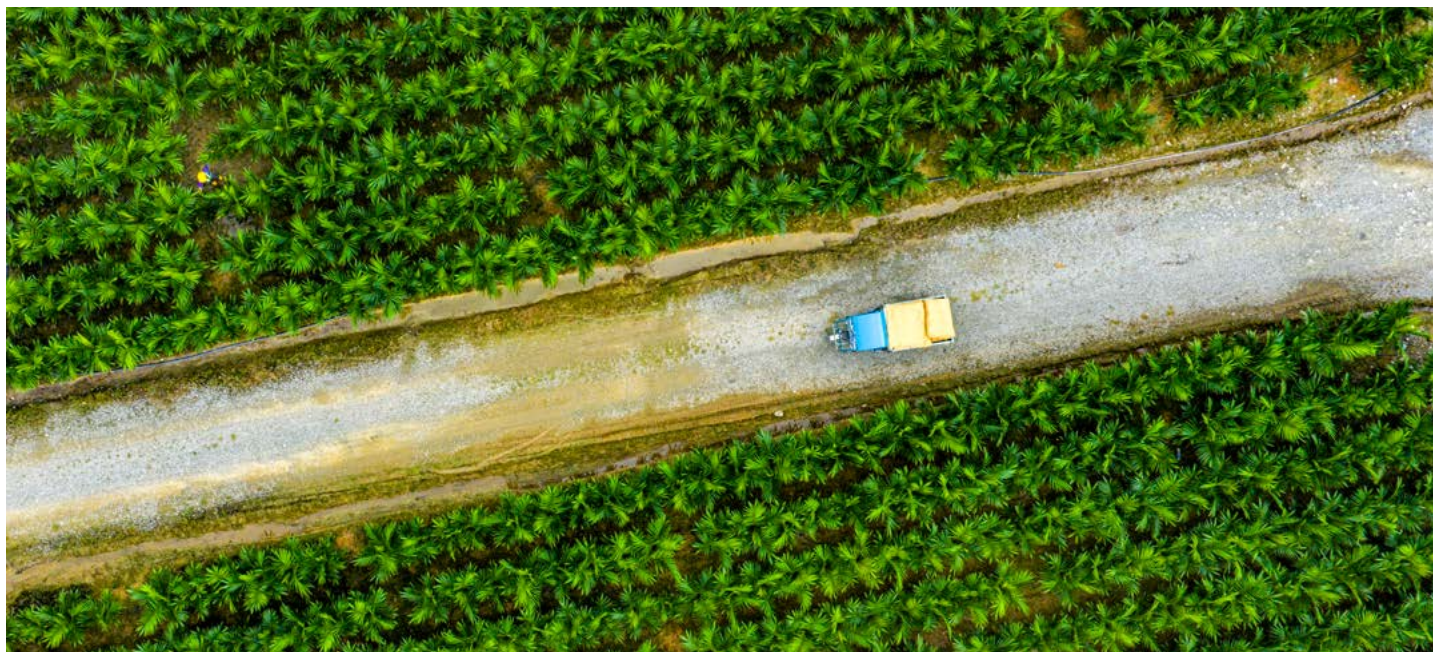


SUSTAINABILITY STATEMENT



1 BASIS OF PREPARATION AND PRESENTATION

1.1 Compliance With The IFRS Sustainability Disclosure Standards

The sustainability-related financial disclosures (Sustainability Statement) of Hap Seng Consolidated Berhad (Hap Seng or the Group) have been prepared in accordance with the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards as issued by the International Sustainability Standards Board (ISSB), in line with the MAIN Market Listing Requirements of Bursa Malaysia Securities Berhad (MAIN LR).

In compliance with the MAIN LR, 3-year data points for metrics (refer page 97), Bursa's Prescribed Table (refer page 103) and Statement of Assurance (refer page 102) have been disclosed.

Disclosure topics in the Sustainability Accounting Standards Board (SASB) Standards for relevant industries have been referred to and considered when preparing this statement. Please refer to Section 6 for more information.

The Group publishes its standalone Sustainability Report. The report and its full sustainability disclosures can be found at: <https://www.hapseng.com.my/en/sustainability-statement.html>.

1.2 Connectivity With Financial Statements

This Sustainability Statement should be read in conjunction with the Group's consolidated financial statements which are prepared in accordance with the Malaysian Financial Reporting Standards (MFRS) Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. This report covers the financial year ended 31 December 2025 and is aligned with the reporting period of the Group's financial statements.

This Sustainability Statement covers the same reporting entities as the related consolidated financial statement, which comprise Hap Seng Consolidated Berhad, its subsidiaries, associates and joint ventures. In preparing this sustainability-related financial disclosures, the Group has considered its own operations and its value chain. Please see Section 5 for more information.

The presentation currency of the sustainability-related financial disclosures is Ringgit Malaysia (RM), which aligns to the presentation currency used in the Group's financial statements.

In this statement, the Group applies climate-related time horizons of short-term (1 year), medium-term (to 2030), and long-term (2031 to 2050).

SUSTAINABILITY STATEMENT

1.3 First-time Adoption of IFRS Sustainability Disclosure Standards and Transition Reliefs

The Group is reporting under the IFRS Sustainability Disclosures Standards for the first time for the annual reporting period ended 31 December 2025. It has applied the following standards for its annual reporting period commencing 1 January 2025:

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1)
- IFRS S2 Climate-related Disclosures (IFRS S2)

As at 31 December 2025, there are no other IFRS Sustainability Disclosure Standards issued by the ISSB.

IFRS Sustainability Disclosure Standards provide transition reliefs for the first annual reporting period in which an entity applies the standards. The MAIN LR provides additional transition reliefs for MAIN Market listed issuers. The Group has applied the following transition relief in this Sustainability Statement:

- (a) Permissible to disclose information on only climate-related risks and opportunities (CRO) (in accordance with IFRS S2).
- (b) Permissible not to present comparative IFRS-related disclosures for this initial reporting period. However, comparative information is provided for selected indicators to maintain continuity with prior reporting practices.
- (c) Permissible to not disclose Scope 3 emissions
- (d) Permissible to focus on providing climate-related disclosures for principal business segments.

2 REPORTING BOUNDARY

Reporting Boundary Excluding Greenhouse Gas (GHG) Emissions

The entities, assets and operations included in the Group's Sustainability Statement 2025 are the same as those included in the Group's consolidated financial statements for the year ended 31 December 2025.

Reporting Boundary For GHG Emissions







The Group measures and reports GHG emissions using the GHG Protocol Corporate Accounting and Reporting Standard.

