

▶ ISSB Sustainability Statement

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1.0 BASIS OF PREPARATION

1.1 Compliance with IFRS Sustainability Disclosure Standards

[IFRS S1.72, IFRS S1.55(a)]

The ISSB Sustainability Statement (“Statement”) of KLCCP Stapled Group (“the Group”) and its subsidiaries has been prepared in accordance with IFRS Sustainability Disclosure Standards as issued by the International Sustainability Standards Board (ISSB).

In addition, when preparing this Statement, the disclosure topics in the Sustainability Accounting Standards Board (SASB) standards have been referred to and considered.

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

[IFRS S1.22, IFRS S1.64, IFRS S1.30(c), IFRS S2.10(d), IFRS S1.31, IFRS S1.20, IFRS S1.24]

This Statement has been prepared for the Group and should be read in conjunction with the consolidated financial statements prepared in accordance with IFRS Accounting Standards. It covers a 12-month period for the year ended 31 December 2025 which is aligned with the reporting period of the related consolidated financial statements.

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

Short-term	FY2026	Aligned with the Group’s annual budgeting cycle
Medium-term	FY2027-FY2030	Aligned with the Group’s rolling 1+4 business forecast
Long-term	Beyond FY2030	Period beyond the formal forecasting horizon, aligned with asset life and long-term climate objectives

The sustainability-related financial disclosures cover the same reporting entity presentation currency (RM) as the related consolidated financial statements of KLCCP Stapled Group. In preparing our sustainability-related financial disclosures, the Group has assessed our operations and value chain which includes, amongst others, the joint ventures and associates of the Group. Refer to note 2.0 for information on the value chain.

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

KLCCP Stapled Group is reporting under IFRS Sustainability Disclosure Standards for the first time for the annual reporting period ending 31 December 2025. We have applied the following standards for the 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.

The National Sustainability Reporting Framework (NSRF) provides transition reliefs for the first annual reporting period in which an entity applies the ISSB standards. The Group has applied the following transition reliefs:

- Permissible to disclose information on only climate-related risks and opportunities (in accordance with IFRS S2)
- Relief from the requirement to disclose comparative information in the first annual reporting period; and
- Permissible to not disclose Scope 3 emissions, except for categories already required by respective regulators.

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2.0 OVERVIEW OF THE GROUP AND VALUE CHAIN

2.1 Overview of the Group

Key business activities

[IFRS S1.32]

KLCCP Stapled Group is an investment holding company with principal activities in property investment, property development, and the provision of management and support services to subsidiaries and joint arrangements.

The Group's core business activities comprise:



The Group's investment properties are predominantly located within the Kuala Lumpur City Centre (KLCC) precinct. These assets are largely leased to corporate tenants, including multinational corporations and government-linked entities. The Group also has interests in retail and hospitality assets.

The Group derives revenue from operations centred in Malaysia. The Group does not have significant operating activities outside Malaysia, although some procurement and professional services involve international suppliers.

The Group's business activities are managed and monitored on a consolidated basis, and sustainability- & climate-related risks and opportunities are assessed primarily in relation to property investment, development, and asset management activities.

For the year under review, there were no development projects within the Group's portfolio.

Strategy and sustainability-related goals

[IFRS S1.32]

The Group's strategy focuses on preserving and enhancing the long-term value of its property portfolio while ensuring operational resilience and financial stability. This includes:

- Maintaining high occupancy and asset quality within our investment properties
- Enhancing operational efficiency through asset management practices
- Managing long-term risks, including climate-related risks, that could affect asset value, operating costs, or tenant demand

In relation to climate matters, the Group has established a long-term aspiration to achieve net zero carbon emissions by 2050, with interim measures focused on improving energy efficiency, asset performance, and resilience of its properties. Climate considerations are integrated into capital planning, asset enhancement initiatives, and risk management processes.

2.2 Value Chain

[IFRS S1.32]

To deliver its business activities, the Group depends on a network of entities, people, and resources across our value chain. The Group's value chain reflects the lifecycle of property assets, from development and enhancement to long-term operation and leasing.

The Group's activities are predominantly located in Malaysia, with value creation closely tied to the performance, resilience, and reputation of the KLCC Precinct.

