

ENVIRONMENT

OUR ENVIRONMENTAL STEWARDSHIP





ENVIRONMENT: OUR ENVIRONMENTAL STEWARDSHIP

Planetary health continues to be at the forefront of global discussions as a critical factor in ensuring a liveable and thriving future. In its most recent Global Risk Report, the World Economic Forum¹ identified climate change, biodiversity loss and ecosystem collapse as among the top risks in the next decade. This year, IJM announced our climate commitment to achieve net-zero carbon emissions by 2050 and enhance climate resilience in our value chain.

“GreenRE plays a vital role in our sustainability roadmap, guiding our efforts toward a greener future. By meeting GreenRE criteria, we ensure our projects adhere to stringent sustainability standards, promoting energy efficiency, environmental conservation, and sustainable practices. Embracing GreenRE criteria is our commitment to building a sustainable future for our communities and the environment.”

Amirrudin Bin Ismail
Quality Assurance
Department, Property Division

Our Policy Statement on Environment reinforces our commitment to conduct our business responsibly, use natural resources efficiently and find innovative ways to reduce our environmental impacts. We have in place an Environmental Management System (“EMS”) to integrate environmental best practices across the Group. All divisions operating in Malaysia have obtained ISO 14001:2015 Environmental Management Systems certification.

By adopting the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), we now also consider the risks that the environment may pose to our business, particularly climate-related risks and opportunities.

BUILDING CREDIBLE CLIMATE ACTION [GRI 2-28]

In its 2022 Emissions Gap Report², the United Nations Environment Programme (UNEP) highlighted that there is currently no credible pathway to 1.5°C in place and under all major Intergovernmental Panel on Climate Change (IPCC) scenarios, the world will breach the 1.5°C warming limit in the 2030s. Breaching this threshold will result in irrevocable damage to planetary health and human well-being.

IJM is thus compelled to address both mitigation and adaptation to build resilience across our whole value chain. Our goal is to reduce carbon emissions and introduce strategic interventions to build greater resilience in the face of climate change challenges, from extreme weather to diminishing resources and evolving regulations. In line with the Group’s Sustainability Roadmap FY2023-FY2025 (“Group Roadmap”), we formalised our Climate Strategy to drive emissions reduction and build climate resilience, following an extensive climate assessment conducted since FY2022.

Our call to climate action

IJM became an official supporter of TCFD in 2023, reinforcing our commitment in taking a phased approach to implement its recommendations. We are also a signatory of the British Malaysian Chamber of Commerce Climate Action Pledge, and communicate our climate action progress annually. Additionally, IJM participated in the Roundtable Workshop with Building Industry Players, co-organised by CEO Action Network and Climate Governance Malaysia, in partnership with the Real Estate and Housing Developers’ Association Malaysia (REHDA) to recommend policy actions for sector adoption.

¹ 2023 Global Risk Report, World Economic Forum

² 2022 Emissions Gap Report, UNEP

Climate change gained in importance in the Group's FY2023 materiality assessment. We recognise the significant impacts of climate-related issues in all areas along our value chain. The Group has made significant strides in establishing specific climate parameters and aligning with the existing Enterprise Risk Management ("ERM") Policy and Framework, which governs how we manage our climate-related risks. This year, we have enhanced our annual reporting to be aligned with TCFD recommendations, building from our maiden year of referencing the framework in FY2022.

| Summary of our progress and priorities in line with TCFD recommendations | | | |
|--|--|--|---|
| TCFD Pillars | Actions Taken in FY2023 | Priorities for FY2024 to FY2025 | Page Reference |
| Governance | <ul style="list-style-type: none"> Board oversight: <ul style="list-style-type: none"> Approved Group's long-term climate commitment involving mitigation and adaption measures Deliberated on carbon footprint assessment and reduction Reviewed physical and transition climate risks as part of the Group's enterprise risk management Management oversight: <ul style="list-style-type: none"> Reviewed carbon footprint profile and long-term reduction targets Approved physical and transition climate risks and opportunities by business divisions Built internal capacity for Board of Directors, Management, working committees and employees on carbon accounting, physical and transition climate risks and opportunities | <ul style="list-style-type: none"> Continue to strengthen and improve climate risk governance Assign climate-related responsibilities to management-level risk committee Form Board-level Risk and Sustainability Committee | <i>Sustainability Governance</i> , page 141 <i>SORMIC</i> page 125 |
| Strategy | <ul style="list-style-type: none"> Formalised climate strategy addressing both adaptation and mitigation, with long-term target to achieve net-zero carbon emissions by 2050 Assessed physical and transition risks and opportunities using scenario analysis over the near and long-term | <ul style="list-style-type: none"> Continuous capacity building for TCFD adoption | <i>IJM's Climate Strategy</i> , pages 168 to 175 |
| Risk Management | <ul style="list-style-type: none"> Identified climate risks to be managed under Group's ERM Policy and Framework Established climate risk likelihood and impact parameters to assess risks and opportunities, as part of IJM's ERM Policy and Framework Aligned understanding of climate-related risks and opportunities across the Group Conducted qualitative physical climate risks and opportunities assessments covering significant locations in Malaysia and India Conducted transition risks and opportunities assessment based on policy, technology, market and reputation risk drivers | <ul style="list-style-type: none"> Conduct quantitative physical climate risk for assets with higher exposure | <i>Resilience in a Net-Zero World</i> , pages 172 to 175 |
| Metrics and Targets | <ul style="list-style-type: none"> Announced carbon emissions commitment: <ul style="list-style-type: none"> Net-zero by 2050 for Scope 1 emissions Net-zero by 2035 via 100% renewable energy for Scope 2 emissions Net-zero by 2050 for Operational Scope 3 categories. Embodied Scope 3 emissions addressed via engagement with supply chain by 2027 Established Group carbon inventory based on FY2022 emissions Established FY2023 baseline emissions, with independent verification Enhanced Scope 3 disclosures with additional two categories compared to FY2022 Expanded organisational boundaries from 88 sites in FY2022 to 126 sites in FY2023, including operations in India | <ul style="list-style-type: none"> Set near-term 2030 carbon reduction targets for Scope 1, Scope 2 and Operational Scope 3 emissions Establish supply chain engagement strategy with the view to reduce Embodied Scope 3 emissions | <i>Reduce to Net-Zero</i> , pages 168 to 172 |

IJM'S CLIMATE STRATEGY

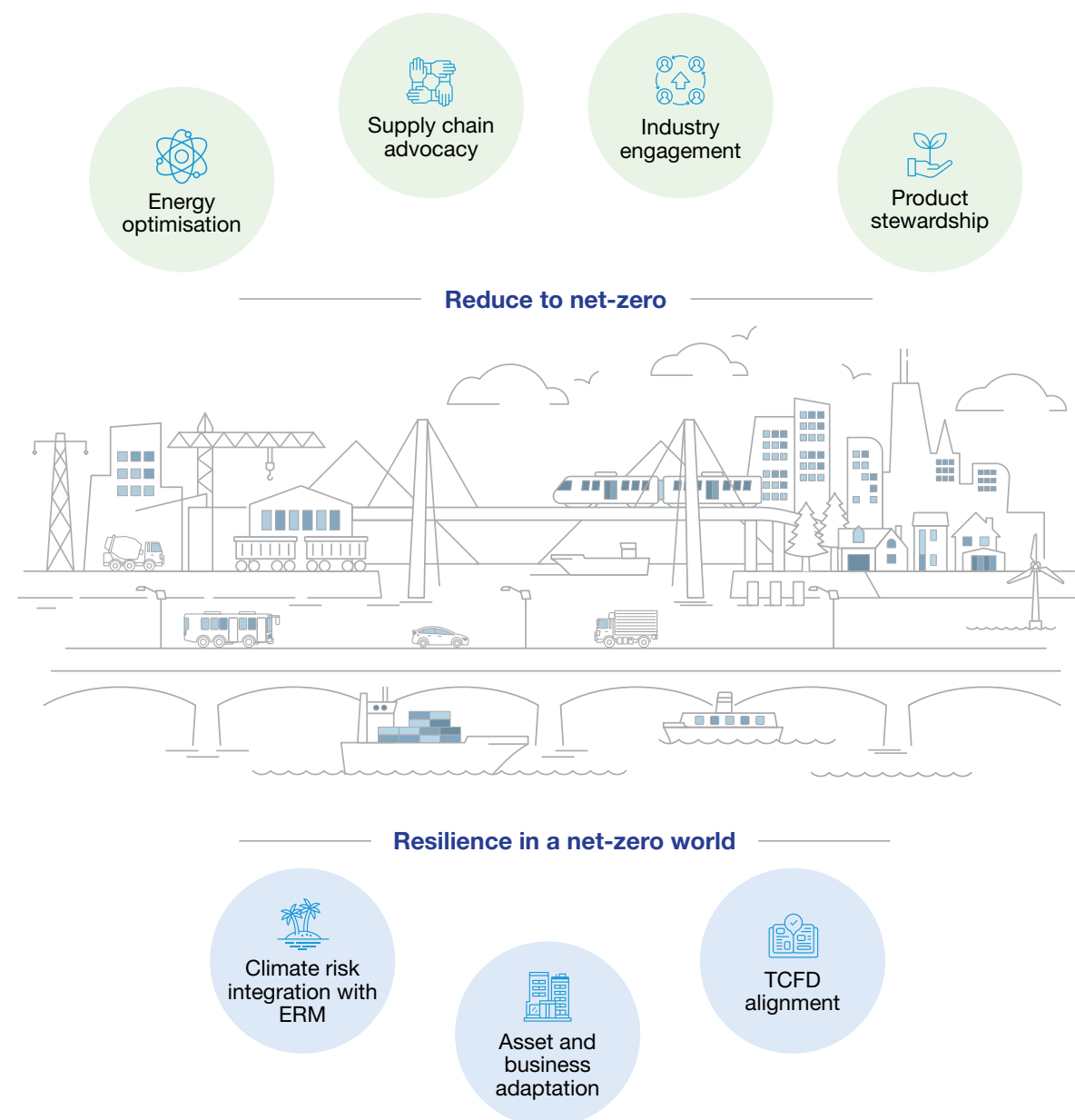


Reduce to net-zero Resilience in a net-zero world

R₂O is a visual representation of our two-pronged climate action commitment. Based on a play on a chemical formula, R₂O embodies our commitment to reducing carbon emissions to net-zero, while concurrently building resilience to overcome challenges and embrace opportunities in a net-zero world.