The Group's reporting boundary for GHG emissions comprises both an organisational boundary and an operational boundary, as described below.

Organisational Boundary

The Group applies the operational control approach to establish its organisational boundary for GHG emissions reporting. Under this approach, the Group accounts for emissions from operations and assets over which it has the authority to introduce and implement operating policies and procedures.

Within this boundary, the Group's scope 1 and scope 2 inventory cover operational emissions across all the business divisions of the Group.

PLANTATION	
PROPERTY	
CREDIT FINANCING	
AUTOMOTIVE	
TRADING	
BUILDING MATERIALS	

SUSTAINABILITY STATEMENT

The Group does not include emissions from any associates and joint ventures that we do not have operational control.

Operational Boundary

The Group's operational boundary categorises emissions as follows:

Scope 1 (Direct emissions)

Direct GHG emissions from sources that are owned or controlled by operations within the Group's organisational boundary.

Scope 2 (Indirect emissions)

Indirect GHG emissions from the generation of purchased electricity consumed by operations within the Group's organisational boundary.

3 SIGNIFICANT JUDGEMENTS AND MEASUREMENT UNCERTAINTIES

3.1 Significant Judgements

Significant judgement was applied in identifying the climate-related risks and opportunities that could reasonably be expected to affect the Group's prospects, and in determining the material information to be disclosed in respect of those risks and opportunities. In making these judgements, the Group considered whether the information could reasonably be expected to influence the decisions of primary users of general-purpose financial reports. The process applied in assessing material climate-related information is described in Section 6 of this statement.

Judgement was also exercised in determining the applicability of metrics within the industry-based SASB Standards, taking into account the nature of the Group's business activities, operating segments, and operating context.

The assessment of climate-related risks and opportunities was based on two Representative Concentration Pathway (RCP) reference scenarios developed by the Intergovernmental Panel on Climate Change (IPCC):

(a) RCP 8.5 – High Emissions Scenario

This scenario assumes limited implementation of climate policies, resulting in continued increase in greenhouse gas emissions and a potential increase in global average temperatures of approximately 4°C or more by 2100.

(b) RCP 2.6 – Low Emissions Scenario

This scenario assumes immediate and aggressive global mitigation actions, with greenhouse gas emissions peaking early and declining thereafter, limiting the increase in global average temperatures to below 2°C by 2100.

The assessment of climate-related transition risks and opportunities was further informed by scenarios published by the International Energy Agency (IEA):

(a) Stated Policies Scenario (STEPS)

A business-as-usual scenario reflecting existing and announced policies, under which global average temperatures could increase by approximately 2.4°C.

(b) Net Zero Emissions by 2050 (NZE) Scenario

A scenario assuming rapid and comprehensive policy, technological and behavioral changes aimed at achieving net-zero emissions by 2050 and limiting global warming to approximately 1.5°C.

SUSTAINABILITY STATEMENT

3.2 Measurement Uncertainty

The following amounts have a high degree of measurement uncertainty:

(a) Quantification of anticipated financial effects for CROs

The measurement of anticipated financial effects is subject to measurement uncertainty over the medium-term and long-term. This includes assumptions on the timing and occurrence or non-occurrence of specific regulations and incidences.

(b) GHG-related metrics

GHG emissions metrics are subject to inherent uncertainties arising from reliance on activity data, and emission factors obtained from third parties. Where activity data and emission factors are unavailable, or are incomplete, estimations are used.

4 STATEMENT OF ASSURANCE

The Scope 1 and Scope 2 GHG emissions and energy metrics in this Sustainability Statement has been subjected to internal review by the Group's internal auditors.

Note: please refer to page 102 in the Sustainability Statement for the internal assurance statement.

5 ABOUT HAP SENG CONSOLIDATED BERHAD

The Group is a diversified conglomerate listed on Bursa Malaysia with six core business segments: plantations, property, credit financing, automotive, trading and building materials. The Group operates primarily in Malaysia with presence in markets such as Singapore, Indonesia, China and The United Kingdom. Its Plantation division focuses on the cultivation of oil palm and processing of fresh fruit bunches (FFB) into crude palm oil (CPO) and palm kernel (PK), while the Property division undertakes residential and commercial properties development, property investment activities, as well as hospitality operations. The Credit Financing division's principal

activity is the provision of secured term loans and industrial hire purchase, primarily to small and medium enterprises. The Automotive division is involved in the distribution, retail and after-sales servicing of passenger and commercial vehicles, while the Trading division distributes fertilizers, agrochemicals and construction materials. The Building Materials division engages in quarrying activities, supplying quarry products to the infrastructure and construction industries. The division also manufactures and distributes tiles under Hafary Holdings Limited (Hafary).

Across its value chain, Hap Seng's upstream activities include resource-based operations such as oil palm cultivation, quarrying of aggregates, and procurement or sourcing of fertilizers, building materials and automotive products from suppliers. The midstream activities involve processing and manufacturing activities such as palm oil milling, brick manufacturing, and logistics and warehousing for traded goods. The Group's downstream value chain comprises property development and investment, distribution, retail and after-sales services of vehicles, supply of building materials to contractors and developers, and the provision of credit financing that support customers across its business operations.

In line with the Group's sustainability commitments, the Group has undertaken various initiatives to reduce GHG emissions across its operations and value chain. These include improving energy efficiency in manufacturing and operational facilities, adopting renewable energy sources such as solar power, recycling oil palm biomass for renewable energy, and implementing resource-efficiency practices including recycling and waste reduction. The Group also promotes sustainable agricultural practices within its plantation operations and encourages responsible procurement and operational improvements across its divisions to minimise environmental impacts.

Through these initiatives, the Group aims to manage and/ or progressively reduce its carbon footprint while enhancing operational efficiency and supporting a more sustainable and resilient business model.

6 HOW WE DETERMINED OUR FINANCIALLY MATERIAL CROS

The Group undertook a materiality assessment to identify CROs that could reasonably be expected to affect the Group's prospects.

The identification and assessment of CROs were conducted by the Divisional Sustainability Working Committees, consolidated by the Group Sustainability Team, reviewed and endorsed by the Group Sustainability Committee, and subsequently approved by the Board of Directors.

The objective of this process was to identify climate-related information that could reasonably be expected to influence the decisions of primary users of general-purpose financial reports, including information affecting the Group's cash flows, access to finance, or cost of capital.



