainability Disclosure Standards have been issued by the ISSB.

2.1 OVERVIEW OF THE GROUP

Please refer to pages 7-8 and 62-63 to find an overview of our business activities, strategy and sustainability-related goals and our value chain.

3.1 REPORTING BOUNDARY (EXCLUDING GHG EMISSIONS)

Reporting Entity

The entities, assets and operations within the reporting entity have applied the available transition relief, which allows disclosures to focus on the Group's principal businesses. This reflects the scope permitted for first-time application under the IFRS Sustainability Disclosure Standards and Bursa Malaysia's Main Market Listing Requirements.

ISSB Statement

During the reporting period, the Group underwent minor changes to its corporate structure following the disposal of its 40% equity interest in ENGIE-SUNWAY DCS Sdn. Bhd. to Sunway Property & Facility Management Sdn. Bhd. Separately, the Group also disposed of certain plant and machinery to another related company, Sunway Enterprise (1988) Sdn. Bhd. A summary of the reporting entity, together with the scope of sustainability-related information considered and included in this ISSB Statement, is presented below.

Entities and Assets in the Reporting Entity	Additional Information	Note in Financial Statements	Information Considered and Included (for GHG reporting boundary see Note 3.2)
Parent and Subsidiaries	Sunway ENGIE DC Sdn. Bhd. is 70% owned by Sunway Engineering which is a wholly owned subsidiary of the Group. The 30% joint venture proportion has been excluded.	Note 17	100% of the sustainability information, with the exception of Sunway ENGIE DC Sdn. Bhd. whose sustainability information is 70% accounted.
Leased Assets (the Group is lessee)	The Group leased plants and machineries such as genset for construction usage.	Note 15 and Note 35	100% of the sustainability information related to the use of the leased assets during the lease term.
Leased Assets (the Group is lessor)	-	Note 15	100% of the sustainability information related to leased assets.
Joint Operations	The Group has a 50% interest in a joint arrangement with Kajima Malaysia.	Note 19	Proportionate share of the sustainability information for direct assets, liabilities, etc.

Value Chain

Beyond its consolidated operations, the Group has entities, including investments in associates and joint ventures, as well as activities, resources and relationships that form part of its broader value chain. These elements have been considered in the assessment of the Group's sustainability-related risks and opportunities.

For the current reporting period, all reported metrics, with the exception of greenhouse gas (GHG) emissions, relate to total group operations including joint venture and joint operations.

3.2 REPORTING BOUNDARY FOR GHG EMISSIONS

The Group measures its greenhouse gas (GHG) emissions using the *Greenhouse Gas Protocol*: *A Corporate Accounting and Reporting Standard (2004)* (GHG Protocol), unless otherwise specified under IFRS S2. To determine Scope 3 categories required for disclosure, the Group refers to the *GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).*

The Group's reporting boundary for GHG emissions covers both its organisational boundary and operational boundary, as outlined below:

a. Organisational boundary

The Group applies the financial control and equity approach to establish its organisational boundary for the reporting of GHG emissions. Under this method, the Group has assessed that it exercises financial control, in accordance with the GHG Protocol, over the subsidiaries included in its consolidated financial statements. The Group applies the equity approach for joint ventures with other companies.

b. Operational boundary

Direct GHG emissions from sources that are owned or controlled by businesses and operations within the Group's organisational boundary are reported as Scope 1 GHG emissions. Emissions arising from the generation of purchased electricity consumed by these businesses and operations are reported as Scope 2 GHG emissions.

The Group's relevant portion of other indirect emissions associated with its activities is reported as Scope 3 GHG emissions. These include emissions occurring across the value chain, in line with the defined Scope 3 categories.

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4. JUDGEMENTS AND MEASUREMENT UNCERTAINTIES

4.1 SIGNIFICANT JUDGEMENTS

	Description	Page Reference
Materiality Process	Management carried out a structured evaluation to identify sustainability-related risks and opportunities that could reasonably influence the Group's future performance and financial position. The exercise focused on matters that may affect enterprise value and inform the decisions of investors and other primary users. The Group also reviewed the disclosure topics outlined in the industry-based SASB Standards to assess their relevance to its operations. Metrics were selected based on alignment with the Group's business model, risk profile and sector characteristics, supporting more focused and decision-useful disclosures.	Page 53
Organisational Boundary for GHG Emissions	Financial control and equity approach methods are used to define the organisational boundary for GHG emissions reporting. Under the financial control method, the Group identifies operations where it has financial authority. For joint ventures with other organisations, equity approach is used. Determining the appropriate consolidation method and identifying which operations fall within the Group's financial control and equity approach involve the use of significant judgement. This assessment takes into account factors such as decision-making authority, contractual arrangements and the degree of influence over day-to-day operations. These judgements directly affect the scope of entities and activities included in the Group's GHG emissions disclosures.	Page 138
Calculation Methods for GHG Emissions	A combination of calculation methods is used to measure Scope 3 GHG emissions across the relevant categories. Management exercised judgement in selecting the most suitable method for each category, taking into account data availability, data quality and methodological fit. Where available, supplier-specific data is prioritised, provided it meets acceptable thresholds for quality and completeness. When primary data is not available or is insufficient, reasonable estimation techniques and appropriate secondary data sources are used to support the calculation process.	Page 137-138

In preparing the Group's financial statements, management made several significant judgements. Certain judgements are also relevant to the preparation of this sustainability report, as they influence the scope, assumptions and disclosures presented.

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4.2 MEASUREMENT UNCERTAINTY

The following amounts have a high degree of measurement uncertainty:

	Description	Page Reference
GHG-related Metrics	The related disclosure metrics are subjected to uncertainties due to reliance on activity data and emission factors obtained from third parties. For metrics without any activity data or emission factors, estimation is used.	Page 137-139

5. MATERIALITY ASSESSMENT

The Group conducted a reassessment of its material topics as a part of a joint materiality exercise with other listed entities within the Sunway Group. The objective was to identify and prioritise Environmental, Social and Governance (ESG) issues that are significant to the Group and its stakeholders, and to strenghthen the alignment between sustainability matters and financial performance.

The assessment supports the identification of inherent and emerging sustainability-related risks and opportunities. It provides a structured basis for determining which topics warrant enhanced oversight, resource allocation and disclosure within this ISSB Statement.

Approach and Methodology

A two-step process was applied.

Step 1: Identification of Key ESG Issues and Areas of Interest

An initial long list of ESG topics was developed with reference to industry practices, regulatory developments, peer benchmarking and internal risk registers. These topics reflect operational exposures across construction activities, supply chains, project delivery and stakeholder relationships.

Step 2: Stakeholder Engagement and Impact Assessment

Stakeholders were engaged through an online survey, followed by in-depth interviews and a focus group session with senior management. The engagement sought to understand stakeholder priorities, concerns and expectations. An impact assessment was then carried out to evaluate the significance and likelihood of each topic, considering both the scale of impact on the environment and society and the potential effect on the Group's financial position, performance and cash flows across the short-, medium- and long-term.

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6. SUSTAINABILITY GOVERNANCE

Sustainability Governance Structure

Board of Directors ▸ The Board provides strategic direction for SunCon and its subsidiaries, ensuring that we remain on track to achieve our objectives. It shapes and reviews our overall strategy, upholds core values and maintains strong governance standards. The Board also oversees management to ensure that operations are conducted with integrity and in full compliance with applicable laws and regulations.

Sustainability Committee (SC) ▸ The Sustainability Committee (SC) oversees our sustainability strategy and key ESG priorities by reviewing targets, performance and overall sustainability progress. The SC also reviews the sustainability initiatives and provides recommendations to ensure they align with the business and sustainability strategies. It meets at least twice a year and submits recommendations to the Board on related matters.

TAN LER CHIN (CHAIRPERSON)

DR SARINDER KUMARI A/P OAM PARKASH

DATUK KWAN FOH KWAI

ERIC TAN CHEE HIN[1]

Risk Management Committee ▸ The Risk Management Committee (RMC) oversees SunCon's risk management framework and processes, including sustainability-related risks. It monitors, reviews and deliberates on corporate and operational risks, ensuring appropriate mitigation plans are in place and effective. The RMC meets at least quarterly each year and all SC members serve on the RMC.

Nomination and Remuneration Committee ▸ The Nomination and Remuneration Committee (NRC) oversees all matters pertaining to remuneration, including remuneration for SunCon's senior management. The NRC will track the sustainability-related KPIs cascaded to senior management. The NRC meets at least quarterly every year.

Sustainability Department ▸ The Sustainability Department supports the Board and the SC in meeting regulatory requirements for ESG disclosures via policy recommendations and alignments. Moreover, the unit tracks and monitors sustainability-related data and initiatives across SunCon to ensure truthful and transparent reporting. The department works closely with project directors across all business operations at SunCon to ensure the implementation of sustainability strategies and initiatives.

[1] Appointment of Mr Eric Tan Chee Hin as a member of SC in place of Mr Liew Kok Wing, effective on 3 March 2025.