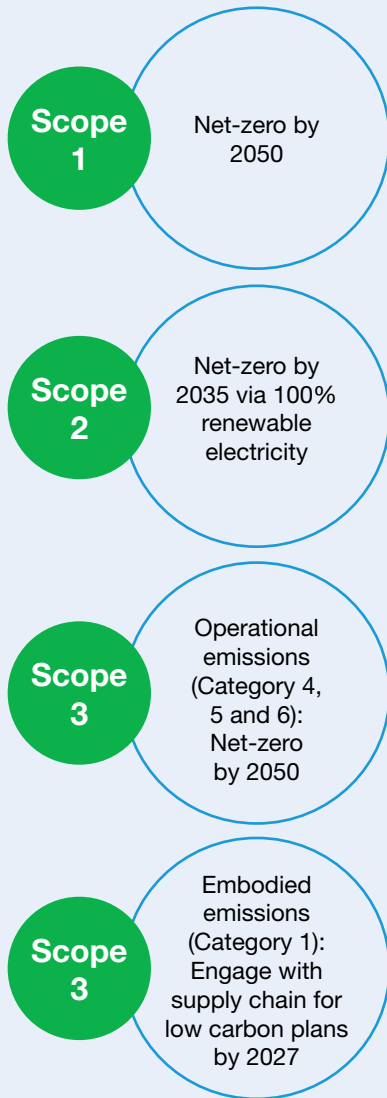
The 'R₂' represents both reduction and resilience. It signifies our unwavering dedication to curbing carbon emissions, while also embracing the urgent need to adapt and fortify against the challenges posed by climate change. The 'O' symbolises the pathway towards a better tomorrow, illustrating our journey towards achieving net-zero emissions and building a resilient business that thrives in a net-zero paradigm.

IJM Group commits to achieving net-zero carbon emissions by 2050 while enhancing resilience against the impacts of climate change

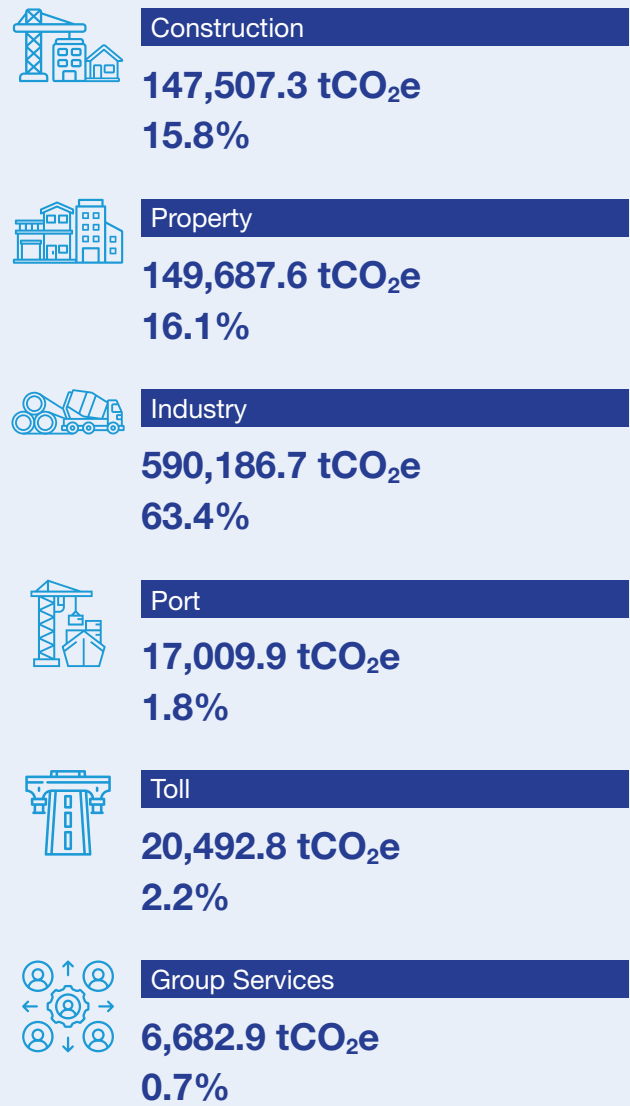


Reduce to Net-Zero

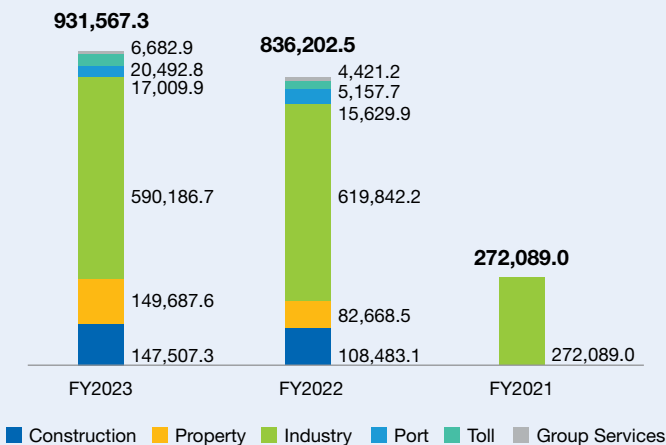
Our Net-Zero Carbon Commitment



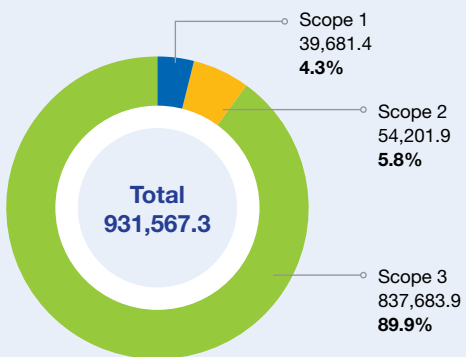
Our FY2023 Carbon Emissions Profile



Total GHG Emissions by Division (tCO₂e)



Total GHG Emissions by Scope in FY2023 (tCO₂e)

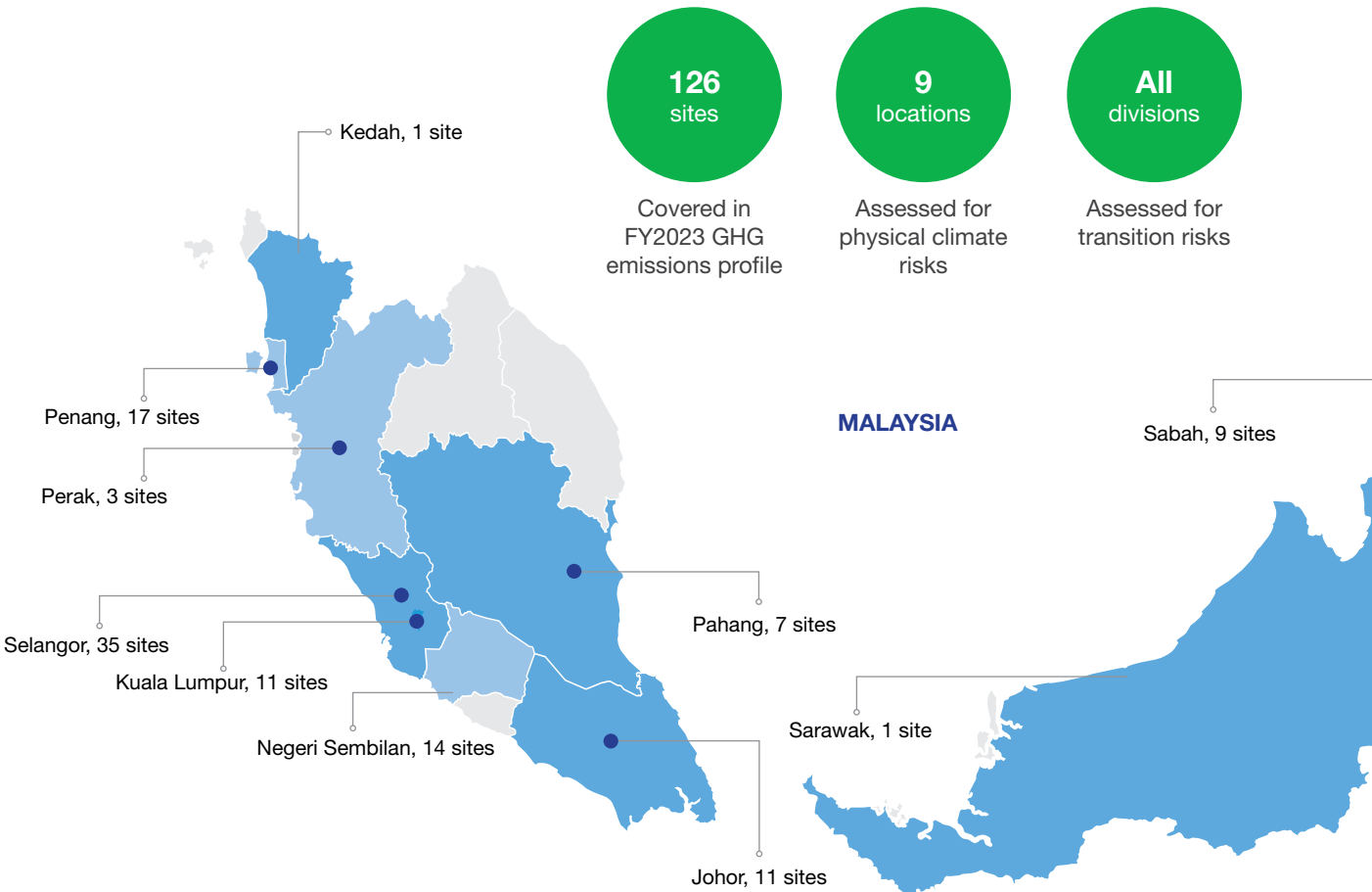


Notes:

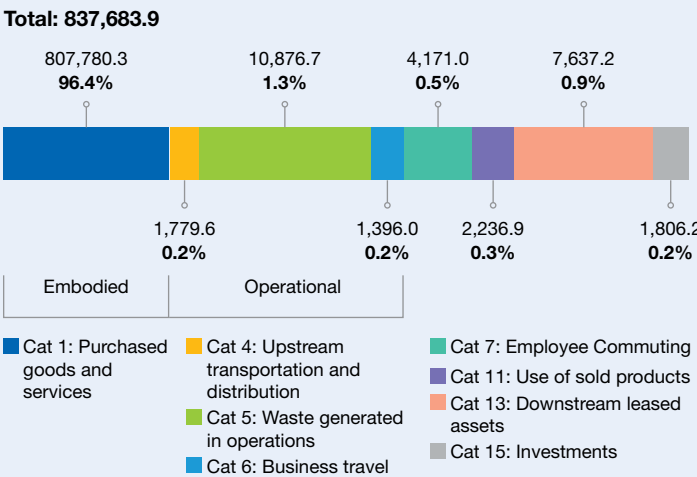
- FY2023 represents our baseline emissions, which has undergone independent verification by BSI Malaysia in accordance with ISO 14064-1:2018
- Intra-Group emissions between the Construction, Property and Industry Divisions have been eliminated to avoid double counting

A Snapshot of Our Climate Assessment in FY2023

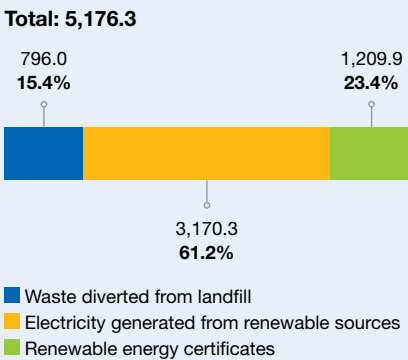
Location of Sites Assessed in FY2023 for Carbon Emissions and Climate Risks and Opportunities



