Illustrative Sustainability Report

For the Construction Sector Based on the IFRS® Sustainability Disclosure Standards

A publication by:
Advisory Committee on Sustainability Reporting

An Initiative of:
PACE
Policy | Assumptions | Calculations | Education

Suruhanjaya Sekuriti
Securities Commission Malaysia

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

BURSA MALAYSIA

SSM
SURUHANJAYA SYARIKAT MALAYSIA
COMPANIES COMMISSION OF MALAYSIA

FRF FINANCIAL REPORTING FOUNDATION
YAYASAN LAPORAN KEWANGAN

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The development of this Illustrative Sustainability Report was prepared with the support of the Advisory Committee on Sustainability Reporting (ACSR), chaired by Securities Commission Malaysia (SC), with members comprising the Audit Oversight Board, Bank Negara Malaysia (BNM), Bursa Malaysia (Bursa), the Companies Commission of Malaysia (SSM) and the Financial Reporting Foundation (FRF).

In preparing this Illustrative Sustainability Report, extensive research was undertaken including engagements with the relevant stakeholders to ensure that the publication is fit for purpose. The ACSR records its appreciation to the various industry representatives, who contributed invaluable views and suggestions in the preparation of this document.

The ACSR would like to acknowledge PwC Malaysia for their insights drawn from market practices across various jurisdictions, as well as their experience in corporate sustainability reporting, which were instrumental in the development of this publication.

Disclaimer

This publication contains an illustrative example of a basis of preparation and selected sustainability notes only for an entity reporting under the IFRS® Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB), in line with Bursa Malaysia's Main Market Listing Requirements (Main Market Listing Requirements). Additional information required to be disclosed under the Main Market Listing Requirements has been included in Note 10 of this Illustrative Sustainability Report (ISR). This ISR is not intended to illustrate all disclosures under these standards but to offer guidance for those preparing such reports for the first time.

As at the date of issuance of this ISR, only two standards have been issued by the ISSB, namely IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information' (IFRS S1) and IFRS S2 'Climate-related Disclosures' (IFRS S2). This ISR is prepared based on the requirements of these two standards and do not include any subsequent new standards or amendments issued on or after 30 June 2025 (such as the exposure draft issued in April 2025 on Amendments to Greenhouse Gas Disclosures). References to the specific requirements under the IFRS Sustainability Disclosure Standards and Main Market Listing Requirements are included where applicable. These references are not intended to be exhaustive or to provide a complete disclosure and compliance checklist for users of this ISR.

A fictional company, Building Trust Berhad, has been created to demonstrate example disclosures within this document. These examples are based on hypothetical scenarios and hypothetical risks that may be relevant to both the entity and the industry in which the entity operates. The illustrated disclosures do not represent the only way to apply the requirements under IFRS S1 and IFRS S2.

For the purpose of this ISR, only three sustainability-related risks have been illustrated. Other sustainability-related risks and opportunities may exist for this company that would require disclosure, but are not illustrated. Entities should tailor their sustainability reports to include relevant information on their sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the company to meet the objective of IFRS S1 and IFRS S2.

This ISR is for illustrative purposes only and should be used in conjunction with the relevant sustainability reporting standards and any other pronouncements and legislation applicable in Malaysia. Information contained in this publication does not substitute for professional advice or formal reporting requirements.

This publication also includes Appendix II which is designed to aid preparers who have previously reported sustainability information using the GRI Standards, and who are preparing sustainability information under the IFRS Sustainability Disclosure Standards for the first time. It highlights areas of the ISR which contain information that is similar to information required by specific GRI Standards. The appendix does not identify all information within GRI Standards that might be material for this ISR. Nor does this appendix consider the interoperability of specific disclosures between the GRI Standards and the IFRS Sustainability Disclosure Standards. The GRI Standards referenced in this appendix are limited to the sustainability-related risks illustrated in this ISR and are not intended to be exhaustive or provide a complete disclosure and compliance checklist of all GRI Standards.

This publication also includes Appendix III which provides guidance to preparers on sustainability-related opportunities in the construction industry. The guidance and illustrative examples are not intended to be exhaustive.

About this publication

Introduction

The development of this Illustrative Sustainability Report (ISR), one of the key deliverables under the PACE (Policy, Assumptions, Calculators, Education) initiative, is led by the Advisory Committee on Sustainability Reporting (ACSR) which oversees the implementation of the National Sustainability Reporting Framework (NSRF). The ACSR is chaired by Securities Commission Malaysia, with members comprising of the Audit Oversight Board, Bank Negara Malaysia, Bursa Malaysia, the Companies Commission of Malaysia and the Financial Reporting Foundation.

This ISR illustrates a sustainability report for a fictional listed company within the construction sector, Building Trust Berhad who is preparing its first report under the IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB), and in line with Bursa Malaysia's Main Market Listing Requirements (Main Market Listing Requirements). Additional information required to be disclosed under the Main Market Listing Requirements has been included in Note 10 of this ISR.

Building Trust Berhad is a fictional company listed on Bursa Malaysia's Main Market and is the parent company in a consolidated group (the 'Group'). The Group is a construction service provider headquartered in Malaysia, with operations across Malaysia, Australia, Singapore and Myanmar. It provides regional services for commercial, residential and major infrastructure projects that include tollways, rail lines, tunnels and bridges. Information about entities within the Group's reporting boundary are included in Note 3 of the ISR.

As at the date of issuance of this ISR, only two standards have been issued by the ISSB, namely IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information' (IFRS S1) and IFRS S2 'Climate-related Disclosures' (IFRS S2). This ISR illustrates only certain selected examples of the sustainability reporting requirements of these two standards and do not include any subsequent new standards or amendments issued on or after 30 June 2025 (such as the exposure draft issued in April 2025 on Amendments to Greenhouse Gas Disclosures). With respect to disclosures specifically required by the IFRS Sustainability Disclosure Standards, the applicable paragraphs in IFRS S1 and IFRS S2 which the disclosure is illustrating have been included for reference.

The Group's structure, nature of operations, and financial performance in the sustainability report are expected to be consistent between its sustainability report and its financial statements. This ISR includes examples of cross-references to disclosure notes indicated as [Note XX] in the hypothetical financial statements of the Group where relevant.

The objective of this publication is to illustrate how an entity might structure its sustainability report, specifically as it relates to its overall sustainability reporting policies.

The illustrative sustainability report includes the following sustainability reporting policy notes:
1. Basis of preparation
2. Overview of the Group and value chain
3. Reporting boundary
4. Judgements and measurement uncertainties
5. Materiality assessment
6. Sustainability governance

For the purpose of this ISR, only three sustainability-related risks have been illustrated. Other sustainability-related risks and opportunities may exist for Building Trust Berhad that would require disclosure, but they are not illustrated for the purpose of this ISR. This ISR also does not illustrate disclosures related to sustainability-related opportunities. Depending on the number of sustainability-related risks and opportunities that an entity identifies, a different structure of the report might be more appropriate.

The Group's sustainability report covers material information about sustainability-related risks that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium, and long term. This includes information from the Group's own operations and information that arises or might arise in the context of the Group's value chain.

About this publication (continued)

Supporting commentary is provided in grey boxes throughout the ISR to provide additional guidance for preparers. The ISR also includes additional disclosures that provide material information to the users. References highlighted in **green** are not specific disclosure requirements in the IFRS Sustainability Disclosure Standards, but refer to guidance in the relevant standards related to the illustrated disclosure. In a limited number of instances, the ISR includes information in brackets [for example], this information should be understood to be a placeholder for details which should be customised by entities depending on specific facts and circumstances.

This publication includes the following appendices to provide additional guidance for preparers:

- **Appendix I: Transition reliefs** – This section includes information on the transition reliefs provided in the IFRS Sustainability Disclosure Standards and the additional transition reliefs available under the Main Market Listing Requirements that could be applied by the Malaysian companies in preparing sustainability reports based on the requirements of Main Market Listing Requirements as well as Bursa Malaysia's ACE Market Listing Requirements for the first time.

- **Appendix II: References to GRI** – This section includes information designed to aid preparers who have previously reported sustainability information using the GRI Standards, and who are preparing sustainability information under the IFRS Sustainability Disclosure Standards for the first time. It highlights areas of the ISR which contain information that is similar to information required by specific GRI Standards.

- **Appendix III: Sustainability-related opportunities** – This ISR does not illustrate disclosures relating to sustainability-related opportunities. Appendix III provides some guidance to preparers on sustainability-related opportunities for the construction industry.

- **Appendix IV: Glossary of acronyms used in the ISR** – This section is included for the ease of reference by preparers in understanding the acronyms referred to in this ISR.

The appendices do not form part of the ISR.

Building Trust Berhad illustrative sustainability disclosures – 31 December 2025

(a) Content Index

Building Trust Berhad illustrative sustainability disclosures – 31 December 2025

(b) Summary of sustainability-related risks and opportunities

The table below provides an overview of the Group's sustainability-related risks and opportunities and provides a reference to where the detailed disclosures are included in this sustainability report. The table also includes references to the Group's overall sustainability-related policies.

	Group structure and reporting boundaries			Judgement and measurement uncertainties (Note 4)
	Basis of preparation (Note 1)	Overview of the Group and value chain (Note 2)	Reporting Boundary (Note 3)	
	Overview of process and governance			
	Materiality assessment (Note 5)		Sustainability governance (Note 6)	
	Sustainability-related risks and opportunities			
Risk	**Regulatory and market pressure to decarbonise embodied carbon in construction materials and emissions from construction activities (Note 7.1)** Embodied carbon associated with construction materials and emissions from construction activities creates a transition risk that, if unmanaged, may reduce the Group's bid competitiveness and increase input costs.	**Occupational health and safety risks (Note 8.1)** Workers in construction face high occupational health and safety risks, including injuries from heavy machinery and chemical exposure, noise, and falls. If these hazards are not properly managed, it may lead to regulatory fines, legal liabilities, project delays, and reduced profit margins, impacting operational efficiency and future contract opportunities.	**Structural integrity and safety (Note 8.2)** Non-compliance with design and safety standards may result in structural defects, safety incidents, and harm to workers and building occupants. Weak design and structures could also be affected by climate-related hazards. These risks carry social consequences and financial impacts, including regulatory penalties, litigation, and reputational damage.	
Opportunities	*[Opportunities are not illustrated for the purpose of this ISR]*			

The IFRS Sustainability Disclosure Standards requires entities to disclose information about both its sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term. Sustainability-related opportunities might exist for Building Trust Berhad, but they are not included for the purposes of the illustration in this report. Refer to Appendix III for guidance on sustainability-related opportunities that may be relevant for the construction industry.

1. Basis of preparation

Standard reference

IFRS S1.72

1.1 Compliance with IFRS Sustainability Disclosure Standards

The sustainability report of Building Trust Berhad and its subsidiaries (the 'Group') has been prepared in accordance with the IFRS Sustainability Disclosure Standards as issued by the International Sustainability Standards Board (ISSB), in line with Bursa Malaysia's Main Market Listing Requirements (Main Market Listing Requirements). Additional information required to be disclosed under the Main Market Listing Requirements has been included in Note 10 of this report.

IFRS S1.55(a)

Disclosure topics in the Sustainability Accounting Standards Board (SASB) standards have been referred to and considered when preparing this report. Refer to Note 5 for further information on how the SASB Standards disclosure topics have been considered in the materiality assessment process.

An entity can only state that it has complied with the IFRS Sustainability Disclosure Standards issued by the ISSB if it meets all of the requirements in the IFRS Sustainability Disclosure Standards.

The Main Market Listing Requirements allows companies to adopt transition reliefs for sustainability reports prepared during the transition period. Some of these transition reliefs are in addition to the transition reliefs included in the IFRS Sustainability Disclosure Standards issued by the ISSB, for example, extended periods for certain transition reliefs. If an entity adopts an additional transition relief in the Main Market Listing Requirements which is not included in the IFRS Sustainability Disclosure Standards, the entity cannot assert compliance with the IFRS Sustainability Disclosure Standards. Such entities should regularly update and communicate an assessment of their progress towards compliance in the basis of preparation section of their respective sustainability reports.

Refer to Appendix I for details of the transition reliefs provided under the IFRS Sustainability Disclosure Standards and the additional transition reliefs included in the Main Market Listing Requirements.

1. Basis of preparation (continued)

1.2 Connectivity with financial statements (reporting period, reporting entity, and presentation currency)

IFRS S1.22

The sustainability report has been prepared for the Group and should be read in conjunction with the Group's consolidated financial statements which are prepared in accordance with the Malaysian Financial Reporting Standards (MFRS), 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 related consolidated financial statements.

IFRS S1.64

IFRS S1.30(c)
IFRS S2.10(d)

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

IFRS S1.31

- short term (0 to 12 months)
- medium term (1 to 5 years)
- long term (beyond 5 years)

IFRS S1.20
IFRS S1.B38

The sustainability-related financial disclosures cover the same reporting entity as the related consolidated financial statements. The reporting entity comprises the parent company, Building Trust Berhad and its subsidiaries. In preparing these sustainability-related financial disclosures, the Group has assessed its own operations and its value chain which includes, amongst others, the joint ventures and associates of the Group. Refer to Note 2.2 for information on the value chain.

A sustainability report is referred to as 'sustainability-related financial disclosures' in IFRS S1. The definition of 'sustainability-related financial disclosures' is:

IFRS S1 App A

*"A particular form of **general purpose financial reports** that provide information about the **reporting entity's** sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium, or long term, including information about the entity's governance, strategy and risk management in relation to those risks and opportunities, and related metrics and targets."*

These disclosures focus on information needs of primary users of general purpose financial reports - existing and potential investors and other creditors - for decision making purposes.

This focus distinguishes sustainability-related financial disclosures prepared under the IFRS Sustainability Disclosure Standards from other sustainability related standards that focus on providing information to broader set of stakeholders such as employees or customers. The GRI Standards for example, provide information to a broader group of stakeholders on material topics in relation to impacts on the economy, environment and people, including on their human rights, and accordingly has a different focus than information needs of primary users of general purpose financial reports.

IFRS S1.24

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

1. Basis of preparation (continued)

1.3 First-time adoption of IFRS Sustainability Disclosure Standards and transition reliefs

IFRS S1.E1
IFRS S2.C1

The Group is reporting under the IFRS Sustainability Disclosure 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 S2 'Climate-related Disclosures'

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

IFRS S1.E3
IFRS S2.C3

IFRS Sustainability Disclosure Standards provide transition reliefs for the first annual reporting period in which an entity applies the standards. The Main Market Listing Requirements provide additional transition reliefs for issuers listed on the Main Market of Bursa Malaysia. The Group has applied the transition relief where it is not required to disclose comparative information in the first annual reporting period. Additional information required to be disclosed under the Main Market Listing Requirements is included in Note 10.

Standards, pronouncements and amendments illustrated

It is assumed for the purpose of this ISR, there are no additional standards issued by the ISSB as of 31 December 2025. If a new standard or amendment to the standards is issued (for example the Exposure Draft on Amendments to Greenhouse Gas Emissions Disclosures), and becomes effective in Malaysia for the period covered in the sustainability report, the basis of preparation and references to relevant standards in Note 1.3 above would need to be updated.

IFRS S1.E5

In the first year of applying IFRS Sustainability Disclosure Standards, entities are permitted to apply several transition reliefs including the transition relief to disclose information on only climate-related risks and opportunities (in accordance with IFRS S2). If an entity uses this transition relief, it shall disclose that fact. Building Trust Berhad has decided not to use this transition relief and consequently this report includes information on other risks, such as social-related topics.

Refer to Appendix I for further information on the transition reliefs provided in the IFRS Sustainability Disclosure Standards and the additional transition reliefs available under the Main Market Listing Requirements as well as ACE Market Listing Requirements. Entities should clearly disclose which transition relief(s) have been applied in preparing its sustainability report.

1. Basis of preparation (continued)

Comparative information

IFRS Sustainability Disclosure Standards requires disclosure of comparative information for all amounts disclosed in the sustainability report. Paragraph 71 of IFRS S1 states that "Amounts reported in sustainability-related financial disclosures might relate, for example, to metrics and targets or to current and anticipated financial effects of sustainability-related risks and opportunities."

In addition to disclosing comparative information for all amounts, entities are required to disclose comparative information for narrative and descriptive sustainability-related financial information included in the sustainability report, if such information will be useful for the understanding of the sustainability-related financial information for the reporting period.

As Building Trust Berhad has applied the transition relief where it is not required to disclose comparative information in its first annual reporting period (other than those disclosed in Notes 7.2(d) and 10), comparative information required as described above has not been illustrated in this ISR.

Building Trust Berhad will need to disclose the comparative information when preparing its sustainability report in subsequent years.

2. Overview of the Group and value chain

2.1 Overview of the Group

Our key business activities

IFRS S1.32

The Group's primary business activity is the provision of construction services for public infrastructures, commercial and residential projects. The Group undertakes these projects both in Malaysia and regionally, including Australia, Singapore and Myanmar. The Group is a construction services provider regionally for commercial, residential and infrastructure projects that include tollways, rail lines, tunnels and bridges.

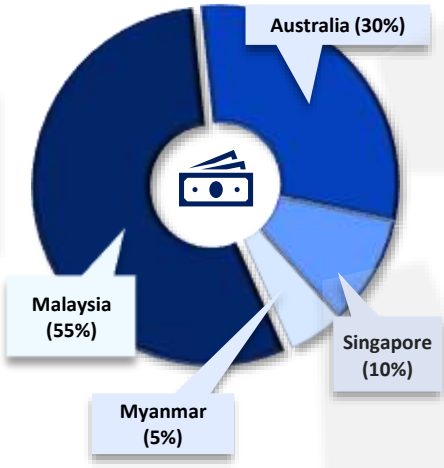
The Group's key markets in 2025 were Malaysia (the largest revenue contributor), followed by Australia, Singapore, and Myanmar. The geographical diversification aligns with the Group's growth strategy of becoming a regional infrastructure and commercial construction leader and reducing reliance on any single market.

The Group's key business activities, geographical locations of those activities and contribution to revenue per geographical location are summarised in the table below:

Malaysia

The Group's presence in Malaysia **contributed 55%** to the Group's total revenue, from delivery of construction projects covering a mix of infrastructure projects and specialised commercial developments, such as rollways and railways construction, or specialised real estates such as hospitals, hospitality, and data centres.

Percentage of external revenue by geographical locations (%)



Australia

Australia, **accounting for 30%** of revenue, is a key market where the Group excels in tunnel boring ventures. The Group's strategic joint ventures with local partners enhance the execution and ensure seamless logistical operations.

Myanmar

Myanmar's share of the Group's total revenue is approximately **5%** through construction of a tollway and railways and commercial developments.

Singapore

Singapore **generates 10%** of revenue through commercial and residential property developments, leveraging on the Group's strategic partnership with local partners and urban expertise.

The revenue disclosed is the percentage of revenue from external customers per geographical location. Refer to Note [XX] in the Group's 31 December 2025 financial statements for further details.

Note 3.1 sets out how the Group's entities, assets and operations have been included in the reporting boundary for sustainability reporting.

2. Overview of the Group and value chain (continued)

2.1 Overview of the Group (continued)

Our strategy and sustainability related goals

IFRS S1.32

As a leading construction company headquartered in Malaysia, the Group is committed to delivering sustainable and innovative infrastructure, commercial and residential solutions through its core businesses in construction services. Guided by a vision to transform the future and reshape communities, the Group's overarching strategy focuses on providing cutting-edge and sustainable construction solutions, underpinned by robust governance. These strategic initiatives are designed to strengthen the Group's market position and support strong and long term sustainable growth in the construction order book.

The Group has set the following sustainability-related goals that align with the Group's long term business strategy and ambitions under its Building Trust Net Zero Roadmap which is disclosed in Note 7.1(c) of this report:

- **Science-based targets for net zero:** The Group has set short term and long term science-based targets which are aligned with the 1.5°C pathway for greenhouse gas (GHG) emissions reduction. This includes a significant near-term reduction target and an overarching ambition to achieve net zero by 2050, in order to limit global warming to 1.5°C above the pre-industrial level (Refer to Note 7.1(c)). Through the Building Trust Net Zero Roadmap, the Group has implemented strategic initiatives to reduce GHG emissions across its operations and embodied carbon in construction materials. The Group aims to increase its renewable energy capacity at administrative buildings and construction sites, through investment in rooftop solar or mobile solar power equipment for use at construction sites.
- **Green building certification:** The Group is committed to embedding green building principles for its construction projects to meet the customer's specifications, and has accumulated years of experience in delivering projects that are certified to various third-party sustainability standards, such as Green Building Index (GBI), Green Real Estate (GreenRE) and Leadership in Energy and Environmental Design (LEED). The Group is also expanding the adoption of sustainable procurement practices, embedding 'green criteria' in technical and financial proposals, and developing innovative construction solutions as alternatives to the current conventional brick-work approach to construction. Through these initiatives, the Group aims to reduce the embodied carbon in construction materials to differentiate itself from competitors.
- **Maintaining strong safety record**: The Group fosters a safety-first culture across all project sites by institutionalising proactive hazard identification, continuous safety training, and digital monitoring to safeguard the health and wellbeing of all workers and subcontractors. Work-related incidents are investigated for their root cause, with lessons learnt shared across project teams to prevent recurrence and promoting a culture of construction safety.
- **Building for quality:** The Group is committed to ensuring structural integrity and safety across all its projects by adopting a holistic and proactive approach. The Group's sustainability goals are centred around key strategies such as embedding proactive design and engineering excellence in construction works, supplemented with strong quality assurance and control.

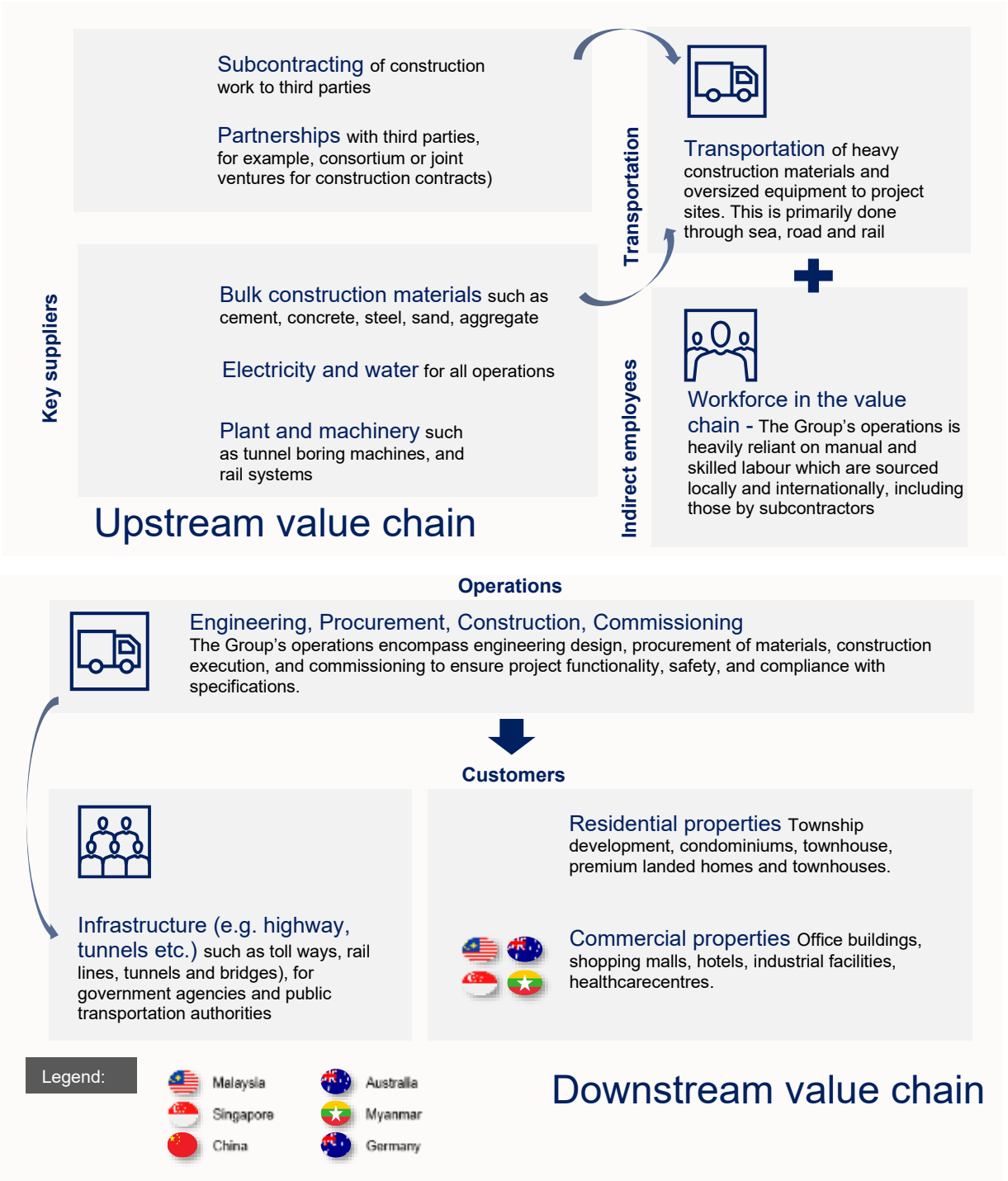
2. Overview of the Group and value chain (continued)

2.2 Our value chain

IFRS S1.2

The Group depends on a number of other entities, people and resources – this includes key suppliers for raw materials and plant and equipment for use in the construction processes, subcontracting and partnerships for construction delivery, logistics and transportation for the delivery of construction materials to sites, and local or international customers who are based in the countries where the Group operates.