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

Value chain overview

Value chain segment	Description
Upstream value chain	
Construction and development partners	Contractors, consultants, and professional service providers engaged for property development, refurbishment, and asset enhancement works
Building materials and systems	Supply of construction materials, mechanical and electrical systems, lifts, HVAC systems, and building technologies
Utilities	Electricity and water supplied to support building operations
Workforce	Employees and outsourced service providers supporting property management, facilities management, security, and cleaning services
Downstream value chain	
Tenants	Corporate tenants leasing office, retail, and hospitality space within the Group's investment properties
Hotel guests and visitors	End users of hospitality assets of the company
Public and community	Users of shared public spaces and infrastructure managed by the Group, including landscaped areas and common facilities

The Group also maintains relationships with joint ventures and associates that form part of our broader value chain. These relationships are considered when assessing climate-related risks and impacts, particularly where asset performance or shared operations could be affected.

3.0 REPORTING BOUNDARY

3.1 Reporting boundary (excluding GHG emissions)

Reporting entity

[IFRS S1.20]

The reporting entity for the purposes of this Statement comprises KLCCP Stapled Group and its subsidiaries, consistent with the entities, assets, and operations included in the company's audited financial statements for the financial year ended 31 December 2025.

There were no material changes (including acquisition or disposal) to the Group's structure during the reporting period that would affect the reporting boundary.

Entities and assets included in the reporting entity

The scope of entities and assets included in the reporting boundary, and the extent of sustainability-related information considered, are summarised below.

Entities and assets in the reporting entity	Additional information	Reference to financial statements	Sustainability information included
Parent and subsidiaries	Includes KLCCP Stapled Group and all consolidated subsidiaries	Note 5 Note 32	100% of sustainability information relating to consolidated entities, including subsidiaries not wholly owned

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Entities and assets in the reporting entity	Additional information	Reference to financial statements	Sustainability information included
Leased assets (Group as lessee)	The Group or its subsidiaries' leased equipment, and vehicles. The Group controls the use of these assets and obtains substantially all economic benefits during the lease term	Note 3	100% of sustainability information relating to the use of leased assets during the lease period
Leased assets (Group as lessor)	The Group owns investment properties leased to tenants under operating leases. These assets remain recognised on the Group's statement of financial position	Note 4	100% of sustainability information relating to the owned leased assets

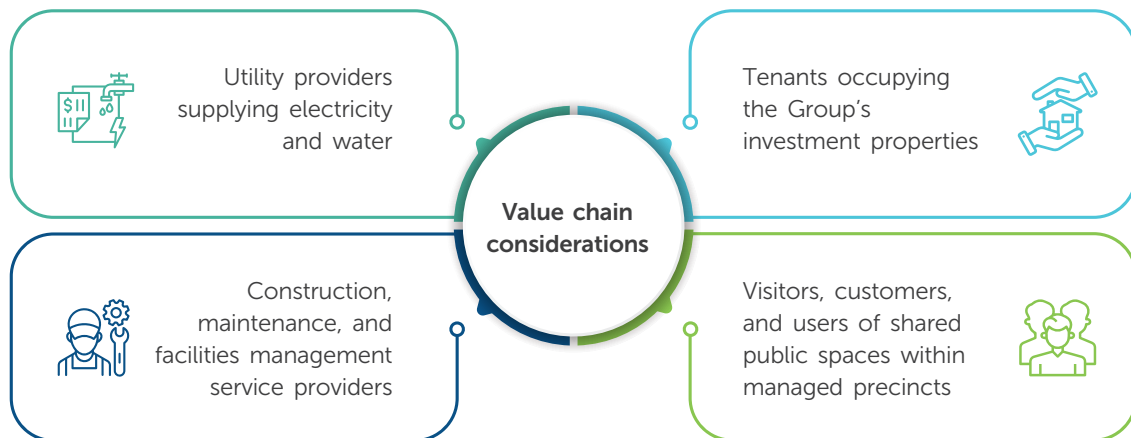
Joint arrangements and associates

Where the Group has investments in associates, which are accounted for using the equity method, sustainability information has been considered in a manner consistent with the Group's accounting treatment.