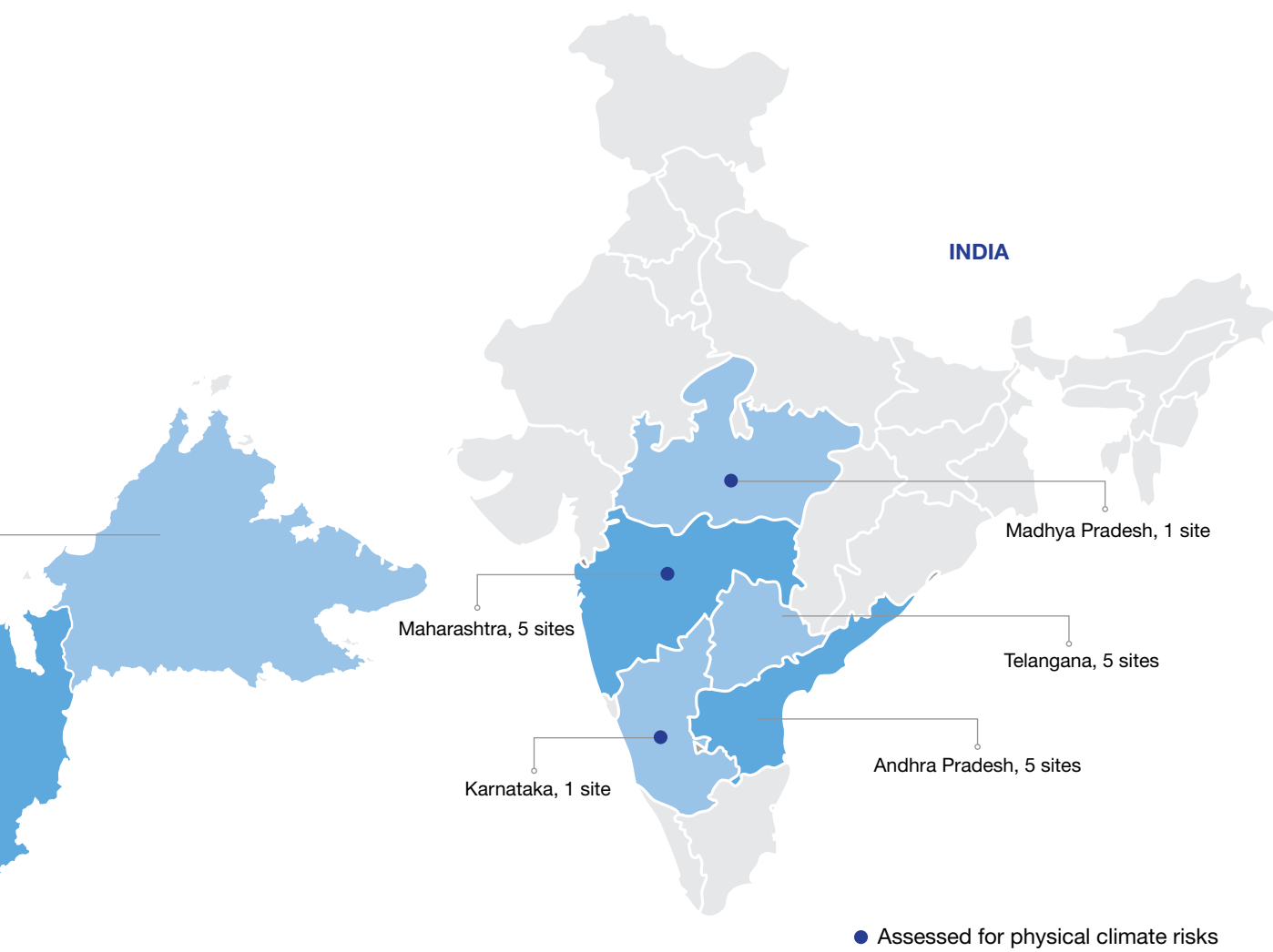
Scope 3 Emissions in FY2023 (tCO₂e)



Emissions Avoidance in FY2023 (tCO₂e)



For more information on our FY2023 emissions profile, refer to page 168 to 170.



Climate Scenarios Considered

| Types of Risks and Opportunities | Scenarios | Warming Level by 2100 | Time Horizon |
|----------------------------------|--|-----------------------|------------------------------------|
| Transition | Announced Pledges Scenario ¹ | ~1.7°C | Near-term: 2030 Long-term: 2050 |
| | Divergent Net Zero Scenario ² | 1.5°C | |
| Physical ³ | SSP2 – 4.5 | ~2°C-3°C | Near-term: 2030 Long-term: 2070 |
| | SSP5 – 8.5 | ~4°C | |

¹ 2022 World Energy Outlook, IEA

³ 2021 IPCC Sixth Assessment Report, Working Group I

² 2022 Scenarios for Central Banks and Supervisors, NGFS

⁴ The World Bank Climate Change Knowledge Portal

Resilience in a Net-Zero World

Types of Risks and Opportunities Assessed

| Physical Risks | Transition Risks | |
|---|---|---|
| <ul style="list-style-type: none">Acute (flooding, storminess, heat waves)Chronic (temperature rise, sea level rise, precipitation change) | <ul style="list-style-type: none">RegulatoryLegalMarket | <ul style="list-style-type: none">TechnologyReputation |
| Opportunities | | |
| <ul style="list-style-type: none">Products and servicesEnergy source | <ul style="list-style-type: none">Resource efficiencyMarkets | |

Case Study: Beat the Heat



Based on our analysis, we have identified that heat stress will likely impact our business in the long-term under both SSP2-4.5 and SSP5-8.5 scenarios. In the long-term, it is projected that operations in Malaysia will experience a higher number of days of heat stress while operations in India will be exposed to more acute heat stress occurrences in the summer months.

According to the IPCC, the heat index is a valuable indicator for assessing heat stress, considering both temperature and humidity. Heat index is a measure that combines temperature and relative humidity to determine the apparent temperature or ‘feels-like’ temperature, which indicates the level of heat stress on the human body. Our assessment considered 35°C as the threshold for assessing heat stress, given the likelihood of heat-related illnesses arising from prolonged exposure under this condition, and the availability of data.

| Location | 2020 | 2030 | 2040 | 2050 | 2060 | 2070 |
|-----------------|-----------|-----------|-----------|------------|------------|------------|
| Malaysia | 1 | 6 | 12 | 25 | 48 | 50 |
| Kuala Lumpur | 1 | 36 | 75 | 129 | 177 | 220 |
| Selangor | 18 | 60 | 111 | 167 | 211 | 241 |
| Perak | 3 | 21 | 35 | 68 | 109 | 120 |
| Pulau Pinang | 23 | 67 | 98 | 174 | 216 | 244 |
| Pahang | 1 | 10 | 19 | 37 | 74 | 89 |
| Johor | 31 | 65 | 121 | 186 | 224 | 251 |
| India | 71 | 78 | 93 | 103 | 107 | 110 |
| Karnataka | 12 | 20 | 32 | 50 | 58 | 64 |
| Maharashtra | 44 | 51 | 69 | 90 | 93 | 99 |

Mean projections (CMIP6) of number of days where HI>35°C based on multi-model ensemble for SSP2-4.5 scenario⁴

Under the SSP2-4.5 scenario, it is projected that the mean number of days where heat index will exceed 35°C (HI>35°C) is 50 by 2070 in Malaysia. Following the Group-wide assessment, each division identified the areas of impact relevant to their businesses. Current procedures to reduce the risk of heat stress within our operations are reviewed and future adaptation measures were discussed.

|  Example of Impact Areas |  Example of Current Resilience Measures |
|---|---|
| Operational outdoor productivity may be impacted due to prolonged work in extreme heat | <ul style="list-style-type: none">Hydration stations and rest areas provided at siteRotation of workWork hours shifted to cooler parts of the day during summer months |
| Greater demand for energy efficient products with low thermal transmittance to reduce cooling loads as outdoor air and surface temperature increase | <ul style="list-style-type: none">Adopt passive design concept in developmentsAll future developments by Property Division to achieve minimum benchmark of GreenRE Bronze certification, with thresholds for building energy intensity and thermal comfort |

For more information, please refer to page 174.

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IJM'S CLIMATE STRATEGY

As climate change accelerates and intensifies the physical risks caused by extreme weather events, the need to take action becomes more urgent, impacting the scale and pace of transition risks. Recognising these interdependencies, the Group conducted in-depth climate assessments over a period of one and a half years, beginning FY2022. Our carbon footprint assessment referenced recommendations by the Science Based Target Initiative (SBTi), whereas climate risks assessment employed various scenarios published by the IPCC, International Energy Agency (IEA) and the Network for Greening the Financial Systems (NGFS).

Our Climate Strategy applies a two-pronged approach for climate action; one, is to transition to net-zero, and two, for adaptation to build climate resilience. The strategy not only outlines IJM's own low carbon transition pathway, but also key approaches to guide our supply chain to transition with us.

Reduce to Net-Zero

[GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-5]

One of the critical steps in establishing our carbon reduction strategy is to develop a robust baseline data. In FY2023, IJM completed a carbon footprint assessment covering all divisions, including operations in India. The exercise comprised Scope 3 emissions inventory screening and profiling of the Group's emissions in FY2022, accounting for Scope 1 and Scope 2 emissions as well as six categories under Scope 3 emissions.

Leveraging on the findings from FY2022, we have set FY2023 as a baseline year, which represents a more normalised level of operations due to the lifting of the movement control order by the Malaysian Government. Data reported under FY2023 encompasses Scope 1 and Scope 2 emissions as well as eight categories under Scope 3 emissions, covering 126 operational sites and entities across all business divisions in Malaysia and India.