The table below summarises the Group's key upstream and downstream value chain relationships



IFRS S1.B5

The Group has other business relationships, primarily through its investments in associates and joint ventures, which are part of the Group's value chain.

3. Reporting boundary

3.1 Reporting boundary (excluding GHG emissions)

Reporting entity

IFRS S1.20
IFRS S1.B38

The entities, assets and operations (referred to as the 'reporting entity') included in the Group's sustainability report are the same as those included in the Group's 31 December 2025 financial statements. During the reporting period, there was the following change to the Group structure:

Acquisition: On 1 June 2025, Building Trust Berhad acquired 70% of the issued share capital of a construction company renowned for its specialised skills in building eco-friendly skyscrapers. Refer to Note [XX] in the Group's 31 December 2025 financial statements for more details. Information about sustainability-related risks and opportunities has been identified and disclosed from the acquisition date.

Effect of changes in the entity structure

Neither IFRS S1 nor IFRS S2 specifically address the effect of an acquisition or disposal on sustainability disclosures. However, IFRS S1 paragraph 20 states that the reporting entity for the purposes of sustainability reporting is the same as the reporting entity for the related financial statements. Thus, the treatment of an acquisition or disposal would align with the treatment in financial reporting.

As a result, if Building Trust Berhad had presented comparative information, this comparative information would not have been adjusted to include amounts relating to acquisition in the current year.

The Group's reporting entity and the extent of sustainability-related information considered and included in the Group's consolidated sustainability report are summarised below:

Entities and assets in the reporting entity	Additional information	Note in financial statements	Information considered and included (for GHG reporting boundary see Note 3.2)
Parent and subsidiaries	-	Note [XX]	100% of the sustainability information, including consolidated subsidiaries which are not wholly owned.
Leased assets (the Group is lessee)	The Group leases tunnelling equipment such as boring machines from third parties. The Group has the right to control the use of the assets as well as the right to substantially all of the related economic benefits during the term of the lease.	Note [XX]	100% of the sustainability information related to the use of the leased assets during the lease term.
Leased assets (the Group is lessor)	The Group constructed and leased two commercial buildings to third parties under a Build-to-Lease scheme. These are accounted for as operating leases and, the buildings are recognised as investment properties.	Note [XX]	100% of the sustainability information related to the leased assets.

3. Reporting boundary (continued)

Entities and assets in the reporting entity	Additional information	Note in financial statements	Information considered and included (for GHG reporting boundary see Note 3.2)
Joint operations	The Group has a 50% interest in a joint arrangement called Building Trust-Mega Construction (BTMC), which is accounted for as a joint operation. The Group's financial statements reflect the Group's direct right to the jointly held assets, liabilities, revenues and expenses and its share of any jointly held or incurred (referred to as indirect) assets, liabilities, revenues and expenses.	Note [XX]	100% of the sustainability information for direct assets, liabilities etc. and a proportionate share of indirect assets, liabilities etc. recognised by the Group.

IFRS S1.20 & B38

Leased assets

IFRS S1 does not explicitly refer to leased assets when describing the reporting entity for sustainability disclosures. Paragraph 20 of IFRS S1 defines the reporting entity for sustainability disclosure as the same as the reporting entity for financial statements. Building Trust Berhad applies MFRS in its financial statements, and as such leased assets where the entity is a lessee are recognised as a right-of-use asset in its financial statements. These leased assets are therefore part of the reporting entity for its sustainability disclosures during the lease period.

From the lessor's perspective, the accounting treatment in MFRS/IFRS financial statements depends on whether the lease is classified as an operating lease or a finance lease. In an operating lease, the lessor maintains the physical asset on its balance sheet, while in a finance lease, it records a lease receivable. Both types of leases are part of the reporting entity for the purposes of sustainability reporting. However, the nature of lease — either operating lease or finance lease — may influence how the lessor assesses sustainability-related risks and opportunities.

The treatment of leases for the purposes of GHG emissions disclosures under IFRS S2 may differ, depending on the approach taken for establishing the organisational boundary. See Note 3.2 for more detail.

There is no specific guidance regarding how to disclose sustainability-related risks and opportunities for joint operations. Paragraph 20 of IFRS S1 defines the reporting entity for sustainability disclosure as the same as the reporting entity for financial statements; therefore, the share of assets and share of operations which are associated with the joint operation should be included as part of the entity's own operations.

For the share of the assets and share of operations not owned by the Group, an acceptable approach is to disclose them as part of value chain information. Other approaches related to assets and operations not owned by the entity may also be acceptable. The approach selected should be applied consistently and transparently disclosed.

3. Reporting boundary (continued)

Value chain

The Group also has entities (including investments in associates and joint ventures), activities, resources, and relationships that form part of its value chain. These have been considered in assessing the sustainability-related risks and opportunities of the Group. In the current reporting period, all metrics reported (except for GHG emissions) relate to the Group's own operations.

3.2 Reporting boundary for GHG emissions

IFRS S2.29 (a)(iii)(1), B26(a), B27

The Group uses the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) (the 'GHG Protocol') to measure its GHG emissions unless otherwise stated by IFRS S2. The Group uses the GHG Protocol Corporate Value Chain Standard 2011 ('Scope 3 Standard') to define the fifteen (15) Scope 3 categories as part of the requirement to disclose Scope 3 GHG emissions.

The Group's reporting boundary for GHG emissions includes its organisational boundary and operational boundary:

IFRS S2 references two GHG Protocol Standards:

- Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) (the GHG Protocol); and
- Greenhouse Gas Protocol Corporate Value Chain Standard (2011) (Scope 3 Standard).

These two GHG Protocol Standards are referenced to for different purposes.

GHG Protocol

The GHG Protocol is referenced in IFRS S2 for the measurement of GHG emissions, including the characterisation of the sources of GHG emissions as Scope 1, Scope 2 or Scope 3. IFRS S2 requires an entity to apply the requirements in the GHG Protocol only to the extent that they do not conflict with the requirements in IFRS S2.

Scope 3 Standard

The Scope 3 Standard is referenced as part of the requirement for an entity to consider all 15 emissions categories under Scope 3, and to disclose the Scope 3 categories that are included in its measure of Scope 3 GHG emissions. IFRS S2 does not reference the Scope 3 Standard in relation to measurement in the way it references the GHG Protocol. Hence, the GHG Protocol should be used for the purposes of measurement of Scope 3 emissions.

Refer to the educational material on *Greenhouse Gas Emissions Disclosure requirements applying IFRS S2 Climate-related Disclosures* issued by the IFRS Foundation for more information.

3. Reporting boundary (continued)

a. Organisational boundary

IFRS S2.29 (a)(iii)(1), B26(a), B27

Establishing organisational boundaries in accordance with the GHG Protocol

Under IFRS S2, an entity measures its GHG emissions in accordance with the GHG Protocol unless required by a jurisdictional authority or an exchange on which the entity is listed to use a different method for measuring its GHG emissions. For illustrative purposes, it has been assumed that Building Trust Berhad is not required by a jurisdictional authority or an exchange on which it is listed to use a different method for measuring its GHG emissions. As such, Building Trust Berhad follows the GHG Protocol to measure its GHG emissions as required by IFRS S2.

The GHG Protocol outlines two approaches for establishing organisational boundaries: the equity share approach, and the control approach (with control determined based on either financial or operational control). These two approaches are referenced in IFRS S2 as examples of approaches an entity uses under the GHG Protocol. Under the GHG Protocol, a single approach should be selected across the organisation where, using different approaches per category of assets is not permitted. The selected approach should be disclosed and applied consistently.

Equity share approach

Under the equity share approach, a company includes its share of GHG emissions from operations based on its share of equity. The equity share reflects economic interest, which is the extent of rights that a company has to the risks and rewards flowing from an operation.

Financial control approach

Under the financial control approach, a company includes 100% of the GHG emissions from operations over which it has financial control. Financial control normally represents the right to the majority of the economic benefits of an operation; it does not necessarily align with ownership percentage.

Operational control approach

Under the operational control approach, a company includes 100% of the GHG emissions from operations over which it has operational control. An entity has operational control over an operation if it has full authority to introduce and implement operational policies. This approach focuses on the ability to operate the assets, notwithstanding legal ownership of the asset. Examples of operational decisions and rights to consider when assessing whether an entity has operational control are:

- whether the entity holds the operating license;
- whether the entity is responsible or liable for the legal and contractual obligations regarding emissions; and
- whether the entity has the authority to introduce and implement operating policies.

Acquisitions and disposals

The IFRS Sustainability Disclosure Standards do not contain guidance on how to incorporate changes in the entity structure on sustainability information. Note, however, that the Transition Implementation Group on IFRS S1 and IFRS S2 (TIG) discussed the effect of an acquisition or disposal on reporting of GHG emissions in its meeting on 13 June 2024. As highlighted in the meeting summary, the TIG concluded that the reporting entity for the purposes of sustainability reporting should align with financial reporting and that entities should follow the applicable Generally Accepted Accounting Principles (GAAP) to determine the consolidation requirements. An entity should not follow the guidance of the GHG Protocol but should instead follow the same approach for acquisitions and disposals in the general reporting boundary guidance (Refer to Note 3.1).

3. Reporting boundary (continued)

IFRS S2.29(a)(iii)(2)

The Group applies the financial control approach to establish its organisational boundary for the reporting of GHG emissions.

IFRS S2.B27

The Group has assessed that it has financial control in accordance with GHG Protocol over the subsidiaries, joint operation and leased assets included in its consolidated financial statements, to ensure the Group's boundaries are consistent with how assets and liabilities are reported to the shareholders in its financial statements. The Group does not have financial control over any of its investments in associates and joint ventures accounted for using the equity method.

For acquisitions and disposals, the Group follows the general approach for current year GHG emissions and the comparative amounts as described under Note 3.1 of this report.

Under the financial control approach, Building Trust Berhad would report its equity share of GHG emissions for the joint operation that is proportionately consolidated in its financial statements, as part of its Scope 1 and Scope 2 GHG emissions.

b. Operational boundary

Direct GHG emissions from sources that are owned or controlled by businesses and operations within the Group's organisational boundary are reported as Scope 1 GHG emissions of the Group. GHG emissions from the generation of purchased electricity consumed by these businesses and operations are reported as Scope 2 GHG emissions of the Group. The Group's relevant portion of other indirect emissions arising from its activities are reported as the Group's Scope 3 GHG emissions.

The classification of emissions from leased assets may be challenging in practice, because the classification depends on both the organisational boundary approach applied, and the interaction with the applicable accounting standards.

4. Judgements and measurement uncertainties

IFRS S1.79

In the process of preparing this sustainability report, management has exercised judgement in a number of areas, including the process of identifying sustainability-related risks and opportunities and identifying material information to report. Additionally, the preparation of this report requires the use of estimates for certain amounts which cannot be measured directly. Estimates have been made where the sustainability information relates to an entity in the value chain and needs to be estimated, is related to forward-looking information, or involves data limitations.

This section outlines the most critical judgements made by management in preparing this sustainability report, as well as the amounts that are subject to a high degree of measurement uncertainty. The details of the judgement made, or the sources of estimation uncertainty, is included in the referenced note disclosure.

4.1 Significant judgements

IFRS S1.74

IFRS S1.75

	Description	Note reference
Materiality process	Management applied significant judgement to identify the sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, as well as the material information related to those risks and opportunities. The process followed by the Group in making the assessment of what information could reasonably impact the Group's financial prospects and influence decisions of primary users is set out in Note 5 of this report. Judgement was also applied in considering which metrics included within the disclosure topics in the industry-based SASB Standards were applicable to the Group.	Note 5
Calculation methods for GHG emissions	The Group has applied a combination of different calculation methods to calculate its Scope 3 GHG emissions. Management has applied judgement in determining the calculation methods that are most appropriate for each category, depending on availability and quality of data, and prioritises the use of supplier-specific data where available and of sufficient quality.	Note 7.2

In preparing the Group's financial statements, management made several significant judgements. Some of these judgements are also relevant to this sustainability report.

Specifically, management concluded that the Group controls Trust Overseas Ltd, despite holding less than 50% of the voting rights (refer to Note [XX] in the Group's 31 December 2025 financial statements). This judgement significantly impacts the sustainability report, because it means that Trust Overseas Ltd is part of the Group for financial reporting and therefore part of the reporting entity for sustainability reporting as a controlled subsidiary.

4. Judgements and measurement uncertainties (continued)

4.2 Measurement uncertainty

IFRS S1.78
IFRS S1.79
IFRS S1.81

The following amounts have a high degree of measurement uncertainty:

	Description	Note reference
Climate-related transition risk – regulatory and market pressure to decarbonise embodied carbon construction materials and emissions from construction activities	The measurement of anticipated financial effects for any additional capital expenditure beyond the Group's current plan is subject to high measurement uncertainty over the short and medium term, and significant measurement uncertainty over the long term. With limited data on the effects related to the new scheme of carbon taxes introduced locally and the evolution of supplier material markets and customers reactions, there is a wide range of potential outcomes for the anticipated financial effects of this risk over the short to long term.	Note 7.1
GHG-related metrics	The Group measures its GHG emissions in accordance with the GHG Protocol unless otherwise stated as required by IFRS S2. The related disclosed metrics are subject to inherent high uncertainties arising from reliance on activity data and emission factors obtained from third parties. Where activity data and emission factors cannot be obtained on a timely basis, or are incomplete, estimation is used.	Note 7.2 and Note 10

4. Judgements and measurement uncertainties (continued)

IFRS S1.85
IFRS S1.B50

Given that it is the first year that Building Trust Berhad reports sustainability information in accordance with IFRS Sustainability Disclosure Standards, the following areas have not been illustrated:

Changes in estimates

A change in estimate takes place where an entity needs to revise an estimated metric in the preceding year because additional information becomes known, and the new information provides evidence of circumstances that existed in that period. The IFRS Sustainability Disclosure Standards require entities to disclose a revised comparative amount, the difference between the amount disclosed in the preceding period and the revised comparative amount, to explain the reason for revising the comparative amount, and to disclose the effect of the revision.

The requirement to revise comparative information for estimates differs from the approach in the Malaysian Financial Reporting Standards and IFRS Accounting Standards, where changes in estimates are recognised prospectively.

Material errors

IFRS S1.84, B58

Prior-period errors are omissions from and misstatements in the entity's sustainability-related financial disclosures for one or more prior periods. Such errors arise from a failure to use, or the misuse of, reliable information that was available when the sustainability-related financial disclosures for that period(s) were authorised for issue; that could reasonably be expected to have been obtained and considered in the preparation of those disclosures.

If an entity identifies a material error in its prior period(s) sustainability-related financial disclosures, it should disclose: (a) the nature of the prior-period error; (b) the correction, to the extent practicable, for each prior period disclosed; and (c) if correction of the error is impracticable, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.

Additionally, other disclosures have not been disclosed, such as revisions to targets (IFRS S1 paragraph 51(g) and IFRS S2 paragraph 34(d)) and reassessment of the scope of any climate-related risk or opportunity throughout its value chain (IFRS S1 App B paragraph B11, IFRS S2 App B paragraphs B34-B35).

5. Materiality Assessment

IFRS S1.44(a) (b)

Materiality process

IFRS S1 paragraphs 44(a) and (b) require entities to disclose the process and related policies that the entity uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities. Note 5 illustrates some of these disclosures by describing the process followed by Building Trust Berhad in making the assessment of what information could reasonably affect its financial prospects and influence decisions of primary users. IFRS S1 does not prescribed specific thresholds for material information, nor does it predetermine what information would be material in a particular situation as materiality judgements are specific to an entity.

IFRS S1.B19

Use of judgement

IFRS S1.74, 75

The identification of sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects, and identification of material information to include in the sustainability-related financial disclosures could be areas of critical judgements that should be disclosed in accordance with IFRS S1 paragraphs 74 and 75. Note 5 also includes the detail of the judgement made by Building Trust Berhad in its materiality process as highlighted in Note 4.1.

IFRS S1.44(a)(vi), 44(b) IFRS S1.B13-B28

This year marks the first year Building Trust Berhad prepared a sustainability report in accordance with IFRS Sustainability Disclosure Standards. Consequently, a robust and detailed materiality assessment was performed to identify sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects. Even though this is the first sustainability report prepared in accordance with IFRS Sustainability Disclosure Standards, the Group has previously considered the sustainability-related risks and opportunities that might impact its operations within the Group's regular risk management processes.

IFRS S1.44(a)(b)

The materiality process was performed by the executive-level Sustainability Steering Committee (SSC) (refer to Note 6.2), with input from other management personnel in the Group as well as external advisors. The outcome of the process was validated and approved by the Board Sustainability Committee (BSC) (refer to Note 6.1).

A two-step materiality process was conducted:

- **Step 1**: identify sustainability-related risks and opportunities that could be reasonably expected to affect the Group's prospects over the short, medium, and long term.
- **Step 2**: identify material information – determination of the disclosures which are needed in relation to the sustainability-related risks and opportunities identified.

The purpose of this process was to identify information on sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, as well as influence decisions made by primary users of general purpose financial reports. Management specifically focused on existing and potential investors (shareholders or holders of preferred shares), lenders (refer to Note [XX] in the Group's 31 December 2025 financial statements) and other creditors in general.

The Group finalised its materiality assessment, which includes the identification of sustainability-related risks and opportunities at the end of the 2025 reporting period. Any events or changes that occurred during the period (for example, acquisitions of subsidiaries during the period, refer to Note 3.1) were considered as part of the materiality determination process.

5. Materiality Assessment (continued)

I
FRS S1.B11

The process of identifying and assessing sustainability-related risks and opportunities is not an activity that only takes place once. An entity is required to reassess its sustainability-related risks and opportunities throughout its value chain on the occurrence of a significant event or significant change.

IFRS S1.B6

An entity should use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort. Refer to Note 5 (Step 1) for more information on the proportionality mechanisms included in the IFRS Sustainability Disclosure Standards

Step 1: Identification of sustainability-related risks and opportunities

The Group followed a systematic approach and referred to several different sources to identify the sustainability-related risks and opportunities of the Group. The Group considered its own activities, and its upstream and downstream value chain (refer to Note 2.2) in the assessment. The process is summarised below:

IFRS S1.B2-B5

1.1 Understand the Group's operations, resources and relationships	Understanding the context in which the Group operates was the first step of the process. The Group considered its business activities, including products and services provided as well as the geographical, legal and regulatory landscape of the operations. The Group also considered the resources that it depends on and the relationships that it has along its value chain. A high-level overview of the context considered as part of this assessment is summarised below: **a.** **Key locations:** The Group operates in Malaysia, Australia, Singapore and Myanmar. The Group's suppliers are mainly located in the countries in which the Group operates, except for suppliers of plant and equipment which are sourced from China and Germany. **b.** **Regulations:** Due to the nature of the industry and the high level of scrutiny from stakeholders, the Group must adhere to stringent regulatory requirements established by both local and global authorities or the Group's policies – where the more stringent requirements will prevail. **c.** **Key resources:** The Group depends on several resources, which includes the following: • raw materials into the construction process, including cement, steel, asphalt, and concrete • plant and equipment suppliers, such as tunnel boring machines and construction vehicles • funding from bank loans and other sources of financing to fund the Group's operations • own employees and employees of subcontractors • subcontracting and joint ventures with third parties for construction contracts **d.** **Transportation and logistics:** The Group sources its construction materials through local building materials distributors who then deliver the procured materials directly to the construction sites. These suppliers engage with third party logistics providers and make use of a variety of transportation methods – including shipping by sea, road, rail and air - for the transportation of raw materials and heavy equipment to the sites.

5. Materiality Assessment (continued)

IFRS S1.44(a)(i) IFRS S2.25(a)(i)	**1.2 Identify risks and opportunities**	The primary source to identify the Group's risks and opportunities was the understanding of the Group's operations and its value chain (described in Note 2.2 above). The Group considered whether its critical resource inputs, relationships and interdependencies with the value chain are subject to sustainability-related risks or whether they create opportunities that would affect the Group's ability to generate cash flows. The Group also considered other internal and external sources of information to identify whether there were any additional risks and opportunities. The sources consulted included the following, but not limited to: • existing risk management and due diligence processes performed by the Group, including the Group's Enterprise Risk Management (ERM) framework • educational materials issued by the IFRS Foundation related to IFRS S1 and IFRS S2 • disclosure topics in the SASB Standards for the 'Engineering & Construction Services' industry • sustainability-related risks and opportunities identified by entities that operate within the same industries as the Group • engagement with the following stakeholders: employees (direct and indirect employees, including site workers), lenders and analysts Where needed, the Group also consulted with an independent sustainability advisor and third-party experts as part of this process.
IFRS S1.59 IFRS S1.58		
IFRS S1.B22, B23	**1.3 Assess whether the risks and opportunities could reasonably be expected to affect the Group's prospects**	Only those sustainability-related risks and opportunities that could reasonably be expected to affect the Group's cash flows, access to finance or cost of capital (that is expected to affect the Group's prospects) are disclosed in the Group's sustainability report. In making this assessment, the Group considered a combination of: • the likelihood of the event occurring, and • the magnitude of the impact on the Group's financial prospects if the event did occur. For risks and opportunities that relate to uncertain future events, the Group considered a range of possible outcomes and assigned a likelihood to that range. Where there had been past incidents of an event, a higher likelihood was assigned to a similar event occurring in the future. The results of the assessment were plotted on a matrix to identify those risks and opportunities that could reasonably be expected to affect the Group's prospects. No definitive thresholds were applied but, typically, those with a higher likelihood and/or magnitude are disclosed. As part of this process, the Group considered the perspective of certain external stakeholders (including lenders and analysts), to obtain an external perspective on whether there were any additional risks and opportunities – beyond those identified by the Group – that could reasonably be expected to affect the Group's prospects. There were no additional risks or opportunities identified from the perspective of these stakeholders that has been included in this report.
IFRS S1.44(a)(iii) IFRS S2.25(a)(iii)		
IFRS S1.B28		

5. Materiality Assessment (continued)

IFRS S1.30(a)

1.4 Mitigation actions and plans to remediate	The Group has disclosed sustainability-related risks and opportunities assessed before the Group's prevention and mitigation actions.
1.5 Final consolidation and approval of risks and opportunities for the Group	The determination of sustainability-related risks and opportunities requires judgement. The sustainability-related risks and opportunities identified for the Group were presented to the BSC for approval. The risks and opportunities identified within the scope of sustainability reporting are summarised in the table under 'Step 2' below.