Entities and assets in the reporting entity	Additional information	Reference to financial statements	Sustainability information included
Associates	Entities over which the Group has significant influence but not control or joint control.	Note 6 Note 33	Sustainability information relating to associates is not included in the Group's reported quantitative metrics, unless otherwise stated.

Value chain considerations

The Group's value chain comprises entities, activities, resources, and relationships that extend beyond the reporting entity, including:



These value chain elements have been considered qualitatively in assessing climate-related risks and opportunities under IFRS S2, particularly in relation to transition and physical climate risks that may affect asset performance, operating costs, and long-term value.

For the current reporting period, all quantitative metrics disclosed (excluding GHG emissions) relate solely to the Group's own operations, consistent with the transition relief applied.

3.2 Reporting boundary for GHG emissions

[IFRS S2.29 (a)(iii)(1)]

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

The Group's reporting boundary for GHG emissions encompasses both our organisational boundary and operational boundary:

a. Organisational boundary

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

The Group applies the **equity-share approach** to establish our organisational boundary for the reporting of GHG emissions. The Group adopts the basis provided by our parent company, on using the equity-share approach, given that it provides a proportional reflection of the Group's financial and operational influence over our subsidiaries, joint ventures, and associates.

The Group includes the following entities, assets, and operations within our organisational boundary:

Entity/Asset	Additional information
Parent and consolidated subsidiaries	The Group accounts for our proportional equity-share of GHG emissions across our subsidiaries.
Associates and joint ventures	We include our share of GHG emissions from associates and joint ventures over which we hold an equity interest, proportional to our ownership percentage.
Leased assets	GHG emissions from leased buildings, equipment, and vehicles are included based on the Group's equity-share of the underlying legal entity. Assets leased from entities in which we have no equity interest are excluded.

Acquisitions and disposals are treated consistently with the Group's financial reporting. For acquisitions, emissions are included from the acquisition date, and for disposals, emissions are excluded from the disposal date.

b. Operational boundary

- **Scope 1 (Direct emissions):** Direct GHG emissions from sources proportionally owned or controlled by the Group under the equity-share approach are reported as Scope 1 emissions.
- **Scope 2 (Indirect emissions):** GHG emissions from the generation of purchased electricity or chilled water consumed by these operations are reported as Scope 2 emissions.
- **Scope 3 (Other indirect emissions):** Other indirect emissions arising from our activities, including upstream and downstream GHG emissions, proportionally to equity-share.

4.0 JUDGEMENT AND MEASUREMENT UNCERTAINTIES

[IFRS S1.79]

The preparation of this Statement for KLCCP Stapled Group requires management to apply judgement and make estimates in areas where direct measurement or full information is not available. These judgements and estimates are particularly relevant in identifying sustainability-related risks and opportunities, defining the reporting boundary for GHG emissions, and estimating the Group's emissions where complete data is unavailable.

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4.1 Significant Judgements

[IFRS S1.74, IFRS S1.75]

Description	Relevance/Notes
Materiality process	The Group applied judgement to determine which sustainability-related risks and opportunities could reasonably be expected to affect the Group's prospects. This includes assessing which information is material for primary users of the Statement, particularly investors and other stakeholders. For the year under review, the Group has made judgement to adopt the transition relief provided by the standards, to only disclose information related to climate-related risks and opportunities.
Organisational boundary for GHG emissions	The Group applies the equity-share approach to define our organisational boundary for GHG reporting. Management determined which subsidiaries, joint ventures, and associates are included proportionally based on ownership, including leased assets held through entities in which the Group has equity. The identification of entities and the selection of the equity-share method are key areas of judgement.
Calculation methods for GHG emissions	Scope 1, Scope 2, and Scope 3 emissions are calculated using a combination of entity-specific data, estimates, and emission factors from third-party sources. Management prioritises supplier-specific data where reliable, and applies estimation where data is incomplete, including for leased or equity-share-controlled assets and Scope 3 categories such as tenant energy use. The list of emission factors, calorific density values and Global Warming Potential (GWP) values utilised is detailed in note 7.5.
Scope 3 Assessment and Exclusion	Management applied judgement to assess the relevance and potential materiality of all Scope 3 categories based on the Group's business model and value chain activities. This assessment included consideration of upstream, operational, and downstream activities, and methodologies have been developed for the majority of relevant categories. For certain downstream service-related emissions, further refinement of data boundaries and estimation approaches is ongoing. Accordingly, the Group has elected to apply the transition relief from quantitative Scope 3 disclosure for the reporting period.