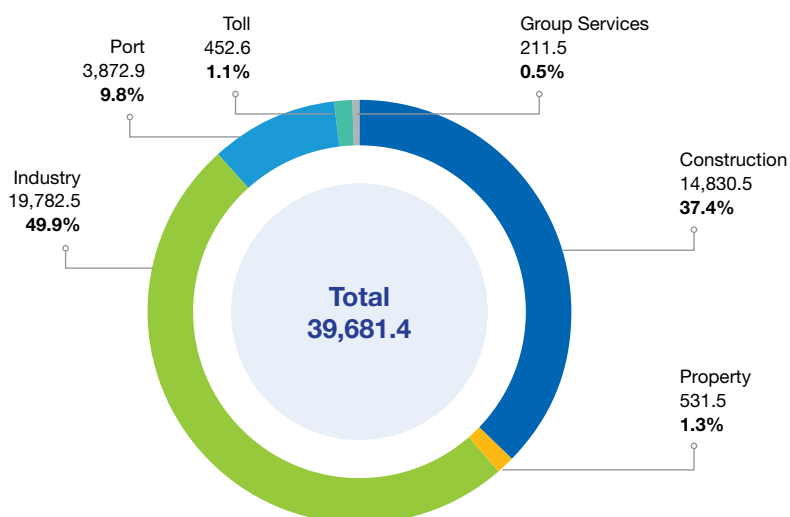
Our GHG Emissions Baseline

Scope 1:

Emissions under Scope 1 account for 4.3% of our total carbon footprint. Scope 1 emissions includes all emissions released directly by our operations from vehicles and equipment owned or controlled by the Group:

- Mobile combustion: Fuel purchased for vehicles and mobile equipment at project sites, factories and offices
- Stationary combustion: Natural gas-fired boilers at factories (Industry Division only) and petrol and diesel-fired stationary equipment at project sites, factories and offices

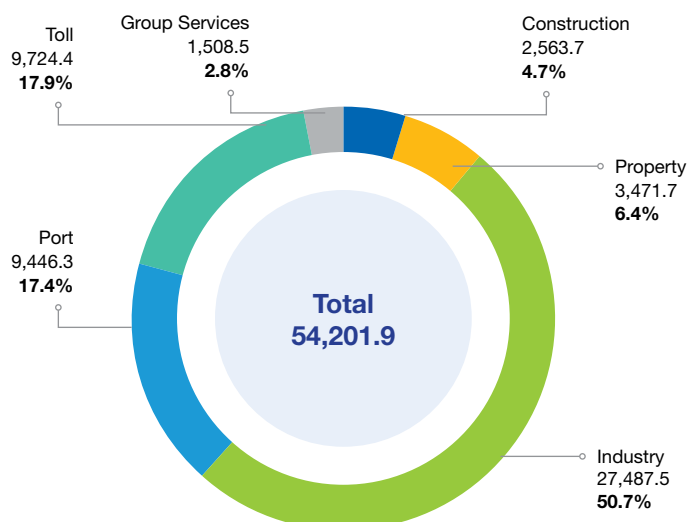
Scope 1 Emissions in FY2023 (tCO₂e)



Scope 2:

Emissions under Scope 2 account for 5.8% of IJM's total emissions. Scope 2 emissions are associated with electricity purchased (location-based) and consumed by offices, factories and other buildings, as well as street lighting and equipment owned or controlled by IJM.

Scope 2 Emissions in FY2023 (tCO₂e)



Scope 3:

Emissions under this scope include all other indirect emissions generated across our value chain. Scope 3 accounts for 89.9% of the Group's total emissions in FY2023. This year, we have collated reliable data for eight out of the 15 categories under Scope 3:

| Scope 3 | Asset Boundary | Calculation Methodology |
|--|--|---|
| Category 1 Purchased goods and services | <ul style="list-style-type: none"> Construction Division Property Division Industry Division | Average-data method |
| Category 4 Upstream transportation and distribution | <ul style="list-style-type: none"> Construction Division Property Division Industry Division | Distance-based method |
| Category 5 Waste generated | <ul style="list-style-type: none"> IJM Group | Average-data method |
| Category 6 Business travel | <ul style="list-style-type: none"> IJM Group | Distance-based method used where practical |
| Category 7 Employee commuting | <ul style="list-style-type: none"> IJM Group | Estimated based on average-data method by multiplying the total number of employees in FY2023 with the emissions intensity calculated in FY2022, where transportation mode and distance from home to the workplace were determined via a survey with employee participation rate of 94% |
| Category 11 Use of sold products | <ul style="list-style-type: none"> Port Division | Distance-based method |
| Category 13 Downstream leased assets | <ul style="list-style-type: none"> Menara Prudential owned by IJM Corporation Berhad (Group Services) The Clubhouse operations in Bandar Rimbayu owned by Property Division Sand mining operations owned by Industry Division | Asset-specific method |
| Category 15 Investments | <ul style="list-style-type: none"> LEKAS Highway by Toll Division | Proportional Scope 1 and 2 emissions using the investment-specific method based on the equity share of investment for Associate in LEKAS highway |

Definition:

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).

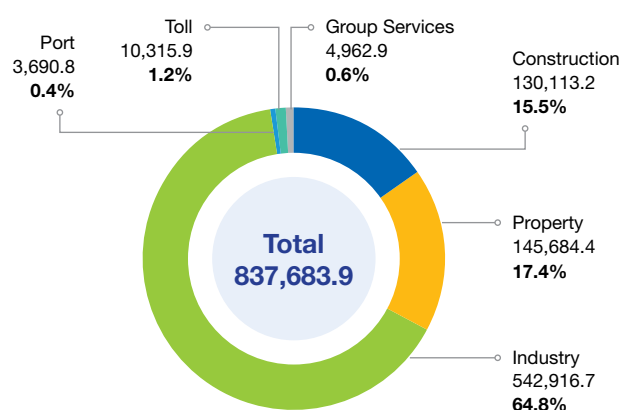
Distance-based method: Determining the distance and mode of business trips, then applying the appropriate emission factor for the mode used.

Spend-based method: Estimating emissions for goods and services by collecting data on the economic value of goods and services purchased and multiplying it by relevant secondary emission factors.

Asset-specific method: Collecting asset-specific (e.g., site-specific) fuel and energy usage data and process and fugitive emissions data or Scope 1 and Scope 2 emissions data from individual leased assets.

Investment-specific method: Collecting Scope 1 and Scope 2 emissions from the investee company and allocating the emissions based upon the share of investment.

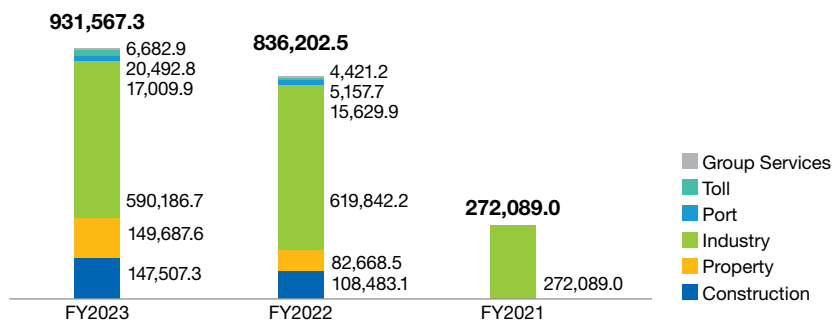
Scope 3 Emissions in FY2023 (tCO₂e)



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In FY2023, total GHG emissions by the Group was 931,567.3 tCO₂e, an increase of 11.4% from FY2022, as depicted below.

Total GHG Emissions by Division (tCO₂e)



Methodology, boundary and assumptions:

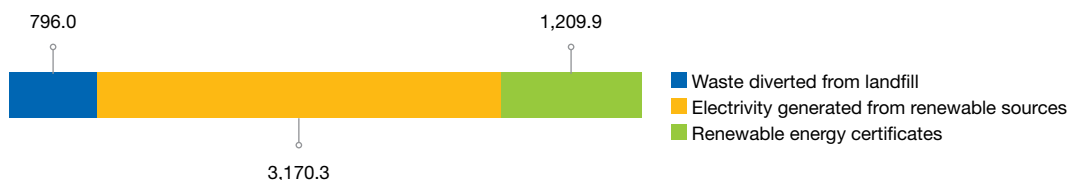
1. Our calculation methodology is based on the *GHG Protocol Corporate Accounting and Reporting Standard* using the operational control consolidation approach
2. Scope 1 and Scope 3 emissions factors are sourced from the *GHG Conversion Factors for Company Reporting version 1.0 (2021)*, published by the UK Department for Environment, Food & Rural Affairs ("DEFRA") and *Embodied Carbon: The Inventory of Carbon and Energy version 3.0 (2019)*, published by BSRIA
3. Scope 2 emissions data for FY2022 and FY2021 have been restated to reflect the change of grid emissions factor published by the Energy Commission Malaysia (2022) for operations in Malaysia. Scope 2 emission factors in India are sourced from Central Electricity Authority, Ministry of Power India (2022)
4. FY2022 total emissions data has been restated to account for all relevant Scope 3 emissions across the Group. FY2021 total emissions data cover Industry Division's ICP operations only
5. GHG emissions data has been independently verified according to ISO 14064:2018, in addition to the review by the Group's Internal Audit Department as part of the Sustainability Statement review
6. Intra-Group carbon emissions under Scope 3 Category 1 (Purchased Goods and Services) between Construction, Property and Industry Divisions are eliminated in FY2023 and FY2022 to avoid double counting

Emission Avoidance:

This year, our emissions avoidance includes renewable energy generation, waste recycled and the purchase of renewable energy certificates for Menara Prudential leased by IJM Corporation. Total emissions avoidance was 5,176.3 tCO₂e, reflecting 0.6% of the Group's total emissions.

Emissions Avoidance in FY2023 (tCO₂e)

Total: 5,176.3



Our Reduction Targets

Reflecting the level of control over each emission Scope, our commitment to net-zero by 2050 covers Scope 1, Scope 2 and Operational Scope 3 categories while the reduction of Embodied Scope 3 emissions (Category 1: Purchased Goods and Services) is achieved through supplier engagements.

Our targets were established based on the criteria and recommendations of the Science Based Targets Initiative (SBTi). While we have made great efforts to closely align our targets with SBTi's cross-sector pathway, we have deviated from the minimum ambitions set by SBTi as outlined in the following table.

We will continue to assess our position to fully align with SBTi in the future, taking consideration of current cross-sector pathways as well as the upcoming publication of the *Building Sector Target Setting Guidance*, where relevant. This will also entail introducing suitable and credible near-term interim targets.

| Scope | SBTi's Minimum Ambition ² | | Our Targets (Long-term) |
|---------|---|---|--|
| | Near-term ¹ | Long-term | |
| Scope 1 | <ul style="list-style-type: none"> 4.2% reduction annually | <ul style="list-style-type: none"> 90% absolute reduction by 2050 | <ul style="list-style-type: none"> Net-zero by 2050 |
| Scope 2 | <ul style="list-style-type: none"> 4.2% reduction annually 100% renewable electricity by 2030 | <ul style="list-style-type: none"> 90% absolute reduction by 2050 | <ul style="list-style-type: none"> Net-zero by 2035 via 100% renewable electricity |
| Scope 3 | <ul style="list-style-type: none"> 2.5% reduction annually Suppliers and customers to set targets consistent with well-below 2°C ambition, covering at least 67% of Scope 3 emissions | <ul style="list-style-type: none"> 90% absolute reduction by 2050 97% physical and economic intensity reduction | <ul style="list-style-type: none"> Operational (Category 4, 5 and 6): Net-zero by 2050 Embodied (Category 1): Engage with supply chain for low carbon plans by 2027, covering the remainder of the 67% of Scope 3 emission |

*Note:

¹ Up to 2033, following the 10-year timeframe by SBTi to meet near-term target based on FY2023 baseline

² Based on the Science Based Target Initiative Corporate Net-Zero Standard (v1.1), 2023

Our Reduction Strategy

The robust assessment of our baseline data has provided a comprehensive profile of GHG emissions across the Group. We are thus better informed in establishing impactful strategies that are in line with climate science. These strategies will also be carried out in step with marketplace developments,

emerging technologies, supporting infrastructure and regulatory requirements.