IFRS S1.55(a)

IFRS S1.58(a)

Applicability of disclosure topics in the SASB Standards

In identifying sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects, an entity shall refer to and consider the applicability of the disclosure topics in the SASB Standards in addition to applying the IFRS Sustainability Disclosure Standards.

Similarly, when identifying applicable disclosure requirements about a sustainability-related risk or opportunity that could reasonably be expected to affect an entity's prospects, in addition to applying the IFRS Sustainability Disclosure Standard that specifically applies to that risk or opportunity, an entity shall refer to and consider the applicability of the metrics associated with the disclosure topics included in the SASB Standards.

The term 'shall refer to and consider' means that an entity is required to consider the applicability of the SASB Standards. An entity might conclude that the disclosure topics or the metrics specified in the SASB Standards are not applicable in the entity's circumstances.

Refer to educational material published by the IFRS Foundation on *Using the SASB Standards to meet the requirements in IFRS S1* for more guidance.

IFRS S1 does not provide guidance on whether risks should be assessed before or after an entity's prevention and mitigation actions. In the absence of specific guidance, entities should select an approach for considering prevention and mitigation actions which results in providing material information about risks which could reasonably be expected to affect an entity's prospects.

5. Materiality Assessment (continued)

Proportionality Mechanisms

The IFRS Sustainability Disclosure Standards includes mechanisms to support the application of IFRS S1 and IFRS S2 to help companies with different level of capability and preparedness to apply the IFRS Sustainability Disclosure Standards. The two proportionality mechanisms in IFRS S1 and IFRS S2 as well as the areas in which these could be applied are summarised as follows:

Proportionality mechanism	Areas in which these could be applied
An entity shall use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort	• Identification of sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects [IFRS S1 para B6], including climate-related risks and opportunities [IFRS S2 para 11] • Determining the scope of the value chain in relation to each sustainability-related risk and opportunity [IFRS S1 para B6], including for Scope 3 GHG emissions [IFRS S2 para B36] • Anticipated financial effects of a sustainability-related risk or opportunity [IFRS S1 para 37(a)], including climate-related risks and opportunities [IFRS S2 para 18(a)] • Cross-industry metrics on the amount and percentage of assets or business activities vulnerable to climate physical and transition risks, as well as those that aligned with climate-related opportunities [IFRS S2 para 30] • Approach to climate-related scenario analysis to assess climate resilience [IFRS S2 para B1] • Selection in the measurement approach, inputs and assumptions it uses in measuring Scope 3 GHG emissions [IFRS S2 para B39]
An entity shall use an approach that is commensurate with the skills, capabilities and resources that are available to the entity for preparing those disclosures	• Approach in preparing disclosures on anticipated financial effects of a sustainability-related risk or opportunity [IFRS S1 para 37(b)], including climate-related risk or opportunity [IFRS S2 para 18(b)]. Also, an entity does not need to provide quantitative information about the anticipated financial effects of a sustainability-related risk or opportunity if the entity does not have the skills, capabilities or resources to provide that quantitative information [IFRS S1 para 39 and IFRS S2 para 20] • Approach to climate-related scenario analysis to assess climate resilience that is commensurate with its circumstances [IFRS S2 para B2(b)]

Refer to the educational material published by the IFRS Foundation on the *Proportionality mechanisms in IFRS Sustainability Disclosure Standards* for further information.

5. Materiality Assessment (continued)

The effect of an entity's activities on resources and relationships, including on people and the environment might give rise to sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects and these are relevant when applying the IFRS Sustainability Disclosure Standards.

Step 2: Identification of material information

IFRS S1.B28

After identifying sustainability-related risks and opportunities, the second step is to determine the material information that should be disclosed in relation to each risk or opportunity. The Group considered whether information is material within the context of the Group's overall sustainability reporting and took both qualitative and quantitative aspects into consideration. The judgements used to identify material information for the sustainability-related risks and opportunities will be reviewed at each reporting date.

Outcome of the process

Note: Only three sustainability-related risks have been included in this ISR. Sustainability-related opportunities are not included for the purpose of the illustration in this report. The table below includes only those illustrated in this document, although other sustainability-related risks or opportunities might exist for Building Trust Berhad.

5. Materiality Assessment (continued)

IFRS S1.30(a)
IFRS S2.10(a)

The table below includes the sustainability-related risks and opportunities identified as part of the materiality processes described. Further information can be found in the notes referenced in the table below:

	Risk / opportunity identified	Summary of management approach	Affected component of the reporting boundary	Note reference
Environmental				
Climate-related transition risk - Regulatory and market pressure to decarbonise embodied carbon in construction materials and emissions from construction activities	**Risk**: There is increasing regulatory and market pressure to decarbonise embodied carbon associated with construction materials and construction activities, which create a transition risk that, if unmanaged, may reduce the Group's bid competitiveness and increase input costs.	• Require environmental product declaration by suppliers, prioritise low-carbon materials, embed decarbonisation criteria in supplier selection • Deploy electric and hybrid machinery, adopt prefabricated and modular construction techniques to cut waste. • Increase the use of renewable energy in operations • Incorporate low-carbon design solutions in tenders	Risk identified for own operations and value chain (i.e. suppliers)	Note 7.1
[Others] (Other risks and opportunities are not illustrated for the purpose of this ISR)				
Social				
Occupational health and safety risks	**Risk**: Workers in construction face high occupational health and safety risks, including injuries from heavy machinery and chemical exposure, noise, and falls. These hazards, if not properly managed, may lead to regulatory fines, legal liabilities, project delays, and reduced profit margins, impacting operational efficiency and future contract opportunities.	• Robust occupational health and safety policies • Competency-based role assignment and safety training • Hazard identification and digital risk assessment • Integration of psychosocial and community impact considerations	Risk identified for own operations and value chain (i.e. subcontractors)	Note 8.1

5. Materiality Assessment (continued)

	Risk / opportunity identified	Summary of management approach	Affected component of the reporting boundary	Note reference
Social (continued)				
Structural integrity and safety	**Risk:** Non-compliance with design and safety standards may result in structural defects, safety incidents, and harm to workers and building occupants. Weak design and structures could also be affected by climate-related hazards. These risks carry social consequences and financial impacts, including regulatory penalties, litigation, and reputational damage.	• Integration of value engineering and design-stage controls • Quality control systems on site • Third-party quality verification	Risk identified for own operations and value chain (i.e. subcontractors)	Note 8.2
[Others] (Other risks and opportunities are not illustrated for the purpose of this ISR)				
Governance				
[Others] (Other risks and opportunities are not illustrated for the purpose of this ISR)				

5. Materiality Assessment (continued)

Connection to IFRS financial reporting

IFRS S1.21

The IFRS Sustainability Disclosure Standards require entities to provide connected information, including information about connectivity between sustainability-related financial information within the sustainability report, and connectivity with other general purpose financial reports published by the entity such as its financial statements.

Connectivity between sustainability-related financial information and the financial statements is a key area for preparers, as it impacts stakeholder's understanding of the entity's prospects in the short, medium and long term. Concerns have been raised by stakeholders on the lack of information about uncertainties, particularly climate-related uncertainties, being disclosed in the financial statements, and inconsistencies in information provided by companies.

Sustainability reporting includes within its scope the effects of risks and opportunities which might not yet be captured in the financial statements until a future period. For example, in this ISR, the Group has made a commitment to be net zero by 2050 (refer to Note 7.1), which does not meet the definition of a provision for financial reporting and is therefore not recognised in the Group's financial statements.

IFRS S1.B40(c)

To explain the connections between the sustainability-related financial disclosures and the financial statements, an entity might explain that although it might have committed to a net zero target, the commitment has not yet been reflected in its financial statements as the criteria for recognition have not been met. Information required to be disclosed about the anticipated effects of sustainability-related risks and opportunities on an entity's financial position, financial performance, and cash flows over time would provide useful information to users about the effects of commitments that are anticipated to be reflected in the financial statements in a future period.

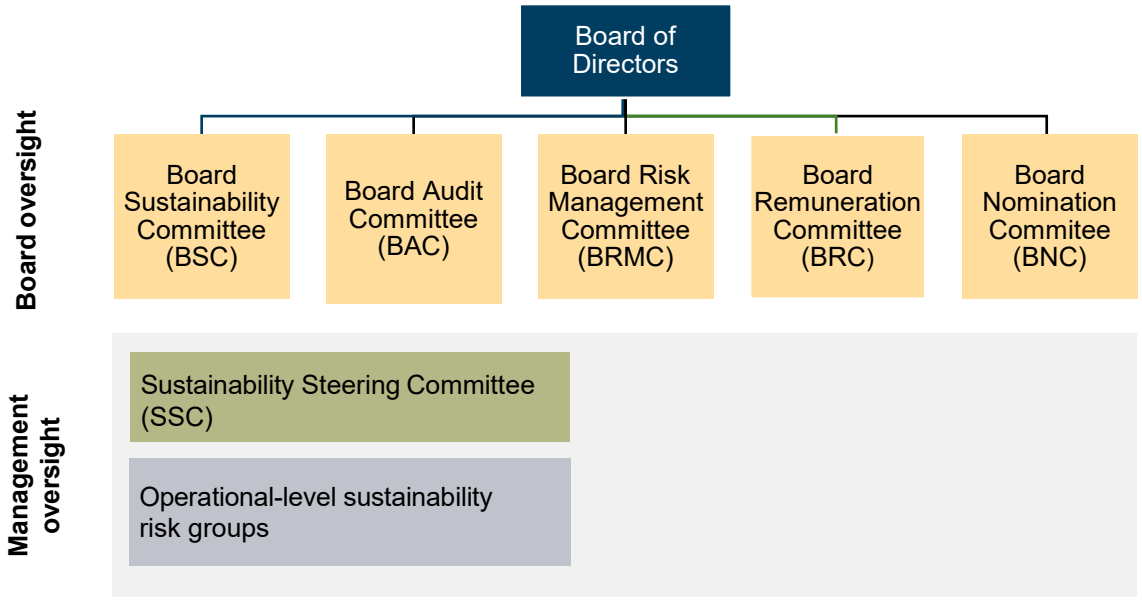
IFRS S1.34(b)

The IFRS Foundation has issued material which provides illustrations of the connections between financial statements and sustainability reporting. The education material on *Effects of climate-related matters on financial statements* provides a non-exhaustive list of examples illustrating how climate-related risks could affect measurement and disclosure requirements of various IFRS Accounting Standards. The IFRS Foundation is also expected to issue illustrative examples showing how an entity reports information about uncertainties – including climate-related uncertainties – in its financial statements. At the date of this ISR, the final publication of the illustrative examples is expected to be in October 2025.

In addition, the IFRS Foundation has produced *webcasts* on disclosure requirements related to current and anticipated financial effects of sustainability-related risks and opportunities on a company's financial performance, financial position and cash flows. These webcasts also provide insights into how such disclosures connect with the financial statements.

6. Sustainability governance

The Board of Directors of Building Trust Berhad has oversight of the approach to sustainability issues, and it is supported by the Board Sustainability Committee and Sustainability Steering Committee. An overview of the Group's sustainability governance structure is set out below:



The responsibilities and activities of the Board of Directors and each of the committees are set out below.

6.1 Board oversight

Board of Directors

The Board of Directors (Board) is ultimately responsible for the Group's strategic direction on sustainability, including the oversight of the Group's sustainability-related risks and opportunities covering environmental, social and governance matters. The Board approves the resources needed for effective management of sustainability-related initiatives.

IFRS S1.27(a)(iv)
IFRS S2.6(a)(iv)

The Board ensures that sustainability is integrated into the overall Group's corporate strategy. In particular, the Board considers climate-related risks and opportunities when reviewing strategy, performance objectives and risk management processes and policies – how these are designed to respond to sustainability-related risks and opportunities and how they align with the Group's business model, long term business strategy and stakeholder expectations, including the Group's net zero transition.

As part of its strategic decisions, including evaluating major transactions, the Board considers the effects of those transactions on the Group's sustainability-related risks and opportunities. In the current year, the Group expanded through the acquisition of a company renowned for its specialised skills in building eco-friendly skyscrapers (refer to Note [XX] of the Group's 31 December 2025 financial statements). The Board ensured that thorough due diligence was conducted to understand the sustainability practices of the target and their alignment with the Group's strategy. In this acquisition, the Board also assessed the new sustainability-related risks and opportunities that would affect the Group when incorporating the construction company's pioneering techniques in sustainable architecture and energy-efficient systems.

A dedicated Board-level sustainability committee, the Board Sustainability Committee (BSC) was established in 2022 to support the Board in executing its sustainability oversight responsibility.

6. Sustainability governance (continued)

Board Sustainability Committee

IFRS S1.27(a)(i)
IFRS S2.6(a)(i)

The BSC is responsible for overseeing and approving the sustainability strategy and targets, policies and the sustainability report. It also provides the Board with guidance on emerging sustainability matters. The terms of reference for the BSC sets out its' mandate and responsibilities.

IFRS S1.27(a)(iii)
IFRS S2.6(a)(iii)

The BSC is composed of six members including two executive directors and four independent non-executive directors. The BSC meets quarterly to review the latest sustainability developments and challenges and informs the Board on sustainability-related risks and opportunities.

IFRS S1.27(a)(ii)
IFRS S2.6(a)(ii)

Each member of the BSC has business experience and expertise related to at least one sustainability topic. To ensure that the BSC has appropriate skills and competencies to oversee the identification and mitigation of sustainability-related risks and opportunities, it regularly meets with its independent sustainability advisor which is appointed by the Board. The independent sustainability advisor brings knowledge and expertise in sustainability-related issues and provides strategic advice on sustainability initiatives, policies and practices. Further, the BSC often engages third-party experts to provide the Board members with briefings and specific training on sustainability matters to ensure appropriate sustainability skills and knowledge at Board level.

The BSC works closely with management to establish sustainability-related targets in line with the Group's overall strategy and risk management processes. It has visibility on implementation of the Group's climate transition plan, and it is updated on a quarterly basis on progress against climate metrics and targets.

The targets and associated progress are reviewed at least annually by the BSC and Board of Directors in line with the Group's internal budgeting and reporting timelines.

The IFRS Sustainability Disclosure Standards is designed to provide disclosures on sustainability-related financial information to primary users – existing and potential investors and other creditors – for decision making purposes. It does not require entities to set targets, but it does require entities to disclose material information about those targets that it has set or is required to set by law or regulation.

Entities should assess material information to provide in its sustainability report, for example, the fact that the entity has not established its own targets or metrics in managing a sustainability-related risk or opportunity, or the fact that the entity does not have a governance process, control or procedures in place to monitor or manage specific sustainability-related risks or opportunities could be material information to be provided to the primary users.

Board Audit Committee

The Board Audit Committee (BAC) is responsible for the oversight of financial reporting and performance, internal audit and assurance (including on sustainability-related metrics), integrity and governance functions, and overall controls and governance for the Group.

Board Risk Management Committee

The Board Risk Committee (BRMC) is responsible for the identification and management of overall risks (including sustainability-related risks) for the Group, as discussed in Note 6.4 of this report.

Board Remuneration Committee

The Board Remuneration Committee (BRC) is responsible for the development and implementation of the remuneration policy – including consideration of sustainability-related performance – for the Board members as well as management, as discussed in Note 6.3 of this report.

6. Sustainability governance (continued)

Board Nomination Committee

The Board Nomination Committee (BNC) is responsible for identifying and recommending individuals for Board positions. This includes ensuring that the Board and the BSC has the necessary expertise and diversity to effectively oversee and guide the Group's sustainability strategy.

6.2 Management's role in governance

Sustainability Steering Committee

IFRS S1.27(b)(i)
IFRS S2.6(b)(i)

Management's role in assessing and monitoring sustainability-related risks and opportunities is embedded into the executive-level Sustainability Steering Committee (SSC), which comprises senior management and is chaired by the Chief Executive Officer (CEO). The CEO is responsible for the oversight of the executive-level SSC and reports directly to the BSC.

IFRS S1.27(b)(ii)
IFRS S2.6(b)(ii)

The role of the SSC is to assist the BSC with strategic management of the Group's sustainability-related risks and opportunities which includes the following but not limited to:

- the materiality assessment process;
- developing sustainability strategies and policies;
- monitoring the day-to day implementation of the Group's sustainability-related actions and plans in line with the Group's strategy;

IFRS S1.27(a)(v)
IFRS S2.6(a)(v)

- recommending and developing sustainability metrics and targets and reviewing progress;
- the sustainability report.

The SSC convenes up to twice a month and regularly receives updates on sustainability-related targets. The SSC provides monthly reports to the BSC. Additionally, the SSC delivers quarterly updates to the Board on any potential financial effects of sustainability-related risks and opportunities on the Group's consolidated financial statements that would provide material information, including targets and progress against non-financial metrics.

To effectively oversee and address sustainability-related risks and opportunities, the SSC works closely with the various operational-level sustainability risks groups with whom it meets twice a month.

6.3 Impact of sustainability on remuneration policies

IFRS S1.27(a)(v)
IFRS S2.6(a)(v)

The Group has a dedicated Board Remuneration Committee which is responsible for the development and implementation of the remuneration policy for the Board, its committees and management.

Collective effort of all entities, operations and individuals will be needed to achieve the sustainability-related targets of the Group. In 2025, sustainability-related targets were allocated to individual entities and operations in the Group based on their activities. Senior management is responsible for meeting sustainability-related targets at an entity or operation level. Specific targets are defined for each individual depending on their role to ensure that they are accountable for progress towards the targets. The employee is measured against these targets in their annual performance appraisals, which impacts their remuneration (including salary and bonus) and promotion.

IFRS S2.29(g)

Depending on the role and seniority of the employee, sustainability-related targets can account for between 20% and 80% of the bonus. In addition, meeting sustainability-related targets is a requirement for promotion to take place.

As sustainability targets were only assigned to senior management in the current year, salaries paid to employees during 2025 were not affected by the sustainability-related targets. On average, 20% of the bonuses accrued in 2025 for executive management were based on climate-related targets.

6. Sustainability governance (continued)

6.4 Risk management

IFRS S1.44(b)(c)
IFRS S2.25(b)(c)

The processes and policies to identify and assess sustainability-related risks, including climate-related risks are set out in Note 5 of this report. The risk assessment process incorporates both qualitative and quantitative factors, and considers the nature, likelihood and magnitude of potential risks.

IFRS S1.44(a)(iv)
IFRS S2.25(a)(iv)

Sustainability-related risks, including climate-related risks are identified through a materiality assessment alongside other risks for the Group. Once the sustainability-related risks and opportunities are identified, the Group follows a process to prioritise and monitor them. The BRMC is responsible for identifying and managing the overall risks for the Group, which is integrated into the overall risk management framework of the BRMC who also reports to the Board.

The prioritisation of overall risks for the Group is performed by the BRMC. Risks are prioritised based on severity and likelihood, considering potential financial impacts, operational disruptions, and regulatory changes. These prioritised risks are approved by the Board. With regards to opportunities, the SSC is responsible for reporting and working together with the Board to ensure prioritisation of the identified sustainability-related opportunities alongside other opportunities identified by the Group.

IFRS S1.44(a)(v)
IFRS S2.25(a)(v)

Monitoring of sustainability-related risks and opportunities are tracked individually based on the metrics and targets for which each manager is responsible (refer to Note 6.3). These metrics and targets are reported to the SSC on a regular basis.

7. Environment-related risks and opportunities

7.1 Climate-related transition risk: Regulatory and market pressure to decarbonise embodied carbon in construction materials and emissions from construction activities

a. Description

IFRS S2.10(a)(b)

The construction industry faces rising transition risk from evolving climate policies and market expectations to reduce embodied carbon in materials such as cement, steel, asphalt, and concrete—key contributors to Scope 3 GHG emissions and emissions from construction activities. While contractors must comply with customer's specifications, growing regulatory measures (e.g. carbon tax which has been enacted in Singapore) and green procurement standards in markets like Singapore and Australia are increasing the cost and complexity of construction material sourcing. The Government of Malaysia announced in its 2025 budget the introduction of an expected carbon tax to be implemented in the year of assessment 2026, targeting the iron, steel, and energy sectors. In addition, capital providers and infrastructure asset owners increasingly prefer low-carbon projects, and ESG (Environmental, Social, Governance)-conscious customers may exclude high-carbon suppliers. This creates a transition risk that, if unmanaged, may reduce the Group's competitiveness in tenders and increase construction costs.

IFRS S2.10(c)

The market's transition toward low-carbon materials and the imposition of carbon taxes could potentially increase the Group's construction costs as suppliers would include these costs in their pricing. This risk would become more pronounced when project requirements mandate low-carbon criteria and there is a scarcity of suppliers offering these materials. As a result, the Group's ability to remain competitive in bidding processes may be impacted, necessitating strategic adaptations to secure future contracts while adhering to environmental standards.

b. Effects on business model and value chain

IFRS S2.13(a)(b)

This risk impacts the Group's value chain primarily in upstream procurement and core construction operations:

- **Upstream:** Suppliers of cement, steel, and aggregates – which represent significant embodied carbon – are under pressure to decarbonise their manufacturing processes. The Group relies on these inputs from suppliers and may face material cost escalation as suppliers invest in cleaner technologies in addition to payment of carbon taxes. The Group might also face exclusion from future projects with embodied carbon requirements if it continues its existing procurement practices. The Group is planning on collaborating with its suppliers on transitioning towards low-carbon products and adopt circular construction practices (including recycled content, alternative binders, modular construction) to lower the carbon intensity of its output.
- **Construction activities:** On-site construction activities involving heavy machinery and diesel consumption contribute to direct emissions (Scope 1) and indirect emission through use of purchased electricity (Scope 2) for construction activities.
- **Downstream:** Commercial and infrastructure projects customers (especially governments and transport agencies) are increasingly setting lifecycle carbon performance requirements, making carbon disclosures and material sourcing transparency essential in the Group's bids.

Without mitigating actions, the Group also risks reputational harm among stakeholders who expect alignment with climate goals, and a gradual misalignment of its traditional construction-focused business model with the emerging global demand for low-carbon, climate-resilient infrastructure.