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6.1 BOARD OVERSIGHT BOARD OF DIRECTORS

Board of Directors

The Group views climate-related risks and opportunities as important considerations in supporting business resilience and long-term value creation. The Board of Directors holds overall oversight of sustainability and climate-related matters, with support from the Sustainability Committee (SC) in reviewing, supervising and recommending sustainability strategies, key environmental, social and governance targets, performance indicators and related corporate policies across the Group. This includes guiding the systematic integration of climate considerations into business strategy, risk management and financial planning.

Established at Board level, the SC plays a key role in evaluating the Group's exposure to climate-related risks and the effectiveness of mitigation measures. The committee oversees climate-related policies, including the Group Sustainability Policy, while promoting alignment with regulatory expectations and industry practices. Climate-related risks are incorporated into the Group's Enterprise Risk Management framework, with regular assessments carried out and reported to the Board. These responsibilities are set out in the SC's Terms of Reference and relevant governance policies, providing clear oversight and accountability.

The Group's climate targets and performance metrics are reviewed at Board level, with progress updates presented during each review cycle. The Board monitors emissions reduction initiatives, particularly those relating to Scope 1, Scope 2 and Scope 3 emissions, and considers how climate-related performance indicators are reflected in business incentives and executive remuneration. Following these reviews, the SC provides recommendations to Management and the Board, including corrective measures where targets are not achieved or where emerging risks call for a strategic response. As part of the Board's periodic effectiveness assessment, its collective skills and competencies, including those relevant to overseeing the Group's climate strategy, are also evaluated.

6.2 MANAGEMENT'S ROLE IN GOVERNANCE

Management plays an important role in translating the Board's climate-related directives into operational strategies that drive tangible action. Led by the Executive Committee (EXCO) team, Management is responsible for identifying, assessing and managing climate-related risks and opportunities in line with the Group's long-term sustainability objectives. As part of this role, Management formulates and implements action plans that align with the climate strategy set at Board level. This includes establishing key performance indicators and targets, defining implementation timelines, and allocating the necessary resources to support climate resilience. These efforts cover the mitigation of physical risks such as extreme weather disruptions, as well as transition risks arising from evolving regulations, carbon pricing mechanisms and technological developments.

Climate-related responsibilities are formally assigned to the Sustainability Unit then cascaded to the relevant operational levels for the execution of policies and strategies. Climate considerations are therefore integrated into business operations, financial planning, risk management and mitigation across both management and operational levels. Periodic updates on performance and progress are reported to the SC.

Responsibility for climate-related risk management is distributed across different levels of Management. The SC sets the overall climate agenda, while operational divisions incorporate climate considerations into day-to-day decision-making. This includes monitoring energy consumption, improving operational efficiency and implementing measures to reduce greenhouse gas emissions. Scenario analysis and cost-benefit assessments are also carried out to evaluate the feasibility of renewable energy adoption, potential carbon taxation implications and compliance with emerging regulatory requirements.

To support proactive risk management, Management regularly reviews and refines its risk assessment framework, including evaluations of the severity, probability and frequency of climate-related risks. These considerations are embedded into the Group's broader governance and operational frameworks, with alignment across functions such as finance, procurement and project management. This supports structured decision-making that takes into account both financial and environmental factors, contributing to long-term resilience.

Management also maintains a Group-wide greenhouse gas inventory, with oversight of both direct (Scope 1) and indirect (Scope 2 and Scope 3) emissions. Looking ahead, the Group is progressively incorporating wider supply chain and downstream climate impacts into its risk assessment framework, supporting a more comprehensive understanding of climate-related risks and opportunities.

6.3 IMPACT OF SUSTAINABILITY ON REMUNERATION POLICIES

The remuneration of the Group Managing Director and Senior Management has been linked to ESG-related KPIs and targets since 2022, with performance against these indicators influencing incentive outcomes. These KPIs and targets include increasing waste diversion from landfills, improving occupational health and safety practices, reducing carbon emissions and enhancing ESG rating scores.

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6.4 RISK MANAGEMENT

The Group identifies and assesses climate-related risks through a structured, multi-layered process that integrates financial materiality considerations, scenario-based assessments and enterprise-wide risk monitoring. Climate risks are evaluated from both impact and financial materiality perspectives, with emphasis on financial materiality in line with the expectations of IFRS S2.

The Group's risk identification process is informed by several sources. These include industry benchmarks and regulatory developments, which help align climate risks with evolving policy landscapes, stakeholder engagement, investor preferences and financial community expectations, which reflect external risk perceptions and market trends and internal ESG materiality assessments that incorporate sustainability considerations into enterprise risk reviews, as outlined on page 206. The process also draws on global climate models, including the IPCC Sixth Assessment Report, to evaluate physical and transition risks, as well as Climate Value-at-Risk analyses conducted by the Jeffrey Sachs Center on Sustainable Development, which provide probabilistic assessments of climate risks across different time horizons.

To strengthen risk quantification, the Group categorises climate risks based on likelihood, severity, frequency and timeline, supporting a more comprehensive assessment. Risks are also classified into physical and transition categories to facilitate targeted mitigation measures.

Likelihood	Severity Levels	Frequency	Timeline
Unlikely	Zero Impact	Zero Occurrence	Immediate
Likely	Minimal Impact	Rare Occurrence	Near-Term
Highly Likely	Moderate Impact	Regular Occurrence	Medium-Term
Imminent	High Impact	High Occurrence	Long-Term

Integration into Enterprise Risk Profile

Climate-related risks are integrated into the Group's Enterprise Risk Management (ERM) framework, allowing emerging issues to be monitored, mitigation measures to be applied early and risk oversight to be carried out consistently across the organisation. Since the financial year 2022, climate risks have been incorporated into the Group Risk Register, with ongoing monitoring undertaken by the Risk Management function in collaboration with the Sustainability team. This structure allows climate-related risks to be assessed alongside other material business risks.

The Risk Management Committee oversees the Group's risk framework and reviews significant risks, including those related to climate change, during its quarterly meetings before providing recommendations to the Board. Working in parallel, the Risk Working Committee, led by the Senior Executive Director, helps embed risk requirements into day-to-day operations. Through close engagement with business units, the committee identifies emerging risks, implements mitigation measures and communicates the Board's expectations across the organisation.

Climate-related risks are reviewed as part of enterprise-wide risk reporting, where they are assessed alongside operational, financial and market risks to support a comprehensive oversight process. The SC provides governance and oversight, with periodic updates on climate-related risks presented to the Board to support informed decision-making. Scenario analysis is also carried out to assess risks under different future pathways, enabling the Group to anticipate potential regulatory, financial and environmental developments that could affect business continuity.

Continuous monitoring forms a key part of the Group's risk management activities, helping identify emerging risks early and refine strategies as conditions evolve. While a formal transition plan is still being developed, climate considerations already influence investment allocation, project selection criteria and supply chain practices. Through this integration within the broader ERM framework, the Group enhances its readiness for evolving environmental and regulatory landscapes while supporting long-term business sustainability.

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7. ENVIRONMENT-RELATED RISKS AND OPPORTUNITIES

7.1 CLIMATE-RELATED TRANSITION RISK

a. Description

The construction industry is exposed to increasing transition risks as climate policies and market expectations place greater emphasis on reducing embodied carbon in materials such as cement, steel and concrete, which are significant contributors to Scope 3 emissions and emissions from construction activities. While contractors generally follow customer specifications, evolving regulatory measures and green procurement standards are increasing the cost and complexity of sourcing construction materials. The Government of Malaysia announced in its 2026 Budget the planned introduction of a carbon tax, targeting the iron, steel and energy sectors. In addition, capital providers and infrastructure asset owners increasingly favour lower-carbon projects, and ESG-conscious customers may exclude higher-carbon suppliers. If not managed effectively, these developments may reduce the Group's competitiveness in tenders and lead to higher construction costs.

b. Effects on business model and value chain

Transition risks extend across the Group's value chain, particularly within upstream procurement, construction operations and downstream customer expectations.

In the upstream segment, suppliers of cement, steel and ready-mix aggregates, which account for a substantial share of embodied carbon, are under growing pressure to decarbonise their manufacturing processes. As the Group depends on these materials, it may experience cost increases as suppliers invest in cleaner technologies and factor in carbon taxes. Existing procurement practices may also limit participation in projects that impose embodied carbon requirements. To address this, the Group is planning to collaborate with suppliers on the transition towards lower-carbon products and adopt circular construction practices, including the use of recycled content, alternative binders and modular construction methods, to reduce the carbon intensity of its output.

Within construction operations, the use of heavy machinery resulting in high diesel consumption contributes to direct emissions classified as Scope 1, while electricity consumption for construction processes results in Scope 2 emissions. These operational factors form an important part of the Group's transition risk profile.

Downstream, customers for commercial and infrastructure projects, particularly advanced technology facilities' companies, are increasingly introducing sustainability requirements including product carbon footprint. This places greater emphasis on carbon disclosures and transparency in material sourcing during tender submissions. Without appropriate mitigation measures, the Group may face reputational risks among stakeholders who expect alignment with climate objectives, as well as a gradual mismatch between traditional construction practices and the growing demand for lower-carbon, climate-resilient infrastructure.