4.2 Measurement Uncertainty

[IFRS S1.78, IFRS S1.79, IFRS S1.81]

Description	Relevance/Notes
Tenant Data Estimation	Extrapolated energy consumption for assets without complete tenant-level data may vary due to assumptions about occupancy and energy distribution.
Climate Transition Risks	The timing and magnitude of regulatory and reputational impacts from climate change are uncertain and may vary as policies, markets, and stakeholder expectations evolve.
Physical Climate Risks	The potential impact of flooding is subject to uncertainty due to variability in extreme weather events and modelled predictions.
Emission Factors and Activity Data	Scope 1 and Scope 2 emissions rely on activity data and emission factors obtained from third-party sources. Scope 3 emissions involve additional uncertainty due to dependence on supplier, tenant, and downstream operational data, which may not be consistently accessible. As methodologies and data governance processes continue to mature, estimation uncertainty remains inherent.

4.3 First-Year Reporting Considerations

[IFRS S1.84, IFRS S1.85]

This is the first year KLCCP Stapled Group is reporting under IFRS Sustainability Disclosure Standards. As such, the following areas are not applicable or not illustrated:

- **Changes in estimates** – There are no comparative prior-year sustainability metrics to adjust.
- **Revisions to targets** – The Group has set net zero GHG targets by 2050; no target revisions occurred during the reporting period.
- **Reassessment of the scope of climate-related risks** – The Group has not redefined the scope of climate risks within the value chain during this reporting period.
- **Material errors** – There are no prior-period sustainability disclosures for this reporting entity, hence there are no material errors to be reported.

5.0 MATERIALITY ASSESSMENTS

[IFRS S1.44(a)(VI)(b), IFRS S1.44(a), (b)]

The Group performed a robust materiality assessment to identify sustainability- & climate-related risks and opportunities that could reasonably be expected to affect the Group's prospects, considering the Group's material sustainability matters identification and assessment process and Enterprise Risk Management framework.

While this is the first year of formal ISSB-aligned reporting, the Group has historically considered sustainability-related risks and opportunities as part of ongoing risk management and operational planning processes.

The materiality process was conducted by the Sustainability Steering Committee, with input from senior management, head of operating units, and external advisors. The outcome of the process was validated and approved by the Chief Executive Officer and updated to the Board of Directors. Refer note 6.0.

➤ Step 1: Identification of Sustainability- & Climate-related Risks and Opportunities

A systematic approach was followed to identify sustainability- & climate-related risks and opportunities, considering both the Group's operations and its value chain, including tenants, suppliers, and partners.