7. Environment-related risks and opportunities (continued)

c. Effects on strategy and decision making

IFRS S1.33
IFRS S2.14(a)(i)(ii)(iii)(v)

To address climate-related risks, management has included a number of mitigation and adaptation actions, including setting up its Building Trust Net Zero Roadmap, which was approved by the Board in 2022. In 2025, the Group has received external validation for its science-based targets and launched its Building Trust Net Zero Roadmap, and implemented group-wide decarbonisation initiatives to reduce GHG emission intensity, with overarching ambition to achieve net zero by 2050 (see Note 7.2 for the related targets). The Building Trust Net Zero Plan was approved by the Board in 2022. The mitigation and adaptation actions that the Group has identified to address the transition risk are as follows:

Strategic Pillars	Mitigation and adaptation actions
Sustainable procurement	The Group utilises Environmental Product Declarations (EPDs) and incorporates supplier decarbonization criteria into the supplier selection process. Low-carbon materials are prioritised, including blended cement (with reduced clinker content), recycled steel, and the substitution of virgin aggregates with recycled construction waste.
Innovative construction solutions	The Group is increasing the deployment of electric and hybrid machinery alongside the reduction of diesel generator usage. The Group adopts prefabricated and modular construction techniques to minimise waste, including Industrial Building System (IBS). The Group also seeks to optimise material efficiency and design processes by integrating Building Information Modelling (BIM).
Increased use of renewable energy	The Group will gradually increase its reliance on renewable energy as the primary source of energy. This includes installation of solar panels at administrative buildings and use of mobile power solar equipment at site facilities. The Group will invest in energy storage and smart load optimisation for solar use, and has plans to continue purchasing Renewable Energy Certificates (RECs) as well as enter into Power Purchase Agreements (PPA) in the future.
Green tender strategy	The Group's project bidding teams now integrate whole-life carbon assessments (WLCAs) in bids as carbon intensity scores are becoming a differentiator in tender evaluation. This includes incorporating low-carbon design solutions aligned with green certification for design and build contracts.

The Group's sustainability initiatives align closely with green building certification standards such as LEED, GBI, and GreenRE etc. By prioritising low-carbon materials, adopting IBS and modular construction methods, increasing renewable energy use, and integrating GHG performance into project bids, the Group reduces embodied carbon and enhances energy efficiency. These efforts support key certification criteria and position the Group as a leader in sustainable, low-carbon construction.

IFRS S2.14(b)

The current mitigation and adaptation strategy of the Group is designed to address moderate levels of climate-related transition risk in respect of the imposition of carbon tax (see Scenario 2 in the scenario analysis below). The Group plans to use a combination of self-funding, external borrowings, and existing human resources to implement these strategies.

IFRS S2.14(c)

Other than the Building Trust Net Zero Roadmap as discussed below, the plans and actions to manage the risk of regulatory and market pressures to decarbonise embodied carbon in construction materials and emissions from construction activities described above are new initiatives that were initiated by management during the current year. The Group has started to report on Scope 3 GHG emissions, including on embodied carbon in construction materials. Therefore, additional quantitative and qualitative information about the progress of these plans and actions as compared to previous reporting periods is not yet available to be disclosed.

In respect of the Building Trust Net Zero Roadmap, the Group is on track to meet its targets (refer to Note 7.2(d) for more information).

7. Environment-related risks and opportunities (continued)

If management has previously disclosed plans in accordance with paragraph 14(a) of IFRS S2, it needs to disclose quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 14(a).

Overall decarbonisation targets and Building Trust Net Zero Roadmap

IFRS S2.14(a)(iv)

The Group's climate transition plan, i.e. the Building Trust Net Zero Roadmap sets out the long term pathway to achieve net zero GHG emissions by 2050. The roadmap, which is supported by science-based targets (refer to Note 7.2(c)), incorporates key decarbonisation levers and outlines strategic actions expected to drive transformation across operations and the value chain. These commitments align with the goals of the Paris Agreement and contribute to the global low-carbon transition.

The roadmap includes targets such as achieving 50% renewable electricity use by 2026, a 45% reduction in Scope 1 and Scope 2 GHG emission intensity by 2030 (against a 2022 baseline), and significantly reduce market-based Scope 2 emissions by 2030. Key measures to reduce Scope 1 and Scope 2 GHG emissions include the progressive electrification of the Group's construction equipment and vehicle fleet, the transition of site operations to lower-carbon as well as renewable energy sources, and energy efficiency enhancements at production plants and site offices. Investments in solar photovoltaic systems have been initiated across selected sites, alongside the procurement of renewable energy and adoption of energy-saving practices, in line with best practices observed across the sector.

To reduce Scope 3 emissions, particularly those associated with purchased construction materials, the Group is prioritising the procurement of low-carbon cement, recycled steel, and other decarbonised materials. Circularity initiatives are also being scaled, including the increased use of recycled aggregates and recovery of construction site waste. The Group aims to progressively shift to higher proportions of low-embodied-carbon materials by 2030 and is actively collaborating with key suppliers to accelerate innovation and adoption in this area. Pilot projects are underway to assess the use of next-generation green construction inputs, supported by internal research and development funding and partnership-driven innovation.

The Group recognises that the success of its transition plan depends significantly on external collaboration. A structured supplier engagement framework is being developed to align key suppliers with the Group's climate goals, including the setting of quantified targets for emission reductions and the introduction of progressive sustainability criteria into procurement processes. Performance will be monitored over time, and the Group may adjust sourcing decisions where material gaps remain unaddressed. Residual emissions will be addressed through the phased use of high-quality carbon removals. The Group will seek opportunities for investment in long term carbon removal projects and may acquire carbon credits from the Bursa Carbon Exchange for nature-based offsets, targeting a 100% transition to removal-based credits by 2030. All credits will meet international standards and ensure at least 100 years of carbon permanence.

7. Environment-related risks and opportunities (continued)

Residual emissions will be addressed through the phased use of high-quality carbon removals. The Group will seek opportunities for investment in long term carbon removal projects and may acquire carbon credits from the Bursa Carbon Exchange for nature-based offsets, targeting a 100% transition to removal-based credits by 2030. All credits will meet international standards and ensure at least 100 years of carbon permanence.

The Building Trust Net Zero Roadmap incorporates forward-looking assumptions relevant to the Malaysian operating environment and global trends. These include current and emerging regulations such as the planned implementation of carbon pricing mechanisms, energy efficiency standards, government incentives under the National Energy Transition Roadmap (NETR), and the expansion of the renewable energy market through initiatives like the Corporate Green Power Programme. Assumptions also consider technological advancements in solar energy, energy storage, low-carbon construction materials, and future cost trajectories of key inputs such as cement, steel, and fossil fuels. Evolving consumer preferences and increased demand for low-carbon infrastructure solutions are also considered.

Successful execution of the roadmap depends on continued collaboration with local and regional suppliers, regulatory clarity and support, and alignment with Malaysia's climate commitments, including its Nationally Determined Contribution (NDC) and Long-Term Low Emissions Development Strategy (LT-LEDS). Progress in regional climate frameworks—such as carbon market development under the ASEAN taxonomy—also remains a key dependency.

Since Building Trust's Net Zero Roadmap adoption, climate considerations have been embedded into the Group's Malaysian and international operations. Climate-related key performance indicators (KPIs) are now integrated into business planning and operational decision-making. Oversight is provided by the Board Sustainability Committee, with regular reviews to assess performance, manage risk, and ensure continued alignment with evolving national policies and stakeholder expectations.

Internal carbon pricing

IFRS S2.29(f)

The Group applies an internal carbon price as a strategic tool to manage climate-related transition risks, inform long term investment decisions, and support delivery of its emission reduction targets under the Building Trust Net Zero Roadmap. A shadow carbon price is currently embedded in scenario analysis, capital budgeting, and project evaluations to reflect the anticipated cost of carbon abatement across the Group's value chain.

The internal carbon price is set at RM100 per tonne of CO_2e in the short term, reflecting expected carbon cost signals from emerging domestic and regional carbon market developments, including the Voluntary Carbon Market (VCM) framework by Bursa Malaysia, and anticipated policy instruments under the NETR. This price is expected to increase progressively to RM600 per tonne by 2050, in line with global low-carbon transition trajectories and rising carbon costs in key export markets.

The Group reviews its internal carbon pricing approach regularly, taking into account regulatory developments in Malaysia and the region, such as potential carbon tax mechanisms or compliance markets under ASEAN initiatives, which will be adjusted periodically in alignment with market dynamics, national policy targets, and the Group's long term sustainability objectives. The Group is on track to meet its targets (refer to Note 7.2(d) for more information).

7. Environment-related risks and opportunities (continued)

d. Financial effects

Current financial effects

The current financial effects of embodied carbon in construction materials and emissions from construction activities are driven by the direct cost impacts from market-driven and project-specific requirements to use lower-carbon construction materials for the Group's several design and build contracts.

IFRS S2.16(a)

The Group incurred an estimated net financial effects of RM36 million in additional construction costs across its ongoing construction projects due to the use of blended cement and recycled steel, which are priced at a premium relative to conventional inputs. These materials were required in over 30% of the Group's active projects in Australia and Singapore, markets where embodied carbon considerations are increasingly embedded into construction contracts. As a result, these incremental costs contributed to gross margin compression in the short term, as the Group is unable to fully pass on these incremental material cost to the customers for existing projects. In the current financial year, the Group participated in five tender bids for construction contracts but was disqualified in one tender bid due to lower scoring where embodied carbon standards are formalised as tender prerequisites.

This affected the Group's financial position (increase in trade payables due to higher construction costs), financial performance (higher costs resulting in reduced construction margins, partially offset by effects of costs pass through to customer) and cash flows (lower net operating cash inflows). The reduction in the Group's profit was approximately 15% as a result of the above sustainability impacts.

The Group has accelerated the expansion of IBS and modular precast components by investing RM180 million to increase the production capacity of the IBS facilities and installation of solar panels. These are recognised as additions to the property, plant and equipment during the financial year. While IBS improves long term cost efficiency and quality, the initial capital investments in factory upgrades, automation, and logistics coordination have added to upfront costs.

Additionally, the Group has incurred new compliance and verification costs of RM2 million to ensure its IBS-produced components meet international embodied carbon benchmarks, particularly in projects with lifecycle emissions reporting.

Anticipated financial effects

The anticipated financial effects from the climate-related transition risk include higher construction cost due to new and additional government-imposed carbon taxes and higher raw material prices as demand for sustainable construction materials is expected to outpace supply. The Group may partially absorb those costs for existing projects but will incorporate those additional costs into future tender submission where possible.

Additionally, there is a risk of a potential decline in construction revenue growth if the Group's mitigation actions are not effectively executed, resulting in disqualification or poor scoring in tenders that include strict embodied carbon criteria.

If Building Trust's Net Zero Roadmap is not effectively executed, these anticipated financial effects might result in lower construction revenue growth or reduced construction margins in the short, medium, and long term. Additionally, the planned imposition of a carbon tax on steel and iron in Malaysia from 2026 may lead to increased construction costs for ongoing contracts with unfulfilled performance obligations, which may result in higher working capital requirements and further compressed profit margins, necessitating the use of short term funding lines through revolving credits.

7. Environment-related risks and opportunities (continued)

IFRS S2.16(c)(d)

IFRS S2.29(e)

IFRS S2.16(c)(ii)

However, considering the planned mitigating actions to implement a sustainable procurement policy, innovative construction solutions, increase use of renewable energy, and executing its green tender strategy, the Group anticipates a low-to-moderate level of financial effects from pressures to decarbonise embodied carbon over the next five years (this is based on scenario 2 in the scenario analysis below). To mitigate the financial effects over the short to medium term, the Group intends to invest a further RM330 million to RM375 million to increase the adoption of innovative construction solutions in construction activities, including allocating RM10 to RM15 million per annum for the research and development on the adoption of low-carbon building materials in construction and circular construction practices over the next five years. Savings are expected in respect of costs for purchasing materials once the Group completes its planned capital investments in the medium to long term. The Group currently does not expect that transitioning to IBS as a construction method will result in a material impairment of its existing plants and equipment, because the current equipment can largely be transferred to the IBS facilities. The Group plans to use self-funding for its current initiatives but expect to finance these using external borrowings in the medium to long term.

IFRS S2.16(a)(b)(c)(d)

The following table presents the Group's expected effect on its financial position, financial performance and cash flows over the short, medium, and long term, considering actions to manage the climate-related transition risk in respect of embodied carbon in construction materials and emission from construction activities. Based on these projections, the Group does not expect a material adjustment to the carrying amounts of reported assets and liabilities within the next 12 months due to the broader adoption of digital IBS in construction because the current equipment comprises mainly tower cranes, machinery which will continue to be used on sites.

In RM million	Current financial effects	Short term financial effects (per annum)	Medium term financial effects (per annum)	Long term financial effects (per annum)
Financial position				
Property, plant and equipme (increase)	180	120	Between 50 to 60	Note 1
Borrowings (increase)	-	-	Between (50) to (60)	Note 1
Financial performance				
Revenue	16	Between 30 to 36	Between 37 to 44	Between 32 to 48
Cost of sales: - (Cost)/savings from low carbon materials and carbon tax	(50)	Between (48) to (58)	Between (60) to (72)	Between 15 to 20
- Compliance and verification cost	(2)	Between (2) to (3)	Between (2) to (3)	Between (2) to (3)
- Depreciation (increase)	(2)	Between (5) to (6)	Between (5) to (6)	Between (15) to (20)
Gross profit	(38)	Between (25) to (31)	Between (30) to (37)	Between 30 to 45
Borrowing cost (increase)	-	-	Between (3) to (4)	Note 1
Cash flows				
Cash used in operations	(36)	Between (30) to (40)	Between (35) to (46)	Between 40 to 55
Cash used in investing activities (outflow)	(180)	(120)	Between (50) to (60)	Note 1
Cash used in financing activities (outflow)				
- Proceeds from borrowing	-	-	Between 50 to 60	Note 1
- Borrowing cost	-	-	Between (3) to (4)	Between (5) to (6)

IFRS S2.19(b)

IFRS S2.21(b)

Note 1 – The Group has not provided quantitative information because the level of measurement uncertainty is so high that the resulting data is not useful. Additional investments in innovative construction solutions in the long term might give rise to higher property, plant, and equipment recognised, with a corresponding cash outflow for investing activities. Similarly, the Group's capacity will increase as a result of such investments, with revenue increase and cost savings expected, offset by depreciation charges.

7. Environment-related risks and opportunities (continued)

e. Climate resilience

The climate-related transition risk from embodied carbon in construction materials and emissions from construction activities are becoming increasingly apparent in the Group's operations, particularly through stricter tender requirements in international markets such as Australia and Singapore or construction of local projects for international customers, where low embodied carbon criteria has become a bid evaluation criterion. Historically, the Group has experienced higher compliance costs and cost pressures where low-carbon material sourcing was required for fixed-priced contracts.

However, the Group has demonstrated resilience through proactive investment in IBS, ESG-integrated supplier engagement, and early adoption of precast and green procurement practices, through the following:

- Over 30% of international projects incorporated low-carbon materials (e.g. blended cement, recycled steel);
- Operational delivery and financial performance remained stable despite higher procurement complexity;
- The premium for green construction materials is factored into new project bids and carbon tax, if introduced in Malaysia, is expected to be partially mitigated by material price escalation clause in construction contracts; and
- The Group's Building Trust Net Zero Roadmap sets out measurable decarbonisation targets and continues to guide mitigation and adaptation activities.

Climate-related scenario analysis

IFRS S2.22

IFRS S1.41-42

IFRS S2 paragraph 22 specifically requires an entity to assess its climate resilience using a climate-related scenario analysis. Disclosures required include assessment of climate resilience based on the scenario analysis performed, and disclosures on the approach used to carry out the scenario analysis.

IFRS S1 paragraph 41 requires disclosures about an entity's resilience to sustainability-related risks, specifically its capacity to adjust to uncertainties arising from the identified risks, but does not mandate an entity to use a scenario analysis for risks other than climate. This ISR illustrates disclosures on Building Trust Berhad's resilience to other sustainability-related risks in Note 7.2 and Note 8.

A climate-related scenario analysis was performed to understand and evaluate the potential impacts of the regulatory and market pressure to reduce embodied carbon in construction materials and emissions from construction activities, using a range of possible scenarios. The scenarios are based on publicly available data from authoritative sources, including regional and international climate projections.

IFRS S2.22(b)(iii)

This analysis was integrated into the Group's 2025 strategic planning process and covered all operational sites and business divisions. It is reviewed annually to determine whether updates are needed based on evolving climate-related uncertainties, with a more comprehensive reassessment conducted every five years. Although the Group's current strategy is tailored to address moderate climate risks (as described in Scenario 2), it retains the flexibility to scale up its mitigation and adaptation efforts should more severe conditions arise. The Group's ability to adjust its strategy and operations is further detailed in the section below titled 'Capacity to adjust or adapt strategy and business model'.

7. Environment-related risks and opportunities (continued)

Climate scenarios are typically categorised as either 'high transition risk with low physical risk' or 'low transition risk with high physical risk'. This reflects the inverse relationship between the intensity of emissions reduction efforts and the extent of global warming—greater mitigation leads to less warming, and vice versa.

IFRS S2.22(b)(i)(ii)

The Intergovernmental Panel on Climate Change (IPCC) has formally adopted the use of combined Shared Socio-economic Pathways (SSPs) and Representative Concentration Pathways (RCPs)—referred to as combined SSP-RCP scenarios, in climate modelling and projections. The SSP levels reflect worlds where mitigation and adaptation challenges vary from low to very high.

To cover both extremes, the Group has performed its scenario analysis using the assumptions set out in the SSP 1-1.9 (high transition risk) and SSP 5-8.5 (high physical risk) scenarios. The Group has also performed scenario analysis using an intermediate and most probable baseline scenario, being SSP 2-4.5.

- **Scenario 1: Low carbon regulations, resulting in high GHG emissions and temperatures (SSP 5-8.5) (high physical risk):** This scenario envisions a world where governmental action on climate change is delayed, and efforts to curb emissions are largely halted. The lack of coordinated policies across regions leads to significant global warming. As the impact of climate change would be extreme, this scenario emphasises evaluating resilience to both sudden and long term physical climate threats. While transition risks are minimal, the scenario is marked by severe consequences of physical risks, such as heightened change in climate and breaching of global tipping points. These impacts could have significant implications for economies at both local and international levels.

- **Scenario 2: Moderate carbon regulations, resulting in moderate GHG emissions and temperatures (SSP 2-4.5) (intermediate scenario)** This scenario outlines a moderate pathway where GHG emissions continue at moderate levels, and both mitigation and adaptation face considerable challenges. It assumes that global trends in technology, economic, and social remain relatively stable, following historical patterns. Economic and developmental progress is uneven, with some nations advancing steadily while others lag behind.

- **Scenario 3: High carbon regulations, resulting in lower carbon emissions and lower temperatures (SSP 1-1.9) (high transition risk):** In this pathway, global governments implement robust climate policies aimed at achieving net-zero emissions by 2050, successfully limiting global temperature rise to 1.5°C. This scenario is driven by early and decisive investments in renewable energy infrastructure and strong policy alignment. It focuses on the risks and opportunities associated with rapid decarbonisation. The swift pace of regulatory and behavioural changes introduces substantial transition risks, particularly in the short term, as fossil fuel use is aggressively reduced. Although physical climate risks persist, they are less dominant than in Scenario 1.

7. Environment-related risks and opportunities (continued)

IFRS S2.22(a)(i)

The results are summarised below, together with the impact of each scenario on the Group's strategy and business model:

	Short term (0 to 12 months)	Medium term (1 to 5 years)	Long term (beyond 5 years)
	Impact on the Group's strategy and business model		
Scenario 1 SSP 5-8.5 (High physical risk) High GHG emissions in the absence of Government policies to combat climate change; global warming of between 3.2°C and 5.4°C is projected by 2100.	*Physical risk exposure: Low to Medium* *Transition risk exposure: Low* Climate actions policies by governments remain inconsistent across the regions, resulting in less coordinated efforts on emissions reduction. Whilst the Group expects that carbon regulations will be implemented in countries that the Group operates in, the carbon pricing is expected to be low. The lack of robust climate actions leads to significantly lower investments in research and capital expenditures on climate-resilient materials and construction techniques. Supply chain for low-carbon construction materials is underdeveloped and inefficient as low-carbon construction materials are only used when the customer requires it. While transition risk is low, physical risk may increase because weather-related events become increasingly unpredictable in intensity and frequency. Without effective mitigation and adaptation strategies, the Group will face rising costs from disruption on construction schedules. Under this scenario, the Group's profit before tax ('PBT') is expected to decrease by RM30 to RM40 million per annum.	*Physical risk exposure: Medium to High* *Transition risk exposure: Low* A lack of coordinated efforts by governments to reduce emissions continue to keep climate-related transition risks low. Supply chain for low-carbon construction materials continues to be underdeveloped as low-carbon construction materials are only used when customer requires it. Carbon pricing across the countries that the Group operates remain low. Increased intensity and variability in weather-related events such as rainfall, hot temperatures, and strong winds adversely impact worker productivity and lead to frequent disruptions in construction schedules, resulting in higher input costs. Rising input costs are embedded into new construction budgets, which are built into tender submission and construction contracts to protect the desired margin. This, however, reduces bid competitiveness and the Group's construction order book begins to reduce. Under this scenario, the Group's PBT is expected to decrease by RM49 to RM62 million per annum.	*Physical risk exposure: High to Very High* *Transition risk exposure: Low to Medium* Governments focus on adaptation measures by imposing midday work ban to shield workers from heat-related health risks. Outdoor work is prohibited when the Wet Bulb Globe Temperature (WBGT) index exceeds the defined threshold. The Group becomes severely vulnerable to climate-related physical risks from extreme weather events such as prolonged heatwaves. Carbon regulations are introduced in most countries on the Group's raw material costs, resulting in higher material costs. There is increased pressure from regulators and markets to reduce embodied carbon in construction and emissions from construction activities, even though formal climate policies remain weak. Demand for green construction materials begin to outpace supply as supply chain remain inefficient. Carbon pricing will start to increase to reflect the more appropriate costs to drive reduction in GHG emissions. Due to early implementation of adaptation measures, the Group's business model will demonstrate resilience in the long term, and construction margin will be improved. Under this scenario, the Group's PBT is expected to increase by RM18 to RM25 million per annum.

7. Environment-related risks and opportunities (continued)

	Short term (0 to 12 months)	Medium term (1 to 5 years)	Long term (beyond 5 years)
	Impact on the Group's strategy and business model		
Scenario 2 SSP 2-4.5 (Intermediate) The most probable baseline scenario where social, economic, and technological trends do not shift markedly from historical patterns; a global temperature rise of between 1.7°C and 3.2°C by 2100.	*Physical risk exposure: Medium* *Transition risk exposure: Medium* The Group will begin to notice the initial signs of climate action policy changes focusing on energy efficiency and regulations that promote the use of sustainable construction materials. Carbon regulations are introduced in countries where the Group operates but expected to be set at a level to incentivise the market to reduce its GHG emission and drive demand for low-carbon products. Early indications of shifting market preferences will emerge, with some customer groups showing increased interests for construction players that uses low-carbon materials and construction techniques. The Group begins assessing current construction practices through research and begins investing in climate mitigation strategies in response to emerging building standards and rising stakeholder expectations. While major climate impacts might not be immediately apparent, the Group will experience disruptions as weather-related events become increasingly unpredictable in intensity and frequency. The Group experiences margin compression as input costs due to carbon regulations and investments in mitigation strategies. Under this scenario, the Group's PBT is expected to decrease by RM35 to RM46 million per annum.	*Physical risk exposure: Medium* *Transition risk exposure: Medium* Carbon regulations are introduced in additional countries, and there are more stringent embodied carbon requirements for construction projects, necessitating additional compliance efforts and costs at project level. There will be noticeable growth in renewable energy sector, and supply chain for sustainable construction materials begin to solidify. The Group observes increased demand for 'low carbon' products, requiring acceleration of research activities and additional investments to transform construction practices. Increased intensity and variability in weather-related events such as rainfall, hot temperatures, and strong winds continue to impact worker productivity and lead to disruptions in construction schedules, resulting in higher costs. Selected countries may introduce the threshold for mandatory stop work order when Wet Bulb Globe Temperature (WBGT) index exceeds defined threshold. Under this scenario, the Group's PBT is expected to decrease by between RM43 to RM56 million per annum.	*Physical risk exposure: High* *Transition risk exposure: Medium* The Group will continue to face increasing cost pressures, as a result of more carbon regulations and frequent disruption from extreme weather-related events. Governments introduced regulatory threshold for mandatory stop work when the WBGT index exceeds the defined threshold in certain months. There will be a broader transition towards a low-carbon economy, requiring increased adaptation measures by the Group. A failure by construction sector to transform construction practices and have access to sustainable construction materials over the long term will reduce its bid competitiveness and construction margin as customers increasingly seek alternative, sustainable construction solutions. However, the Group is expected to gain a competitive advantage due to early implementation of climate transition plan. Under this scenario, the Group's PBT is expected to increase by RM20 to RM29 million per annum.