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Climate-related risks' disclosures

The Group has identified a range of physical and transition risks that may impact its business in the short-, medium- and long-term. These risks have been assessed as part of the Group Climate Value-at-Risk assessment, aligning with global sustainability frameworks and regulatory expectations, including the IFRS S2 climate-related disclosure standard. The Group's risk mitigation strategies are designed to build climate resilience while capitalising on emerging opportunities within the transition to a low-carbon economy.

Risks / Opportunities	Time-frame	Business Impact	Financial Impact	Mitigation Measure
Physical Risks				
Inclement weather (reduced productivity due to rainfall disruptions)	Short-term	Delays in project progress and future job planning; risk to worker health, safety and welfare. Climate value-at-risk assessments indicate that while stop-work occurrences due to rainfall may decline in frequency, the severity of rainfall events is expected to increase	Cost overrun and reduced claim revenue	Integration of climatic constraints into project-level risk assessments; strengthening site-specific planning, particularly for projects near floodprone areas
Increase in frequency and intensity of extreme weather (precipitation and heat waves)	Short-term	Increased site shutdowns due to heat stress or extreme rainfall; asset exposure to flood risk. Climate projections indicate that some SunCon project sites may experience medium risk exposure to riverine flooding, requiring enhanced flood preparedness measures and project scheduling adjustments	Cost overrun, potential damage to equipment, higher insurance premiums	Enhanced site planning with flood risk mapping; use of climate-responsive scheduling to mitigate delays
Enhanced complexity of emissions-related reporting and compliance	Long-term	Increased regulatory compliance burden; greater transparency expectations from stakeholders	Increased administrative costs for compliance; potential penalties for non-disclosure	Strengthening internal reporting capabilities; digitalising GHG data collection and disclosure for improved regulatory alignment
Regulatory and policy changes impacting financial stability	Medium-term	Future government regulations on electricity and fuel usage could result in additional cost	Higher CAPEX for emission reduction initiatives; potential increased taxation on diesel fuel	Continuous monitoring of Malaysia's Net Zero policies and early engagement with regulators to adapt to evolving requirements

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Risks / Opportunities	Time-frame	Business Impact	Financial Impact	Mitigation Measure
Physical Risks				
Carbon tax mechanism & Green Electricity Tariff (GET) impact	Medium-term	Increased operating costs as carbon pricing affects supply chain materials and energy costs. SunCon is exposed to potential cost increases under the Green Electricity Tariff (GET), which, if mandated, could result in an estimated RM335,000 annual additional cost. Additionally, diesel taxation remains a potential risk to construction-related fuel expenses	Higher CAPEX for emission reduction initiatives; increased utility and fuel costs	Monitoring carbon pricing frameworks; exploring energy efficiency solutions and alternative fuel options
Revision of electricity and water tariffs	Medium-term	Rising operational costs, making energy and water efficiency a key priority	Increased utility expenses, affecting project profitability	Solar PV adoption at sites' rainwater harvesting and water recycling; integrating energy efficiency KPIs in project tenders
Electrification of construction vehicles and machinery	Long-term	Transitioning to electric construction equipment may become necessary due to regulatory pressures, but high upfront costs remain a challenge	Significant CAPEX required for electrification; long-term operational savings expected	Evaluating feasibility of electrification if government incentives are introduced; piloting low-emission machinery in selected projects
Reputational risk from environmentally sensitive projects	Long-term	Engaging in projects near rainforests, mangroves or other ecologically sensitive areas may result in reputational risks	Potential loss of investor confidence or client projects due to environmental concerns	Strengthening internal project evaluation criteria to assess risks before committing to development projects
Market risk from stricter green building standards	Medium-term	Increasing demand for green-certified buildings may put pressure on the Group to integrate more sustainable construction practices	Higher material costs and project qualification barriers if green standards are not met	Aligning procurement strategies with sustainability requirements; engaging in green building certification processes to enhance competitiveness
Increased material costs due to supply chain decarbonisation	Medium-term	Risk of project delays due to limited availability of low-carbon materials. The adoption of low-carbon construction materials (e.g., green cement, sustainable steel) carries a price premium of 40-100%, potentially impacting project cost structures	Price volatility, cost overruns due to premium pricing of low-carbon cement and green steel (40-100% markup)	Diversifying supplier base; localising supply chain where feasible; tracking material sustainability credentials

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c. Effects on strategy and decision-making

Climate-related risks are considered in the Group's strategic planning and operational decision-making, with decarbonisation forming a key element of its response to the transition towards a lower-carbon economy. Management has introduced a range of mitigation and adaptation measures as part of its pathway towards Net Zero carbon by 2050. In 2025, the Group achieved a reduction of 23,160 tCO_2e in emissions after carbon offset compared to 2024, reflecting progress in its decarbonisation initiatives. These efforts are intended to reduce exposure to transition risks such as carbon taxation, rising grid electricity costs and the higher embodied carbon of construction materials.

Decarbonisation also presents strategic and commercial opportunities. For example, the export of precast products with lower carbon footprints may offer a competitive advantage in markets that place increasing emphasis on climate performance. Operational improvements, such as the progressive replacement of diesel-powered tower lights to electrical or hybrid-powered ones further support emissions reduction while improving energy efficiency. In addition, the Group is exploring revenue opportunities through the sale of Renewable Energy Certificates generated from its sustainable energy projects.

These initiatives also contribute to the development of internal capabilities, preparing the workforce to undertake projects with stronger sustainability requirements, including green buildings and data centres. The Group's carbon reduction strategy focuses on several key areas.

Under energy optimisation, the Group is upgrading to energy-efficient equipment, increasing the use of renewable energy in operations and transitioning from diesel-powered machinery to lower-emission or electric alternatives where feasible.

On advocacy, the Group conducts sustainability workshops for key project personnel and awareness programmes for staff. It also engages major commodity suppliers on low-carbon plans and targets, enhances procurement strategies to incorporate sustainability and climate considerations and prioritises local suppliers where possible to reduce transportation-related emissions.

In the carbon market, the Group seeks to generate income in the near term through the trading of green attributes from solar investments and corporate green power projects, while continuing to strengthen energy efficiency initiatives across its operations.

Through product stewardship, the Group applies technologies such as Building Information Modelling (BIM) and Industrialised Building Systems to optimise energy use and reduce embodied carbon in projects. It also prioritises lower-carbon product options, including materials with recycled content where feasible and seeks to minimise waste generation through improved design and process optimisation. Together, these measures support more informed investment, procurement and operational decisions in response to climate-related risks and opportunities.

d. Financial effects

Current and anticipated financial effects

Climate-related risks are expected to have both current and future financial implications for the Group, primarily through higher compliance costs, increased capital expenditure and changes in operating cost structures. As regulatory frameworks and market expectations evolve, the Group anticipates greater complexity in emissions-related reporting and compliance requirements. Over the longer term, this may lead to a higher administrative burden, increased compliance costs and potential penalties where disclosure expectations are not met.

Regulatory and policy developments may also affect financial stability in the medium-term. Future government measures on electricity and fuel usage could introduce additional costs, including higher capital expenditure for emission reduction initiatives and the possibility of increased taxation on diesel fuel used in construction activities.

Carbon pricing mechanisms and energy tariffs represent another area of exposure. As carbon pricing begins to influence supply chain materials and energy costs, the Group may face higher operating expenses. Under the Green Electricity Tariff, if mandated, the Group could incur an estimated additional annual cost of RM335,000. Diesel taxation also presents a potential risk, as it may raise fuel expenses for construction operations. These developments could result in increased capital expenditure for emissions reduction initiatives as well as higher utility and fuel costs.

Revisions to electricity and water tariffs may further increase operational expenses, making energy and water efficiency important considerations for project planning and execution. Rising utility costs could have a direct effect on project profitability if not offset by efficiency gains or pricing adjustments.

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Over the longer term, the electrification of construction vehicles and machinery may become necessary in response to regulatory pressures. While this transition could deliver operational savings over time, it is likely to require significant upfront capital investment in new equipment and supporting infrastructure.

The Group also faces reputational risks associated with projects located in environmentally sensitive areas, such as rainforests, mangroves or other protected ecosystems. Such exposure may affect investor confidence or lead to the loss of project opportunities where environmental concerns are heightened.

Market dynamics may introduce additional financial pressures. Stricter green building standards and growing demand for certified low-carbon projects may require the Group to integrate more sustainable construction practices. This could result in higher material costs and potential barriers to project qualification if required standards are not met.

Supply chain decarbonisation is also expected to influence cost structures. Limited availability of low-carbon materials may create the risk of project delays, while the adoption of products such as green cement and sustainable steel could carry price premiums of 40 to 100 percent. These factors may lead to price volatility and cost overruns, particularly where low-carbon materials are required to meet project specifications or regulatory expectations.

7.2 CLIMATE-RELATED PHYSICAL RISK - INCLEMENT WEATHER (REDUCED PRODUCTIVITY DUE TO RAINFALL DISRUPTIONS)

a. Description

Inclement weather, particularly heavy rainfall and prolonged wet conditions, presents a physical climate risk that may affect the Group's construction activities. Construction projects are highly dependent on site conditions and work schedules, and increased rainfall intensity or frequency can disrupt daily operations, delay critical activities and reduce overall productivity at project sites.