Sub-step	Details
Understand the Group's operations, resources, and relationships	<p>Understanding the context in which KLCCP Stapled Group operates was the first step of the process. The Group considered our business activities, including property investment, management of office towers, retail malls, hotels, and precincts, as well as the geographical, legal, and regulatory landscape of our operations in Malaysia. The Group also considered the resources we depend on and the relationships we have along our value chain. This includes tenants, service providers, suppliers, and financiers. Of note, tenant energy consumption data is collected for most assets, except for Suria KLCC and retail podium of Menara 3 PETRONAS, where common area consumption is extrapolated using occupancy-weighted net lettable area. Key resources considered include the operational performance of the properties, energy and water usage, capital financing, and human resources. Distribution of services to tenants and management of retail, office, and hotel operations through third-party providers were also assessed.</p>
Identify risks and opportunities [IFRS S1.44(a)(i), IFRS S1.59, IFRS S1.58, IFRS S2.25(a)(i).]	<p>The Group identified sustainability- & climate-related risks and opportunities primarily by considering the operations and value chain described above. Management assessed whether critical inputs, dependencies, and tenant interactions are subject to sustainability- & climate-related risks or create opportunities that could impact the Group's ability to generate cash flows. Material climate-related risks include physical flooding risk affecting property assets and transition risks from evolving climate regulations or reputational impacts from perceived climate inaction. Opportunities include energy efficiency improvements, green building certification, and resilience planning. The assessment also considered internal sources such as enterprise risk management outputs and external stakeholder perspectives, including tenants, investors, and regulators.</p> <p>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:</p> <ul style="list-style-type: none"> • Existing risk management and due diligence processes performed Group • Educational materials issued by the IFRS Foundation related to IFRS S1 and IFRS S2 • Disclosure topics in the SASB standards for the following industries: <ul style="list-style-type: none"> – Real Estate – Real Estate Services • Sustainability- & climate-related risks and opportunities identified by entities that operate in the same industries • Engagement with the following stakeholders: employees, management, BRC and Board <p>The Group also consulted with an independent sustainability advisor and third-party experts as part of this process.</p>
Assess whether risks and opportunities could reasonably affect the Group's prospects [IFRS S1.44(a)(iii), IFRS S2.25(a)(iii)]	<p>Only sustainability- & climate-related risks and opportunities expected to affect KLCCP Stapled Group's cash flows, cost of capital, or access to finance were considered material for disclosure. Management considered both the likelihood of an event occurring and the potential magnitude of its impact on financial performance. For risks or opportunities relating to uncertain future events, a range of possible outcomes was considered, and likelihoods assigned accordingly. Results were mapped on a matrix to identify those most likely to affect the Group's prospects. No additional material risks or opportunities were identified by stakeholders beyond those already assessed.</p>

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Sub-step	Details
Mitigation actions and plans to remediate <i>[IFRS S1.30(a)]</i>	The Group disclosed risks and opportunities prior to any mitigation actions, in line with IFRS S1 guidance, to ensure material information about potential impacts on prospects is communicated. Specific mitigation measures, such as flood resilience planning, energy efficiency upgrades, and tenant engagement initiatives, are reported in the relevant disclosure sections.
Final consolidation and approval	The determination of sustainability-related risks and opportunities required significant judgement. The final list of identified risks and opportunities was presented to and approved by the Group CEO. The result was also presented to the Board Risk Committee and Board of Directors in November 2025. These form the basis of the disclosures included in this Statement.

➤ Step 2: Identification of material information

[IFRS S1.30(a), IFRS S2.10(a)]

Once sustainability- & climate-related risks and opportunities had been identified, the second step of the materiality assessment was to determine the material information that should be disclosed in relation to each identified risk or opportunity. The objective of this step was to identify information that could reasonably be expected to influence the decisions of primary users of general-purpose financial reports, particularly investors and lenders.

In determining material information, management considered both qualitative and quantitative factors and assessed whether the omission, misstatement, or obscuring of information could reasonably be expected to affect assessments of the Group's prospects. Judgement was applied in determining the appropriate level of disaggregation, the relevance of forward-looking information, and the extent to which value chain impacts should be reflected in the disclosures.

The table below includes the climate-related risks identified as material for the Group. Further information can be found in the note referenced in the table.

Risks/opportunities identified	Risks/opportunities description	Summary of management approach	Affected component of the reporting boundary	Note
Climate-related physical risk: Flooding	Increased frequency and intensity of extreme rainfall events could result in surface water or river flooding, disruption to building access, damage to critical building systems, and higher operating and capital expenditure.	The Group assesses asset-level exposure to flood risk, integrates climate considerations into asset resilience planning, and incorporates physical climate risk into maintenance, capital planning, and insurance reviews.	Own operations; downstream impacts through tenant operations	Note 7.1
Climate transition risk – Exposure to evolving climate regulations and loss of reputation from climate inaction	Changes in climate-related policies, regulations, disclosure requirements and market expectations could increase compliance costs, affect asset operating costs, influence access to capital, and impact the Group's reputation and attractiveness to investors and tenants if climate action is perceived as insufficient.	<p>The Group monitors developments in climate-related regulation, disclosure standards and investor expectations, and integrates climate considerations into sustainability governance, reporting practices and asset management initiatives.</p> <p>Management focuses on maintaining regulatory readiness, strengthening climate-related disclosures, and implementing energy efficiency and emissions reduction measures across the portfolio to mitigate regulatory and reputational exposure.</p>	Risk identified for own operations	Note 7.2

There were no climate-related opportunities identified as material to the Group in FY2025. Sustainability-related risks and opportunities are not disclosed in this Statement, leveraging on the permitted reliefs.