The materiality assessment process comprised two key steps:

Step 1: Identification of CROs

a Identification of potential CROs

Potential CROs were identified using a combination of internal and external sources, including but not limited to:

- the Group's existing Enterprise Risk Management (ERM) Framework;
- educational and guidance materials issued by the IFRS Foundation in relation to IFRS S2; and
- relevant disclosure topics under the SASB Standards.
- National Sustainability Reporting Framework (NSRF)

b Financial materiality assessment

In assessing financial materiality, the Group evaluated the nature, likelihood, and magnitude of potential financial impacts associated with each identified CRO. This included consideration of potential impacts on:

- revenue;
- operating and capital expenditure;
- asset values;
- access to financing; and
- cost of capital.

Both downside risks and value-creation opportunities were assessed to provide a balanced view of potential financial implications. The Group also applied climate scenario analysis to assess the resilience of its business model to identified CROs across short-term, medium-term, and long-term time horizons.

SUSTAINABILITY STATEMENT

c Prioritisation of financially material CROs

The determination of financially material CROs involves significant judgement. Consistent with the Group's climate-first approach under IFRS S2, only CROs that could reasonably be expected to affect the Group's prospects, specifically impacts on cash flows, access to finance, or cost of capital, are disclosed in the Group's climate-related disclosures.

d Board oversight and approval

The outcomes of the CRO prioritisation process have been reviewed and endorsed by the Group Sustainability Committee. The Committee reviewed the assessment methodology, key assumptions, and principal findings to ensure their robustness and relevance. Following endorsement, the final list of financially material CROs was submitted and approved by the Board of Directors.

Step 2: Identification of Material Information

For each prioritised CRO, the Group identified the material information required to be disclosed in accordance with IFRS S2, including information relating to:



governance
and oversight
arrangements



strategic
implications for
the business



risk
management
processes



relevant
metrics and
targets

Outcome of Materiality Assessment Process

Please refer to Section 9 for the identified CROs.

Management has undertaken an assessment of climate-related physical and transition risks and opportunities across the Group's business operations. Acute and chronic physical climate risks were identified from the assessment, where acute risks refer to short-term, event-driven extreme weather events such as floods and storms that may cause immediate operational disruption and asset damage, while chronic risks relate to longer-term shifts in climate patterns, such as rising temperatures and changes in rainfall, which may gradually affect operational efficiency and asset performance over time. Based on the assessment, the financial impacts are considered to be not financially material in short term, while in medium and long term, the financial impact cannot be reliably estimated due to measurement uncertainty.

Climate-related transition risks and opportunities, including regulatory, market and technology-related factors, were assessed across all business segments. Based on the assessment, the financial impacts arising from the assessed transition risks either have no impact or are not expected to materially affect the Group in the short term, while in medium and long term, the financial impact cannot be reliably estimated due to measurement uncertainty.

7 SUSTAINABILITY GOVERNANCE

The Group has developed a Group Sustainability Framework that outlines the Group's sustainability governance, commitments, and strategy, serving as a guide for all business divisions in addressing sustainability and climate-related risks and opportunities. The sustainability governance structure is laid out in the diagram below.

The Corporate Planning & Investor Relations Department (CPIR) manages and coordinates the sustainability activities within the Group and engages with relevant internal and where possible, external stakeholders on the Group's sustainability and climate-related matters.

The Group Sustainability Committee and the Divisional Sustainability Working Committee meeting will convene at least once annually, with biannual updates provided to the Board.



The results of the CRO assessment will be integrated into the Group's ERM Framework to ensure that the identified climate-related risks and opportunities are evaluated and monitored alongside other financial and operational risks to provide a holistic view of the Group's overall risk profile.

To ensure alignment between the business priorities and sustainability performance, the Group has also integrated sustainability performance into business divisional key performance indicators (KPIs) which is linked to the remuneration of employees. These KPIs are set out in the Group's Sustainability Report on our webpage.

SUSTAINABILITY STATEMENT

8 RISK MANAGEMENT

The Group's ERM Framework provides a structured and consistent approach for identifying, assessing, and managing climate-related risks and opportunities across the Group's diversified businesses. Risk Management Guidelines and Procedures complement the ERM Framework, ensuring a systematic consideration of climate-related matters.

Climate-related risks are identified and assessed as part of the Group's ERM process on biannual basis, prioritised using the same risk assessment criteria as other enterprise risks, and reported to the Group Risk Management Committee and the Board.

The Group has identified climate-related issues relevant to its operations with reference to applicable national sustainability framework and internationally recognised industry standards. Further details on the Group's risk management processes are set out in Section 6.

9 CLIMATE-RELATED RISKS AND OPPORTUNITIES

a. Climate-related risks

i. Climate-related physical risk: Extreme weather events

The Group assessed four acute and chronic climate-related physical risks—flooding, prolonged heatwaves, water stress, and landslides—and evaluated their potential impacts on its business divisions.

Effects on business model and value chain

These impacts include reduced agricultural output, lower processing efficiency, operational disruptions and increased exposure to asset damage and repair requirements. Indirect impacts may also arise across downstream logistics and processing activities where harvesting or milling disruptions affect product flows and delivery schedules.

- **Prolonged heatwave:** Extended dry periods and reduced rainfall can lead to water stress in oil palms, which may reduce fruit set as fewer flowers develop into harvestable fruits. This directly lowers FFB output and subsequently reduces CPO production volumes.

- **Flooding:** Periods of intense rainfall and increased high-precipitation days have resulted in flooding across selected plantation estates, disrupting fertiliser application, harvesting activities and restricting access to plantations and mills. Flood conditions can delay or prevent the collection and transport of FFB, leading to harvest losses, reduced milling throughput and higher operating costs associated with recovery and remediation efforts.

- **Water stress:** A condition where water availability is insufficient to meet demand, potentially affecting operational continuity, agricultural productivity, and resource management due to reduced water supply or increased competition for water.

- **Landslide:** The movement of soil, rock, or debris down a slope, often triggered by heavy rainfall or land instability, which can disrupt operations, damage infrastructure, and pose safety risks.

ii. Climate-related transition risk - Climate-related regulations

The Group is exposed to the following climate-related transition risks across its business divisions:

- Implementation of carbon-related taxes,
- Compliance to Energy Efficiency and Conservation Act (EECA)
- Tighter regulations governing the use of palm oil as a biofuel feedstock,
- Enhancing the use of biodiesel by the regulator,
- Increase in sustainability compliance cost,
- Change in commercial lending compliance,
- Change in consumer preferences,
- Evolving technology in electric vehicles (EV),
- Stakeholders' sentiment on the Group's climate commitment.

The Group considers these climate-related transition risks in its planning and budgeting process.