7. Environment-related risks and opportunities (continued)

	Short term (0 to 12 months)	Medium term (1 to 5 years)	Long term (beyond 5 years)
	Impact on the Group's strategy and business model		
Scenario 3 SSP 1-1.9 (High transition risk) A pathway that is contingent on global warming levels being below 1.5°C, consistent with the goals established under the Paris Agreement; climate policies are introduced early and become gradually more stringent; shifts in customer behaviour are noted due to the preference for sustainable products.	*Physical risk exposure: Low* *Transition risk exposure: Medium* Governments and regulatory bodies will introduce more rigorous emissions standards. Governments globally will adopt rapid climate responses supported through stringent policy commitments. Carbon regulations are introduced in countries where the Group operates and expected to be priced higher than market, with the aim to drive rapid decarbonisation across many industries. Supply chain for low-carbon construction materials is emerging as customers' demand for low-carbon materials and construction techniques will start to rise. The Group's current strategies will be sufficient to manage impacts of physical and transition risks on the Group's business model and operations. Under this scenario, the Group's PBT is expected to decrease by RM40 to RM52 million per annum.	*Physical risk exposure: Medium* *Transition risk exposure: Medium to High* Embodied carbon caps become a prerequisite for construction contracts globally. More stringent carbon tax regulations over time result in volatility of raw material prices, impacting margin for fixed priced contracts. While climate-related physical risk is not expected to be severe, it may still intensify in the medium term. Weather-related events remain unpredictable in intensity and frequency, impacting construction schedules and lower worker productivity. Demand for low-carbon construction materials, especially IBS continue to rise to address both the regulatory requirements and unpredictable weather patterns. Under this scenario, the Group's PBT is expected to decrease by RM36 to RM46 million per annum.	*Physical risk exposure: Low* *Transition risk exposure: Medium* Strong momentum in the transition towards low carbon products and global climate mitigation efforts will slow the rate of global warming, somewhat stabilising physical risks. Extreme weather-related events become less frequent, but it may still impact construction schedules and worker productivity due to its unpredictability. A failure by construction sector to transform construction practices and have access to sustainable construction materials over the long term will reduce its bid competitiveness and construction margin as customers increasingly seek alternative, sustainable construction solutions. However, the Group is expected to gain a competitive advantage due to early implementation of climate transition plan. Under this scenario, the Group's PBT is expected to increase by RM23 to RM33 million per annum in the long term. .

7. Environment-related risks and opportunities (continued)

Exposure to climate-related physical risks

Although climate-related physical risks are not illustrated for the purpose of this ISR, the scenario analysis illustrated above considers both physical and transition risks.

Entities in the construction industry are likely exposed to both climate-related physical and transition risks, and if an entity was exposed then material information of such climate-related risks would be included in the entity's sustainability report.

Examples of climate-related physical risks that could impact the construction industry given its dependence on outdoor activities include disruptions to construction projects due to heat stress, intense rainfall and strong winds which could affect the ability to carry out the construction activities, the quality of the construction as well as the impacts to human labour working in the extreme weather conditions.

For an illustration of a climate-related physical risk, preparers can refer to Note 7.1 of the Illustrative Sustainability Report for the Plantation Sector based on the IFRS Sustainability Disclosure Standards, accessible via the NSRF Resources page.

Selecting inputs and making analytical choices in climate-related scenario analysis

IFRS S2.B11

Paragraph B11 of IFRS S2 states that "When an entity selects the inputs to use in its climate-related scenario analysis, the entity shall consider all reasonable and supportable information—including scenarios, variables and other inputs—available to the entity at the reporting date without undue cost or effort.

The inputs used in scenario analysis might include information that is qualitative or quantitative, and is obtained from an external source or developed internally. For example, publicly available climate-related scenarios—from authoritative sources—that describe future trends and a range of pathways to plausible outcomes are considered to be available to the entity without undue cost or effort."

IFRS S2.B14-B15

In addition, paragraph B14 of IFRS S2 states "An entity's resilience assessment will be informed not only by the individual inputs to its climate-related scenario analysis, but also by the information it develops in combining those inputs to carry out the analysis. The entity shall prioritise the analytical choices (for example, whether to use qualitative analysis or quantitative modelling) that will enable it to consider all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort. For example, if an entity is able—without undue cost or effort—to incorporate multiple carbon price pathways associated with a given outcome (for example, a 1.5 degree Celsius outcome), this analysis is likely to strengthen the entity's resilience assessment, assuming such an approach is warranted by the entity's risk exposure."

Paragraph B15 of IFRS S2 further states that "Quantitative information will often enable an entity to carry out a more robust assessment of its climate resilience. However, qualitative information (including scenario narratives), either alone or combined with quantitative data, can also provide a reasonable and supportable basis for the entity's resilience assessment."

7. Environment-related risks and opportunities (continued)

IFRS S2.B16

The climate-related scenario analysis can be resource intensive and might—through an iterative learning process—be developed and refined over multiple planning cycles. As an entity repeats the climate-related scenario analysis, it is likely to develop skills and capabilities that will enable the entity to strengthen its approach to climate-related scenario analysis over time.

Significant areas of uncertainty

IFRS S2.22(a)(ii)

There are a range of uncertainties and judgements that need to be made when modelling different scenarios and their climate-related impacts. The significant areas of uncertainty considered in the Group's assessment of its climate resilience are as follows:

- **Future carbon pricing levels and timing of implementation**: Carbon pricing may vary widely by jurisdiction, sector exemptions, implementation lag, or non-monetary regulatory alternatives (e.g. cap-based thresholds). The timing of enforcement in certain jurisdictions is also uncertain. The significant assumption used includes a carbon price (e.g., RM100/tCO_2e to RM600/tCO_2e from now up to 2050) on GHG emissions exceeding the regulatory threshold. This is a key assumption which significantly affects the potential cost exposure for embodied emissions.
- **Rate of regulatory adoption for embodied carbon in key markets:** The embodied carbon thresholds will be integrated into project tenders in Australia, Singapore, and potentially Malaysia, starting from 2026 following introduction of carbon tax in these regions, and more aggressively over time up to 2030, which is a key assumption used in the scenario analysis.
- **Technological viability and cost of low-carbon materials:** Low-carbon cement, steel, and alternative materials become scalable and price-competitive by 2030, if carbon tax regulations are accelerated under the Scenario 2 and Scenario 3. The actual pace of innovation and adoption may be significantly different due to delays in commercial availability or lack of local supply, and it could lead to prolonged cost premiums or delivery constraints.

7. Environment-related risks and opportunities (continued)

Capacity to adjust or adapt strategy and business model

IFRS S2.22(a)(iii)

The Group's strategy and business model, including its mitigation plans and actions, are currently based on the most probable baseline scenario (Scenario 2 above) – these mitigation plans and actions include implementing sustainable procurement, investing in IBS and precast components in construction, embedding 'green' criteria in tendering processes, and the reallocation of resources to support these initiatives. As indicated in Note 6.1, the Board Sustainability Committee evaluates periodically the Group's strategy and the progress against targets. It allows the Group to assess its capacity to adjust and adapt its strategy and business model to climate changes as follows:

IFRS S1.21(b)(ii)

- **Financial resources and flexibility:** Over the next five years, the Group has allocated between RM330 million and RM375 million to support initiatives aimed at climate change mitigation and adaptation. In the current fiscal year, around RM180 million has been allocated to investments in IBS and renewable energy infrastructure. These expenditures are reviewed periodically, allowing the Group to revise its budget as necessary. As outlined in Note [XX] of the Group's financial statements for the year ending 31 December 2025, the Group also has access to up to an additional RM300 million in committed credit facilities and when necessary, may utilise its internally generated funds from operations to meet capital expenditures requirements. This financial flexibility ensures the Group can respond effectively to evolving climate-related risks and secure extra funding if needed. Furthermore, the Group's bank loans have an average term of seven years, offering sufficient liquidity to address unexpected disruptions in the supply chain and manage short term risks.
- **Redeploying, repurposing and upgrading assets**: Over the next five years, the Group does not anticipate a need to redeploy, repurpose, or upgrade its assets extensively as construction will be delivered concurrently through conventional construction methods and IBS-aligned delivery. Due to this reason, there are no significant amount of assets that will potentially become obsolete in the short to medium term. Over the longer term, the Group will evaluate and potentially decommission or repurpose outdated assets that no longer support the Group's strategy.
- **Investment in climate-related mitigation, adaptation and opportunities**: The Group is focusing on immediate investments to enhance resilience against climate-related risks. This includes investments in building low-carbon, technology-enabled models by investing in IBS, BIM-integrated design, and digital precast manufacturing. These innovations reduce material usage, waste, and embodied emissions, while maintaining productivity and cost efficiency which could help the Group to adapt its operations and to minimise exposure to an increase in input costs due to carbon taxes, as well as to potentially differentiate itself in the market as a low-carbon contractor.

7. Environment-related risks and opportunities (continued)

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

IFRS S2.25(a)(ii), (b)

The process of identifying, assessing, prioritising, and monitoring climate-related risks—particularly those related to embodied carbon and emissions from construction activities—is embedded within the Group's broader enterprise risk management framework, as outlined in Note 6.4. The Group applies a structured approach to evaluating climate-related risks in construction, incorporating data such as historical emissions profiles, material lifecycle assessments, and predictive modelling of carbon impacts across project lifecycles. A key tool in this process is scenario analysis, which helps management understand the implications of various regulatory and market pathways toward decarbonisation, as detailed in Note 7.1(e).

In parallel with risk management, the Group also identifies and evaluates climate-related opportunities, especially in the context of its commitment to science-based climate targets. These opportunities include expanding low-carbon construction services, adopting low-carbon construction materials, and leveraging digital tools for carbon tracking and optimisation. By positioning itself as a leader in sustainable construction, the Group can access new market segments, meet evolving international customers and regulator expectations, and strengthen its competitive advantage in public and private tenders that prioritise environmental performance. These climate-related considerations are fully integrated into the Group's strategic planning, ensuring that sustainability is a core driver of long term value creation.

7. Environment-related risks and opportunities (continued)

IFRS S2.33(a)(d)(f)(g)

g. Metrics and targets (non-GHG emissions)

The Group has set targets over the short, medium, and long term related to its climate-related risk in respect of embodied carbon and emissions from construction activities – these targets are developed by the Group. The Group uses metrics to measure performance against the targets set, as set out below:

					Targets		
Climate-related risks and opportunities	Description of target	Methodology to calculate metric	Measuring unit	Actual metric - 2025	Short term	Medium term	Long term
Entity-developed metrics							
Risk of project exclusion or non-compliance due to regulatory and client requirements for low-carbon materials	Percentage of construction projects using low-carbon materials by 2030	Construction projects on a cumulative basis from 1 Jan 2025 to 31 Dec 2030	Percentage	30%	40%	50%	90%
Risk of rising carbon related costs compressing margins	Average material embodied carbon intensity	Weighted average tCO_2e/tonne across key materials (cement, steel and aggregate)	tCO_2e/tonne	0.9	0.8	0.7	0.5
	Percentage of renewable energy consumption	Renewable energy proportional to total energy consumption during the financial year	Percentage	13%	30%	60%	90%
	Renewable energy capacity installed	Renewable energy capacity installed as of 31 December 2025	Gigawatt	0.7	1	5	15
	Percentage of key suppliers with science-based targets or decarbonisation plans	Share of strategic suppliers (by spend / emissions) engaged in emissions reduction	Percentage	20%	15%	50%	90%

7. Environment-related risks and opportunities (continued)

IFRS S2.34(c)

					Targets		
Climate-related risks and opportunities	Description of metric	Methodology to calculate metric	Measuring unit	Actual metric	Short term	Medium term	Long term
Metrics from IFRS S2 Industry-based guidance (SASB Standards) (Engineering and Construction Services)							
Lifecycle Impacts of Buildings & Infrastructure	Number of commissioned projects certified to a third-party multi-attribute sustainability standard* *(IF-EN-410a.1.)*	Quantitative	Number of projects	5	The Group does not have any target set for these metrics.		
	Number of active projects seeking such certification* *(IF-EN-410a.2.)*	Quantitative	Number of projects	6			

**Building projects which are certified under GreenRE, GBI or LEED certifications.*

IFRS S2.33(b)(c)
IFRS S2.34(a)

The targets outlined above were developed by the Group for monitoring the Group's mitigation progress and resilience to climate-related transition risks associated with embodied carbon in construction materials and emissions from construction activities. The assumptions used in the targets are also consistent with the Group's cash flow projections for going concern and impairment assessments.

IFRS S2.33(e)
IFRS S2.35

Based on the Group's current progress against its targets for the mitigation of climate-related transition risks, it is expected that short, medium and long term targets will be met. Because this is the first year of establishing targets, 2025 will be used by the Group as a baseline to measure progress against targets in future years.

The *'Accompanying Guidance on IFRS S2 Climate-related Disclosures'* contains illustrations for a number of metrics including disaggregation of GHG emissions disclosures and examples of metrics entities could provide in respect of the cross-industry metrics required in IFRS S2 paragraphs 29(a) – (e), as well as illustrations of how to use industry-based guidance to fulfil these cross-industry metrics.

IFRS S2 paragraphs 29 (b) – (e) require disclosure of cross-industry metrics related to the amount and percentage of assets or business activities vulnerable to climate-related risks, amount and percentage of assets or business activities aligned with climate-related opportunities and the capital deployed towards climate-related risks and opportunities. These metrics have not been illustrated in this ISR.

7. Environment-related risks and opportunities (continued)

7.2 GHG emissions

a. Summary of gross GHG emissions

The table below summarises, for the Group and other investees, total GHG emissions for the year:

Absolute gross GHG emissions for the year

IFRS S2.29(a)(i)(1), (a)(iv)

Metric tonnes of CO_2 equivalent (tCO_2e)	2025
Scope 1 GHG emissions	
– The consolidated accounting group	271,349
– Other investees within the organisational boundary	Nil
Total Scope 1 GHG emissions	271,349Ⓐ
Scope 2 (location-based) GHG emissions	
– The consolidated accounting group	54,736
– Other investees within the organisational boundary	Nil
Total Scope 2 GHG emissions	54,736Ⓐ
Scope 3 GHG emissions	
Category 1 – Purchased goods and services	2,158,113
Category 2 – Capital goods	69,558
Category 4 – Upstream transportation and distribution	21,363
Category 5 – Waste generated in operations	76,634
Category 9 – Downstream transport and distribution	30,259
Category 11 – Use of sold products	568,144
Category 12 – End-of-life treatment of sold products	225,848
Other categories*	150,081
Total Scope 3 GHG emissions	3,300,000
Total Scope 1, Scope 2, and Scope 3 GHG emissions	**3,626,085**

IFRS S2.29(a)(i)(2), (a)(iv),(a)(v)

IFRS S2.29(a)(i)(3), (a)(vi)(1)
IFRS S2 B23, B32-B33
IFRS S1.B29-B30

** Other categories include Category 3 – Fuel- and energy-related activities not included in Scope 1 or Scope 2, Category 6 – Business travel, Category 13 – Downstream leased assets, and Category 15 – Investments.*
Ⓐ These metrics have been subjected to reasonable assurance by a [third-party organisation]. Refer to the [independent reasonable assurance report] included on pages [xx] to [xx] of the Group's Annual Report.

The Group does not have Scope 3 GHG emissions under Category 8 – Upstream leased assets, Category 10 – Processing of sold products and Category 14 – Franchises. Emissions from assets that the Group leases as a lessee are included in Scope 1 and Scope 2 GHG emissions. The Group's products do not need further processing and the Group does not have any franchise arrangements. Category 7 – Employee commuting has been excluded as it is not considered material given its size.

7. Environment-related risks and opportunities (continued)

IFRS S2.29(a)(iv)(1)-(2)

Disaggregation of Scope 1 and Scope 2 GHG emissions between consolidated accounting group and other investees

In accordance with IFRS S2 Paragraph 29, entities are required to disclose Scope 1 and Scope 2 GHG emissions and disaggregate these emissions between the consolidated accounting group and other investees. This category includes associates, joint ventures, and unconsolidated subsidiaries that are not part of the consolidated accounting group but in which the entity holds an interest. (Refer to Note 3.2)

For the purpose of this ISR, disaggregation of GHG emissions for other investees is nil as Building Trust Berhad applies financial control to establish its organisational boundary for reporting of GHG emissions.

IFRS S1.B29-B30

Disaggregating GHG emissions by constituent greenhouse gases

IFRS S2 does not explicitly require disaggregation of GHG emissions by constituent greenhouse gases; however, the entity should consider the requirement in paragraphs B29-B30 of IFRS S1 about aggregation and disaggregation. According to these paragraphs, aggregation is prohibited if doing so would obscure information that is material. Example 3 in the IFRS S2 Accompanying Guidance on Climate-related Disclosures illustrates how an entity considers that certain constituent GHG emissions might need to be separately disclosed. This is not illustrated in this ISR.

Scope 3 GHG emissions categories

IFRS S2 requires an entity to disclose which of the 15 categories defined in the Scope 3 Standard are included in its Scope 3 GHG emissions (IFRS S2 paragraph 29(a)(vi)(1)). As such, if an entity excludes any Scope 3 GHG emissions it could provide useful information to users to explain which categories the entity has excluded and why. IFRS S2 does not provide specific guidance on how the assessment of which categories to include should be performed. Reporting entities could potentially utilise both quantitative and qualitative aspects to evaluate an appropriate level of disclosure.

IFRS S2 does not explicitly require disaggregation of Scope 3 GHG emissions by category; however, the entity should consider the requirement in paragraphs B29-B30 of IFRS S1 about aggregation and disaggregation.

According to these paragraphs, aggregation is prohibited if doing so would obscure information that is material. Example 2 in the IFRS S2 Accompanying Guidance on Climate-related Disclosures illustrates how an entity considers whether certain categories of Scope 3 emissions might need to be separately disclosed.

In this example, the Group determines that disaggregating emissions under *Category 1 – Purchased goods and services, Category 2 – Capital goods, Category 4 – Upstream transportation and distribution, Category 5 – Waste generated in operations, Category 9 – Downstream transport and distribution, Category 11 – Use of sold products, and Category 12 – End-of-life treatment of sold products* is necessary to provide material information to users of general purpose financial reports.

7. Environment-related risks and opportunities (continued)

Contractual instruments

IFRS S2.29(a)(v)
IFRS S2.B30
IFRS S2.B31

The Group has various long term agreements to purchase unbundled renewable energy certificates (RECs) from various renewable energy producers as part of its strategy to reduce market-based Scope 2 emissions.

The Group acquired and retired 750 kWh RECs for 2025. The Group's market-based Scope 2 GHG emissions are 54,286 tCO_2e in 2025.

Contractual instruments

Contractual instruments are any type of contract between an entity and another party for the sale and purchase of energy bundled with attributes about the energy generation, or for unbundled energy attribute claims. Energy attribute certificates (EACs), such as RECs, represent attributes about the energy generated, generally renewable energy. All contractual instruments should meet the Scope 2 quality criteria under the GHG Protocol Scope 2 Guidance.

While EACs can reduce market-based Scope 2 GHG emissions if they are purchased and used within the same market, they cannot reduce location-based Scope 2 GHG emissions. IFRS S2 only requires reporting location-based Scope 2 GHG emissions, while permitting market-based Scope 2 GHG emissions to be disclosed voluntarily. Separately, however, the IFRS Sustainability Disclosure Standards requires disclosure of information about any contractual instruments that the entity has entered into that could inform users' understanding of the entity's Scope 2 GHG emissions.

b. Methodology, inputs and assumptions

The Group calculates its Scope 1, Scope 2 and Scope 3 GHG emissions using the indirect measurement method because direct measurement is not available.

IFRS S2.29(a)(iii)(1)(2), B55-B56

The Group calculates its Scope 2 GHG emissions under both the location-based and market-based methods. A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). A market-based method reflects emissions from electricity using emission factors from contractual instruments.

The Group calculates its Scope 3 GHG emissions using a combination of different calculation methods (see table below for details). Where allocations are necessary, value chain emissions are allocated using the physical allocation method except for specific categories where the economic allocation method is used. The physical allocation method allocates the emissions of an activity based on an underlying physical relationship between the multiple inputs/outputs and the quantity of emissions generated. The economic allocation method allocates the emissions of an activity based on the market value of each output/product. The economic allocation method is used when physical data is not available or does not reflect the causal relationship between the activity measured and the resulting emissions.

7. Environment-related risks and opportunities (continued)

Activity data

For the measurement of emissions, the Group uses the following activity data:

- Scope 1 GHG emissions: quantities of fuel or materials consumed based on invoices received from the Group's suppliers or specific measurement meters (such as fuel tank meters) where available or more appropriate.
- Scope 2 GHG emissions: quantities of purchased electricity consumed based on invoices received from the Group's utility providers where available.
- Scope 3 GHG emissions: the Group prioritises the use of supplier-specific data where available with sufficient quality. 15% of the Group's Scope 3 GHG emissions are measured based on supplier-specific activity data. 30% of the Group's Scope 3 GHG emissions are measured based on activity data internally verified by operational teams through on-site monitoring of measurement meters and/or reviewing of calculations.

For activity data that is not available on a timely basis, the Group uses estimates based on historical data. For activity data that are missing, the Group uses proxy data or the most recent industry-average data.

7. Environment-related risks and opportunities (continued)

Emission factors

IFRS S2.B26(c), B29

For the measurement of Scope 1 and Scope 2 (location-based) GHG emissions, the Group uses the most recent (2024) country-specific emission factors developed by the International Energy Agency (IEA), or the most recent regional emission factors developed by local authorities where available, including latest emission factors published by the Energy Commission (Malaysia, 2022), Department of Climate Change, Energy, the Environment and Water (Australia, 2024), Energy Market Authority (Singapore, 2023), Myanmar Energy Sector Update – World Bank (Myanmar 2024). For the measurement of Scope 2 (market-based) GHG emissions, the Group uses supplier-specific emission factors where available, otherwise the emission factors disclosed above are used. The Group believes that they best represent its activities.