Rainfall disruptions may lead to temporary suspension of work, slower progress on earthworks, concreting and other weather-sensitive activities, as well as increased safety risks for workers. These disruptions can extend project timelines, result in higher labour and equipment costs and increase the likelihood of contractual penalties or cost overruns where schedules are affected.

Over time, changing rainfall patterns and more frequent extreme weather events may amplify these challenges, requiring additional planning, protective measures and contingency resources. To manage this risk, the Group incorporates weather-related considerations into project planning, adopts improved drainage and site protection measures and strengthens scheduling practices to reduce the impact of rainfall disruptions on productivity and project delivery.

b. Effects on business model and value chain

Inclement weather may affect the Group's business model and value chain primarily through disruptions to project execution and workforce conditions. Heavy or prolonged rainfall can slow construction progress, interrupt planned work sequences and affect the scheduling of future projects. These disruptions may lead to delays in project completion, changes in resource allocation and increased operational costs.

Rainfall-related disruptions also present risks to worker health, safety and welfare, particularly where site conditions become unstable or hazardous. Additional safety precautions, temporary stoppages and protective measures may be required to safeguard personnel, which can further affect productivity.

Climate Value-at-Risk assessments indicate that while the frequency of stop-work occurrences due to rainfall may decline over time, the severity of rainfall events is expected to increase. This trend may intensify the impact of individual weather disruptions, leading to more significant delays and operational challenges across the Group's construction activities.

c. Effects on strategy and decision-making

Inclement weather, particularly increased rainfall intensity and more frequent extreme weather events, influences the Group's strategy and operational decision-making. As construction productivity is closely tied to site conditions, rainfall disruptions are considered during project planning, scheduling and resource allocation to minimise delays and cost impacts.

At the project level, the Group incorporates weather-related considerations into construction timelines, contingency planning and contract pricing. Buffer periods, revised work sequencing and additional protective measures are included where appropriate to reduce the likelihood of delays and cost overruns. Decisions on site layout, equipment deployment and material storage also take into account the potential for heavy rainfall and water-related disruptions.

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From a design and engineering perspective, the Group places greater emphasis on drainage capacity, waterproofing measures and the use of more resilient materials. These considerations are reflected in project specifications and capital allocation decisions, particularly for projects located in areas with higher rainfall exposure or flood risk.

At a strategic level, rainfall-related productivity risks influence portfolio planning, contract selection and investment priorities. The Group evaluates the feasibility and risk profile of projects based on climatic conditions, location-specific weather patterns and the availability of mitigation measures. This helps support more informed bidding decisions and encourages the adoption of construction methods, such as modular or off-site fabrication, that are less exposed to weather-related disruptions.

Through these measures, the Group integrates inclement weather considerations into its planning and decision-making processes, helping to reduce operational disruptions and support more predictable project outcomes.

d. Financial effects

Current and anticipated financial effects

Inclement weather may have both current and anticipated financial effects on the Group, primarily through cost overruns and reduced claim revenue arising from rainfall-related disruptions. Construction activities that are sensitive to weather conditions, such as earthworks, structural works and finishing processes, may be delayed during periods of heavy or prolonged rainfall. These disruptions can slow overall project progress and extend construction timelines.

Extended project durations may lead to higher labour, equipment and site management costs, particularly where additional manpower, machinery or protective measures are required to maintain safety and operational continuity. Idle time for equipment and workers during stop-work periods may also increase operating expenses without a corresponding increase in revenue.

In certain cases, rainfall disruptions may limit the Group's ability to submit or justify variation orders or delay-related claims, especially where contract terms place weather-related risks on the contractor. This may result in reduced claim revenue and a greater portion of the additional costs being absorbed by the Group.

An increase in the severity of rainfall events may further heighten the risk of schedule disruptions and associated cost pressures. More intense weather-related interruptions could require larger contingency provisions, higher insurance costs and additional investment in site protection, drainage and scheduling adjustments. These factors may affect project margins and cash flow timing, particularly for projects with tight schedules or fixed-price contracts.

7.3 CLIMATE-RELATED PHYSICAL RISK - INCREASE IN FREQUENCY AND INTENSITY OF EXTREME WEATHER (PRECIPITATION AND HEAT WAVES)

a. Description

The increasing frequency and intensity of extreme weather events, including heavy precipitation and heat waves, present a physical climate risk to the Group's construction activities and supporting operations. Such events may disrupt site conditions, affect worker safety and reduce overall productivity, particularly for projects that are highly dependent on stable weather patterns.

Intense rainfall can lead to site flooding, water logging, erosion and damage to partially completed structures, equipment or stored materials. These conditions may require temporary work stoppages, additional protective measures and remediation works, which can extend project timelines and increase costs. Prolonged or repeated rainfall events may also strain drainage systems and site infrastructure, further affecting construction progress.

Heat waves present additional challenges, particularly for labour-intensive construction activities. High temperatures may lead to heat stress, dehydration and fatigue among workers, requiring more frequent rest periods, adjustments to work schedules and enhanced health and safety measures. In extreme cases, work hours may need to be reduced or temporarily halted to protect worker well-being, which can affect productivity and project schedules.

Over time, more severe and less predictable weather patterns may increase the complexity of project planning, site management and cost control. These risks may influence the design of construction methods, selection of materials and investment in protective infrastructure to enhance resilience against extreme weather conditions.

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b. Effects on business model and value chain

More frequent and intense extreme weather events may affect the Group's business model and value chain through operational disruptions and increased exposure of project assets to climate hazards. Heavy rainfall and heat waves can lead to more frequent site shutdowns, either due to unsafe working conditions or the need to protect partially completed structures, equipment and materials.

Extreme heat may require shorter working hours, additional rest periods and enhanced safety protocols to manage heat stress, which can reduce productivity across labour-intensive construction activities. Similarly, intense or prolonged rainfall may result in waterlogged sites, flooding or erosion, leading to temporary work stoppages and delays in project progress.

Climate projections indicate that some of the Group's project sites may face medium exposure to riverine flooding. This may require enhanced flood preparedness measures, including improved drainage systems, site protection works and adjustments to project schedules. Such measures may influence procurement decisions, construction methods and coordination across the supply chain, as the Group adapts its operations to manage evolving physical climate risks.

c. Effects on strategy and decision-making

The increasing frequency and intensity of extreme weather events, including heavy precipitation and heat waves, influences the Group's strategy and operational decision-making. As construction activities are sensitive to weather conditions, these risks are considered during project selection, planning, design and execution to reduce potential disruptions and cost impacts.

At the project level, the Group factors in site-specific climate conditions when evaluating project feasibility, scheduling works and allocating resources. Construction timelines may include additional buffer periods, revised work sequencing or alternative methods to account for potential weather-related interruptions. Decisions on site layout, drainage design, material storage and temporary structures also take into account the likelihood of heavy rainfall or extreme heat.

From a workforce management perspective, the Group adapts working hours, rest periods and safety protocols to address heat stress risks. This may involve scheduling more labour-intensive tasks during cooler periods of the day, investing in protective equipment and implementing additional health and safety measures to safeguard workers.

Extreme weather risks also influence design and capital allocation decisions. The Group places greater emphasis on resilient construction methods, improved drainage capacity, flood protection measures and materials that can withstand higher temperatures and moisture levels. These considerations are reflected in engineering designs, procurement strategies and investment priorities.

At a strategic level, climate-related physical risks may shape the Group's project portfolio and bidding approach. Locations with higher exposure to flooding or extreme heat may require more detailed risk assessments, adjusted pricing structures or the adoption of construction techniques that reduce on-site exposure. Through these measures, the Group integrates extreme weather considerations into its decision-making processes to support more resilient operations and project outcomes.

d. Financial effects

Current and anticipated financial effects

The increasing frequency and intensity of extreme weather events, including heavy precipitation and heat waves, has both current and anticipated financial effects on the Group. These impacts arise mainly from cost overruns, potential damage to equipment and higher insurance premiums.

Severe rainfall or extreme heat can disrupt construction activities, leading to temporary site shutdowns, reduced productivity and extended project timelines. Such disruptions increase labour, equipment and site management costs, particularly where additional resources are required to maintain safety or restore site conditions. Prolonged interruptions also create inefficiencies in resource utilisation and raise overhead expenses, affecting overall project margins.

Extreme weather events also expose construction equipment, temporary structures and partially completed works to physical damage. Flooding, water ingress, excessive heat or material degradation can result in repair or replacement costs, along with additional expenses for site reinstatement and protective measures.

Insurance-related costs are also expected to rise as the frequency and severity of climate-related events increase. Higher risk profiles for certain project locations or activities can lead to increased premiums, stricter coverage terms or higher deductibles. These factors contribute to higher operating costs and need to be considered in project pricing and financial planning.