We aim to reduce operational emissions by decarbonising our fleet and machinery, optimising energy usage, reducing waste and adopting green transport solutions. The bulk of our emissions are from Scope 3 Category 1 (Purchased Goods and

Services) associated with our supply chain, thus, our transition pathway to net-zero relies on supply chain decarbonisation. This requires a concerted effort within the industry. Hence, our strategy focuses on supply chain engagement, industry partnerships and to build a portfolio of low carbon products.

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| Our Carbon Reduction Strategy | | | |
|--|--|---|---|
| Energy Optimisation | Supply Chain Advocacy | Industry Engagement | Product Stewardship |
| <ul style="list-style-type: none"> Explore alternative fuels with higher bio-fuel content Electrification of equipment and vehicle fleets Upgrade to more energy efficient equipment Reduce energy intensity with alternative methods and input materials Increase renewable energy adoption in operations Adopt low carbon transportation for business travel and raw material delivery | <ul style="list-style-type: none"> Reduce waste in operations via material and operational efficiency Heighten adoption of circular economy approach Engage supply chain by 2027 for low carbon plans and targets Provide complimentary training to major suppliers on climate change Enhance procurement strategies to include sustainability and climate considerations | <ul style="list-style-type: none"> Work with industry associations and peers to align decarbonisation goals Advocate whole of industry transition towards low carbon and climate resilience | <ul style="list-style-type: none"> Incorporate sustainable design principles in developments and construction projects (where we have control) Use of current and emerging technologies such as BIM and IBS to optimise energy and embodied carbon of projects Prioritise low carbon raw materials such as recycled, renewable or industrial by-products in product manufacturing, construction and developments |
| Scopes of emissions addressed | | | |
| <ul style="list-style-type: none"> Scope 1, Scope 2 and Operational Scope 3 | <ul style="list-style-type: none"> Operational and Embodied Scope 3 | <ul style="list-style-type: none"> Embodied Scope 3 | <ul style="list-style-type: none"> Embodied Scope 3 |

Resilience in a Net-Zero World

[GRI 201-2]

Our climate assessments exercise identified transition and physical risks and opportunities arising from climate change. The assessment involved data-driven scenario analysis and qualitative screening of the Group's businesses and assets. Two scenarios by the IPCC were selected to assess physical risks while transition risks were assessed against scenarios developed by the IEA and NGFS.

Transition Risks and Opportunities

Transition risks are driven by the changes in policy, market, regulatory and technology changes as the economy progresses towards low carbon and net-zero emissions. Potential risks include increases in operational costs due to higher raw material and fossil fuel prices, carbon tax and emissions trading schemes.

Factors such as policy restrictions on emissions, market perceptions, shifting customer preferences, availability and demand of services are also key considerations.

The Group's transition risks and opportunities assessment considered the Divergent Net Zero (1.5°C warming) and Announced Pledges (2°C warming) scenarios by IEA and NGFS, respectively. We have considered a near-term time horizon of up to 2030 and a long-term time horizon of up to 2050 to assess transition risks, aligning with global pledges and national commitments.

We assessed the exposure level and impact of transition risks and opportunities to the Group's current and future businesses in Malaysia and India. The engagements involved interviews and discussions with various levels of management who have influence over the strategic direction of the Group's businesses.

Announced Pledges Scenario ("APS")³

The APS scenario considers the Group's position, assuming current climate pledges and commitments made by governments around the world, including nationally determined contributions ("NDCs") and long-term net-zero targets, will be met in full and on time. This scenario contemplates a global temperature rise of 1.7°C by 2100, leading to moderate to severe physical risks and relatively low transition risks.

Divergent Net Zero Scenario ("DNZ")⁴

This scenario is considered to factor in the most ambitious policies, taking into account the potential delays in implementing necessary actions. The DNZ scenario reaches net-zero by 2050 and is in line with a climate goal giving at least a 50%

³ 2022 World Energy Outlook, IEA

⁴ 2022 Scenarios for Central Banks and Supervisors, NGFS

chance of limiting global warming to below 1.5°C by 2100. This scenario, however, assumes higher costs than the Net Zero 2050 (“NZE”) scenario due to divergent policies introduced across sectors and a quicker phase out of fossil fuels. Transition risks are higher while physical risks are lower than the NZE scenario due to policies being delayed or divergent across countries and sectors.

Our findings

Our businesses in Malaysia were identified as having a higher risk impact compared to our India operations due to more stringent policies and regulations. The assessment shows that regulatory and market risks are the two top risks that may have a significant impact on our business. Exposure to regulatory risks is high under both DNZ and APS scenarios in the near-term and long-term across all divisions. This mainly relates to enhanced emissions reporting obligations, carbon pricing, and mandates and regulations on products and services.

In the long-term, exposure to market risks is high under the DNZ scenario, particularly for Property and Industry Divisions, whereas the Port Division noted a higher exposure of the same risk under both DNZ and APS scenarios. These market risks stem from the increased cost of materials, the shift of customer preferences towards green or low carbon developments, products and services.

Physical Risks and Opportunities⁵

Physical risks are driven by acute and chronic climate patterns that may cause damage to physical infrastructure and operations. Extreme weather events could potentially cause temporary

work interruptions and reduced productivity, which can result in delays in product and service delivery.

Our assessment was based on projections and data published by IPCC and the World Bank’s Climate Change Knowledge Portal. In our assessment, the Group considered the worst-case (above 4°C warming) and current trajectory (2°C to 3°C warming) scenarios. Parameters related to temperature, precipitation, floods and sea level rise in different geographies and time horizons were assessed. We have considered a near-term time horizon up to 2030 and a long-term time horizon up to 2070 to align with the period of the Group’s concession assets.

A review was conducted on the physical risks relevant across major projects and assets at 9 locations across Malaysia and India. The assessment entailed a review of existing risk registers and past climate-related events to assess the vulnerability of each asset. Location-specific climate projections were used to assess the likelihood and impact of climate stressors relative to each location.

SSP2–4.5 (comparable to RCP4.5): 2°C–3°C warming

This scenario indicates the ‘most likely’ trajectory based on the scale and pace of current climate commitments. This scenario is considered to assess the most plausible disruptions.

Emissions hover around current levels before starting to fall mid-century, but do not reach net-zero by 2100. In this scenario, temperatures rise around 2.7°C by the end of the century. Socioeconomic factors follow their

historic trends, with no notable shifts. Progress toward sustainability is slow, with development and income growing unevenly.

SSP5–8.5 (comparable to RCP8.5): above 4°C warming

This scenario indicates the ‘business-as-usual’ trajectory arising from global inaction. This scenario allows the Group to capture the breadth of possible disruptions.

Emissions continue to rise until they double by 2050. In this scenario, temperatures rise around 4.4°C by the end of the century. The global economy grows quickly, but this growth is fueled by exploiting fossil fuels and energy-intensive lifestyles.

Our findings

IJM will likely be affected by both acute and chronic physical climate events, given these impacts are projected to be more severe and impactful over time. From our assessment, certain assets such as those located in Klang Valley and Pahang, identified inherent risks of pluvial flooding resulting from heavy rainfall in the near-term for both scenarios, given the exposure of these assets due to past occurrences.

In the long-term, our analysis identified an increased likelihood of coastal flooding manifested by sea level rise impacting assets and operations along coastal areas such as in Penang and Johor under the SSP5-8.5 scenario, while the SSP2-4.5 scenario shows a slower onset. Additionally, the risk of heat stress will likely intensify in both scenarios due to chronic temperature rise in the long-term, impacting the Group’s operations and productivity.

⁵ 2021 Sixth Assessment Report, Working Group I, IPCC

⁶ The World Bank Climate Change Knowledge Portal

ENVIRONMENT: OUR ENVIRONMENTAL STEWARDSHIP

Case Study: Beat the Heat

Based on our analysis, we have identified that heat stress will likely impact our business in the long-term under both SSP2-4.5 and SSP5-8.5 scenarios. In the long-term, it is projected that operations in Malaysia will experience a higher number of days of heat stress while operations in India will be exposed to more

acute heat stress occurrences in the summer months.

According to the IPCC, the heat index is a valuable indicator for assessing heat stress, considering both temperature and humidity. Heat index is a measure that combines temperature and relative humidity to determine the apparent temperature or 'feels-like'

temperature, which indicates the level of heat stress on the human body. Our assessment considered 35°C as the threshold for assessing heat stress, given the likelihood of heat-related illnesses arising from prolonged exposure under this condition, and the availability of data.

| Relative Humidity % | Air temperature °C | | | | | | | | | | | |
|---------------------|--------------------|----|----|----|----|----|----|----|----|----|----|--|
| | 21 | 24 | 27 | 29 | 32 | 35 | 38 | 41 | 43 | 46 | 49 | |
| 0 | 18 | 21 | 23 | 26 | 28 | 31 | 33 | 35 | 37 | 39 | 42 | |
| 10 | 18 | 21 | 24 | 27 | 29 | 32 | 35 | 38 | 41 | 44 | 47 | |
| 20 | 19 | 22 | 25 | 28 | 31 | 34 | 37 | 41 | 44 | 49 | 54 | |
| 30 | 19 | 23 | 26 | 29 | 32 | 36 | 40 | 45 | 51 | 57 | 64 | |
| 40 | 20 | 23 | 26 | 30 | 34 | 38 | 43 | 51 | 58 | 66 | | |
| 50 | 21 | 24 | 27 | 31 | 36 | 42 | 49 | 57 | 66 | | | |
| 60 | 21 | 24 | 28 | 32 | 38 | 46 | 56 | 65 | | | | |
| 70 | 21 | 25 | 29 | 34 | 41 | 51 | 62 | | | | | |
| 80 | 22 | 26 | 30 | 36 | 45 | 58 | | | | | | |
| 90 | 22 | 26 | 31 | 39 | 50 | | | | | | | |
| 100 | 22 | 27 | 33 | 42 | | | | | | | | |