The methodologies, inputs and assumptions used in measuring the Group's material Scope 3 categories are as summarised below:

	Method	Activity data	Emission factors
Category 1 – Purchased goods and services **Category 2 – Capital goods**	Hybrid method (LCI-based), including: • Supplier-specific method for cement, • Average-data method for steel, rebar, asphalt, aggregates and prefabricated items • Spend-based method for other goods and services	• Supplier-specific activity data provided by suppliers (where available) • Quantity and type of construction materials procured (e.g. tonnes of cement, steel, asphalt, rebar, aggregates, prefabricated items) • Purchase cost (RM) from procurement system	• Supplier-developed emission factors (where available) • Most recent cradle-to-gate emission factors per unit of mass or unit of economic value published by government agencies (where available) or industry associations of the respective countries where the goods or services are being produced or provided
Category 5 – Waste generated in operations	Waste-type-specific method	• Tonnes of construction waste by type (e.g. concrete, wood, metal, packaging, soil) • Waste treatment methods (e.g. landfill, recycling, incineration)	• IPCC 2006 Guidelines • DEFRA 2023 waste management emission factors

7. Environment-related risks and opportunities (continued)

	Method	Activity data	Emission factors
Category 4 – Upstream transportation and distribution **Category 9 – Downstream transport and distribution**	• Transportation: distance-based method • Distribution: average-data method	• Distance travelled provided by transportation suppliers (where available) or estimated using online maps (km) • Mass or volume of products transported from internal system (tonnes)	Most recent emission factors published by government agencies (where available) or industry associations of the respective countries where the transportation or distribution happens
Category 11 – Use of sold products	• Use-phase for emission model (estimated lifetime)	• Estimated energy consumption (kWh/year) of the completed asset over its design life (e.g. 30–50 years) • Number of units/buildings sold under Build-to-Sell scheme • Operational energy intensity benchmarks (e.g. BSEEP, GreenRE, MS1525)	• Country-specific emission factors published by the International Energy Agency (IEA) in 2024, or most recent regional emission factors developed by local authorities where available, including Malaysia grid emission factors published by the Energy Commission of Malaysia, and equivalents in Australia, Singapore and Myanmar
Category 12 – End-of-life treatment of sold products	• Disposal-based estimation	• Expected material composition of buildings or infrastructure at end of life • Disposal pathways (demolition waste to landfill, recycled concrete, metal recovery)	• IPCC Waste Module • DEFRA emission factors for demolition and recycling • Local landfill CH_4 emission factors from JPSPN, MESTECC

7. Environment-related risks and opportunities (continued)

Disaggregating methodologies, inputs and assumptions by Scope 3 GHG emissions categories

IFRS S2 does not explicitly require disaggregation of methodologies, inputs and assumptions by Scope 3 GHG emissions categories; however, the entity should consider the requirement in paragraphs B29-B30 of IFRS S1 about aggregation and disaggregation.

According to these paragraphs, aggregation is prohibited if doing so would obscure information that is material. In this example, the Group determines that disaggregating the disclosure for emissions under *Category 1: Purchased goods and services, Category 2: Capital goods, Category 4: Upstream transportation and distribution, Category 5: Waste generation in operations, Category 9: Downstream transportation and distribution, Category 11: Use of sold products and Category 12: End-of-life treatment of sold products*, is necessary to provide material information to users of general purpose financial reports, and so methodologies, inputs and assumptions for these categories have been separately disclosed for illustrative purposes.

Global warming potential (GWP) values

IFRS S2.B20-22

The Group applies the GWP values based on a 100-year time horizon from the most recent (6th) Assessment Report (AR6) of the IPCC to convert the constituent gases into CO_2 equivalent values, which represents the latest published GWP values by IPCC.

Use of GWP values

IFRS S2.B21, B22

IFRS S2 paragraph B21 requires the use of the GWP values based on a 100-year time horizon from the latest IPCC assessment available at the reporting date. In some cases, however, published emission factors may include embedded GWP values that are not updated to the most recent assessment report. IFRS S2 paragraph B22 addresses this issue and provides a specific exception when a published emission factor includes embedded GWP values.

7. Environment-related risks and opportunities (continued)

c. Metrics and targets

Metrics with targets and metrics used to monitor progress towards reaching the targets

IFRS S2.33(a), 34(c), IFRS S2.B67, IFRS S1.50

Disclosure requirements for climate-related targets include two types of metrics: metrics used to set the targets (IFRS S2 paragraph 33(a)) and metrics used to monitor progress towards reaching the targets (IFRS S2 paragraph 34(c)).

Paragraph B67 of IFRS S2 states that, in identifying and disclosing the metric used to set a climate-related target and measure progress, an entity should consider the cross-industry metrics and industry-based metrics. If a metric has been developed by the entity to measure progress towards a target, the entity should disclose information about that metric in accordance with paragraph 50 of IFRS S1.

As part of its commitment to support a global transition to a net-zero economy, the Group established science-based emissions reduction targets in 2022. These targets reflect the ambition of the Paris Agreement to limit global warming to 1.5°C above pre-industrial levels. The Group's targets are set in absolute terms and apply comprehensively to all seven greenhouse gases covered under the Kyoto Protocol across Scope 1, Scope 2, and Scope 3. The approved targets represent a company-wide decarbonisation pathway in line with the latest climate science, as outlined below:

IFRS S2.14(a)(iv), 33,36(a)-(c), IFRS S2.37, B66, B68-69

- Short term target: to have 50% of total electricity used from renewable sources by 2026, through a combination of on-site solar installations, off-site renewable energy trading, and purchase mechanisms.
- Medium term **gross** GHG emissions targets:
  - to reduce Scope 1 GHG emission intensity (tCO2e per RM'million) by 45% by 2030 against the 2022 baseline;
  - to reduce gross Scope 2 (market-based) GHG emissions by 60% by 2030; and
  - to reduce gross Scope 3 GHG emissions by 50% by 2030 against a 2022 baseline.
- Long term **gross** GHG emissions target: to reduce gross Scope 1, Scope 2 (market-based) and Scope 3 GHG emissions by 90% by 2050 against a 2022 baseline.
- Long term **net** GHG emissions target: to achieve net zero (nil net Scope 1, Scope 2 (market-based) and Scope 3 GHG emissions) by 2050.

Gross GHG emissions reflect the total GHG emissions. Net GHG emissions are the gross GHG emissions minus any offsetting efforts such as the purchase of carbon credits (as discussed below).

IFRS S2.34(a),36(d)

The targets were set using a combination of the cross-sector absolute reduction method and market-based accounting approaches, in alignment with the standards issued by [a third-party organisation]. Under this approach, gross GHG emissions across Scope 1, Scope 2, and Scope 3 are reduced by amounts consistent with a 1.5°C pathway. The Scope 1 and Scope 3 targets follow the absolute contraction trajectory, while the Scope 2 target is addressed through renewable electricity sourcing using the market-based method. The targets were not derived using a sector-specific intensity-based method (also known as the sectoral decarbonisation approach). These targets, including the application of the cross-sector absolute reduction method and Scope 2 renewable electricity approach, have been validated by [a third-party organisation].

7. Environment-related risks and opportunities (continued)

IFRS S2.34(b)

The targets are reviewed at least every five years to ensure continued alignment with the latest criteria and guidance issued by [a third-party organisation], or earlier if there are significant changes to the Group's organisational boundaries or target-setting methodology. Targets will be recalculated and revalidated where changes occur that could materially affect the basis or ambition of the approved targets. The Group will update its baseline if there is a change exceeding ±10% in Scope 1, Scope 2, or Scope 3 baseline year emissions due to methodological refinements, improved data quality, or material structural changes such as acquisitions or divestments.

IFRS S2.36(e), IFRS S2.B70-B71

The Group aims to neutralise residual emissions that cannot be eliminated through operational or value chain decarbonisation, using high-quality carbon removals, in line with the SBTi's Corporate Net-Zero Standard. The Group intends to purchase a portion of its carbon credits from certified carbon removal projects traded on Bursa Carbon Exchange (BCX). It is progressively transitioning its carbon credit portfolio to 100% carbon removals by FY2030, as required for credible net-zero claims. These credits will include both nature-based solutions (e.g. afforestation, reforestation) and technology-based removals (e.g. direct air capture, bioenergy with carbon capture and storage). All removal projects are designed to ensure permanence of at least 100 years and are independently validated and verified by qualified third-party auditors approved under recognised carbon standards. The carbon credits will be certified by reputable third-party organisations such as Verra, Gold Standard, or other SBTi-recognised registries.

tCO_2e	2026	2027	2028	2029	2030	Total
Projected carbon credits to be used (A)	400	350	300	250	200	**1,500**
Projected carbon credits to be acquired from BCX (B)	300	300	300	300	300	**1,500**
Current projected deficit of carbon credits (A – B)	**(100)**	**(50)**	**0**	**50**	**100**	**0**

Carbon credits already purchased for net GHG emissions targets and current projected deficit of carbon credits

In accordance with paragraph 36(e) of IFRS S2, an entity is only required to disclose its planned use of carbon credits. However, paragraph B71 of IFRS S2 allows an entity to include information about carbon credits that it has already purchased for its net GHG emissions target as part of this disclosure, if the information enables users of general purpose financial reports to understand the entity's GHG emissions target.

The disclosure of the current projected deficit of carbon credits is voluntary if the deficit does not expose the Group to a material price risk or other risks; otherwise, it might be considered material information related to the Group's 'planned use of carbon credits' that is required to be disclosed.

Depending on the specific facts and circumstances, the use of carbon credits by an entity may significantly impact its balance sheet, performance or cash flows. For the purposes of these examples' disclosures, these effects are not being illustrated.

7. Environment-related risks and opportunities (continued)

IFRS S2.34(c)

The Group tracks a set of decarbonisation performance metrics across key operational and value chain activities, which are designed to monitor progress across Scope 1, Scope 2, and Scope 3, and will be continuously refined in alignment with evolving best practices and verification requirements under science-based targets:

- Scope 1 + Scope 2 GHG emissions intensity: Scope 1 and Scope 2 GHG emissions per RM'million revenue to track operational GHG efficiency
- Percentage of electrification of fleet and equipment: Share of construction vehicles and machineries using electric or hybrid power
- Percentage of renewable energy consumption: Measures transition to renewable electricity
- Percentage of construction projects using low-carbon materials: Volume of low-carbon concrete as a % of total concrete used in construction projects to track embodied carbon in construction materials
- Percentage of key suppliers with science-based targets or decarbonisation plans: Proportion of major suppliers with science-based GHG reduction targets and decarbonisation plans

d. Performance against the GHG emissions targets

IFRS S2.35

The Group has defined its base year as 2022. The metrics used to set targets, as well as the metrics used to monitor performance against the targets, are set out below:

tCO_2e	2025	2024	2022 baseline year
Metrics used to set targets			
• Renewable electricity over total electricity use	30%	25%	15%
• Gross Scope 1 GHG emissions	271,349Ⓐ	273,000	285,630
• Gross Scope 2 (market-based) GHG emissions	54,286	55,500	57,617
• Gross Scope 3 GHG emissions	3,300,000	3,340,000	3,473,684
• Gross Scope 1, Scope 2 (market-based) and Scope 3 GHG emissions	3,625,995	3,668,500	3,816,931
• Net Scope 1, Scope 2 (market-based) and Scope 3 GHG emissions	3,625,495	3,660,000	3,808,000
Metrics used to monitor progress towards the targets			
• Scope 1 + Scope 2 GHG emissions intensity (tCO2e/RM'million revenue)	134	142	164
• Percentage of electrification of fleet and equipment (%)	15%	10%	3%
• Percentage of renewable energy consumption (%)	13%	10%	3%
• Percentage of construction projects using low-carbon materials (%)	30%	28%	5%
• Percentage of key suppliers with science-based targets or decarbonisation plans (%)	20%	15%	5%

Ⓐ *This metric has been subjected to reasonable assurance by a [third-party organisation]. Refer to the [independent reasonable assurance report] included on pages [xx] to [xx] of the Group's Annual Report.*

7. Environment-related risks and opportunities (continued)

The Group's Scope 1 gross GHG emissions decreased by 0.6% during the reporting period, resulting in a total reduction of 5.0% as compared to the 2022 baseline. This steady decline reflects the Group's ongoing efforts to decarbonise its operations, particularly through the electrification of its construction fleet and equipment. These actions are aligned with the Group's Building Trust Net Zero Roadmap, which targets a 45% reduction in Scope 1 emission intensity by 2030 against the 2022 baseline.

The Group's Scope 2 (market-based) gross GHG emissions decreased by 2.2% during the reporting period, resulting in a total reduction of 5.8% as compared to the 2022 baseline. This reduction is primarily driven by the Group's transition to renewable electricity, which now accounts for 30% of total electricity use, up from 25% in 2024. Key initiatives include the installation of rooftop solar panels, purchase of renewable energy certificates (RECs), and implementation of energy-efficiency measures across construction sites. These efforts support the Group's target to reduce significant market-based Scope 2 emissions by 2030.

The Group's Scope 3 gross GHG emissions decreased by 1.2% during the reporting period, achieving a 5.0% reduction as compared to the 2022 baseline. This progress is largely attributed to the increased use of low-emission construction materials such as low-carbon concrete and recycled steel, as well as enhanced circularity practices including waste recovery and the use of recycled aggregates. The Group plans to invest further to increase the adoption of innovative construction solutions in construction activities as well as perform research and development activities in the short to medium term to reduce Scope 3 GHG emissions. In addition, the Group will continue to strengthen engagement with key suppliers, encouraging the adoption of science-based targets and decarbonisation plans. These initiatives are part of a broader strategy to reduce value chain emissions in line with the Group's long term climate commitment.

8. Social-related risks and opportunities

8.1 Occupational health and safety risks

a. Description of occupational health and safety (OHS) risks

IFRS S1.30(a)

The Group's construction and on-site operations involve significant manual labour, exposing workers to elevated safety-related OHS risks, including injury or fatality. Common hazards include the operation of heavy machinery, working at heights, improper use of personal protective equipment (PPE), and exposure to hazardous substances. These risks, if not properly managed, may contribute to workplace accidents that may result in regulatory fines, legal liabilities, and project delays, ultimately affecting

IFRS S1.30(b)

operational efficiency and profit margins across the short, medium, and long term. Non-compliance with safety regulations can also lead to legal repercussions and reputational damage. Addressing these safety risks through proactive measures—such as targeted safety training, emergency preparedness, regular safety drills, and fostering a strong safety culture—is essential. Effective workplace safety management not only protects workers but also enhances productivity and supports competitive differentiation in project bids.

b. Effects on business model and value chain

IFRS S1.32(a)(b)

OHS risks in the Group's construction activities present material implications for profitability, project delivery, and long term value creation—factors that are critical to investor confidence and the Group's competitive positioning in construction markets. The effects on the business model and value chain are set out below:

- **Upstream (Labour and subcontractors):** The Group relies on both permanent and temporary workers which are supplied by the subcontractors. Inadequate training and/or oversight of subcontractors increases exposure to safety risks disrupting construction activities. Ensuring consistent safety standards across all labour sources is essential to ensure work-related hazard and safety risks are mitigated, with strict adherence to safety policy of the Group.
- **Core Operations (Construction sites):** Construction sites are the primary risk zones. Accidents can halt operations and delay project timelines. Safety incidents can also trigger regulatory investigations, affecting multiple ongoing projects.
- **Downstream (Customers and stakeholders):** Customers may impose stricter safety requirements, suspend or terminate construction contracts if safety standards are not met. Investors and regulators increasingly scrutinise ESG (Environmental, Social, Governance) performance, including safety records, which can influence access to capital and compliance obligations.

8. Social-related risks and opportunities (continued)

c. Effects on strategy and decision-making

IFRS S1.33(a)

The Group recognises OHS risks as a risk within its operations, where activities such as tunnelling, high-rise works, and heavy machinery use present significant hazard exposures. In response, the Group has embedded OHS considerations across its strategic and operational decision-making processes.

- **Robust OHS policy for the Group and its subcontractors:** The Group operates under a Group-wide Quality, Safety, Health and Environmental (QSHE) Policy, which outlines minimum safety standards across all sites, business units, and subcontracted activities. This policy is supported by documented procedures, audits, and performance monitoring frameworks. All subcontractors, vendors, and service providers are contractually bound to comply with the Group's OHS standards. These requirements are embedded into contract terms, including the obligation to adopt hazard mitigation protocols, participate in toolbox briefings, and report near misses and incidents in accordance with the Group's incident escalation procedures. Subcontractor compliance is verified through onboarding, periodic inspections, and risk-based audits.
- **Competency-based role assignment and safety training:** The Group recognises that putting the right people in the right roles is fundamental to a safe worksite. All site personnel, including subcontractors, must hold valid and relevant certifications (e.g. CIDB Green Card, confined space entry, equipment operation). Pre-employment screening and site mobilisation protocols ensure only qualified individuals perform high-risk tasks.
- **Hazard identification and digital risk assessment:** Hazard identification is supported by the use of Business Intelligence (BI) data visualisation tools and Building Information Modelling (BIM), which enable early detection of design-stage risks and allow site teams to simulate hazards and plan mitigations in advance. Risk matrices are integrated into the Group's project management systems, allowing for real-time risk flagging, action tracking, and visual reporting across construction sites. High-risk activities (e.g. tunnelling, crane operations, deep excavation) are subject to enhanced digital risk assessments and scenario planning, reducing the likelihood of human error and improving decision-making under pressure.

The Group previously disclosed key OHS commitments in its 2022 reports, including goals to reduce OHS incident frequency rates, enhance subcontractor compliance, and implement digital safety monitoring at major construction sites. In 2025, the Group reports the following progress:

- Total recordable incident rate (TRIR) reduced by 40% compared to 2022 baseline, supported by stricter site controls and enhanced training hours;
- Zero Lost-Time Incident Rate (LTIR) reported during the year;
- Zero fatality reported during the year for work-related incidents;
- 100% of new projects above RM50 million implemented digital safety monitoring systems;
- 95% of subcontractors completed compulsory OHS onboarding within 30 days of contract mobilisation, improving safety alignment across multi-employer sites;
- 100% employees and subcontractors were trained on health and safety standards as at the reporting date.

These improvements have strengthened site-level risk controls and contributed to uninterrupted project delivery across the Group's major construction projects.

There might be different considerations to take into account for OHS practices in different territories based on different applicable laws and regulations; therefore, the appropriateness of the factors taken into consideration and the extent to which they are disclosed should be assessed based on each reporting entity's facts and circumstances.

In managing OHS risks, the Group has considered deliberate trade-offs to prioritise workforce safety, even where this affects short term operational flexibility or project margins. This includes extended project durations to accommodate safe working shifts and reduce fatigue-related hazards. The Group directed investments in additional safety automation and PPE enhancements, especially in high-risk sites. Where project schedules are compressed or the Group cannot reasonably mitigate the risk to acceptable OHS thresholds, the Group may decide not to pursue such tenders.

However, the Group believes that these potential challenges do not outweigh the expected benefits in terms of a better safety track record. Overall, the Group expects that mitigating efforts in place will limit the effect of OHS risk on the Group's business model and value chain.

d. Financial effects

IFRS S1.35

Current financial effects

In the current financial year, the Group has not experienced any material financial loss arising from OHS-related incidents. However, the Group incurred recurring costs in maintaining its OHS systems, including:

- RM8.0 million in direct OHS-related expenditures, comprising safety training, compliance audits, personal protective equipment, and digital safety technologies (e.g. real-time hazard monitoring)
- RM2.0 million of increased insurance premiums and self-insurance funding for additional accident coverage provided beyond statutory requirements i.e. Social Security Organisation (SOCSO).
- Preventive measures such as additional project safety personnel and contractor onboarding processes—these contribute to higher upfront project mobilisation costs, typically 1-2% of contract value and was approximately RM10.0 million in the current year, which is included as part of the construction costs.

Anticipated financial effects

The Group anticipates that any major incident causing a site shutdown of 4 to 6 weeks may result in cost overruns in respect of labour costs and potential liquidated ascertained damages, depending on contract terms. In addition, any unplanned site shutdown may disrupt construction work programme, requiring overtime to be incurred or additional manpower deployed to mitigate delays in construction progress. These possible exposures are difficult to estimate, and are often mitigated through insurance, safety planning, and incident response protocols, and other mitigating actions as discussed above.

However, the Group believes its ongoing and planned mitigating actions can address the OHS risk. The anticipated financial effects in respect of the mitigation activities in the short to medium term are disclosed in the table below.

8. Social-related risks and opportunities (continued)

The following table presents the Group's expected effect on its financial performance and cash flows over the short, medium, and long term, considering actions to manage OHS risks. Based on these projections, the Group does not expect a material adjustment to the carrying amounts of reported assets and liabilities within the next 12 months.

In RM million	Current financial effects	Short term financial effects (per annum)	Medium term financial effects (per annum)	Long term financial effects (per annum)
Financial performance				
Cost of sales (Increase)				
– Direct OHS-related expenditures	8	Between 8 to 10	Between 10 to 12	Between 10 to 12
– Insurance premium	2	Between 2 to 4	Between 4 to 6	Between 4 to 6
– Staff costs (additional personnel)	10	Between 10 to 11	Between 11 to 12	Between 11 to 12
Cash flows				
Cash generated from operations (decrease)	20	Between 20 to 25	Between 25 to 30	Between 25 to 30

The Group does not expect any impact to its financial position over short, medium and long term.

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

IFRS S1.41

The Group's current strategy demonstrated strong resilience to OHS risks as there have been no fatalities which occurred since the baseline was established in 2022. This is essential given the Group's core involvement in high-risk infrastructure projects such as tunnelling, highways, and rail construction. The Group has institutionalised robust governance frameworks and operational safety systems that proactively identify, assess, and mitigate safety risks. When a recordable injury or fatal accident occurs, the Group conducts thorough root cause analyses and implements targeted remediation measures to prevent recurrence. This process enhances operational resilience and supports continuous improvement in the Group's strong safety record.

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

The overall process followed to identify, assess, prioritise and monitor OHS risks and opportunities forms part of the general process described in Note 6.4.

IFRS S1.44(a)(i)

Specifically, for OHS risk monitoring, the process and controls are set out below:

- **Executive oversight and governance:** The Group's OHS governance structure ensures accountability at both the executive and site level. The Group's BRMC reviews OHS performance quarterly, while the central OHS Department monitors leading and lagging key indicators monthly.
- **Site-level monitoring:** Each construction site is staffed with a full-time Safety and Health Officer (SHO) who conducts daily inspections, enforces compliance, and leads incident response. All safety incidents—regardless of severity—are subject to root cause investigation, with findings disseminated across project teams to embed lessons learned. This structured feedback loop enables continuous improvement and informs future risk mitigation strategies.

IFRS S1.44(a)(ii)

The Group does not use scenario analysis to inform its identification of OHS risks. Due to the qualitative characteristics of the OHS risk, the Group only considers qualitative thresholds. No changes in the process occurred in the current reporting period.

8. Social-related risks and opportunities (continued)

IFRS S1.46
IFRS S1.50(a)(d)

g. Metrics and targets

The Group has set targets over the short, medium and long term related to its OHS risk – some of these metrics come from the SASB Standards (Engineering and Construction Services IF-EN-320a.1). At the Group's Board of Directors, business unit, and project site levels, the Group uses metrics to measure performance against the targets set, as set out below.

IFRS S1.50(b)
IFRS S1.
51(a)(b)(c)

OHS performance of the Group

Social-related risks	Methodology to calculate metric	Measuring unit	Baseline 2022	Actual metric – 2025	Related target
Entity-developed metrics					
Lost Time Incident Rate (LTIR)*	Number of lost time injuries divided by total hours worked in the reporting period	Rate	1.3	0	Annual zero LTIR
Percentage of employees trained on health and safety standards - Employees - Third-party subcontractors	Number of employees who are trained on a cumulative basis divided by total employees as at the reporting date	Percentage	 90% 75%	 100% 100%	 100% 100%
Percentage of digital safety monitoring systems implemented for new projects	New projects above RM50 million which implemented digital safety monitoring systems	Percentage	60%	100%	100%
Percentage of compulsory OHS onboarding for subcontractors within 30 days of contract mobilisation	Percentage of subcontractors who completed OHS onboarding within 30 days of contract mobilisation in the reporting period	Percentage	80%	95%	100%
SASB metrics (Engineering and Construction Services)					
Total recordable incident rate (TRIR)* (IF-EN-320.a.1)	Number of recordable incidents divided by total hours worked in the reporting period	Rate	2.5	1.5	Annual zero TRIR
Fatality rate (IF-EN-320.a.1)	Number of fatalities divided by total hours worked in the reporting period	Rate	0.02	0	Annual zero fatality rate

**(statistic count × 200,000) / total number of hours worked by all employees in the year reported as defined in SASB standards (IF-EN-320a.1)*

IFRS S1.50(c)
IFRS S1.51(d)(f)

The targets and metrics above have been developed by the Group to measure the progress of the Group's mitigation and resilience to the OHS risks over the short, medium, and long term. The metrics have not been validated by a third party. The Group has established targets on the safety performance on a per annum basis, with 2022 as a baseline to measure progress against targets in future years.