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Climate-related opportunities

Climate-related opportunities' disclosures

Risks / Opportunities	Time-frame	Business & Financial Impact
Opportunities		
Supportive incentive policies	Medium-term	Access to government incentives for energy efficiency and green infrastructure investments.
Expansion of solar energy business	Medium-term	SunCon's renewable energy division has already completed RM100 million worth of solar PV installations. The Group's Corporate Green Power Programme (CGPP) Kapar plant achieved Commercial Operation Date (COD) in November 2025 and is expected to generate 24,000 MWh per annum. The Group continues to assess opportunities in the renewable energy sector to further strengthen its portfolio.
Battery storage for renewable energy	Long-term	Potential entry into the energy storage sector to complement solar PV projects, enhancing carbon reduction strategies.
New technological solutions	Long-term	Adoption of electrified construction equipment, alternative fuels and digitalised carbon tracking.
Sustainable operational improvements	Medium-term	Enhanced efficiency in waste management, energy usage and material consumption.
New revenue streams through carbon markets	Long-term	The Group is assessing the feasibility of monetising carbon credits through solar energy investments and sustainability-linked financing mechanisms.

The Group continues to refine its climate risk management strategy, integrating new insights from Climate Value-at-Risk assessments into its financial and operational planning. The Group remains committed to enhancing climate resilience, improving resource efficiency and identifying green growth opportunities in alignment with Malaysia's low-carbon transition.

e. Climate resilience

The Group evaluates its climate resilience through structured assessments that consider both financial exposure and operational readiness under different climate scenarios.

In assessing climate risk exposure, the Group undertakes scenario-based analyses and Climate Value-at-Risk evaluations to estimate potential financial implications under different climate pathways. These assessments help management understand how physical and transition risks may affect future performance, enabling more informed strategic planning and capital allocation.

The Group also undertakes targeted investments to strengthen physical risk adaptation. Capital expenditure is allocated to enhance infrastructure resilience, including improvements to drainage systems and the implementation of waterproofing measures at selected facilities and project sites. These initiatives are intended to reduce disruption from extreme weather events and support the continuity of operations in a changing climate.

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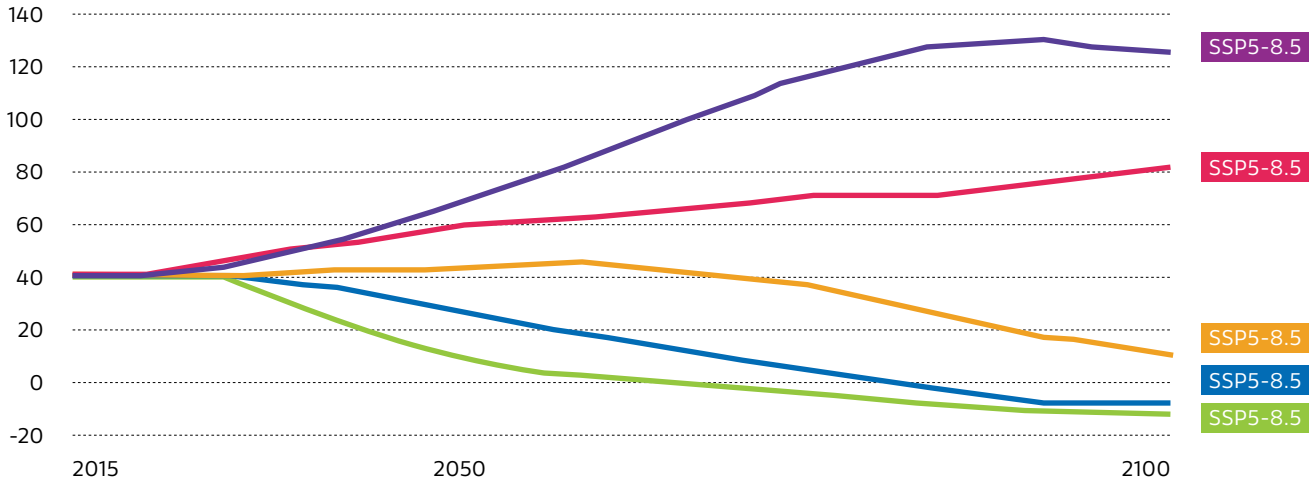
Climate-related scenario analysis

The Group applies climate-related scenario analysis to assess potential impacts across strategic, operational and financial dimensions. The analysis considers both physical risks, such as extreme weather events and long-term climatic changes, and transition risks linked to policy developments, carbon pricing and evolving market expectations. Scenarios aligned with a 2°C or lower pathway are evaluated alongside higher-emissions pathways to capture a range of possible outcomes.

The assessment is informed by global and regional climate projections, including insights from the IPCC Sixth Assessment Report. The high-emissions SSP5-8.5 scenario is used as the primary reference point, with additional review of lower-emissions pathways to understand the implications of carbon pricing, regulatory developments and green building incentives. Based on this analysis, climate-related impacts are not expected to pose an immediate threat to the Group's business model. Key risks, including flood exposure, extreme weather events and longer-term climatic trends, have been incorporated into project-level evaluations and ongoing risk management activities.

The Group has progressively enhanced its scenario analysis capabilities. In 2023, scenario analysis focused on the SSP5-8.5 pathway was introduced, with consideration of a 2°C-aligned scenario. In the financial year 2024, scenario analysis was further integrated into risk identification processes, supported by improved asset-level emissions quantification and carbon intensity monitoring. The scope of analysis was also expanded to cover transition risks such as carbon pricing and renewable energy adoption, enabling more informed strategic and financial decision-making in line with the Group's decarbonisation roadmap.

Carbon dioxide ($GtCO_2$/yr)



Scenario	Near-term, 2021-2040		Mid-term, 2041-2060		Long-term, 2081-2100	
	Best estimate (°C)	Very likely range (°C)	Best estimate (°C)	Very likely range (°C)	Best estimate (°C)	Very likely range (°C)
SSP1-1.9	1.5	1.2 to 1.7	1.6	1.2 to 2.0	1.4	1.0 to 1.8
SSP1-2.6	1.5	1.2 to 1.8	1.7	1.3 to 2.2	1.8	1.3 to 2.4
SSP2-4.5	1.5	1.2 to 1.8	2.0	1.6 to 2.5	2.7	2.1 to 3.5
SSP3-7.0	1.5	1.2 to 1.8	2.1	1.7 to 2.6	3.6	2.8 to 4.6
SSP5-8.5	1.6	1.3 to 1.9	2.4	1.9 to 3.0	4.4	3.3. to 5.7

Source: IPCC AR6 Working Group I Assessment Report 6, 2021

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Significant areas of uncertainty

The Group's climate-related scenario analysis involves a range of assumptions and judgements, as the timing, scale and impact of climate-related developments remain uncertain. These uncertainties influence the modelling of different scenarios and the assessment of potential financial and operational impacts. The following areas represent the most significant sources of uncertainty in the Group's evaluation of its climate resilience.

One key uncertainty relates to future carbon pricing levels and the timing of their implementation. Carbon pricing mechanisms may vary significantly across jurisdictions, with differences in sector coverage, exemptions, implementation timelines or the use of alternative regulatory measures such as cap-based thresholds. The timing of enforcement in certain markets also remains uncertain.

Another area of uncertainty involves the rate of regulatory adoption for embodied carbon requirements in key markets. The analysis assumes that embodied carbon thresholds will gradually be incorporated into project tenders from 2026 onwards, following the introduction of carbon-related policies, with more stringent requirements expected through to 2030. The pace and extent of this regulatory adoption may differ from current expectations, which could influence the Group's exposure to transition risks.

Technological viability and the cost trajectory of low-carbon materials also represent significant uncertainties. The scenario analysis assumes that low-carbon cement, steel and alternative materials will become more scalable and price-competitive by 2030, particularly under scenarios with accelerated carbon regulation. However, the actual rate of innovation and adoption may vary due to delays in commercial availability or limited local supply. Such developments could prolong cost premiums or create supply constraints, affecting project delivery and cost structures.

Capacity to adjust or adapt strategy and business model

The Group's capacity to adjust its strategy and business model is informed by ongoing climate risk assessments. An evaluation conducted by the Jeffrey Sachs Center on Sustainable Development identified rooftop water damage as the most material climate-related physical risk. The analysis incorporated Climate Value-at-Risk and aligned with the IFRS S1 and IFRS S2 frameworks. Although overall flood exposure was assessed as low, the study projected a 16 percent increase in rainfall intensity over the next 80 years, with water seepage and structural degradation emerging as the primary concerns. These findings highlight the need for continued investment in waterproofing, improved drainage and the use of materials with higher resistance to water-related damage.

Operationally, the Group's modular construction model provides flexibility to adjust assets as risks evolve. This includes upgrading sites with enhanced drainage capacity, reinforcing structural elements and adopting more resilient materials. Locations identified as higher risk may be redesigned or decommissioned in line with updated resilience standards. Several projects initiated during 2024 incorporated improved drainage systems, waterproofing measures and material enhancements.

From a transition perspective, the Group may face increasing pressures as regulations become more stringent and carbon pricing mechanisms expand under a 2°C or lower scenario. Potential increases in electricity tariffs and stronger decarbonisation expectations could influence both financial planning and operational decisions. This may require broader adoption of lower-carbon materials, green technology solutions and efficiency improvements across construction activities.