SUSTAINABILITY STATEMENT

b. Climate-related opportunities

In parallel with the assessment of climate-related risks, the Group has considered the following potential climate-related opportunities arising from evolving regulatory requirements, market expectations and stakeholder preferences associated with the transition to a lower-carbon economy:

- Rising corporate awareness and commitment to sustainability may increase tenants and customers preference for environmentally certified properties. In the short to medium term, this may support demand for green-certified developments and enhance the attractiveness and competitiveness of the Group's property assets, particularly where sustainability performance is increasingly considered in leasing and investment decisions.
- Implementation of renewable energy solutions, including the generation of renewable energy from biomass to reduce reliance on fossil fuel, and solar energy to reduce reliance on electricity from grid electricity, lower operational energy consumption and mitigate exposure to energy cost volatility over the short to medium term.
- Repurposing of empty fruit bunches (EFB) into fibre mats for field applications in the Plantation division have improved waste utilization and reduced fossil fuel consumption through more efficient transportation.

These climate related opportunities are not quantifiable due to data limitation. However, these opportunities will result in lower operating expenses.

c. Financial effects

Current financial effects

Physical risks

i) Flooding

During the financial year, flooding incidences only affected the Plantation division and only at three plantation estates covering about 9.7% of our estate's planted area.

Flooding incidents disrupted harvesting activities and loose fruits collection, leading to lower yield and a corresponding revenue reduction.

To mitigate the impacts of flooding incidence and enhance operational resilience, the Group has invested on the installation and maintenance of flood mitigation measures across its plantation estates and palm oil mills.

The financial effects from the flooding incidents and mitigation measures are considered not financially material.

ii. Prolonged Heatwave, Water Stress and Landslide

During the financial year, no incidence of prolonged heatwave, water stress or landslide were recorded across all the business divisions.

iii) Climate-related Transition risks

During the financial year, the Group incurred cost related to compliance with the Energy Efficiency and Conservation Act (EECA). However, the financial impact is considered not financially material. There were no financial effect related to the other transition risks.

Anticipated financial effects

Looking ahead, the Group anticipates that continued exposure to extreme weather conditions may result in lower yields from our Plantation division, reduced revenues and margin pressure over the short, medium and long term.

In the short term, the Group does not expect flooding and prolonged heatwave to have a material effect on its prospects, taking into account the limited proportion of assets affected, the Group's diversified operations and the mitigation measures currently in place. Water stress and landslides have been assessed as not expected to have any impact to the business divisions.

SUSTAINABILITY STATEMENT

The financial impacts arising from the assessed transition risks either have no impact or are not expected to materially affect the Group in the short term.

Over the medium and long term, continued exposure to extreme weather conditions may result in lower yields from the Plantation division, reduced revenues and potential increases in operating and capital expenditure. However, the anticipated financial effects over these time horizons cannot be reliably estimated at present due to measurement uncertainty in the underlying assumptions, including the timing, frequency and severity of future climate events, as well as limitations in historical and forward-looking data. As a result, the Group has not quantified these anticipated financial effects as such information would not be useful to the users of this statement.

Transition risks may pose financial effects to the Group over the medium to long term. However, these effects cannot be reliably estimated due to measurement uncertainty in the inputs and assumptions as well as lack of data availability at present, resulting in information not being useful to the users of this statement.

Based on the mitigation and adaptation measures already implemented, the Group does not expect significant increase in investments and operational costs in short term, as existing measures are adequate to address the anticipated impacts of physical and transition risks on its operations.

The Group cannot reliably estimate its investments and operational costs in the medium and long term due to uncertainty in the inputs and assumptions as well as lack of data availability.

RM'000	Current financial effects	Short-term financial effects (per annum)	Medium-term financial effects (per annum)	Long-term financial effects (per annum)
Physical and transition risks				
Financial Performance				
- Decrease in revenue	Not financially material	Not financially material	Note	Note
- Flood and heatwave mitigation (increase)	Not financially material	Not financially material	Note	Note
- Cost of compliance to Energy Efficiency and Conservation Act (EECA) (increase)	Not financially material	Not financially material	Note	Note

Note - The anticipated financial effect cannot be reliably estimated due to measurement uncertainty in the inputs and assumptions as well as lack of data availability at present, resulting in information not being useful to the users of this statement.

d. Resilience

A climate-related scenario analysis was conducted for the Group to assess the potential impacts of climate-related risks, particularly extreme weather events and longer-term climate trends, across the Group's operations and locations. The analysis considered a range of future climate outcomes using RCP 2.6 and RCP 8.5, based on publicly available data from relevant climate hazard tools.

The scenario analysis was performed for the financial year ended 31 December 2025 and forms part of the Group's broader assessment of climate-related risks and opportunities under IFRS S2 Climate-related Disclosures. The Group reviews its climate-related scenario analysis annually or as and when significant new climate science, regulatory developments, or data are expected to materially affect the Group's exposure to climate-related risks.

i) Climate-related physical risks

Scenario 1: High physical risk (RCP 8.5)	Scenario 2: Lower physical risk (RCP 2.6)
<p>This scenario represents a future with greenhouse gas emissions remain high, likely leading to warming of 4°C by 2100. This scenario resulting in significant global warming and increasingly severe physical climate impacts.</p>	<p>This scenario reflects a future in which early, coordinated and stringent climate policies are implemented globally, resulting in rapid emissions reductions and limiting global temperature rise to well below 2°C, consistent with international climate goals.</p>

The results of physical risks scenario analysis summarised below:

Physical Risks							Operational Impact	Financial Impact	Risk Treatment Response
Hazard	RCP 8.5			RCP 2.6					
	20	2050	Result	2030	2050	Result			
Coastal Flooding	L to S	L to S	L: 82% M: 17% S: 1%	L to M	L to M	L: 99% M: 1% S: 0%	<ul style="list-style-type: none"> - Damage to crops (e.g. overripe harvest), inventory, infrastructure, estate roads, tools, and equipment. - Temporary disruption of access to operating sites. - Safety risks to employees and local communities. - Increased costs for repair or replacement of damaged assets. - Increased insurance costs. - Potential loss of tenants. 	<p>In short term, the financial impacts are considered to be not financially material and are not reasonably expected to materially affect the Group's prospects.</p> <p>In medium to long term, the anticipated financial impact cannot be reliably estimated due to measurement uncertainty in the inputs and assumptions as well as lack of data availability at present, resulting in information not being useful to the users of this statement.</p>	<ul style="list-style-type: none"> - Elevate flood-prone estate roads to reduce flood impact. - Regular maintenance of roads to ensure smooth crop transportation. - Installing more flood gates to control water flow into estates during rainy season. - Premature harvesting in flood-prone areas to minimize crop loss. - Flood/ peril insurance coverage for assets, tools, and equipment. - Develop and implement a flood adaptation plan. - Consider relocation of high-risk assets. - Enable employees to work from home if flooding affects office operations.
Prolonged Heatwave	L to M	L to M	L: 88% M: 12% S: 0%	L	L	L: 100% M: 0% S: 0%	<ul style="list-style-type: none"> - Potential discomfort to employees due to heat stress. - Reduced working efficiency and productivity of employees. - Overheating and potential breakdown of equipment. - Increased medical claims and health-related costs. - Increased utility consumption. - Potential impact on crop yields. 	<p>In short term, the financial impacts are considered to be not financially material and are not reasonably expected to materially affect the Group's prospects.</p> <p>In medium to long term, the anticipated financial impact cannot be reliably estimated due to measurement uncertainty in the inputs and assumptions as well as lack of data availability at present, resulting in information not being useful to the users of this statement.</p>	<ul style="list-style-type: none"> - Incorporate heatwave management into health and safety standard operating procedures (SOP). - Adjust work shifts for field workers to reduce heat exposure. - Install more fans and air conditioning units in work and office areas.

S = Significant risk; M = Moderate risk; L = Low risk

SUSTAINABILITY STATEMENT

Physical Risks									
Hazard	RCP 8.5			RCP 2.6			Operational Impact	Financial Impact	Risk Treatment Response
	2030	2050	Result	2030	2050	Result			
Water Stress	L to M	L to M	L: 95% M: 5% S: 0%	L	L	L: 100% M: 0% S: 0%	<ul style="list-style-type: none"> - Reduced availability of water may impact operations (e.g. hotels, retail outlets, offices, body & paint centres, service centres, and production plants). - Disruption to domestic water supply for office and operational needs. 	<p>In short term, it is not expected to have any impact.</p> <p>In medium to long term, the anticipated financial impact cannot be reliably estimated due to measurement uncertainty in the inputs and assumptions as well as lack of data availability at present, resulting in information not being useful to the users of this statement.</p>	<ul style="list-style-type: none"> - Rationalize domestic water consumption during low rainfall periods. - Increase water storage capacity by upgrading existing tanks and procuring additional tanks and storage equipment. - Regularly monitor and maintain water tank condition. - Install rainwater harvesting systems for landscaping and car wash purposes. - Implement water efficiency measures across operations. - Install water treatment plants or processes to produce potable water for emergency use. - Request for external water supply support. - Utilize surface water to reduce dust on internal roads (e.g. in quarries).
Landslide	L to M	L to M	L: 99% M: 1% S: 0%	L	L	L: 100% M: 0% S: 0%	<ul style="list-style-type: none"> - Temporary disruption of access. - Damage to the road, infrastructure and planted area. - Non-compliance to safety regulation. 		<ul style="list-style-type: none"> - Maintain cover crops on hilly areas to reduce soil erosion. - Maintain planting terraces on slopes to stabilize the land. - Avoid planting oil palm on slopes exceeding 25 degrees. - Conduct monthly visual inspections of "at-risk" slopes and document findings along with planned mitigation measures.

S = Significant risk; M = Moderate risk; L = Low risk

ii) Climate-related transition risks

Scenario 1: Low transition risk (Stated Policies Scenario - STEPS)	Scenario 2: High transition risk (Net Zero Emission by 2050 – NZE2050)
This scenario represents a future with limited climate policy intervention, weak regulatory coordination, and continued reliance on carbon-intensive economic growth. Greenhouse gas emissions remain high, leading to an estimated global warming of 2.4°C by 2100 and increasingly severe physical climate impacts.	This scenario reflects a future in which early, coordinated and stringent climate policies are implemented globally, resulting in rapid emissions reductions and limiting global temperature rise to approximately 1.5°C, consistent with international climate goals.

The results of transition risks scenario analysis are summarised below:

Transition Risk						
Risk category	Risk Description	Time Horizon	STEPS	NZE2050	Financial Impact	Potential Mitigation Approach
Policy & Legal	Carbon tax	Medium term	M	S	In short term, the financial impacts are considered to be either not financially material or have no impact, and are not reasonably expected to materially affect the Group's prospects.	- To continue carbon reduction initiatives and utilization of renewable energy sources.
	EECA	Short to medium term	M	S		- Energy managers have been appointed for Menara Hap Seng. - A proposal to implement an energy reduction initiative at Menara Hap Seng has been submitted for the Energy Commission's Energy Audit Conditional Grant.
	EU's revised Renewable Energy Directive on biodiesel	Short term	S	S	In medium to long term, the anticipated financial impact cannot be reliably estimated due to measurement uncertainty in the inputs and assumptions as well as lack of data availability at present, resulting in information not being useful to the users of this statement.	- Maintaining relevant sustainability certifications for palm oil mills and estates to ensure compliance to new requirements.
	Enhancing use of biodiesel	Medium term	L	L		- The current truck models for sale and distribution are equipped with engines compatible with much higher biodiesel standards required by the market.
	Sustainability Compliance Cost	Short to long term	M	S		- To continue engaging with stakeholders on ensuring products and services are compliance to the required standards.
	Climate risk in commercial lending compliance	Medium term	L	L		- There is currently no ESG-related lending compliance requirement in the credit financing sector. To monitor policy developments to ensure timely alignment with any future regulations.

S = Significant risk; M = Moderate risk; L = Low risk

SUSTAINABILITY STATEMENT

Transition Risk						
Risk category	Risk Description	Time Horizon	STEPS	NZE2050	Financial Impact	Potential Mitigation Approach
Market	Change in consumer preferences	Long term	L	L	<p>In short term, the financial impacts are considered to be either not financially material or have no impact, and are not reasonably expected to materially affect the Group's prospects.</p> <p>In medium to long term, the anticipated financial impact cannot be reliably estimated due to measurement uncertainty in the inputs and assumptions as well as lack of data availability at present, resulting in information not being useful to the users of this statement.</p>	<ul style="list-style-type: none"> - Maintain relevant certifications on sustainable palm oil. - Develop certified green buildings to meet market demand. - Aside from EVs, passenger vehicle segment is offering fuel efficient vehicles to capture customer demand for environmentally friendly product.
Technology	Evolving technology in EV	Long term	L	L		<ul style="list-style-type: none"> - Monitor EV technological advancements, adopt a flexible and diversified product strategy, build strategic partnerships, and upskill capabilities to remain adaptable to evolving technology.
Reputation	Stakeholders' Sentiment	Medium to long term	L	L		<ul style="list-style-type: none"> - To meet stakeholders expectation on sustainability performance disclosures and implement cost-effective initiatives to reduce carbon emissions.