■ Serious risk to health - heatstroke imminent

■ Prolonged exposure and activity could lead to heatstroke

■ Prolonged exposure and activity may lead to fatigue

Apparent temperature (heat index) in degrees Celsius according to air temperature and relative humidity¹

| Location | SSP | 2020 | 2030 | 2040 | 2050 | 2060 | 2070 |
|-----------------|-----------------|-----------|-----------|------------|------------|------------|------------|
| Malaysia | SSP5-8.5 | 2 | 7 | 30 | 64 | 100 | 148 |
| Malaysia | SSP2-4.5 | 1 | 6 | 12 | 25 | 48 | 50 |
| Kuala Lumpur | SSP5-8.5 | 12 | 44 | 137 | 190 | 290 | 322 |
| Kuala Lumpur | SSP2-4.5 | 1 | 36 | 75 | 129 | 177 | 220 |
| Selangor | SSP5-8.5 | 33 | 76 | 169 | 219 | 302 | 330 |
| Selangor | SSP2-4.5 | 18 | 60 | 111 | 167 | 211 | 241 |
| Perak | SSP5-8.5 | 9 | 26 | 78 | 118 | 188 | 234 |
| Perak | SSP2-4.5 | 3 | 21 | 35 | 68 | 109 | 120 |
| Pulau Pinang | SSP5-8.5 | 47 | 95 | 176 | 226 | 296 | 305 |
| Pulau Pinang | SSP2-4.5 | 23 | 67 | 98 | 174 | 216 | 244 |
| Pahang | SSP5-8.5 | 3 | 10 | 51 | 91 | 146 | 215 |
| Pahang | SSP2-4.5 | 1 | 10 | 19 | 37 | 74 | 89 |
| Johor | SSP5-8.5 | 36 | 80 | 185 | 242 | 303 | 330 |
| Johor | SSP2-4.5 | 31 | 65 | 121 | 186 | 224 | 251 |
| India | SSP5-8.5 | 72 | 83 | 104 | 109 | 121 | 140 |
| India | SSP2-4.5 | 71 | 78 | 93 | 103 | 107 | 110 |
| Karnataka | SSP5-8.5 | 13 | 25 | 48 | 69 | 95 | 131 |
| Karnataka | SSP2-4.5 | 12 | 20 | 32 | 50 | 58 | 64 |
| Maharashtra | SSP5-8.5 | 43 | 60 | 93 | 100 | 119 | 157 |
| Maharashtra | SSP2-4.5 | 44 | 51 | 69 | 90 | 93 | 99 |

Mean projections (CMIP6) of number of days where HI>35°C based on multi-model ensemble for SSP2-4.5 and SSP5-8.5 scenarios²

Under the SSP2-4.5 scenario, it is projected that the mean number of days where heat index above 35°C (HI>35°C) is 50 by 2070 in Malaysia. Following the Group-wide assessment, each division identified the areas of impact relevant to their businesses. Current procedures to reduce the risk of heat stress within our operations were reviewed and future adaptation measures were discussed.

| Example of Impact Areas | Example of Current Resilience Measures |
|---|--|
| Operational outdoor productivity may be impacted due to prolonged work in extreme heat | <ul style="list-style-type: none"> Hydration stations and rest areas provided at site Rotation of work Work hours shifted to cooler parts of the day during summer months |
| Greater demand for energy efficient products with low thermal transmittance to reduce cooling loads as outdoor air and surface temperature increase | <ul style="list-style-type: none"> Adopt passive design concept in developments All future developments by Property Division to achieve minimum benchmark of GreenRE Bronze certification, with thresholds for building energy intensity and thermal comfort |

¹ Time and Place as Modifiers of Personal UV Exposure - Scientific Figure on [ResearchGate](#)

² The World Bank Climate Change Knowledge Portal

Recognising systemic climate risks

We recognise that climate risks are complex and climate projections are dynamic as studies are continuously on-going and becoming more sophisticated and accurate with time. At this juncture, our assessments consider the direct impacts of climate risks on the Group's assets and operations, without factoring in systemic risks and impacts such as food and water availability as well as public well-being.

Potential implications of the accumulation and interrelation of different events require concerted

efforts from government, businesses and society. In this regard, a key initiative in our climate strategy is to form active partnerships with local governments, industry associations and likeminded stakeholders to address systemic climate risks.

Importantly, each of the climate scenarios also present opportunities across various time horizons. These include asset and operational efficiencies through improved design and planning, adoption of innovative technology, the use of low carbon materials, and leveraging on government incentives. We will continue to explore the significance

of these opportunities to drive longer-term positive change and strengthen the resilience of our business and value chain.

Our Resilience Strategy

To ensure we capture the evolving climate science projections and emerging market and regulatory trends, continuous climate-related assessments and on-going monitoring are required. This will be undertaken through the delivery of our climate strategy which shows our priorities to build resilience and capabilities across the value chain.

Our Climate Resilience Strategy

| Climate Risk Integration into Organisational Matrix | Asset and Business Adaptation | TCFD Alignment |
|--|---|--|
| <ul style="list-style-type: none"> Incorporate climate risk into ERM policy and framework Build internal capacity and understanding of climate vulnerabilities and adaptive measures Active partnerships with industry associations and likeminded stakeholders, particularly for climate risks that are systemic in nature | <ul style="list-style-type: none"> Continuously assess physical qualitative climate risk assessment, based on available scientific data Conduct quantitative assessment for projects and assets with higher exposure Build supply chain resilience | <ul style="list-style-type: none"> Perform benchmarking and disclose climate risks and opportunities On-going review, monitoring and reporting |

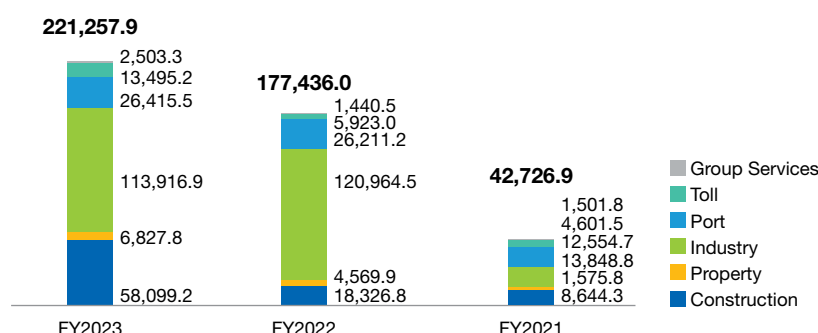
ADVANCING LOW CARBON OPERATIONS [GRI 302-1, GRI 302-4]

IJM remains committed to implement initiatives to improve energy efficiency and reduce dependency on fossil fuels. Notwithstanding the formalisation of the Group's Climate Strategy, we continue to increase our share of renewable energy and explore more efficient processes and materials within our operations.

In FY2023, the Group's total energy consumption was 221,257.9 MWh, an increase of 24.7% from the previous year due the inclusion of our India operations and increase in activities.

Our renewable energy generation capacity expanded to 5,665.6 kWp as a result of newly commissioned solar photovoltaic ("PV") panels at Durabon and ICP Lumut factories, and along BESRAYA and NPE highways by the Toll Division. This contributed to an increase of 33.4% in our energy consumption from renewable sources to 4,146.6 MWh.

Total Energy Consumption by Division (MWh)



Note:

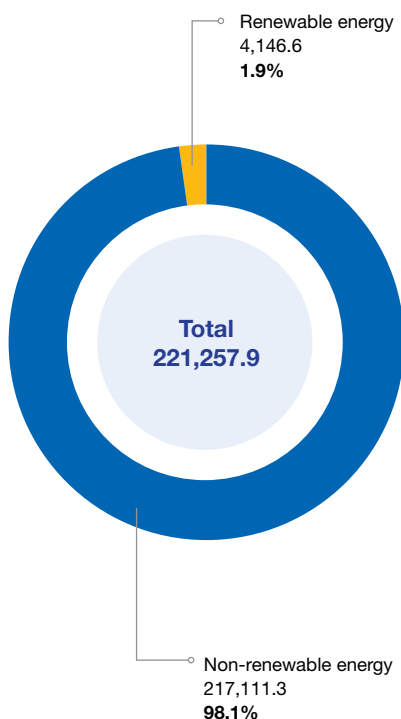
- Total energy consumption in FY2023 includes; petrol, diesel and natural gas (Industry Division only) usage from company vehicles, mobile and stationary equipment; and electricity consumption from renewable and non-renewable sources
- Data for FY2022 has been restated due to the expansion of scope from completion of the carbon footprint assessment, post-publication of the FY2022 Annual Report. The restated data includes other fuel sources beyond diesel used for company vehicles, mobile and stationary equipment, including petrol by all divisions, light fuel oil and natural gas by the Industry Division
- Energy consumption accounted from direct operations only

ENVIRONMENT: OUR ENVIRONMENTAL STEWARDSHIP

This year marks our inaugural procurement of renewable energy certificates ("RECs") for Menara Prudential. The RECs were acquired via regulated Tradable Instruments for Global Renewables registry from a reputable local power producer.

In line with IJM's Climate Strategy, we are actively expanding our renewable energy mix through onsite solar generation and RECs. We are also exploring other mechanisms such as green tariffs and virtual power producing agreements, among others.

Total Energy Mix in FY2023 (MWh)



Note:

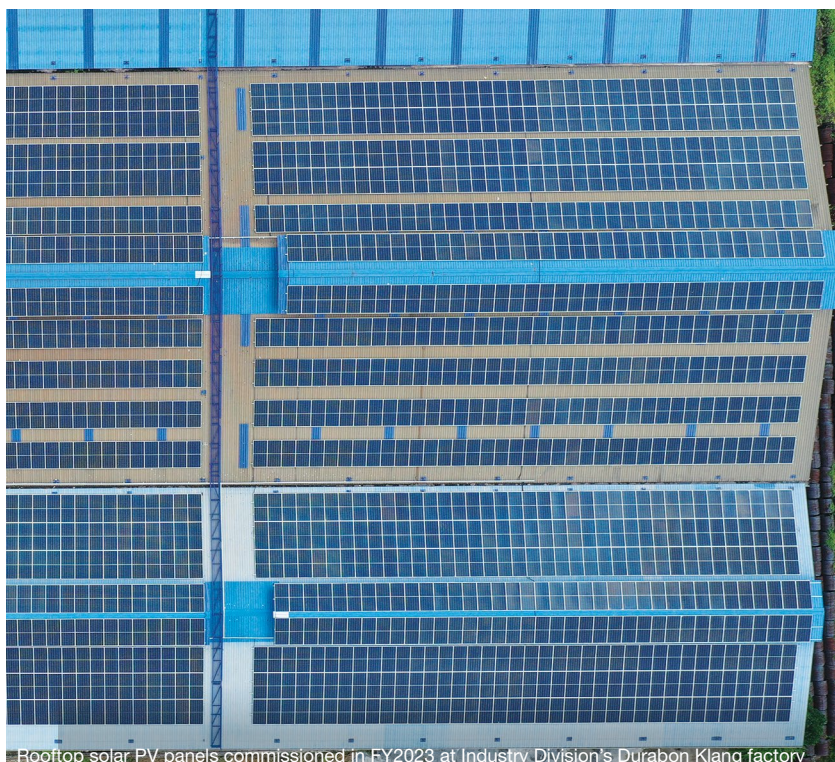
1. Non-renewable energy: Petrol, diesel and natural gas (Industry Division only) usage from company vehicles, mobile and stationary equipment
2. Renewable energy: Energy consumption from renewable sources generated from solar PV panels
3. Energy consumption accounted for direct operations only

The Group has taken effective approaches to reduce its direct emissions by adopting more efficient processes and phasing out high carbon fuels. In certain projects, the Construction Division uses BIM to simulate construction processes with high accuracy, minimising unplanned fuel usage for reworking required to address defects due to coordination issues. Furthermore, the division is exploring the feasibility of using diesel with higher biofuel content at project sites, while also studying the viability to fully electrify its equipment.

The Industry Division replaced the usage of light fuel oil with natural gas and diesel as low carbon alternatives in production processes. In addition, the division

installed a boiler economiser at its ICP factories in Klang and Nilai. The economiser captures heat from the exhaust flue, and heats incoming feedwater into the boiler. The division is also exploring the use of solar power to preheat feedwater in boiler operations.