The Group's financial flexibility supports its ability to manage both physical and transition risks without placing undue pressure on capital resources. Short-term reinforcement measures are treated as operational expenditure, while medium- to long-term resilience investments are incorporated into strategic planning. Current initiatives include investment in solar energy infrastructure, alongside continued reliance on the national grid. The electrification of construction equipment is under evaluation. At present, the Group has not adopted a structured approach to green bonds or sustainability-linked financing, although such options may be considered as regulatory and market expectations evolve.

f. Processes, controls and policies to manage climate-related risks and opportunities

The Group manages climate-related risks and opportunities through a combination of governance structures, risk management processes and formal policies. In 2025, the Group issued its Sustainability Policy, which sets out the principles and frameworks guiding its sustainability strategies and practices across the organisation.

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The policy outlines the Group's commitment to sustainable value creation while addressing the expectations of its stakeholders. It establishes key sustainability goals, including enabling sustainable construction practices, investing in a fair, safe and inclusive workplace and promoting transparency and compliance across operations. These priorities are supported by specific environmental, social and governance principles covering areas such as resource efficiency, emissions management, responsible procurement, employee well-being and ethical business conduct.

Governance of sustainability and climate-related matters is led by the Board of Directors, with oversight provided through the Sustainability Committee. The committee reviews sustainability strategies, performance indicators and risk management measures, and reports progress to the Board. It is supported by the Sustainability Department and representatives from key functions, which integrates sustainability considerations into day-to-day operations, monitors performance and identifies emerging risks and opportunities.

Through this governance structure and the formalisation of the Sustainability Policy, the Group strengthens its internal controls and processes for managing climate-related risks and opportunities, while promoting alignment between sustainability objectives, operational practices and strategic decision-making.

GHG emissions

The Group tracks a comprehensive set of climate-related metrics to manage risks and opportunities in line with its sustainability strategy and risk management framework. These indicators provide insights into emissions performance, energy efficiency, resource optimisation and overall climate risk exposure, supporting more informed decision-making and performance monitoring across operations.

The Group's principal measures of climate impact include:

Greenhouse Gas (GHG) Emissions	Energy Intensity	Renewable Energy Adoption
Quantifying Scope 1, Scope 2 and Scope 3 emissions to monitor progress toward decarbonisation	Evaluating energy efficiency across projects and operational sites	Monitoring the utilisation of solar energy, including generation from our solar investment initiatives

As internal capabilities developed, the Group broadened its Scope 3 boundary in 2024 to include Category 4 (Upstream Transportation and Distribution) and Category 9 (Downstream Transportation and Distribution). During the same reporting period, the Scope 3 inventory was further expanded to incorporate embodied carbon emissions from key materials such as cement and steel. Emissions calculation methodologies were also refined in the same year to improve data accuracy across construction and precast operations.

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Energy efficiency initiatives, including operational improvements and investments in renewable energy, have contributed to reductions in emissions intensity during the 2025 reporting period. These efforts support the Group's ongoing decarbonisation objectives and strengthen its ability to manage climate-related risks and opportunities.

Metric tonnes of CO_2 equivalent (tCO_2e)	2023	2024	2025
Total Scope 1 GHG emissions	7,440	12,283	**13,402**
Total Scope 2 GHG emissions	6,997	6,729	**20,400**
Scope 3 GHG emissions			
Category 1: Purchase Goods and Services	310,792	239,808	**227,714**
Category 4: Upstream Transportation and Distribution	-	482	**354**
Category 5: Waste Generated in Operations	1,784	6,800	**4,556**
Category 6: Business Travel	470	494	**350**
Category 7: Employee Commuting	1,368	1,243	**1,594**
Category 9: Downstream Transportation and Distribution	-	124	**156**
Total Scope 3 GHG emissions	314,414	248,952	**234,724**

Contractual instruments

In its efforts to offset our hard to abate Scope 1 emissions, the Group has acquired and retired 6,117 tonnes CO_2e of Verra standard (VCS) technology-based carbon credits from a renewable energy provider to meet its annual target for this reporting year.

The Group also acquired and retired International Renewable Energy Certificates (I-RECs) that are equivalent to 17,607 tonnes CO_2e certified by The International Tracking Standard Foundation, from the same provider to offset our Scope 2 carbon emissions to meet our annual target.

Methodology, inputs and assumptions

Over the years, the Group has continued to strengthen its emissions management practices. It maintains full tracking of Scope 1, Scope 2 and Scope 3 emissions by applying recognised methodologies from the IPCC, DEFRA (UK), the Energy Commission of Malaysia and the Energy Market Authority of Singapore. The consistent use of these standards supports accurate measurement and more effective planning for emissions reduction.

The following are the sources of emission factors applied in our methodology:

DEFRA (United Kingdom)	**Suruhanjaya Tenaga (Malaysia) Grid Emission Factor**	**Energy Market Authority (EMA) Singapore Grid Emission Factor**

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SunCon's Scope 3 categories

- Category 1: Purchased Goods and Services
- Category 4: Upstream Transportation and Distribution
- Category 5: Waste Generated in Operations
- Category 6: Business Travel (Land and Air)
- Category 7: Employee Commuting
- Category 9: Downstream Transportation and Distribution

Scope 1

Activity data (litre) ×
Emission factor (tCO_2e/litres)

Scope 2

Activity data (kWh) ×
National Grid Emission Factor (tCO_2e/kWh)

Scope 3

Category 1:
Emission ($kgCO_2e$) = Activity Data (tonnes) × Emission Factor ($kgCO_2e$ / tonnes)

Category 4:
Emission ($kgCO_2e$)
= Activity Data (km) × Conversion Factor (litre / km)
× Emission Factor ($kgCO_2e$ / tonnes)

Category 5:
Emission ($kgCO_2e$) = Waste (tonnes) × Emission Factor ($kgCO_2e$ / tonnes per waste type)

Category 6:
Fuel-based: Emissions ($kgCO_2e$) = Activity data (litre) × Emission factor (tCO_2e/litres)
Distance-based: Emissions ($kgCO_2e$) = Activity data (km) × Emission factor (tCO_2e/km)

Category 7:
Emission ($kgCO_2e$)
= Distance (km) × Emission Factor (kg CO_2e / km per vehicle type)
× Working Days per Year

Category 9:
Emission ($kgCO_2e$)
= Activity Data (km) × Conversion Factor (litre / km)
× Emission Factor ($kgCO_2e$ / tonnes)

1. *Average-data method: Estimating emissions for goods and services by collecting data on the mass (e.g. kilograms), or other relevant units of goods or services purchased and multiplying by the relevant secondary (e.g. industry average) emission factors (e.g. average emissions per unit of goods or services)*
2. *Distance-based method: Determining the distance and mode of travel, then applying the appropriate emission factor for the mode used*

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g. Metrics and targets

Performance against the GHG emissions targets

Emissions Scope	Target (tCO_2e)	2025 (tCO_2e)
Scope 1 (after offset)	2025: 7,285	**13,402 (Offset 7,285)**
Scope 2 (after offset)	2025: 2,793	**20,400 (Offset 2,793)**

Overall decarbonisation targets

The Group is committed to its Net Zero Carbon 2050 Roadmap, which aligns with the recommendations of the Science Based Targets initiative (SBTi) and Malaysia's National Energy Transition Roadmap (NETR). As part of this commitment, the Group has established emissions reduction targets to guide its decarbonisation pathway and support a gradual transition towards lower-carbon operations.

Scope 1 emissions

40
percent reduction by 2030 against our 2020 baseline

Scope 2 emissions

40
percent reduction by 2030 against our 2020 baseline

Scope 3 emissions

A reduction target will be established upon completion of our full Scope 3 accounting

The Group has set an annual reduction target of 5% for both Scope 1 and 2, above the recommended reduction rate of 4.2% by SBTi. The methodology is absolute emission reduction based on FY2020 baseline.

The Group will review and update the Scope 1 and 2 due to improved data quality as well as a change in business direction which resulted in material changes. The Group aims to procure carbon credits or I-RECs for carbon emissions that are hard to abate. The Group intends to purchase carbon credits and I-RECs from credible sources such as Bursa Carbon Exchange (BCX) and other certified third-party providers. These carbon credits and I-RECs will be sourced from projects that are independently validated and verified by certified and qualified third-party auditors approved under recognised carbon standards such as Verra, Gold Standard, I-TRACK Foundation or other recognised registries.

8. SOCIAL-RELATED RISKS AND OPPORTUNITIES

8.1 OCCUPATIONAL HEALTH AND SAFETY

a. Description

The Group's construction and precast operations involve a high level of manual and equipment-intensive work, which exposes employees and subcontractors to occupational health and safety risks. These include hazards associated with the operation of heavy machinery, working at height, improper use of personal protective equipment among others. Without effective controls, such conditions can increase the likelihood of workplace incidents, including injuries or fatalities.

Safety-related incidents can have financial and operational implications. Workplace accidents may lead to regulatory penalties, legal liabilities and disruptions to project schedules, which can affect operational efficiency and project margins over the short-, medium- and long-term. Non-compliance with safety requirements may also result in legal consequences and reputational damage, particularly where incidents attract regulatory scrutiny or public attention.