S = Significant risk; M = Moderate risk; L = Low risk

Based on the outcomes of the scenario analysis, the Group considers its current strategy and business model to be resilient to identified climate-related risks in the short term. In the short term, the financial impacts arising from climate-related physical and transition risks either have no impact on or are not expected to materially affect the Group.

While the anticipated financial impact for climate-related physical and transition risks in the medium and long term cannot be reliably estimated, the assessment indicates that the Group's physical climate risks over the medium and long term are generally low to moderate, with only a small proportion of premises exposed to significant risks. Coastal flooding represents the most notable hazard, particularly under the higher-emission scenario, while other hazards such as extreme heat, water stress and landslides are mostly identified as low risk. With the implementation of carbon reduction initiatives, compliance to sustainability-related certifications and utilization of renewable energy sources, the identified transition risks are expected to remain within a manageable level.

The Group will continue to refine its climate scenario analysis and enhance its assessment of climate-related risks and opportunities as methodologies, data availability and regulatory expectations evolve.

10 METRICS AND TARGETS

	2023	2024	2025	Targets	Remarks
Scope 1 (t CO ₂ -e)	145,113	189,794	181,706	Year-on-year absolute or intensity reduction	The Group
Scope 2 (t CO ₂ -e)	19,694	57,083	62,033	Year-on-year absolute or intensity reduction	The Group
Total energy consumed (GJ)	2,321,382	3,505,539	3,368,743	Year-on-year absolute or intensity reduction	The Group
Total water consumed (m ³)	1,750,236	2,303,708	2,940,405	Year-on-year absolute or intensity reduction	The Group
Gross global Scope 1 emissions (t CO ₂ -e)	132,948	113,668	102,918	Year-on-year absolute or intensity reduction	Plantation division
Fleet fuel consumed (GJ)	204,680	202,503	179,364	-	Plantation division
Percentage fleet fuel renewable (%)	7.0	7.0	7.0	-	Plantation division
Operational energy consumed (GJ)	1,650,983	1,704,978	1,595,762	-	Plantation division
Percentage energy from grid electricity (%)	0.06	0.05	0.06	-	Plantation division
Percentage energy from renewable energy (%)	94.6	94.6	93.7	-	Plantation division
Total water withdrawn (m ³)	1,969,925	2,586,319	2,212,583	-	Plantation division
Percentage withdrawn in regions with High or Extremely High Baseline Water Stress (%)	0.0	0.0	0.0	-	Plantation division
Total water consumed (m ³)	1,152,770	1,856,485	1,679,540	Year-on-year absolute or intensity reduction	Plantation division
Percentage consumed in regions with High or Extremely High Baseline Water Stress (%)	0.0	0.0	0.0	-	Plantation division

SUSTAINABILITY STATEMENT

	2023	2024	2025	Targets	Remarks
Number of incidents of non compliance associated with water quality permits, standards and regulations	0	0	0	-	Plantation division
Number of lots delivered in regions with High or Extremely High Baseline Water Stress	-	-	0	-	Property division
Number homes delivered in regions with High or Extremely High Baseline Water Stress	-	-	0	-	Property division
Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to ENERGY STAR, by property sector (%)	-	-	0.0	-	Property division
Total energy consumed (GJ)	20,047	21,566	59,842	Year-on-year absolute or intensity reduction	Property division (Hospitality segment)
Percentage energy from grid electricity (%)	99.6	99.5	99.8	-	Property division (Hospitality segment)
Percentage energy from renewable energy (%)	0.013	0.009	0.002	-	Property division (Hospitality segment)
Total water withdrawn (m ³)	43,812	51,369	122,585	-	Property division (Hospitality segment)
Percentage water withdrawn in regions with High or Extremely High Baseline Water Stress (%)	-	-	0.0	-	Property division (Hospitality segment)
Total water consumed (m ³)	43,812	51,369	122,585	Year-on-year absolute or intensity reduction	Property division (Hospitality segment)
Percentage water consumed in regions with High or Extremely High Baseline Water Stress (%)	-	-	0.0	-	Property division (Hospitality segment)
Total energy consumed (GJ)	28,658	28,174	27,456	Year-on-year absolute or intensity reduction	Automotive division

SUSTAINABILITY STATEMENT

	2023	2024	2025	Targets	Remarks
Percentage energy from grid electricity (%)	61.1	58.8	49.6	-	Automotive division
Percentage energy from renewable energy (%)	14.7	19.2	31.3	-	Automotive division
Gross global Scope 1 emissions (t CO ₂ -e)	122	246	196	Year-on-year absolute or intensity reduction	Trading division (Fertilizer trading segment)
Percentage gross global Scope 1 emissions covered under emissions limiting regulations (%)	0.0	0.0	0.0	-	Trading division (Fertilizer trading segment)
Total energy consumed (GJ)	3,982	6,497	6,055	Year-on-year absolute or intensity reduction	Trading division (Fertilizer trading segment)
Percentage energy from grid electricity (%)	55.0	43.9	52.0	-	Trading division (Fertilizer trading segment)
Percentage energy from renewable energy (%)	2.2	3.1	2.6	-	Trading division (Fertilizer trading segment)
Total self-generated energy (GJ)	-	-	0.0	-	Trading division (Fertilizer trading segment)
Total water withdrawn (m ³)	15,147	16,962	12,173	-	Trading division (Fertilizer trading segment)
Percentage withdrawn in regions with High or Extremely High Baseline Water Stress (%)	0.0	0.0	2.1	-	Trading division (Fertilizer trading segment)
Total water consumed (m ³)	15,147	16,960	12,173	Year-on-year absolute or intensity reduction	Trading division (Fertilizer trading segment)
Percentage consumed in regions with High or Extremely High Baseline Water Stress (%)	-	-	2.1	-	Trading division (Fertilizer trading segment)
Number of incidents of non-compliance associated with water quality permits, standards and regulations	0	0	0	-	Trading division (Fertilizer trading segment)