6.0 SUSTAINABILITY GOVERNANCE

6.1 Governance approach

The Board of Directors of KLCCP Stapled Group has oversight of sustainability- & climate-related risks and opportunities across the Group. This oversight is embedded within the Group's overall corporate governance and enterprise risk management framework to ensure that sustainability considerations are integrated into strategic decision-making, risk management and capital allocation.

The Group's sustainability governance structure, which can be referred to on pages 16 to 17 of KLCCP Stapled Group's Sustainability Report 2025, is designed to support the identification, assessment, monitoring and management of sustainability- & climate-related risks and opportunities that could reasonably be expected to affect the Group's prospects, in accordance with IFRS Sustainability Disclosure Standards.

6.2 Board oversight

[IFRS S1.27(a)(i), IFRS S1.27(a)(ii), IFRS S1.27(a)(iii), IFRS S1.27(a)(iv), IFRS S2.6(a)(i), IFRS S2.6(a)(ii), IFRS S2.6(a)(iii).]

The Board of Directors has ultimate oversight over sustainability- & climate-related risks and opportunities across the KLCCP Stapled Group. This oversight forms part of the Group's broader corporate governance and enterprise risk management framework. It is designed to ensure that sustainability considerations are integrated into strategic decision-making, capital allocation and financial reporting.

The Board approves the Group's long-term sustainability and climate strategy, including strategic direction, resilience considerations and material long-term targets. The Board also ensures that these are aligned with the Group's business model and long-term value creation objectives.

The Board is also responsible for approving sustainability- & climate-related financial disclosures, including the ISSB Sustainability Statement, prior to publication alongside the Group's financial statements. In doing so, the Board considers whether the disclosures fairly reflect the Group's exposure to sustainability- & climate-related risks and opportunities. The Board also considers the potential financial effects of those risks and opportunities, and the adequacy of related governance, strategy and risk management processes.

Oversight of sustainability- & climate-related risks and opportunities is supported by the Board Risk Committees (BRC), which provide focused oversight on such risks, regulatory compliance and the effectiveness of management processes and controls. Sustainability- & climate-related matters, including updates on risk assessments, targets, performance metrics and emerging issues, are tabled to the Board and the BRC on a quarterly basis as part of the Group's governance cycle as reflected in the Terms of Reference of the BRC.

The Group ensures that its Board and committees include members with relevant experience and expertise in sustainability- & climate-related matters. To maintain oversight of these areas, the Group periodically reviews and updates the Board's skills matrix. This helps make sure the Board's expertise matches the Group's evolving risk profile, regulatory requirements, and strategic priorities. The Board's skills matrix is being enhanced to more explicitly reflect sustainability- & climate-related expertise that aligns with the Group's risk profile and objectives. The enhanced skills matrix will be used in Board Competency Assessments to guide targeted skills development, keeping pace with developing sustainability- & climate-related risks and opportunities. In addition to leveraging existing expertise, the Group strengthens capabilities through targeted training, briefings, and in-depth sessions, including working with external experts, when needed.

As part of strategic decision-making, including decisions involving major capital allocation or resource deployment, the Board and its committees consider sustainability- & climate-related implications to ensure consistency with the approved sustainability and climate strategy.

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6.3 Management's role in governance

[IFRS S1.27(b)(i), IFRS S1.27(b)(ii), IFRS S1.27(a)(v), IFRS S2.6(b)(i), IFRS S2.6(b)(ii), IFRS S2.6(a)(v)]

Management is responsible for the execution of the Group's sustainability and climate strategy and for the day-to-day management of sustainability- & climate-related risks and opportunities.

The Chief Executive Officer (CEO) has primary accountability for implementing the Group's sustainability and climate strategies and transition plans. The CEO establishes and oversees processes to manage sustainability- & climate-related risks and opportunities, including climate-related physical & transition risks, and ensures that relevant information is reported to the Board and the BRC in a timely and reliable manner.