In line with Kuantan Green Port Initiative, the Port Division conducted an energy audit in FY2023 and identified strategic initiatives to improve energy efficiency and reduce carbon emissions. Simultaneously, the division has completed the installation of electric shore power supply to reduce fuel usage by tugboats that are idling.



Rooftop solar PV panels commissioned in FY2023 at Industry Division's Durabon Klang factory

FACILITATING SUSTAINABLE BUILDINGS AND INFRASTRUCTURE

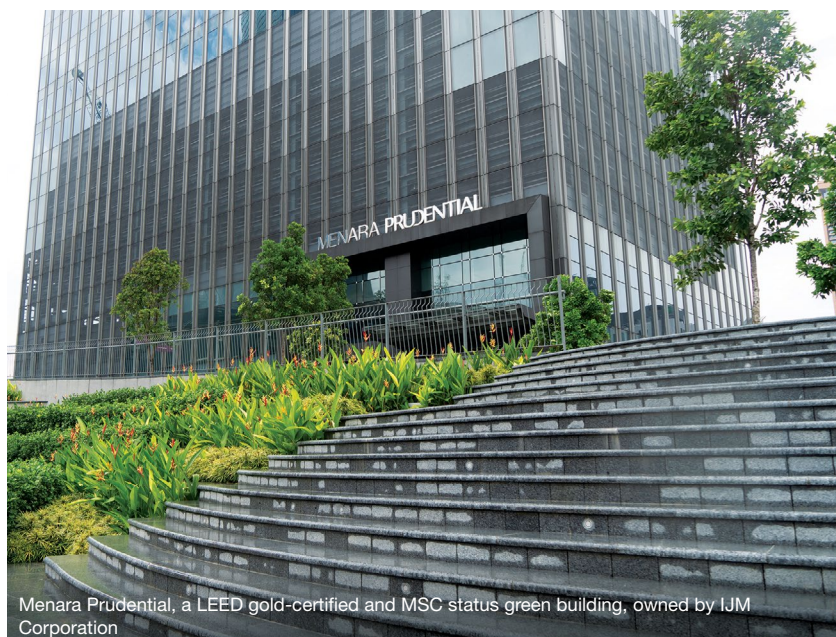
We implement sustainable building and construction principles as a catalytic action in creating sustainable communities and as the means to reduce environmental impacts of our products.

The Construction Division continues to accelerate the adoption of alternative materials and methods in construction to reduce environmental impacts by our projects. Where possible, we work with clients to integrate sustainable design solutions in terms of materials used, construction methods and utilities design, among others, to address operational and embodied emissions.

The Property Division established a Green Building Design Framework for landed and high-rise residential developments in Malaysia. The framework provides guidelines to meet the criteria of GreenRE certification, where the division introduced minimum benchmarks for all new residential projects to obtain a 'Bronze' certification level. This necessitates the incorporation of energy efficient and passive design strategies, water efficiency features, indoor environmental quality considerations and environmental protection elements, among others.

The Group's investment property, Menara Prudential, is a LEED Gold-certified building featuring several resource saving measures. The building incorporates efficient lighting and cooling systems which are monitored via a building management system. Smart meters and sensors are placed to maintain a favourable indoor environmental quality. Low emissivity glass and materials were used in its design

to reduce building heat while captured rainwater and treated wastewater are used for non-potable purposes. Other sustainable features include its convenient location via a network of public transport amenities such as the MRT, and accessible facilities to cater for the disabled.



Menara Prudential, a LEED gold-certified and MSC status green building, owned by IJM Corporation

| Completed and On-going Green Building Projects | | |
|--|-------------------------------|--|
| Green Building Index ("GBI") | Green Real Estate ("GreenRE") | Leadership in Energy and Environmental Design ("LEED") |
| 18 | 10 | 6 |

The Industry Division has progressively reduced the cement ratio in products by mixing cement alternatives and admixtures in the composition of concrete spun piles. Industrial by-products such as fly ash and ground granulated blast furnace slag ("GGBS") have lower carbon footprint, while admixtures are used to quicken the concrete curing time. These cement replacers allow low carbon concrete production, aligning with the Group's Climate Strategy to tackle Scope 1 and Scope 3 emissions through low carbon products. Moreover, IBS products under the Industry Division are certified with an Eco Label Mark. Refer to page 154 for further information.

The Port Division undertook several initiatives in line with the Kuantan Port Authority's initiative to transition to a green port by 2030. The Kuantan Green Port Initiative involves five strategic thrusts to reduce the level of air pollution and carbon footprint, control marine pollution, implement energy and water resource efficiency initiatives, and establish a systematic waste management control.

ENVIRONMENT: OUR ENVIRONMENTAL STEWARDSHIP

Similarly, our Toll Division prioritises sustainability in all aspects of operations, from reducing our carbon footprint to promoting environmentally friendly practices. Attesting to this commitment, the division was awarded the *Meritorious Winner in the Best Green Initiative* category at the Star Outstanding Business Awards 2022. Our highways are also assessed against the Malaysia Green Highway Index (MyGHI), with both BESRAYA and NPE obtaining 'Gold' certifications.



MANAGING ENVIRONMENTAL IMPACTS

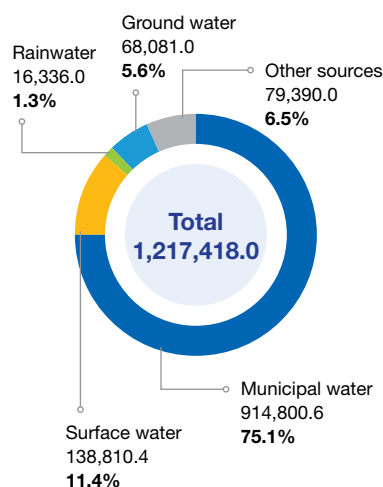
[GRI 303-1, GRI 303-2, GRI 303-5]

We remain committed to safeguard the environment and reduce our impacts. Guided by the Group's Environmental Policy, we have accelerated efforts for the preservation of natural capital, prevention of environmental pollution and responsible management of waste. At the divisional level, there are specific procedures to identify risks, assess potential impacts and implement control measures to ensure we operate responsibly.

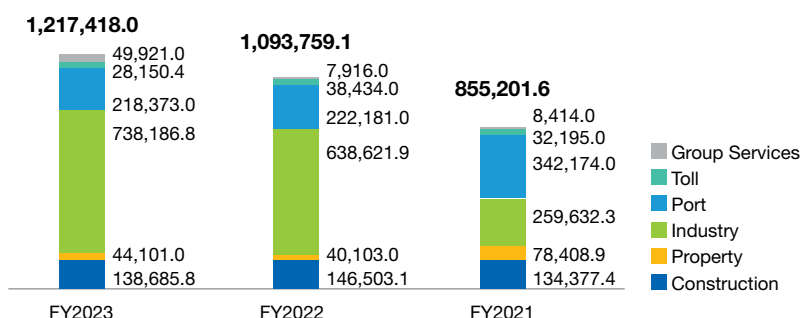
Responsible Water Management

We are committed to using water as efficiently as possible across all businesses and implement measures to reduce water usage in our operations. In FY2023, the Group's water withdrawal increased by 11.3% to 1,217,418.0 m³. This was mainly due to the inclusion of our India operations and increased production volume and activity by the Industry Division.

Water Consumption by Source in FY2023 (m³)



Water Consumption by Division in FY2023 (m³)



Rainwater is collected to reduce our reliance on water withdrawn directly from the ground and surface, as well as from municipal supply. Rainwater harvesting systems are installed across the Property and Industry Divisions. A total of 16,663.0 m³ of rainwater was collected for non-potable use, namely for cleaning and landscaping purposes. Additionally, Kuantan Port collaborated with one of its tenants to improve water usage efficiency through reusing of treated water. The tenant supplied treated water to Kuantan Port for the use of road cleaning, where it made up 39.4% of the division's total water consumption.

We implement effective control measures to ensure that water discharges adhere to water quality and quantity permits, standards and regulations. In FY2023, there were no recorded cases of non-compliance in regard to water quality.

Water treatment plants are installed at sites with high water discharge to manage wastewater and meet voluntary and regulatory environmental standards. Wastewater is treated by adding chemical agents to reduce suspended solids content to below 50 mg/litre prior to discharge into the public drainage system. Treatment plants with a flocculation process, such as those built in The Light City, Penang sites, effectively separate suspended particles present in wastewater.

The clustering of larger particles in wastewater eases the filtration process before discharge. Project sites with low water discharges utilise conventional water treatment methods, such as silt traps and sedimentation ponds. In certain cases, treated water is recycled and reused at project sites and factories.

Environmental Pollution Management

IJM remains committed to prevent air, noise, waste and water pollution in areas we operate. In FY2023, all divisions have obtained ISO 14001:2015 Environmental Management Systems certification, which covers 100% of operations in Malaysia. In line with ISO 14001:2015, environmental monitoring and pollution management are outlined in the Group's Health, Safety and Environment System ("HSE") Manual. The manual guides the implementation of our Environmental Management Plan to identify, evaluate and mitigate any risks of pollution and minimise the impact of operations on the surrounding environment and communities.

Within our operations, suitable practices for erosion and sedimentation are implemented. Key measures such as groundcover, turfing, vegetation and hydroseeding activities are applied to avoid the risk of soil erosion whereas temporary check dams, silt traps and fences are installed to prevent pollution of water sources.

Pollution from noise and vibration as a result of our operations are controlled and monitored via meters installed at sites. Vibration meters are installed at quarries to ensure minimal disturbance to the surrounding areas as mandated by the Environmental Quality Act 1974. Risks of air pollution are managed through continuous monitoring and inspections at project sites. The Port Division installed dust barriers and fog cannons to reduce air pollution at Kuantan Port. Washing bays are available to clean cargo trucks before they go on public roads and road sweepers and water trucks are utilised to control the dust condition in the Port area.

In FY2023, the Property Division reported one incident of oil contamination due to mishandling of containment bund. Corrective actions were promptly deployed to effectively clean the affected area. The division was not issued with any non-compliance warnings or fines. We will continue to review our processes to ensure that any gaps in compliances are minimised.

Waste Management and Reduction

[GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-4, GRI 306-5]

The Group remains steadfast in managing our waste efficiently and we aim to reduce, reuse, and recycle our waste, whenever feasible. We comply with local waste regulations while continuously working towards managing wastes beyond this minimum threshold. Waste reduction is one of the key measures in our climate strategy. Our target is to reduce waste generated from our operations through enhanced process efficiency and increased awareness on circular economy principles.