SUSTAINABILITY STATEMENT

	2023	2024	2025	Targets	Remarks
Gross global Scope 1 emissions (t CO ₂ -e)	10,450	4,678	2,155	Year-on-year absolute or intensity reduction	Bulding Materials division (Quarry segment)
Percentage gross global Scope 1 emissions covered under emissions limiting regulations (%)	0.0	0.0	0.0	-	Bulding Materials division (Quarry segment)
Total energy consumed (GJ)	350,484	236,990	90,531	Year-on-year absolute or intensity reduction	Bulding Materials division (Quarry segment)
Percentage energy from grid electricity (%)	10.5	12.4	21.6	-	Bulding Materials division (Quarry segment)
Percentage energy from alternative sources (%)	0.0	0.0	0.0	-	Bulding Materials division (Quarry segment)
Percentage energy from renewable energy (%)	48.5	61.0	45.8	-	Bulding Materials division (Quarry segment)
Total water withdrawn (m ³)	183,181	141,853	126,280	-	Bulding Materials division (Quarry segment)
Percentage water withdrawn in regions with High or Extremely High Baseline Water Stress (%)	-	-	0.0	-	Bulding Materials division (Quarry segment)
Total water consumed (m ³)	183,181	141,853	126,280	Year-on-year absolute or intensity reduction	Bulding Materials division (Quarry segment)
Percentage water consumed in regions with High or Extremely High Baseline Water Stress (%)	-	-	0.0	-	Bulding Materials division (Quarry segment)
Total energy consumed (GJ)	-	1,238,325	1,342,540	Year-on-year absolute or intensity reduction	Bulding Materials division (Hafary)
Percentage energy from grid electricity (%)	-	15.2	15.6	-	Bulding Materials division (Hafary)
Percentage energy from renewable energy (%)	-	0.47	0.50	-	Bulding Materials division (Hafary)

SUSTAINABILITY STATEMENT

The reduction in the Group's scope 1 GHG emission was primarily driven by lower emissions across most business divisions, resulting from reduced operational activity, business rationalisation, and increased use of renewable energy. These factors also contributed to a decrease in total energy consumption for the Group. However, scope 2 emission increased mainly due to higher electricity consumption from ICMH 2 following Hafary's operational takeover in Q2 2024, as well as the inclusion of energy consumption from The Weld, project development site offices and sales galleries within the Property divisions.

The increase in water consumption was mainly driven by higher usage in the Hospitality segment, due to the addition of two new hotels, as well as increased consumption from Hafary compared to the preceding year. Underground water leakage incidents at General Trading Tawau and the Kukusan quarry also contributed to the increase in water consumption.

The disclosed climate-related metrics are monitored by management and used to support decision-making on operational improvements, energy efficiency initiatives and capital investments aimed at reducing emissions and enhancing climate resilience.

The Group has established an initial climate-related target to achieve a year-on-year reduction in certain climate related metrics. This target is intended to support continuous improvement in operational efficiency across the Group's operations. The Group will progressively refine its targets as its data quality, measurement methodologies and transition planning capabilities mature.

STATEMENT OF ASSURANCE

To enhance the credibility of the Sustainability Statement in the FY2025 Annual Report, the following indicators were subjected to an internal review by the Company's internal auditors. The review results were approved by the Audit Committee of Hap Seng Consolidated Berhad.

Subject Matter

The subject matters covered by the internal review included the following sustainability matters and indicators:

No	Sustainability Matters	Indicators
1.	Energy	<ul style="list-style-type: none"> Total energy consumption.
2.	Emission Management	<ul style="list-style-type: none"> Scope 1 emissions in tonnes of CO₂e. Scope 2 emissions in tonnes of CO₂e.

Scope

The scope of the internal review encompassed six core business divisions of Hap Seng Consolidated Berhad, namely plantation, property, credit financing, automotive, trading, and building materials, across its operations in Malaysia, Singapore, Indonesia, China, and the United Kingdom.

PRESCRIBED TABLE

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Climate Change and Greenhouse Gas Emissions	Scope 1 emissions	Metric tonnes (t) CO ₂ -e	181,706	Year-on-year absolute or intensity reduction	Internal	The Group
Climate Change and Greenhouse Gas Emissions	Scope 2 emissions	Metric tonnes (t) CO ₂ -e	62,033	Year-on-year absolute or intensity reduction	Internal	The Group
Energy Management	Total energy consumed	Gigajoules (GJ)	3,368,743	Year-on-year absolute or intensity reduction	Internal	The Group
Water Management	Total water consumed	Cubic meters (m ³)	2,940,405	Year-on-year absolute or intensity reduction	No assurance	The Group
Climate Change and Greenhouse Gas Emissions	SASB FB-AG-110a.1 Gross global Scope 1 emissions	Metric tonnes (t) CO ₂ -e	102,918	Year-on-year absolute or intensity reduction	Internal	Plantation division
Energy Management	SASB FB-AG-110a.3 Fleet fuel consumed	Gigajoules (GJ)	179,364	—	Internal	Plantation division
Energy Management	SASB FB-AG-110a.3 Percentage fleet fuel renewable	Percentage (%)	7	—	Internal	Plantation division
Energy Management	SASB FB-AG-130a.1 Operational energy consumed	Gigajoules (GJ)	1,595,762	—	Internal	Plantation division
Energy Management	SASB FB-AG-130a.1 Percentage energy from grid electricity	Percentage (%)	0.06	—	Internal	Plantation division
Energy Management	SASB FB-AG-130a.1 Percentage energy from renewable energy	Percentage (%)	93.7	—	Internal	Plantation division
Water Management	SASB FB-AG-140a.1 Total water withdrawn	Cubic meters (m ³)	2,212,583	—	No assurance	Plantation division
Water Management	SASB FB-AG-140a.1 Percentage withdrawn in regions with High or Extremely High Baseline Water Stress	Percentage (%)	0	—	No assurance	Plantation division

PRESCRIBED TABLE

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Water Management	SASB FB-AG-140a.1 Total water consumed	Cubic meters (m ³)	1,679,540	Year-on-year absolute or intensity reduction	No assurance	Plantation division
Water Management	SASB FB-AG-140a.1 Percentage consumed in regions with High or Extremely High Baseline Water Stress	Percentage (%)	0	—	No assurance	Plantation division
Water Management	SASB FB-AG-140a.3 Number of incidents of non-compliance associated with water quality permits, standards and regulations	Number	0	—	No assurance	Plantation division
Climate Change and Greenhouse Gas Emissions	SASB IF-HB-160a.2 Number of lots delivered in regions with High or Extremely High Baseline Water Stress	Number	0	—	No assurance	Property division
Climate Change and Greenhouse Gas Emissions	SASB IF-HB-160a.2 Number of homes delivered in regions with High or Extremely High Baseline Water Stress	Number	0	—	No assurance	Property division
Energy Management	SASB IF-RE-130a.4 Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to ENERGY STAR, by property sector	Percentage (%) by floor area	0	—	No assurance	Property division
Energy Management	SASB SV-HL-130a.1 Total energy consumed	Gigajoules (GJ)	59,842	Year-on-year absolute or intensity reduction	Internal	Property division (Hospitality segment)
Energy Management	SASB SV-HL-130a.1 Percentage energy from grid electricity	Percentage (%)	99.8	—	Internal	Property division (Hospitality segment)
Energy Management	SASB SV-HL-130a.1 Percentage energy from renewable energy	Percentage (%)	0.002	—	Internal	Property division (Hospitality segment)