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Strong safety performance also presents opportunities for the Group. Proactive safety management, supported by targeted training, emergency preparedness measures, regular safety drills and a strong safety culture, helps reduce incident rates and protect the workforce. Effective occupational health and safety management and practices contribute to improved productivity, smoother project execution and stronger credibility with clients and regulators. This can enhance the Group's competitive position in tenders, particularly for projects that place a high emphasis on health and safety standards and subcontractors' performances.

b. Effects on business model and value chain

Health and safety-related risks within the Group's construction activities influence projects' profit margins, project delivery and long-term value creation, all of which are important to the Group's Board of Directors, Management and shareholders. Moreover, investors may revise their ratings on the Group's performance and outlook. These impacts extend across different stages of the business model and value chain as per below:

Upstream

The Group relies on both direct hires and our subcontractors for the project delivery. However, any inadequate training or insufficient oversight of subcontracted labour can heighten health and safety risks, thus costing project delays through stop work orders. Maintaining standardised health and safety standards across all sites is therefore essential, supported by strict adherence to the Group's health and safety policies and procedures to mitigate all emerging and current risks at operation sites.

Core Operations

The Group's operation sites, i.e. construction and precast, represent the main areas of health and safety exposure. Workplace incidents can interrupt site activities, halting operations and delaying project timelines which in turn affecting profitability. Serious incidents may also trigger regulatory investigations, potentially affecting ongoing projects and increasing compliance and administrative costs. Such incidents will trigger scrutiny from clients thus damaging the Group's health and safety reputation in the market.

Downstream

Clients and other stakeholders place strong emphasis on health and safety performance. Clients may impose stricter health and safety requirements or suspend and terminate contracts when standards and requirements are not met. Such termination may result in administrative and legal costs. Investors and regulators are also placing greater scrutiny on sustainability performances, including health and safety records, which can influence access to capital, compliance obligations and overall stakeholder confidence.

c. Effects on strategy and decision-making

The Group has implemented several strategies and decisions to mitigate occupational health and safety risks within its operations across construction and precast operation sites.

QESH Policy

The Group's approach to occupational safety and health is anchored in its comprehensive Quality, Environmental, Safety and Health (QESH) Policy, which governs the management of safety across all operations. This policy establishes the overall direction and standards for safety practices at project sites, offices and support facilities, and applies to employees, subcontractors and service providers.

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Health and Safety Procedures at Site

The Group recognises the importance of having the right personnel in the right roles to create a safe workplace. Thus, all sites have a certified and competent Safety and Health Officer (SHO) to uphold strong safety culture. All workers regardless of the Group's employees or subcontractors are required to hold valid CIDB Green Card as a requirement to enter the construction sites. In addition, all subcontractors are required to undergo onboarding before entering the sites. The onboarding includes health and safety requirements, with adherence to these standards forming a condition for engagement. The Group's annual subcontractor performance management process incorporates environmental, safety and health criteria, which influence contract evaluations and future awards.

Health and Safety Targets

In addition to the QESH Policy, the Group sets specific, measurable health and safety targets to drive continuous improvement in workplace safety performance. These targets are monitored regularly and form part of the management reviews and operational performance assessments and are supported by structured processes, including site inspections, safety briefings, training programmes and performance monitoring. Below is the list of the targets:

- Achieving zero fatalities during construction work activities at all worksites for employees and subcontractors
- Achieving an accident rate of less than 0.3
- Achieving 90% worker consultation and participation in events related to Environment, Safety and Health
- Achieving a Safety and Health monthly inspection score of 80%

Hazard Identification, Risk Assessment and Incident Investigation

Hazard identification is carried out before the commencement of work, during work execution and whenever changes occur at the worksite. This ensures that potential risks are identified promptly and appropriate controls are applied throughout the project lifecycle. The hierarchy of controls is used to eliminate hazards or reduce risks across all work areas under the Group's control.

d. Financial effects

Current and anticipated financial effects

Occupational health and safety matters currently have limited direct financial impact on the Group. The main financial effects arise from regulatory fines related to environmental, safety and health compliance, such as penalties imposed by the Department of Environment for issues including mosquito breeding at project sites. Should such environmental fines and penalties arise, there is an estimated financial effect between RM10,000 to RM1 million depending on the severity of non-compliance. As for safety and health regulatory fines, the Group anticipated a financial effect between RM50,000 and RM500,000. The Group has strong internal controls such as consistent site monitoring and compliance practices; hence these costs have not been material.

Potential financial effects may become more significant if major environmental, safety or health incidents occur. Serious incidents could lead to stop-work orders, regulatory investigations or project suspensions, resulting in delays to construction schedules and additional costs. Extended timelines may increase labour, equipment and site management expenses, which can affect overall project margins.

Any potential stop-work orders at the project level may result in project prolongation, with associated financial implications. In addition, safety-related incidents or higher risk profiles at project sites could lead to increased insurance premiums or stricter policy terms. These factors would raise operating costs and may need to be reflected in project pricing and financial planning.

Resilience of the Group's strategy and business model

The table below presents the Group's expected effect on its financial performance over the time horizon of short-, medium-, and long-term, considering the mitigations taken to manage OSH risks. The Group does not expect a material adjustment to the carrying amounts of reported assets and liabilities within the next 12 months.

In RM million	Current Financial Effects (RM mil)	Short-term Financial effects (RM mil per annum)	Medium-term Financial effects (RM mil per annum)	Long-term Financial effects (RM mil per annum)
Financial performance				
Cost of sales (Increase)				
- Direct OSH-related expenditures	7.6	Note 1	Note 1	Note 1
- Insurance premium	4.0	Note 1	Note 1	Note 1

Note 1
We are unable to quantify the estimation of anticipated financial effects due to long-term measurement uncertainty. At present, our exposure to liquidated ascertain damages may result in cost between RM200,000 - RM500,000 per day.

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e. Resilience of the Group's strategy and business model in relation to OSH risk

The Group's strategy and business model are supported by established environmental, safety and health controls that help manage operational risks and maintain project continuity. As the Group expands into data centre projects, which are often subject to more stringent international client requirements, it continues to strengthen its environmental, safety and health controls to meet higher standards and expectations.

All incidents, including near misses, injuries or fatalities, are subject to comprehensive investigations to identify root causes and implement remedial measures. This process helps close any identified gaps and strengthens preventive controls across project sites.

Regular inspections are carried out throughout the year to verify compliance with regulatory requirements and the Group's internal policies. In addition, the environmental, safety and health department administers a monthly Sunway Safety Merit System, which assesses and scores each project site based on safety performance. These measures support consistent monitoring, early detection of potential issues and continuous improvement in safety practices, contributing to the resilience of the Group's operations and project delivery.

f. Processes, controls and policies to manage OSH risks and opportunities

In addition to the governance structure and the processes mentioned in Note 6.1, 6.2 and 6.4, below are specific to OSH risk monitoring:

OSH Governance

Oversight of occupational safety and health is led at the highest levels of the organisation, with the Board of Directors providing overall direction on all OSH matters. Day-to-day implementation is led by the Group Managing Director (GMD) and Management. The GMD carries primary responsibility for preventing occupational injuries and health risks and for maintaining safe working conditions across all sites, with support from the senior leadership team. The GMD is supported by the General Manager of ESH and the ESH department and they are responsible for monitoring ESH practices and implementing new procedures at worksites. Health and safety performances and incident investigations and reports are presented during the monthly Project Progress Meeting which is chaired by the Group Deputy Managing Director with Senior ESH representatives, all Project Managers and above are required to attend.

Site-level Monitoring

The SHO conducts toolbox briefings, daily inspections, enforces compliance and leads incident response and investigation. All health and safety incidents, regardless of severity, are subjected to investigation to identify the root cause and inform Management on the findings. The findings are then disseminated across all project teams as lessons learned to strengthen ESH awareness. Moreover, the Group has OSH Committees across all project sites which include representation from both local and foreign workers. The committees meet monthly to review environmental, safety and health performance, consider matters raised during site activities and support collaborative decision-making on worker-related safety issues.

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g. Metrics and targets

	2023	2024	2025
Worked man-hours*	16,156,813	23,187,220	**21,997,334**
Fatalities			
Employees	0	0	**0**
Temporary employees	0	0	**0**
Contractors	1	0	**0**
Lost Time Injury (LTI) Accidents			
Employees	0	0	**0**
Temporary employees	0	0	**0**
Contractors	0	0	**2**
Total number of reportable accidents[1]	2	1	**3**
Lost Time Incident Rate (LTIR)[2]	0.15	0	**0.26**
Accident Frequency Rate (AFR)[3]	0.06	0	**0.09**

1 Defined as total number of fatal and dangerous occurrences and lost time incidents
2 Lost Time Incident Rate covers both employees and contractors (per 1,000 workers, based on DOSH Malaysia JKKP 8)
3 Accident Frequency Rate covers both employees and contractors (per 1,000,000 hours, based on DOSH Malaysia JKKP 8)
** Our man-hours boundary is only for Malaysia operations; it excludes any incident occurred at all overseas subsidiaries. Moving forward, we will be including man-hours and incidents of all overseas subsidiaries.*

8.2 LABOUR STANDARDS

a. Description

The Group relies on its workforce to sustain productivity across construction and precast activities. Employees based at headquarters provide strategic oversight and operational support to project sites, while site operations comprise permanent and contract employees together with temporary workers engaged through subcontractors. The Group's Human Rights Policy and Labour Standards Policy establish the principles governing employment practices, worker welfare and ethical conduct across this workforce.