8. Social-related risks and opportunities (continued)

8.2 Structural integrity and safety

a. Description of the risk of structural integrity and safety

IFRS S1.30(a)

In both design-and-build and conventional construction contracts, the Group assumes significant responsibility for ensuring structural integrity and site safety. This includes the execution of works in accordance with engineering specifications and safety standards, as well as the implementation of effective construction methods and material quality control. In jurisdictions where the Group operate (Malaysia, Singapore and Australia), there are regulations (e.g. Construction (Design and Management) Regulations 2024 in Malaysia), where principal contractors are legally required to coordinate safety measures, manage construction risks arising from design, and protect both workers and future users of completed assets.

These risks—if not properly managed—can result in structural defects or failures that compromise worker safety during the construction phase and pose serious hazards to the public after project completion. Similar contractor obligations also apply in Singapore and Australia, where regulations require compliance with structural and safety standards.

In addition, climate-related hazards such as heavy rainfall, strong winds, or extreme heat must be factored into design and construction. Failure to do so may reduce asset durability and compromise safety.

These social risks carry financial consequences, including regulatory penalties, litigation, and compensation, costly rectification works. This may also pose reputational risk impacting future bid success of the Group.

Structural integrity is therefore not just a technical requirement, but a material social risk with implications for user safety and regulatory compliance.

b. Effects on business model and value chain

IFRS S1.32(a)(b)

The risks related to structural integrity and safety have a material effect on the Group's business model, particularly as project complexity increases and climate risks becomes more prominent over the medium to long term. The risks may affect the Group's operations and value chain in the following ways:

- **Design and planning stage:** In design-and-build projects, the Group conducts internal reviews and engages third-party experts to ensure structural safety, code compliance, and climate resilience. In conventional contracts, design accountability rests with the customer's consultants, but the Group may recommend improvements. Poor coordination or late-stage changes can introduce design flaws that increase structural integrity risks and lead to safety issues post-completion—posing social risks to building users and surrounding communities, and exposing the Group to long term liability.

- **Construction phase**: During construction, the Group is directly responsible for executing works in line with approved designs, specifications, and regulatory standards, including requirements under Malaysia's CDM 2024 as well as equivalent laws in Singapore and Australia. Any deviation from structural plans, use of non-compliant materials, or inadequate site controls can lead to unsafe working conditions, latent structural defects, or serious incidents that affect both workers and nearby communities. These events may trigger stop-work orders, increase project costs, and undermine customer and regulator confidence.

8. Social-related risks and opportunities (continued)

c. Effects on strategy and decision-making

IFRS S1.33(a)

Structural integrity and safety risks are central considerations in the Group's strategic and operational decision-making. The Group adopts a proactive risk management strategy that goes beyond baseline compliance with the relevant building codes, industry standards and regulations in the countries where the Group operates, focusing instead on embedding quality and resilience throughout the project lifecycle—from design collaboration to final handover.

The Group's key strategic responses include:

- **Integration of value engineering and design-stage controls**: In traditional construction contracts, while the Group is not responsible for the design, it strategically positions itself as an active partner in value engineering. These early interventions allow the Group to flag potential design deficiencies or execution risks that could compromise structural integrity. In design-and-build and EPC projects, where structural accountability lies directly with the Group, the strategic emphasis is on building internal design capability, strengthening multidisciplinary coordination, and commissioning third-party peer reviews for high-risk scopes such as bridges, tunnels, and large-span structures.

- **Quality control systems on site:** The Group implements a multi-layered quality assurance framework that integrates digital monitoring and data-driven decision-making. Quality inspection and test plans (ITPs) are developed beyond statutory requirements, with benchmark aligned to risk levels rather than minimum regulatory thresholds. These include the Construction Industry Standards (CIS 7 and CIS 20), which govern structural inspections, concrete testing, and material verification, as well as the CIDB Quality Assessment System in Construction (QLASSIC), which evaluates construction quality against measurable benchmarks. Real-time dashboards and mobile site inspection apps are deployed to track non-conformances, monitor rectification timelines, and flag systemic issues to management early.

- **Third-party quality verification**: For infrastructure and regulated public projects, the Group facilitates verification by third-party consultants or the relevant authorities such as JKR (Public Works Department). The Group may also voluntarily engage third-party quality assessors and technical auditors for complex infrastructure projects, even in private-sector developments. These independent verifications are often carried out prior to handover and may form part of project closeout deliverables.

Planned sources of funding needed to implement the Group's strategy on structural integrity and safety practices are not expected to be significant. No significant investments and capital expenditure are expected to be made to mitigate the structural integrity and safety risk. Therefore, management does not expect significant changes to its business model.

In managing structural integrity risks, the Group recognises the trade-off between maintaining high quality assurance standards and the associated impact on cost, timelines, and bid competitiveness. The trade-offs are carefully weighed during tender submission and project selection processes. For high-risk or long duration projects—such as rail, tunnelling, and elevated expressways—the Group prioritises technical soundness and long term resilience over short term margins. This risk-informed approach influences project go/no-go decisions, subcontractor selection, and resourcing plans, ensuring that project risks are matched with appropriate controls.

The Group plans to use self-funding and existing human resources to implement these strategies.

The plans and actions to manage the structural integrity and safety risk described above are new projects that were initiated by management during the current year. Therefore, additional quantitative and qualitative information about the progress of these plans and actions as compared to previous reporting periods is not yet available to be disclosed.

8. Social-related risks and opportunities (continued)

IFRS S1.33(b)

If management has previously disclosed plans in accordance with paragraph 33(b) of IFRS S1, it needs to disclose quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 33(b).

d. Financial effects

Current financial effects

IFRS S1.35

In the current reporting period, the Group incurred RM13 million in quality assurance (QA) related expenditures, comprising risk-based ITPs and inspections across 11 projects, engagement of third-party structural verifiers for high-risk scopes, to check the quality and methodology of construction as well as the reference and use of CIDB's standards (e.g., CIS 7, CIS 20, where relevant), and site rectifications. These costs were recorded under cost of sales.

In addition, the Group recognised cost of remedial works amounting to RM17 million across several completed infrastructure projects, following post-handover detection of pavement defects, including pavement surfaces roughness, cracking and potholes (Refer to Note [XX] of the financial statements). These defects were flagged through annual inspection by the relevant authorities under the defect liability period. While covered contractually by the Group's own defect liability provisions, this event has resulted in internal process reviews and revised quality assurance thresholds for similar projects on future tenders.

Anticipated financial effects

The Group anticipates that it will continue to incur costs from the implementation of structural risk mitigation measures—such as enhanced inspections, adoption of Construction Industry Standards (CIS 7 and 20), QLASSIC benchmarking, and third-party structural verification—will result in incremental costs over the construction stage. These costs are considered part of the Group's strategy to reduce the probability of structural integrity and safety issues in projects, with the aim of reducing defect-related losses, protecting construction project margins, and avoiding reputational damage.

The possible financial consequences that could arise if a material breach were to occur may include:

- Increase in provisions in respect of third-party liabilities and regulatory penalties due to injuries caused by any structural failure;
- Increase in cash outflows to fund rectification work or settle customer's claims, impacting near-term operating cash flow performance; and
- Losses of revenue in respect of future bids due to reputational damage caused by structural integrity and safety concerns.

The Group anticipates that the likelihood of occurrence of any major structural failures for technically complex projects is low, taking into consideration the mitigation actions that the Group has put in place.

Therefore, the anticipated financial effects related to structural integrity and safety risks are in respect of the mitigating actions including quality assurance costs and post-completion rectification provisions, which were estimated based on the Group's historical experience on the average defect liability claims for similar projects and industry norm for projects requiring post-defect liability period work.

8. Social-related risks and opportunities (continued)

The following table presents the Group's anticipated effects arising from mitigation actions to address the structural integrity and safety risk on its financial position, financial performance and cash flows over the medium and long term, considering actions to manage the risk. Based on these projections, management does not expect material adjustment to the carrying amounts of reported assets and liabilities within the next 12 months.

In RM million	Current financial effects	Short term financial effects (per annum)	Medium term financial effects (per annum)	Long term financial effects (per annum)
Financial position				
Provision for defect rectification liabilities (increase)	4	Between 12.0 to 20.0	Between 8.0 to 14.0	Between 5.0 to 10.0
Financial performance				
Cost of sales (increase) - Site-level quality control (payroll and compliance)	11.5	Between 10.0 to 12.5	Between 8.0 to 10.5	Between 6.0 to 9.5
- Third-party structural verification	1.5	Between 2.0 to 3.0	Between 2.0 to 3.0	Between 2.0 to 3.0
Other expenses (increase) - Defects rectification	17	Between 8.0 to 16.0	Between 4.0 to 10.0	Between 1.0 to 6.0
Cash flows				
Cash outflow from operations (decrease)	(26)	Between (16.0) to (31.0)	Between (14.0) to (17.0)	Between (12.0) to (16.0)

8. Social-related risks and opportunities (continued)

IFRS S1.41

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

The Group's strategy and business model are resilient to structural integrity and safety risks, underpinned by robust quality governance, digital oversight, and risk-informed financial planning. These capabilities are embedded across the project lifecycle, enabling early detection of quality deviations and swift mitigation of structural non-conformances.

To strengthen resilience, the Group has institutionalised risk-based quality assurance protocols, including QLASSIC scoring, and digital tracking of structural issues to closure. Structural risk exposures are proactively priced into tender budgets, with provisions guided by historical defect data and rectification benchmarks.

In the event of structural incidents, the Group is equipped to respond without compromising operations—leveraging BIM, mobile QA tools, and third-party inspections to isolate issues, validate remediation, and minimise potential legal liabilities. These measures not only safeguard operational continuity and margin resilience but also enhance the Group's competitive positioning in higher risk construction projects, particularly for EPC and design-and-build projects where structural performance is critical.

IFRS S1.44(a)(i)

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

The overall process followed to identify, assess, prioritise and monitor social risks and opportunities form part of the general process described in Note 6.4.

The Group monitors and prioritises structural integrity and safety risks through a risk-informed framework embedded in its construction governance processes, supported by formalised quality management policies and digital tools. These risks are identified early in the project lifecycle and continuously assessed based on project complexity, historical defect trends, and third-party inspection findings, through the following mechanism:

- **Digital QA dashboards:** Structural non-conformities and quality defects are logged into a centralised system accessible to project leads, quality managers, and executive reviewers. The system uses real-time indicators to track defect severity, status of corrective actions, and escalation requirements.
- **Incident escalation and root cause tracking**: All major structural integrity issues are subject to a structured root cause analysis and logged with audit trails. Repeat issues are prioritised for Group-level intervention and learning dissemination across projects.
- **Internal audits:** The Internal Audit function maintains a construction quality and integrity risk register, prioritising audit scope towards high-value or technically complex projects.

IFRS S1.44(a)(ii)

The Group does not use scenario analysis to inform its identification of structural integrity and safety risks. Due to the qualitative characteristics of the structural integrity, the Group only considers qualitative thresholds.

No changes in the process occurred in the current reporting period.

g. Metrics and targets

IFRS S1.46
IFRS S1.50(a)(d)

The Group has set targets to its structural integrity and safety risks – these metrics are primarily derived from the SASB Standards for the 'Engineering & Construction Services' industry or are developed by the Group. The Group uses metrics to measure performance against the targets set, as set out below:

8. Social-related risks and opportunities (continued)

IFRS S1.50(b)
IFRS S1.51 (a)(b)(c)(e)

Social-related risks	Metrics description	Metrics calculation methodology	Measuring unit	Actual metric – 2025	Related target(s)
Entity-developed metrics					
Structural integrity & safety-related risk indicators	QLASSIC Score (average per project)	Average of scores achieved for completed projects during the reporting period by CIDB Malaysia	Percentage	76%	Short and medium term: ≥ 75% scores Long term: ≥ 85% scores
	Average rectification cost per project	Total cost of structural rework (labour + material) divided by number of affected projects during the reporting period	Amount (RM'million)	2.8	Short term: ≤RM5 million Medium term: ≤RM4 million Long term: ≤RM3 million
	QA non-conformance rate	Number of structural non-conformance reports raised during construction divided by total inspections conducted	Percentage	4.5%	≤ 5%
	Percentage of projects with third party QA or quality control inspection	Projects with certified external quality assessors engaged before handover during the reporting period	Percentage	100%	≥75%
SASB metrics (Engineering and Construction Services)					
Structural integrity & safety	Amount of defect- and safety-related rework costs (IF-EN-250a.1.)	Amount of defect- and safety-related cost incurred during the reporting period	Amount (RM'million)	RM16.8 million	Short term: ≤RM15 million Medium term: ≤RM10 million Long term: ≤RM5 million
	Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents (IF-EN-250a.2.)	Monetary losses incurred during the reporting period	Amount (RM'million)	0	Maintain zero monetary losses relating to defect- and safety-related incidents.

IFRS S1.51(d)(f)

The targets and metrics above have been developed by the Group to measure the progress of the Group's mitigation of the structural integrity and safety risk. Because this is the first year of establishing targets, 2025 will be used by the Group as a baseline to measure progress against targets in future years.

IFRS S1.33(b)

If management has previously disclosed plans in accordance with paragraph 33(b) of IFRS S1, it needs to disclose quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 33(b).

9. Events after the reporting period

IFRS S1.68

No transactions, other events or conditions occurring after the end of the reporting period and before the date of authorisation of issue of this report have taken place that need to be disclosed in this sustainability report.

10. Additional disclosures based on the Main Market Listing Requirements

Extracts of the Amendments in Relation to Sustainability Reporting Requirements

The following paragraphs are extracted from Practice Note 9 (PN9) of the Main Market Listing Requirements:

6.1A A listed issuer must ensure that the Sustainability Statement is prepared in accordance with the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

6.2 In addition to paragraph 6.1A above, a listed issuer must also include the following in the Sustainability Statement:

(c) The metrics and targets that demonstrate the listed issuer's performance and progress in relation to its sustainability-related risks and opportunities for the last 3 financial years, together with data as follows:

No.	Reporting of new metric	Minimum data disclosures
(a)	In the first year of reporting a new metric ("said metric")	Data for the financial year
(b)	In the second year of reporting the said metric	Data for the financial year and the immediate preceding financial year
(c)	From the third year of onwards of reporting the said metric	Data for the financial year and the 2 immediate preceding financial years

(e) A statement on whether the listed issuer has subjected the sustainability statement to:

- internal review by its internal auditor; or
- independent assurance performed in accordance with recognised assurance standards

(f) A summary of the data for the metrics and targets disclosed in the Sustainability Statement, in a prescribed format.

The additional disclosures stated in paragraph 6.2 (c), (e), and (f) above of the PN are illustrated in this section.

10. Additional disclosures based on the Main Market Listing Requirements (continued)

The table below is an illustration of the prescribed format that listed issuers are required to generate for their material sustainability data in PDF format via the ESG Reporting Platform. The generated PDF format must be inserted into the sustainability statement in its original form without any edits or modification, for announcement to Bursa Malaysia together with the listed issuer's Annual Report.

Listed issuers should refer to the latest prescribed format in the ESG Reporting Platform when preparing their sustainability statements.

10.1 Performance table

The Group's metrics and targets that demonstrate the Group's performance and progress in relation to its environmental and social-related risks are disclosed in Note 7 and Note 8. These metrics and targets are also summarised in the performance table below for the last 3 reporting periods.

Market	Main Market
Stock Code	XXXX
Name of PLC	Building Trust Berhad
Financial Year	31 Dec 2025

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information					
No	**Sustainability Matter**	**Metric**	**Measurement Unit**	**Values 2025**	**Targets**
1	Occupational health and safety risks (Note 8.1)	Lost Time Incident Rate (LTIR)	Rate	0	0
		Percentage of employees trained on health and safety standards - Employees - Third-party subcontractors	Percentage (%)	 100% 100%	 100% 100%
		Percentage of digital safety monitoring systems implemented for new projects	Percentage (%)	100%	100%
		Percentage of compulsory OHS onboarding for subcontractors within 30 days of contract mobilisation	Percentage (%)	95%	100%
		Total recordable incident rate (TRIR)	Rate	1.5	0
		Fatality rate	Rate	0	0
2	Structural integrity and safety (Note 8.2)	QLASSIC Score (average per project)	Percentage (%)	76%	Short term: ≥ 75% scores Medium term: ≥ 75% scores Long term: ≥ 80% scores
		Average rectification cost per project	Amount (RM'million)	2.8	Short term: ≤RM5 million Medium term: ≤RM4 million Long term: ≤RM3 million
		QA non-conformance rate	Percentage (%)	4.5%	≤ 5%
		Percentage of projects with third party QA or quality control inspection	Percentage (%)	100%	≥75%
		Amount of defect- and safety-related rework costs	Amount (RM'million)	RM16.8 million	≤RM15 million
		Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents	Amount (RM'million)	0	0
3	Others	Other risks and opportunities are not illustrated for the purpose of this ISR			

10. Additional disclosures based on the Main Market Listing Requirements (continued)

IFRS S2 Climate-related Disclosures					
No	**Sustainability Matter**	**Metric**	**Measurement Unit**	**Values**	**Targets**
				2025	
1	Climate-related transition risk: Regulatory and market pressure to decarbonise embodied carbon in construction materials and construction activities (Note 7.1)	Percentage of construction projects using low-carbon materials by 2030	Percentage (%)	30%	Short term: 40% Medium term: 50% Long term: 90%
		Average material embodied carbon intensity	tCO_2e/tonne	0.9	Short term: 0.8 Medium term: 0.7 Long term:0.5
		Percentage of renewable energy consumption	Percentage (%)	13%	Short term: 30% Medium term: 60% Long term: 90%
		Renewable energy capacity installed	Gigawatt	0.7	Short term: 1 Medium term: 5 Long term: 15
		Percentage of key suppliers with science-based targets or decarbonisation plans	Percentage (%)	20%	Short term: 15% Medium term: 50% Long term: 90%
		Number of commissioned projects certified to a third-party multi-attribute sustainability standard	Number of projects	5	No targets set
		Number of active projects seeking such certification	Number of projects	6	No targets set
2	GHG emissions (Note 7.2)	**Scope 1 GHG emissions**			
		The consolidated accounting group	tCO_2e	271,349	Short term: No targets set Medium term: 45% Long term: 90%
		Other investees within the organisational boundary	tCO_2e	0	No targets set
		Scope 2 GHG emissions			
		The consolidated accounting group	tCO_2e	54,736	Short term: 50% Medium term: 60% Long term: 90%
		Other investees within the organisational boundary	tCO_2e	0	No targets set
		Scope 3 GHG emissions			
		Category 1: Purchased goods and services	tCO_2e	2,158,113	No targets set
		Category 2: Capital goods	tCO_2e	69,558	No targets set
		Category 4: Upstream transportation and distribution	tCO_2e	21,363	No targets set
		Category 5 – Waste generated in operations	tCO_2e	76,634	No targets set
		Category 9 – Downstream transport and distribution	tCO_2e	30,259	No targets set
		Category 11 – Use of sold products	tCO_2e	568,144	No targets set
		Category 12 – End-of-life treatment of sold products	tCO_2e	225,848	No targets set
		Other categories*	tCO_2e	150,081	No targets set
		Total Scope 3 GHG emissions	tCO_2e	3,300,000	Short term: No targets set Medium term: 50% Long term: 90%
3	Others	Other risks and opportunities are not illustrated for the purpose of this ISR			
** Other categories include Category 3 – Fuel and energy-related activities not included in Scope 1 or Scope 2, Category 6 – Business travel, Category 13 – Downstream leased assets and Category 15 - Investments*					

Legend:

No Assurance	Internal Assurance	External Assurance (Limited)	External Assurance (Reasonable)

10. Additional disclosures based on the Main Market Listing Requirements (continued)

10.2 Statement of Assurance

Practice Note 9.6.2(e)

In upholding transparency and accountability, the Group recognises the importance of independent verification to ensure the accuracy of the Group's sustainability disclosures. For 2025, the Group engaged [a third-party organisation] and to conduct an independent reasonable assurance on the metrics indicated in the performance table in Note 10.1.

The [third-party organisation]*'s* independent reasonable assurance report can be found on pages [XX] to [XX] of the Group's Annual Report.

Appendix I: Transition Reliefs

IFRS Sustainability Disclosure Standards provide transition reliefs for the first annual reporting period in which an entity applies the standards.

The National Sustainability Reporting Framework for Malaysia (NSRF) also included transition reliefs (ATR) to support a smoother transition for entities reporting under IFRS Sustainability Disclosure Standards for the first time. For the listed issuers in Malaysia, these ATRs have been included in Practice Note 9A Saving and Transitional Provisions for Sustainability Statement of the Main Market Listing Requirements and Guidance Note 11A Saving and Transitional Provisions for Sustainability Statement of the ACE Market Listing Requirements' respectively.

Further information on the applicability of the ATRs are set out in the FAQ on the NSRF, which may be updated periodically. Kindly refer to the latest FAQ as published on the NSRF microsite. The following table provides a summary of the transition reliefs included in the IFRS Sustainability Disclosure Standards and the NSRF:

	Description	Transition relief under the IFRS Sustainability Disclosure Standards	ATRs under the NSRF	Transition relief illustrated in the ISR?
A	Relief from disclosing comparative information	Entities are not required to provide the disclosures specified in IFRS S1 for any period before the date of initial application. Accordingly, applicable entities are not required to disclose comparative information in the first annual reporting period in which it applies IFRS S1. *[IFRS S1 Appendix E3]* A similar relief is available in IFRS S2 where applicable entities are not required to provide the disclosures specified in IFRS S2 for any period before the date of initial application. Accordingly, applicable entities are not required to disclose comparative information in the first annual reporting period in which it applies IFRS S2. [*IFRS S2 Appendix C3]*	A similar transition relief as the IFRS Sustainability Disclosure Standards is available, subject to the respective regulators' requirements. Refer to item 2.6 in the FAQ on the NSRF issued by the Advisory Committee on Sustainability Reporting (ACSR) for further information.	Yes

Appendix I: Transition Reliefs (continued)

	Description	Transition relief under the IFRS Sustainability Disclosure Standards	ATRs under the NSRF	Transition relief illustrated in the ISR?
B	Relief from reporting sustainability-related financial disclosures at the same time as the related financial statements	In the first annual reporting period in which an entity applies IFRS S1, the entity is permitted to report its sustainability-related financial disclosures after it publishes its related financial statements. In applying this transition relief, an entity shall report its sustainability-related financial disclosures: (a) at the same time as its next second-quarter or half-year interim general purpose financial report, if the entity is required to provide such an interim report; (b) at the same time as its next second-quarter or half-year interim general purpose financial report, but within nine months of the end of the annual reporting period in which the entity first applies IFRS S1, if the entity voluntarily provides such an interim report; or (c) within nine months of the end of the annual reporting period in which the entity first applies IFRS S1, if the entity is not required to and does not voluntarily provide an interim general purpose financial report. *[IFRS S1 Appendix E4]*	This relief has not been adopted by the NSRF. The ACSR is of the view that applicable entities should issue its sustainability-related financial disclosures at the same time as their financial statements to ensure that the market attains the full set of information from an applicable entity. Applicable entities should also adhere to their respective regulators' requirements on timing of reporting in Practice Note 9.1.2A. Accordingly, this relief in the IFRS Sustainability Disclosure Standards is not available for reporters within the scope of the NSRF. Refer to items 2.6 and 2.8 in the FAQ on the NSRF issued by the ACSR for further information.	No

Appendix I: Transition Reliefs (continued)

	Description	Transition relief under the IFRS Sustainability Disclosure Standards	ATRs under the NSRF	Transition relief illustrated in the ISR?
C	Relief from reporting information about sustainability-related risks and opportunities beyond climate-related risks and opportunities	In the first annual reporting period in which an entity applies IFRS S1, the entity is permitted to disclose information on only climate-related risks and opportunities (in accordance with IFRS S2) and consequently apply the requirements in IFRS S1 only insofar as they relate to the disclosure of information on climate-related risks and opportunities. If an entity uses this transition relief, it shall disclose that fact. *[IFRS S1 Appendix E5]* If an entity uses the transition relief in paragraph E5: (a) in the first annual reporting period in which the entity applies IFRS S1, it is not required to disclose comparative information about its climate-related risks and opportunities; and (b) in the second annual reporting period in which the entity applies IFRS S1, it is not required to disclose comparative information about its sustainability-related risks and opportunities, other than its climate-related risks and opportunities. *[IFRS S1 Appendix E6]* The IFRS Foundation has issued additional educational material to help preparers understand which requirements in IFRS S1 are applicable when a company discloses information on only climate-related risks and opportunities in accordance with IFRS S2. Preparers may refer to the IFRS educational material - *Applying IFRS S1 when reporting only climate-related disclosures in accordance with IFRS S2*.	A similar transition relief is available for an extended period as follows: • Group 1* and Group 2* entities – this relief is available for two (2) years (i.e. an additional year compared to IFRS S1) • Group 3* entities – this relief is available for three (3) years (i.e. two (2) additional years compared to IFRS S1) *[NSRF ATR 1]*	No If this relief is adopted by a first-time preparer, information on non-climate related risks and opportunities (for e.g. other environment, social and governance risks and opportunities) is not required to be disclosed.