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Water Management	SASB SV-HL-140a.1 Total water withdrawn	Cubic meters (m ³)	122,585	—	No assurance	Property division (Hospitality segment)
Water Management	SASB SV-HL-140a.1 Percentage water withdrawn in regions with High or Extremely High Baseline Water Stress	Percentage (%)	0	—	No assurance	Property division (Hospitality segment)
Water Management	SASB SV-HL-140a.1 Total water consumed	Cubic meters (m ³)	122,585	Year-on-year absolute or intensity reduction	No assurance	Property division (Hospitality segment)
Water Management	SASB SV-HL-140a.1 Percentage water consumed in regions with High or Extremely High Baseline Water Stress	Percentage (%)	0	—	No assurance	Property division (Hospitality segment)
Energy Management	SASB CG-MR-130a.1 Total energy consumed	Gigajoules (G.J)	27,456	Year-on-year absolute or intensity reduction	Internal	Automotive division
Energy Management	SASB CG-MR-130a.1 Percentage energy from grid electricity	Percentage (%)	49.6	—	Internal	Automotive division
Energy Management	SASB CG-MR-130a.1 Percentage energy from renewable energy	Percentage (%)	31.3	—	Internal	Automotive division
Climate Change and Greenhouse Gas Emissions	SASB RT-CH-110a.1 Gross global Scope 1 emissions	Metric tonnes (t) CO ₂ -e	196	Year-on-year absolute or intensity reduction	Internal	Trading division (Fertilizer trading segment)
Climate Change and Greenhouse Gas Emissions	SASB RT-CH-110a.1 Percentage gross global Scope 1 emissions covered under emissions limiting regulations	Percentage (%)	0	—	No assurance	Trading division (Fertilizer trading segment)
Energy Management	SASB RT-CH-130a.1 Total energy consumed	Gigajoules (G.J)	6,055	Year-on-year absolute or intensity reduction	Internal	Trading division (Fertilizer trading segment)

PRESCRIBED TABLE

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Energy Management	SASB RT-CH-130a.1 Percentage energy from grid electricity	Percentage (%)	52	—	Internal	Trading division (Fertilizer trading segment)
Energy Management	SASB RT-CH-130a.1 Percentage energy from renewable energy	Percentage (%)	2.6	—	Internal	Trading division (Fertilizer trading segment)
Energy Management	SASB RT-CH-130a.1 Total self-generated energy	Gigajoules (GJ)	0	—	Internal	Trading division (Fertilizer trading segment)
Water Management	SASB RT-CH-140a.1 Total water withdrawn	Cubic meters (m3)	12,173	—	No assurance	Trading division (Fertilizer trading segment)
Water Management	SASB RT-CH-140a.1 Percentage water withdrawn in regions with High or Extremely High Baseline Water Stress	Percentage (%)	2.1	—	No assurance	Trading division (Fertilizer trading segment)
Water Management	SASB RT-CH-140a.1 Total water consumed	Cubic meters (m3)	12,173	Year-on-year absolute or intensity reduction	No assurance	Trading division (Fertilizer trading segment)
Water Management	SASB RT-CH-140a.1 Percentage water consumed in regions with High or Extremely High Baseline Water Stress	Percentage (%)	2.1	—	No assurance	Trading division (Fertilizer trading segment)
Water Management	SASB RT-CH-140a.2 Number of incidents of non-compliance associated with water quality permits, standards and regulations	Number	0	—	No assurance	Trading division (Fertilizer trading segment)
Climate Change and Greenhouse Gas Emissions	SASB EM-CM-110a.1 Gross global Scope 1 emissions	Metric tonnes (t) CO ₂ -e	2,155	Year-on-year absolute or intensity reduction	Internal	Building Materials division (Quarry segment)
Climate Change and Greenhouse Gas Emissions	SASB EM-CM-110a.1 Percentage gross global Scope 1 emissions covered under emissions limiting regulations	Percentage (%)	0	—	No assurance	Building Materials division (Quarry segment)

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Energy Management	SASB EM-CM-130a.1 Total energy consumed	Gigajoules (GJ)	90,531	Year-on-year absolute or intensity reduction	Internal	Building Materials division (Quarry segment)
Energy Management	SASB EM-CM-130a.1 Percentage energy from grid electricity	Percentage (%)	21.6	—	Internal	Building Materials division (Quarry segment)
Energy Management	SASB EM-CM-130a.1 Percentage energy from alternative sources	Percentage (%)	0	—	Internal	Building Materials division (Quarry segment)
Energy Management	SASB EM-CM-130a.1 Percentage energy from renewable energy	Percentage (%)	45.8	—	Internal	Building Materials division (Quarry segment)
Water Management	SASB EM-CM-140a.1 Total water withdrawn	Cubic meters (m ³)	126,280	—	No assurance	Building Materials division (Quarry segment)
Water Management	SASB EM-CM-140a.1 Percentage water withdrawn in regions with High or Extremely High Baseline Water Stress	Percentage (%)	0	—	No assurance	Building Materials division (Quarry segment)
Water Management	SASB EM-CM-140a.1 Total water consumed	Cubic meters (m ³)	126,280	Year-on-year absolute or intensity reduction	No assurance	Building Materials division (Quarry segment)
Water Management	SASB EM-CM-140a.1 Percentage water consumed in regions with High or Extremely High Baseline Water Stress	Percentage (%)	0	—	No assurance	Building Materials division (Quarry segment)
Climate Change and Greenhouse Gas Emissions	SASB CG-BF-130a.1 Total energy consumed	Gigajoules (GJ)	1,342,540	Year-on-year absolute or intensity reduction	Internal	Building Materials division (Hafary)
Climate Change and Greenhouse Gas Emissions	SASB CG-BF-130a.1 Percentage energy from grid electricity	Percentage (%)	15.6	—	Internal	Building Materials division (Hafary)
Climate Change and Greenhouse Gas Emissions	SASB CG-BF-130a.1 Percentage energy from renewable energy	Percentage (%)	0.5	—	Internal	Building Materials division (Hafary)

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