Given the operational nature of construction activities, there is exposure to risks of worker exploitation and human rights breaches, particularly where foreign labour and subcontracted workers are involved. These risks are addressed through structured recruitment processes, oversight of labour agents and clearly defined expectations imposed on subcontractors. Direct foreign workers are recruited in their country of origin through approved channels to mitigate exposure to unethical recruitment practices and associated legal or reputational consequences.

Safety-related incidents may give rise to financial and operational impacts. Workplace accidents can result in regulatory penalties, legal liabilities and disruption to project schedules, affecting operational efficiency and project margins across the short-, medium- and long-term. Non-compliance with safety requirements may also attract regulatory scrutiny and adverse publicity. Conversely, strong safety performance presents opportunities. Proactive safety management, supported by targeted training, emergency preparedness measures and regular drills, contributes to lower incident rates and workforce protection. Effective occupational health and safety practices enhance productivity, support reliable project execution and strengthen credibility with clients and regulators, reinforcing the Group's competitive position in tenders where safety performance is a material consideration.

b. Effects on business model and value chain

Labour-related risks have the potential to affect profitability, project delivery timelines and reputation. Adverse labour practices or safety failures may disrupt construction programmes, increase costs and influence investor and client confidence.

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SunCon hires permanent, contract and direct foreign workers directly, with foreign workers recruited in their country of origin to mitigate labour-related risks. The Group also engages subcontractors who utilise foreign workers, whether directly employed or sourced through labour supply agencies or secondary subcontracting arrangements. Where subcontractor labour standards are not aligned with expected requirements, there may be exposure to contractual, operational and reputational consequences within the wider value chain.

Clients increasingly place emphasis on human rights and the protection of workers' rights within procurement and contractual frameworks. Labour governance across the value chain therefore influences tender competitiveness, contract retention and long-term business prospects.

c. Effects on strategy and decision-making

Recruitment and workforce management strategies are shaped by compliance with Malaysian labour legislation and alignment with internationally recognised labour and human rights standards, including those advocated by the International Labour Organization (ILO), alongside the expectations of global clients. These considerations influence decisions relating to sourcing channels, contractor and agent selection, employment terms, workforce deployment and project costing.

Labour standards considerations are integrated within governance structures, supplier management processes and internal control systems to promote consistency and transparency across projects. Oversight mechanisms include monitoring of subcontractor practices, documentation reviews and periodic audits. The implementation of the Foreign Worker Management System (FWMS) extends compliance expectations to subcontractors and supply chain partners, strengthening labour governance throughout the project lifecycle while supporting workforce welfare and dependable delivery outcomes.

d. Current and anticipated financial effects

A tightening labour market and sustained demand for skilled and semi-skilled workers have intensified competition for talent and increased labour costs. Compliance with international labour benchmarks covering working hours, rest days, accommodation standards and ethical recruitment practices has also expanded administrative and governance requirements. Additional cost of compliance is anticipated to amount to between RM500,000 to RM1 million to ensure all international labour standards as well as clients' own human rights requirements are met.

Additional resources and management oversight are required to maintain up-to-date policies, monitor contractor and labour supplier compliance and facilitate regular compliance and maturity audits, particularly for projects involving foreign workers and international stakeholders. The extension of Foreign Worker Management System requirements to subcontractors may increase subcontractor pricing as contractors enhance their governance and compliance processes, which may in turn affect overall construction costs.

Labour availability constraints are expected to persist in certain skilled and technical trades, accompanied by heightened scrutiny of employment practices relating to human rights, fair wages and worker welfare. Regulatory and client-led standards are likely to become more exacting, increasing the importance of robust documentation, monitoring and reporting processes. Over time, greater adoption of digital workforce management tools and automation may enhance productivity, improve transparency and support sustained compliance with both local regulatory requirements and international labour standards.

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e. Resilience of the Group's strategy and business model

In RM million	Current Financial Effects (RM mil)	Short-term Financial Effects (RM mil per annum)	Medium-term Financial Effects (RM mil per annum)	Long-term Financial Effects (RM mil per annum)
Financial performance				
Cost of sales (Increase)				
- Cost overruns due to wage inflation	0	Note 1	Note 1	Note 1
- Project delays from labour shortages*	0	Note 1	Note 1	Note 1

Note 1:
We are unable to quantify the estimation of anticipated financial effects due to long-term measurement uncertainty in the inputs and assumptions due to the lack of data available at present.
** At present, our exposure to liquidated ascertain damages may result in cost between RM200,000 - RM500,000 per day.*

f. Processes, controls and policies to manage labour-related risks and opportunities

The Group manages labour-related risks and opportunities through a structured governance framework comprising formal policies, operational controls and monitoring mechanisms applied across its operations and value chain.

The Human Rights Policy and Labour Standards Policy sets out expectations in relation to fair treatment, non-discrimination, freedom of association, prevention of forced and child labour and protection from harassment or exploitation. It provides guidance to employees, contractors and business partners on responsible conduct and establishes channels for raising concerns.

The Labour Standards Policy defines requirements on employment terms, wages, working hours, rest days, accommodation standards and welfare provisions. It establishes minimum expectations aligned with Malaysian legal requirements and relevant international labour benchmarks, supporting consistent employment practices across project sites.

The FWMS strengthens oversight of the foreign worker employment lifecycle by establishing a structured, transparent and fully compliant framework governing the entire lifecycle of direct foreign workers from pre-recruitment and selection through to ongoing management and formal repatriation. The system extends to subcontractors and labour suppliers, reinforcing due diligence processes and promoting consistent labour governance throughout the supply chain. The pool of available sub-contractors may shrink due to higher and stricter standards.

These policies are reinforced through internal controls, periodic audits, contractor assessments and documentation reviews. Compliance and maturity audits are conducted regularly, particularly for projects involving foreign workers. Findings are evaluated to identify improvement areas and to enhance labour governance processes over time.

g. Resilience

The Group, through integration of robust labour standards, ethical recruitment practices and workforce governance within its operating and control frameworks, has enhanced the Group's resilience in this reporting period. Clear policies, structured oversight of labour suppliers, consistent employment practices and defined monitoring mechanisms support effective responses to evolving regulatory requirements and increasingly stringent international clientele's expectations.

As such requirements and expectations continue to evolve, the Group is constantly strengthening its human rights governance, responsible supply chain practices and monitoring mechanism. This ensures the Group is resilient in any emerging labour and human rights-related risks, and potentially opening opportunities for the Group in meeting international clientele's requirements.

This disciplined approach supports stable, compliant and dependable project delivery while protecting stakeholder confidence and business continuity, thus creating long-term sustainable value.

h. Metrics and targets

	2023	2024	2025
Number of human rights-related non-compliance cases	0	0	**0**

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Occupational Health and Safety	Worked Man-Hours	Hours	21,997,334	-	External (Limited)	Our man-hours boundary is only for Malaysian operations; it excludes any incident occurred at overseas subsidiaries. Moving forward, we will be including man-hours and incidents of all overseas subsidiaries.
Occupational Health and Safety	Fatalities	Number	0	0	External (Limited)	
Occupational Health and Safety	Lost Time Incident Rate	Number of incidents per 1,000 workers	0.26	Less than 0.3	External (Limited)	
Occupational Health and Safety	Total number of reportable incidents	Number	3	—	External (Limited)	
Occupational Health and Safety	Accident Frequency Rate	Number of accidents per 1,000,000 hours	0.09	—	External (Limited)	
Labour Standards	Number of human rights-related non-compliance cases	Number	0	0	External (Limited)	

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
GHG emissions	Scope 1	Metric tonnes of carbon dioxide equivalents (tCO2e)	7,285	7,285 (2025)	External (Limited)	SunCon has purchased and retired 6,117 tonnes CO2e to offset our Scope 1 emission to achieve our 2025 target.
GHG emissions	Scope 2 Location-based	Metric tonnes of carbon dioxide equivalents (tCO2e)	2,793	2,793 (2025)	External (Limited)	SunCon has purchased and retired I-RECs, that is equivalent to 17,067 tonnes CO2e to offset our Scope 2 emission to achieve our 2025 target.
GHG emissions	Scope 3 Cat.1: Purchased goods and services	Metric tonnes of carbon dioxide equivalents (tCO2e)	227,714	—	External (Limited)	
GHG emissions	Scope 3 Cat.4: Upstream transportation and distribution	Metric tonnes of carbon dioxide equivalents (tCO2e)	354	—	External (Limited)	
GHG emissions	Scope 3 Cat.5: Waste generated in operations	Metric tonnes of carbon dioxide equivalents (tCO2e)	4,556	—	External (Limited)	
GHG emissions	Scope 3 Cat.6: Business travel	Metric tonnes of carbon dioxide equivalents (tCO2e)	350	—	External (Limited)	
GHG emissions	Scope 3 Cat.7: Employee commuting	Metric tonnes of carbon dioxide equivalents (tCO2e)	1,594	—	External (Limited)	
GHG emissions	Scope 3 Cat.9: Downstream transportation and distribution	Metric tonnes of carbon dioxide equivalents (tCO2e)	156	—	External (Limited)	