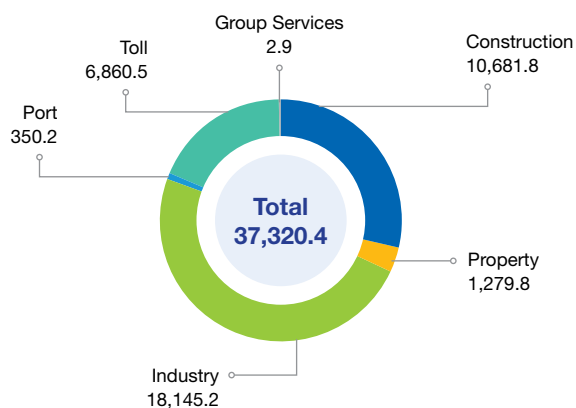
In FY2023, a total of 37,320.4 tonnes of scheduled and non-scheduled waste were generated by the Group.



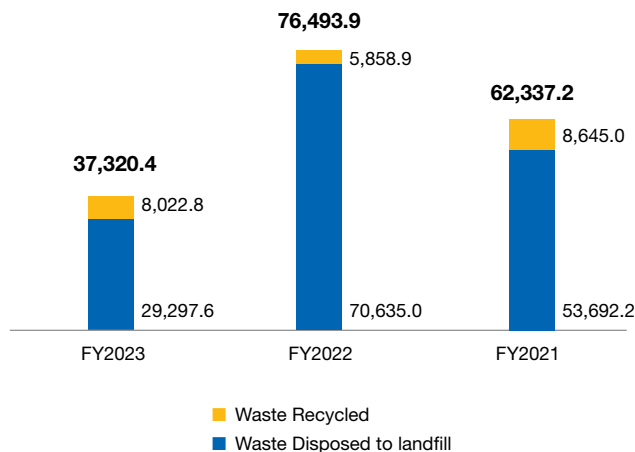
Waste segregation activity by the Construction Division at TRX Residences site

ENVIRONMENT: OUR ENVIRONMENTAL STEWARDSHIP

Scheduled and Non-scheduled Waste Generated by Division in FY2023 (Tonnes)



Total Waste Generated (Tonnes)



We implement proactive measures across all our operations to minimise waste disposed at landfills by recycling and reusing the waste we generate. This year, 21.5% of our waste footprint was reused or recycled.

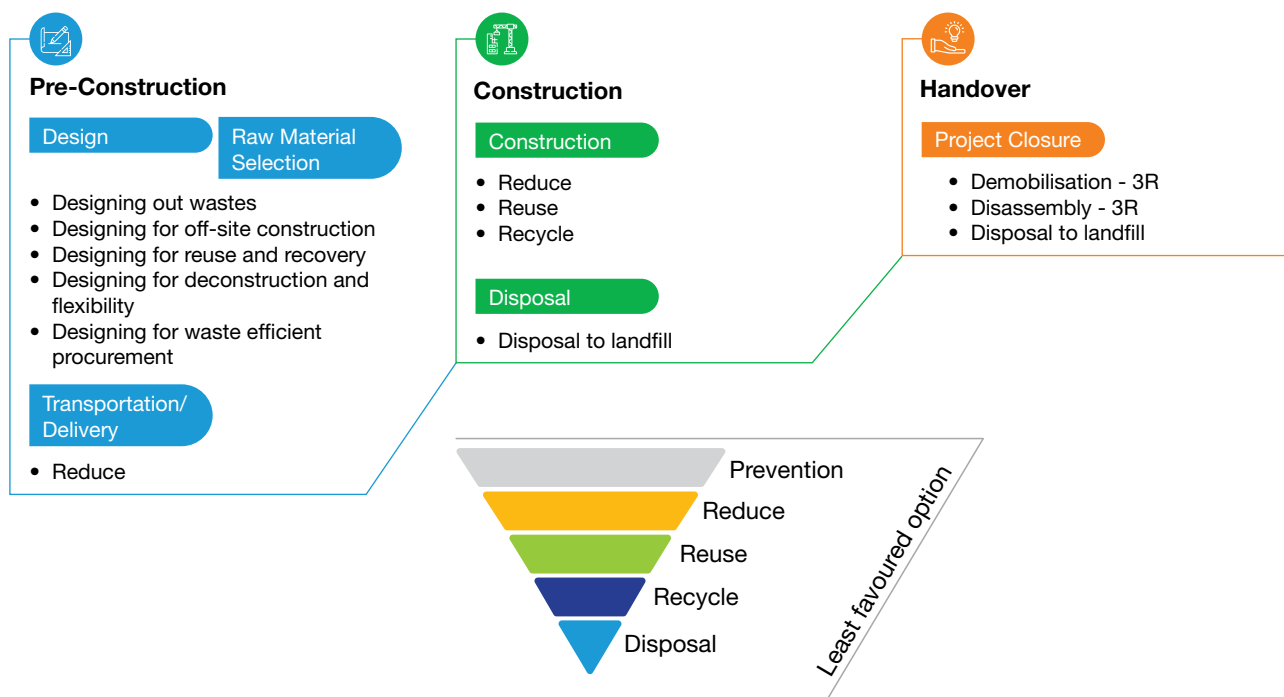
Solid or non-scheduled wastes are segregated at the point of generation with designated collection areas. We appoint licensed contractors to dispose and recycle wastes

at accredited facilities. Recycling and reusing of construction wastes are prioritised for practical implementation at sites, for instance, concrete waste is crushed and repurposed to stabilise road access to sites.

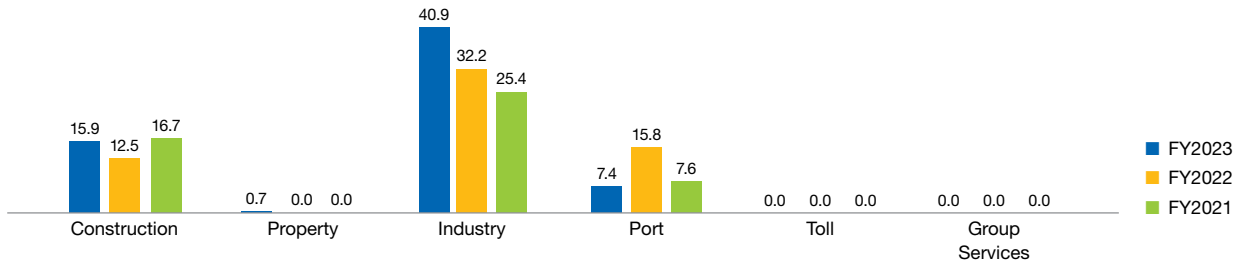
The Construction Division established a Waste Reduction Framework in FY2023, in line with the Group's Sustainability Roadmap FY2023-

FY2025. The framework provides a guideline for the management and reduction of solid waste. It outlines key measures that can be taken at different stages of a project development and construction cycle. Adopting the waste management hierarchy, reduction of waste is prioritised through design efficiency and process improvements, before reusing and recycling of waste are considered.

Waste Management Hierarchy and Stages



Scheduled Waste Generated by Division (Tonnes)



Unused concrete is repurposed by segregating sand, aggregates and slurry effluents through a reclaimer at the Industry Division's IBS factory to effectively optimise material usage and improve cost efficiency. Excess water is collected and separated from slurry effluents to be reused for concrete batching, sprinkler systems and cleaning purposes.

Scheduled or hazardous wastes are managed and disposed according to stipulated safety and environmental legislations. They are stored at designated areas and labelled with clear guidelines and specifications. Licensed contractors are appointed to dispose scheduled wastes at designated treatment facilities. Wherever possible, scheduled wastes are treated and reused on site.

In FY2023, the Industry Division received fines totalling RM65,000 for non-compliance in handling of scheduled wastes at ICP factories in Nilai, Negeri Sembilan and Lumut, Perak. Remedial actions were taken to address the non-compliances and a review of current processes was undertaken to prevent future occurrences. We will continue to enhance our standard operating procedures and strive for full compliance in our operations.

Cultivating a Circular Economy Culture in Our Townships

Leveraging on the success of the pilot KITARecycle community recycling programme at Seremban 2, the Property Division continued this initiative in FY2023. KITARecycle reinforces the division's commitment to partner with local communities to promote sustainability within townships. An incentive-based programme, it rewards recycling practices among residents. Working in collaboration with SWM Environment Sdn Bhd and the residents' association, customised collection bins were placed at 14 locations in Seremban 2.

The Property Division also introduced KITARecycle to 1,028 primary school students at Sekolah Jenis Kebangsaan (C) Tung Hua, Seremban 2 Heights, Negeri Sembilan, by providing the school with recycling bins. A recycling campaign was conducted to encourage recycling habits among students. In addition, a *Recycling Art Project* and *Recycling Heroes Campaign* were officiated during the campaign, followed by an *Environmental Awareness Talk*.



KITARecycle collection bin handed over to the residents' association at Seremban 2 township

ENVIRONMENT: OUR ENVIRONMENTAL STEWARDSHIP

CONSERVING BIODIVERSITY

[GRI 304-1, GRI 304-3]

We recognise the value that nature provides and acknowledge the importance of conserving the natural ecosystem as part of our business resilience. We are committed to minimising our impact on the natural environment in areas where operate, using natural resources responsibly and, where applicable, conducting initiatives to conserve biodiversity.

Biodiversity loss and ecosystem collapse are viewed as one of the fastest deteriorating global risks over the next decade⁵. The Group is cognisant on the increased importance of incorporating nature-related risks into business strategies for long-term viability, safeguarding profitability, and ensuring a sustainable future for businesses and the environment. We will explore the complex interdependencies of nature and business based on the Taskforce on Nature-related Financial Disclosures (“TNFD”) framework and assess how they translate into a broader range of financial risks.

All projects above 50 hectares are required to undertake an Environmental Impact Assessment (EIA) to assess the biodiversity value within their boundaries and identify suitable measures to avoid and reduce disturbances on the natural surroundings. Where feasible, we aim to implement regenerative practices in our operations. The Property Division has set its own target to integrate green spaces in their developments, beyond the minimum requirement of local councils.

Seawall installation at The Light City, Penang

The Property Division partnered with Universiti Sains Malaysia to install eco-engineered tiles to enhance marine biodiversity along the seafront of The Light City, Penang. The seawall tiles are shaped to replicate the habitat of marine species, stimulating the regeneration of these organisms. The initiative reinforces the division’s dedication to restore and rehabilitate marine ecosystem surrounding coastal developments. The restoration and promotion of blue-green infrastructure will also enhance coastal protection, thus building resilience against physical climate stressors.



A seawall tile installed along seafront of The Light City, Penang

⁵ World Economic Forum Global Risk Report 2023

The Toll Division completed the first phase of its tree inventory exercise along the Negeri Sembilan stretch of its LEKAS highway, undertaken in collaboration with the State Forestry Department. This exercise entailed a stocktake of the landscape along LEKAS which, which includes identifying tree species and numbers. The exercise

recorded a total of 4,083 number of trees comprising 38 native and non-native species. The next phase of the exercise will be conducted along the Selangor stretch of LEKAS, as well as NPE and BESRAYA highways. The exercise will enable proper management of roadside landscape and identification of suitable conservation and preservation measures. This exercise also provides valuable insights on potential opportunities in nature-based climate adaptation and mitigation, such as forest preservation for flood protection and carbon sequestration.



A section of LEKAS highway, managed by the Toll Division