Appendix I: Transition Reliefs (continued)

	Description	Transition relief under the IFRS Sustainability Disclosure Standards	ATRs under the NSRF	Transition relief illustrated in the ISR?
D	Measurement method other than the GHG Protocol can be used to measure Scope 1, Scope 2 and Scope 3 GHG emissions	In the first annual reporting period in which an entity applies IFRS S2, if, in the annual reporting period immediately preceding the date of initial application of IFRS S2, the entity used a method for measuring its GHG emissions other than the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004), the entity is permitted to continue using that other method. *[IFRS S2 Appendix C4(a)]* If an entity uses the relief in paragraph above, the entity is permitted to continue to use that relief for the purposes of presenting that information as comparative information in subsequent reporting periods. *[IFRS S2 Appendix C5]*	A similar transition relief as the IFRS Sustainability Disclosure Standards is available.	No If this relief is adopted by a first-time preparer, information on the applicable method and measurement approach used by the entity to determine its GHG emissions and the reason for the entity's choice of method and measurement approach should be disclosed. *[IFRS S2 para B28]* The entity should also disclose how the approach relates to the disclosure objective on metrics and targets as described in IFRS 2 paragraph 27 and B28.
E	Relief from disclosing Scope 3 GHG Emissions	In the first annual reporting period in which an entity applies IFRS S2, the entity is not required to disclose its Scope 3 GHG emissions which includes, if the entity participates in asset management, commercial banking or insurance activities, the additional information about its financed emissions. *[IFRS S2 Appendix C4(b)]* If an entity uses the relief in the above paragraph, the entity is permitted to continue to use that relief for the purposes of presenting that information as comparative information in subsequent reporting periods. *[IFRS S2 Appendix C5]*	A similar transition relief is available, except for Scope 3 categories already required to be disclosed by applicable entities' respective regulators. The relief is available for an extended period as follows: • Group 1* and Group 2* entities – this relief is available for two (2) years (i.e. an additional year compared to IFRS S1) • Group 3* entities – this relief is available for three (3) years (i.e. two (2) additional years compared to IFRS S1) *[NSRF ATR 3]*	No If this relief is adopted by a first-time preparer, entities will only need to report Scope 1 and Scope 2 GHG emissions.

Appendix I: Transition Reliefs (continued)

	Description	Transition relief under the IFRS Sustainability Disclosure Standards	ATRs under the NSRF	Transition relief illustrated in the ISR?
F	Relief on disclosing on principal business segment only	No such transition relief is available. Refer to the next column for the relief under NSRF and Bursa Malaysia's listing requirements.	Applicable entities are permitted to focus on providing climate-related disclosures for principal business segments. The relief is available for the following periods: • Group 1* and Group 2* entities – this relief is available for two (2) years (i.e. an additional year compared to IFRS S1) • Group 3* entities – this relief is available for three (3) years (i.e. two (2) additional years compared to IFRS S1) *[NSRF ATR 2]* A first-time preparer adopting this relief should refer to the guidance issued by the NSRF and Bursa Malaysia Securities Berhad on the application of this relief. Refer to Note 1 below.	No

** Group 1, Group 2 and Group 3 entities are defined in the NSRF. Group 1 consists of Main Market listed issuers with a market capitalization of RM2 billion or more. Group 2 comprises Main Market listed issuers not included in Group 1. Group 3 includes ACE Market listed issuers and non-listed companies (NLCos) with annual revenue of RM2 billion or more.*

Note 1: How would listed issuers apply the transition relief that permits entities to focus on providing climate-related disclosures for principal business segment (item F in the table above)?

Pursuant to paragraph 7(c) in Part A of Appendix 9C of the Main Market Listing Requirements, a listed issuer is required to provide a 'review of operating activities including discussion on the main factors that may affect the operating activities of each principal business segment of the group, impact on future operating activities and the approach or action taken in dealing with the effect or outcome of such matters on its business activities' as part of the Management Discussion & Analysis (MD&A) disclosures in its annual reports.

When complying with the IFRS Sustainability Disclosure Standards, the listed issuer is required to disclose material information about the sustainability-related risks and opportunities for the same reporting entity as for its financial statements. The IFRS Sustainability Disclosure Standards require the listed issuer to disclose material information about the sustainability-related risks and opportunities that could reasonably be expected to affect its prospects and in a manner that enables primary users to understand the connections between disclosures provided across its sustainability-related financial disclosures and its related financial statements and other information in general purpose financial reports. The listed issuer will need to consider these requirements when assessing the key operating activities and factors affecting the operating activities across its different business segments of the group to determine the disclosure of material information about sustainability-related risks and opportunities. The listed issuer will also need to consider how information about the sustainability-related risks and opportunities for key operating activities is presented to enable primary users to understand connections with information about business segments in the MD&A disclosures.

Refer to item 9.51I in the Question and Answers in relation to Bursa Malaysia Securities Berhad Listing Requirements and item 2.13 in the FAQ on the NSRF issued by the ACSR for further information.

Appendix I: Transition Reliefs (continued)

Note 2: Impact of applying extended reliefs or additional reliefs under the NSRF to the Statement of Compliance under IFRS Sustainability Disclosure Standards

The ISR has been prepared without the application of any extended reliefs or additional reliefs provided under the NSRF. As Building Trust Berhad in the ISR applies only the transition reliefs on not disclosing comparative information that has been provided as part of IFRS S1 and IFRS S2, Building Trust Berhad is able to provide a statement of compliance under IFRS Sustainability Disclosure Standards, as included under Note 1.1 Compliance with IFRS Sustainability Disclosure Standards. The reliefs applied are illustrated in Note 1.3 First-time adoption of IFRS Sustainability Disclosure Standards and transitional provisions.

Paragraph 72 of IFRS S1 requires companies preparing their sustainability-related financial disclosures in accordance with the IFRS Sustainability Disclosure Standards to make an explicit and unreserved statement of compliance. An entity can only state that it has complied with the IFRS Sustainability Disclosure Standards if it meets all of the requirements in the IFRS Sustainability Disclosure Standards. The adoption of any additional or extended reliefs under NSRF which are not part of the IFRS Sustainability Disclosure Standards will result in the reporting entity not being able to assert compliance with the IFRS Sustainability Disclosure Standards.

Appendix II: References to GRI

This ISR presents the sustainability report of Building Trust Berhad which is preparing its first report under the IFRS Sustainability Disclosure Standards in accordance with the Main Market Listing Requirements. The ISR is not prepared under the requirements of the GRI Standards. There are no requirements for listed entities to issue a sustainability report based on GRI Standards under both the Main Market and ACE Market Listing Requirements.

This appendix is designed as an aid to preparers who have previously reported sustainability information using the GRI Standards, and who are preparing sustainability information under the IFRS Sustainability Disclosure Standards for the first time. This appendix highlights areas of the ISR which contain information that is similar to information required by specific GRI Standards.

This appendix does not identify all information within GRI Standards that might be material for this ISR. Nor does this appendix consider the interoperability of specific disclosure requirements between the GRI Standards and the IFRS Sustainability Disclosure Standards.

As this ISR illustrates material information about selected sustainability-related risks that could reasonably be expected to affect the entity's access to cash flows, its access to finance or cost of capital over the short, medium and long term, information which may be required by GRI Standards, but which is not deemed to be material under the IFRS Sustainability Disclosures Standards, has not been included in this ISR.

The GRI Standards referenced in this Appendix are limited to the sustainability-related risks illustrated in this ISR and are not intended to be exhaustive or provide a complete disclosure and compliance checklist of all GRI Standards.

Information required by the IFRS Sustainability Disclosure Standards should not be obscured

IFRS S1 paragraph B27 states that an entity shall identify its sustainability-related financial disclosures clearly and distinguish them from other information provided by the entity. An entity shall not obscure material information. Information is obscured if it is communicated in a way that would have a similar effect for primary users to omitting or misstating that information. Paragraph B27 of IFRS S1 states:

"Examples of circumstances that might result in material information being obscured include:

- material information is not clearly distinguished from additional information that is not material;
- material information is disclosed in the sustainability-related financial disclosures, but the language used is vague or unclear;
- material information about a sustainability-related risk or opportunity is scattered throughout the sustainability-related financial disclosures;
- items of information that are dissimilar are inappropriately aggregated;
- items of information that are similar are inappropriately disaggregated; and
- the understandability of the sustainability-related financial disclosures is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material."

Hence, entities applying the IFRS Sustainability Disclosure Standards alongside other sustainability-related standards such as GRI Standards must not obscure information that is material for primary users of general purpose financial reports with other information intended for a broader range of stakeholders.

Referring to the GRI Standards to identify applicable disclosure requirements

Paragraphs 57, 58 and Appendix C2 of IFRS S1 states that in the absence of an IFRS Sustainability Disclosure Standard that specifically applies to a sustainability-related risk or opportunity, an entity shall apply judgement to identify information that is relevant for the decision-making of users of general purpose financial reports and faithfully represents that sustainability-related risk or opportunity. In making that judgement, an entity may refer to and consider among others the applicability of the GRI Standards insofar as it does not conflict with the IFRS Sustainability Disclosure Standards. When applying other sources of guidance such as the GRI Standards for this purpose, an entity shall not obscure material information required by the IFRS Sustainability Disclosure Standards (further explained in the box above).

In addition, if an entity applies other sources of guidance such as the GRI Standards without applying the requirements in IFRS Sustainability Disclosure Standards, including the requirements described in the box above, the entity shall not make an explicit and unreserved statement of compliance with IFRS Sustainability Disclosure Standards.

Appendix II: References to GRI (continued)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION IN THE BUILDING TRUST BERHAD SUSTAINABILITY REPORT	REQUIREMENT(S) OMITTED
GRI 2: General Disclosures 2021	2-1 Organizational details	2.1 Overview of the group	
	2-2 Entities included in the organization's sustainability reporting	3.1 Reporting boundary	
	2-3 Reporting period, frequency and contact point	1.2 Connectivity with financial statements	2-3 (c), (d)
	2-4 Restatements of information	There are no restatements of information in this report	
	2-5 External assurance	The information disclosed in this report was not subjected to external assurance.	
	2-6 Activities, value chain and other business relationships	2.1 Overview of the group 2.2 Our value chain	
	2-7 Employees	Not disclosed	
	2-8 Workers who are not employees	Not disclosed	
	2-9 Governance structure and composition	6.1 Board oversight 6.2 Management's role in governance	
	2-10 Nomination and selection of the highest governance body	6.1 Board oversight	
	2-11 Chair of the highest governance body	Not disclosed	
	2-12 Role of the highest governance body in overseeing the management of impacts	6.1 Board oversight 6.2 Management's role in governance	2-12 (d)
	2-13 Delegation of responsibility for managing impacts	6.1 Board oversight 6.2 Management's role in governance	
	2-14 Role of the highest governance body in sustainability reporting	6.1 Board oversight	
	2-15 Conflicts of interest	Not disclosed	
	2-16 Communication of critical concerns	6.2 Management's role in governance	2-16 (b)
	2-17 Collective knowledge of the highest governance body	6.1 Board oversight	
	2-18 Evaluation of the performance of the highest governance body	Not disclosed	
	2-19 Remuneration policies	Partially disclosed as part of '6.3 Impact of sustainability on remuneration policies'	
	2-20 Process to determine remuneration	Partially disclosed as part of 6.1 'Board oversight'	
	2-21 Annual total compensation ratio	Not disclosed	
	2-22 Statement on sustainable development strategy	Not disclosed	
	2-23 Policy commitments	Partially disclosed as part of 8.1(c) 'Effects on strategy and decision-making'	2-23 (a) (i) - (iv), (b)(ii), (c),(d),(f)
	2-24 Embedding policy commitments	Disclosed in 8.1(c) 'Effects on strategy and decision-making' and 8.1(f) 'Processes, controls and policies to manage OHS risks and opportunities'	
	2-25 Processes to remediate negative impacts	Not disclosed	
	2-26 Mechanisms for seeking advice and raising concerns	Not disclosed	
	2-27 Compliance with laws and regulations	There were no instances of non-compliance during the reporting period	
	2-28 Membership associations	Not disclosed	
	2-29 Approach to stakeholder engagement	Not disclosed	
	2-30 Collective bargaining agreements	Not disclosed	
Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Not disclosed as there are different considerations when determining material topics for GRI	
	3-2 List of material topics	Summary of sustainability-related risks and opportunities	3-2 (b)
Regulatory and market pressure to decarbonise embodied carbon in construction materials and emissions from construction activities			
GRI 3: Material Topics 2021	3-3 Management of material topics	7. Environment-related risks and opportunities	305-1 (b), (c), (d)(i)

Appendix II: References to GRI (continued)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION IN THE BUILDING TRUST BERHAD SUSTAINABILITY REPORT	REQUIREMENT(S) OMITTED
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	7.2 Greenhouse gas (GHG) emissions	
	305-2 Energy indirect (Scope 2) GHG emissions	7.2 Greenhouse gas (GHG) emissions	
	305-3 Other indirect (Scope 3) GHG emissions	7.2 Greenhouse gas (GHG) emissions	
	305-4 GHG emissions intensity	7.1(g) Metrics and targets (non-GHG emissions)	305-5 (b), (c)
	305-5 Reduction of GHG emissions	7.2(c) Metrics and targets - Performance against the GHG emissions targets	
	305-6 Emissions of ozone-depleting substances (ODS)	Not disclosed	
Regulatory and market pressure to decarbonise embodied carbon in construction materials and emissions from construction activities			
GRI 305: Emissions 2016	305-7 Nitrogen oxides (NO_x), sulphur oxides (SO_x), and other significant air emissions	Not disclosed	
Enhancing competitiveness and efficiency with sustainable building solutions			
GRI 3: Material Topics 2021	3-3 Management of material topics	N*ot illustrated*	
Occupational health and safety risks			
GRI 3: Material Topics 2021	3-3 Management of material topics	8. Social related risks and opportunities	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	8.1(c) Effects on strategy and decision-making	403-1 (a)(i)
	403-2 Hazard identification, risk assessment, and incident investigation	8.1(c) Effects on strategy and decision-making 8.1(f) Processes, controls and policies to manage OHS risks and opportunities	403-2 (b), (c)
	403-3 Occupational health services	Not disclosed	
	403-4 Worker participation, consultation and communication on occupational health and safety	Not disclosed	
	403-5 Worker training on occupational health and safety	8.1(c) Effects on strategy and decision-making	
	403-6 Promotion of worker health	Not disclosed	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	8.1(c) Effects on strategy and decision-making 8.1(f) Processes, controls and policies to manage OHS risks and opportunities	
	403-8 Workers covered by an occupational health and safety management system	Not disclosed	
	403-9 Work-related injuries	Partially disclosed under 8.1(f) 'Processes, controls and policies to manage OHS risks and opportunities'	
	403-10 Work-related ill health	Not disclosed	
Structural integrity and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	8. Social related-risks and opportunities	
Competitive remuneration and staff benefit			
GRI 3: Material Topics 2021	3-3 Management of material topics	*Not illustrated*	

Appendix III: Sustainability-related opportunities

The IFRS Sustainability Disclosure Standards requires entities to disclose material information about both its sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium, or long term. Sustainability-related opportunities might exist for Building Trust Berhad, but they are not included for the purposes of the illustration in this ISR.

Sustainability-related opportunities are subject to the same requirements related to their identification, and the identification of material information to disclose as sustainability-related risks. See Section 5 of the ISR for more information on Building Trust Berhad's process for identifying sustainability-related risks and opportunities.

Below are two illustrative examples of sustainability-related opportunities which might be relevant to the construction industry:

- **Enhancing competitiveness and efficiency with sustainable building solutions:** The implementation of the Industrial Building System (IBS) is anticipated to enhance efficiency by utilising prefabricated building components and a streamlined on-site installation process. Furthermore, the integration of sustainable materials, such as bamboo, recycled steel, and reclaimed wood, as part of the IBS, will contribute to the development of low-carbon projects—an essential criterion for the Group to achieve green building certification. This efficient methodology and environmentally friendly product will not only reduce the Group's operating costs and reliance on manual labour but also enable the Group to expand its market share and access previously untapped markets.
- **Competitive remuneration and staff benefit:** To attract skilled professionals and support its expansion policies, the Group is restructuring its human resources policies to enhance its remuneration and staff benefit package, as well as to provide better upskilling opportunities for its staff. This change in workforce composition is expected to benefit the Group by reducing hiring costs, improve staff productivity and retention, and enhancing the Group's reputation and brand image.

When preparing a sustainability report, it is important to note that the scope of IFRS Sustainability Disclosure Standards is to provide material information on both sustainability-related risks as well as opportunities. While sustainability-related risks are inherent in the transition to more sustainable practices—such as regulatory changes, resource scarcity, and climate impacts—there could be sustainability-related opportunities and associated information which is relevant to the decision making of users of general purpose financial reports.

Example of information that may be considered as part of an entity's analysis of material information to be disclosed on sustainability-related opportunities

The information to be disclosed for sustainability-related opportunities that could reasonably be expected to affect the entity's prospects includes material information on governance, strategy, risk management as well as metrics and targets.

For example, an entity's strategy disclosures about its sustainability-related opportunities includes material information that enables users understand the effects of those sustainability-related opportunities on the entity's financial position, financial performance and cash flows for the current reporting period, and the anticipated financial effects of those sustainability-related opportunities over the short, medium and long term.

The table below provides non-exhaustive examples of financial effects which may be considered for the opportunities listed above as part of an entity's analysis of material information to be disclosed. Entities would need to consider all the relevant disclosure requirements in the IFRS Sustainability Disclosure Standards, including information on governance, strategy, risk management, metrics and targets when analysing material information to be disclosed on sustainability-related opportunities.

Note: The information below is not an illustration of the complete disclosure requirements related to financial effects of sustainability-related opportunities. For example, disclosures related to significant judgements, measurement uncertainties or the use of reliefs related to quantitative information have not been included in the table below.

Appendix III: Sustainability-related opportunities (continued)

The following are examples of current and anticipated financial effects that could be disclosed (non-exhaustive):

Example of sustainability-related opportunity	Example of current financial effects that could be disclosed	Example of anticipated financial effects that could be disclosed
Enhancing competitiveness and efficiency with sustainable building solutions	• Additional capital expenditure of RM[amount] for construction of the IBS plants, resulting in an increase in property, plant and equipment, with a corresponding increase in borrowings • Financing cash flows increased by RM[amount] million, and investing cash flows increased by RM[amount] million	• Additional annual revenue of RM[amount] arising from additional sales generated from expansion in market share and access to new markets through green building certifications and low-carbon solutions over the medium to long term, • Reduction in annual construction costs of RM[amount] due to increased efficiencies and lower construction wastages over the medium and long term • Increase in annual depreciation expense of RM[amount] from the IBS plants over the short, medium and long term • Increase in annual finance cost of RM[amount] in respect of the additional borrowings over the short, medium and long term
Competitive remuneration and staff benefit	• Increase in employee benefit cost of RM[amount] following implementation of competitive remuneration • Reduction of cost of RM[amount] in respect of reduction of recruitment related costs	• Increase in employee benefit cost of RM[amount], offset by reduction of employee benefit cost, due to higher productivity achieved from lower turnover • Reduction of cost of hiring of RM[amount] in respect of reduction of recruitment related costs

Appendix IV: Glossary of acronyms

There is no specific requirement in the IFRS Sustainability Disclosure Standards to disclose a glossary of acronyms in the sustainability reports. The glossary illustrated in the table below is solely for ease of reference by preparers in understanding the terms and acronyms referred to in this publication.

ACSR	Advisory Committee on Sustainability Reporting
BARC	Board Audit and Risk Committee
BCX	Bursa Carbon Exchange
BIM	Building Information Modelling
BNC	Board Nomination Committee
BRC	Board Remuneration Committee
BSC	Board Sustainability Committee
BSEEP	Buildings Sector Energy Efficiency Project
CDM 2024	Construction (Design and Management) Regulations 2024
CIS	Construction Industry Standards
CIDB	Construction Industry Development Board
DEFRA	Department for Environment, Food and Rural Affairs
EPD	Environmental Product Declaration
ESG	Environmental, Social and Governance
GAAP	Generally Accepted Accounting Principles
GHG	Greenhouse Gas
GWP	Global Warming Potential
GRI	Global Reporting Initiative
GreenRE	Green Real Estate Certification Scheme
IBS	Industrial Building System
IEA	International Energy Agency
IFRS	International Financial Reporting Standards
IPCC	Intergovernmental Panel on Climate Change
ISR	Illustrative Sustainability Report
ISSB	International Sustainability Standards Board
ITP	Inspection and Test Plan
JPSPN	Jabatan Pengurusan Sisa Pepejal Negara (National Solid Waste Management Department)
km	Kilometres
LCI	Life Cycle Inventory
LEED	Leadership in Energy and Environmental Design
LTIR	Lost-Time Incident Rate
MESTECC	Ministry of Energy, Science, Technology, Environment and Climate Change
MFRS	Malaysian Financial Reporting Standards
MS1525	Malaysian Standard MS1525: Code of Practice on Energy Efficiency and Use of Renewable Energy for Non-Residential Buildings
NSRF	National Sustainability Reporting Framework
OHS	Occupational Health and Safety
PACE	Policy, Assumptions, Calculators, Education
PBT	Profit Before Tax
PPE	Personal Protective Equipment
PPA	Power Purchase Agreement
QA	Quality Assurance
QLASSIC	Quality Assessment System in Construction
REC	Renewable Energy Certificate
RM	Ringgit Malaysia
SASB	Sustainability Accounting Standards Board
SC	Securities Commission Malaysia
SOCSO	Social Security Organisation
SSC	Sustainability Steering Committee
SSP-RCP	Shared Socioeconomic Pathways - Representative Concentration Pathways
TIG	Transition Implementation Group
TRIR	Total Recordable Incident Rate
WBGT	Wet Bulb Globe Temperature

Advisory Committee on Sustainability Reporting (ACSR)

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