To support effective execution, management has established a Sustainability Steering Committee (SSC), which operates as a cross-functional management committee. The SSC is chaired by the Senior General Manager of Group Strategy and Sustainability and comprises representatives from relevant divisions and operating units. The SSC supports management in coordinating sustainability implementation across the Group and in integrating sustainability considerations into operational decision-making.

The SSC is responsible for monitoring performance against approved sustainability- & climate-related metrics and targets, including greenhouse gas emissions metrics. It is also responsible for reviewing the outcomes of sustainability materiality assessments and climate-related scenario analyses prior to disclosure preparation. The SSC also supports management in ensuring that adequate resources, systems and organisational capabilities are in place to manage sustainability- & climate-related risks and opportunities.

To effectively monitor and manage the sustainability- & climate-related risks and opportunities, the SSC whose members consist of critical positions, manage such matters and meets on a quarterly basis.

Matters approved or endorsed by management or the SSC are reported to the BRC and the Board as part of the Group's regular sustainability compliance and risk reporting agenda, ensuring transparency and appropriate escalation of material sustainability- & climate-related matters.

6.4 Impact of sustainability on remuneration policies

[IFRS S1.27(a)(v), IFRS S2.6(a)(v), IFRS S2.29(g)]

The KLCCP Stapled Group has a Board-level Nomination and Remuneration Committee (NRC), which is responsible for the development, implementation and oversight of the Group's remuneration framework for the Board, Board Committees and senior management. The NRC ensures that remuneration outcomes are aligned with the Group's strategic priorities, long-term value creation objectives and risk management considerations, including sustainability- & climate-related matters.

The Group's remuneration philosophy is anchored on fair, competitive and merit-based rewards that support organisational resilience and sustainable performance. In line with this philosophy, sustainability- & climate-related considerations are incorporated into senior management performance assessment as part of the Group's reward determination process. These considerations are designed to reinforce management accountability for delivering the Group's sustainability strategy and managing material sustainability- & climate-related risks and opportunities.

Sustainability- & climate-related key performance indicators (KPIs), currently focused on alignment with national sustainability frameworks, are embedded within senior management scorecards. Performance against these KPIs is assessed as part of the annual performance review process and influences variable remuneration outcomes for relevant senior management personnel. The selection and weighting of the KPIs are determined by the NRC, considering the nature of management roles, the relevance of sustainability- & climate-related risks and opportunities to business operations, and the Group's strategic priorities for the reporting period. For the year under review, the Group allocates a weightage of 10% for sustainability- & climate-related KPIs for executive and senior management remuneration. However, the KPIs are tied to the alignment with IFRS S1 and S2 and are not related to specific climate-related targets.

As the Group advances its climate transition agenda, sustainability- & climate-related remuneration linkages are expected to evolve. The Group intends to progressively strengthen the integration of climate-related metrics, including greenhouse gas (GHG) emissions indicators over the short-term, into executive and senior management's KPIs, subject to the maturity of data, internal controls and target-setting processes.

Remuneration outcomes for employees below senior management are not directly linked to sustainability- & climate-related targets.

6.5 Risk Management

[IFRS S1.44(b)(c), IFRS S2.25(c), IFRS S1.44(a)(iv), IFRS S2.25(a)(iv), IFRS S1.44(a)(v), IFRS S2.25(a)(iv)]

The KLCCP Stapled Group integrates sustainability- & climate-related risks and opportunities into its enterprise risk management framework, which is overseen by the Board Risk Committees (BRC). The BRC focuses on the Group's overall corporate risk profile. Sustainability- & climate-related risks are considered as part of this profile only if they are identified as material within the broader risk assessment process. The prioritisation of overall risks for the Group is done by the Board Risk Committee. The sustainability- & climate-related risks identified in the materiality assessment are combined with risks arising from other risk assessments in the Group.

The risks and opportunities are assessed using both qualitative and quantitative factors, considering their likelihood and potential impact on the Group's financial performance, operational continuity, and regulatory compliance.

The Group's climate-related risks include physical risk of flooding and transition risk of evolving regulations and reputational impacts from climate inaction. The evaluation of these risks follows the Group's materiality assessment process in note 5.0.

Where sustainability- & climate-related risks are not deemed as material for the corporate risk profile, responsibility for oversight and monitoring rests with the Chief Executive Officer (CEO) and the Sustainability Steering Committee (SSC). The SSC is responsible for prioritising identified sustainability- & climate-related risk and opportunities, monitoring progress against defined targets, and reporting outcomes to the BRC, which ensures alignment with the Group's strategy and risk management processes.

Sustainability- & climate-related risks and opportunities are tracked against specific metrics and targets, with accountability assigned to designated head of operating units. Progress is reported regularly to the SSC and escalated to the BRC and Board as appropriate. For climate-related matters, monitoring includes energy consumption, GHG emissions, and performance against the Group's sustainability goals and targets.

Through this approach, the KLCCP Stapled Group ensures sustainability- & climate-related risks and opportunities are effectively managed within the appropriate governance structures, supporting informed decision-making and long-term value creation.

7.0 CLIMATE-RELATED RISKS AND OPPORTUNITIES

7.1 Climate-Related Physical Risk: Flooding

a. Description

[IFRS S2.10(a)(b)(c), IFRS S2.13(b)]

KLCCP Stapled Group is exposed to physical risks from flooding driven by climate change, including increased frequency and intensity of extreme rainfall. Urbanisation and drainage infrastructure designed for historical rainfall patterns increase asset vulnerability. Flooding could affect the Group's operations across short, medium, and long-term horizons.

Flood risk could disrupt day-to-day operations, including property accessibility and car park operations in the KLCC Precinct, potentially affecting revenue and tenant satisfaction. Past assessments indicate that while current flood mitigation measures reduce immediate impacts, extreme events could still pose operational and reputational challenges.

b. Effects on Business Model and Value Chain

[IFRS S2.13(a)]

The current and anticipated effects of flooding include potential interruption of the Group's operations, reduced operational revenue, and increased operational expenditure for maintenance and mitigation measures. Indirect effects could include reputational damage impacting tenant retention and leasing, and potential long-term effects on asset valuation if risks are not managed.

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c. Effects on Strategy and Decision-Making/Mitigation and Adaptation Actions

[IFRS 2.14(a)(i)-(iii),(v), IFRS 2.14(b), (c)]

To manage flood risk, the Group has implemented the following measures:

- Drainage and Pump Systems – General pumping and drainage systems efficiently manage rainwater and surface runoff to minimise operational disruption.
- Monitoring and Maintenance – Regular maintenance ensures systems remain effective during heavy rainfall.
- Risk Assessment and Response – Climate and hazard risk assessments are conducted to map vulnerabilities, supporting rapid response and disaster recovery planning.
- Strategic Investments – Investments in resilience measures, such as improved drainage or flood mitigation infrastructure, aim to reduce long-term repair costs, stabilise operations, and protect cash flows.

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

The plans and actions to manage the risk of flooding described above have not been extensively monitored before the requirement is made apparent by the Statement. 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.

d. Financial Effects

The Group has assessed the potential financial effects of flood-related physical risks across our asset portfolio. One asset has been assessed as at-risk, with moderate exposure to river flooding and low exposure to extreme rainfall flooding, while other assets are assessed to have minimal exposure and are not expected to experience material financial effects. The following table shows the description of each exposure rating for our flood-related physical risks.

Exposure Rating	Potential Impacts Are Likely to
Very High	<ul style="list-style-type: none"> • Be long-term (possibly permanent), severe and financially significant • Have extensive social and health implications with national or international reputational impacts • Affect large areas of the environment over a period of months, impacting high biodiversity areas • Likely impact the entirety of the overall asset
High	<ul style="list-style-type: none"> • Be long-term (months) and financially significant to operations • Have extensive social and health implications with national or international reputational impacts • Affect large areas of the environment over a period of months, impacting high biodiversity areas • Impact a large proportion of the overall asset
Moderate	<ul style="list-style-type: none"> • Be medium-term (weeks) and moderately financially significant to operations • Have minor/medium social and health implications with local reputational impacts • Affect moderate areas of the environment over a period of weeks, impacting low biodiversity areas • Impact a moderate proportion of the overall asset
Low	<ul style="list-style-type: none"> • Be short-term (days) and not financially significant to operations • Have minimal social and health implications with limited reputational impacts • Affect small areas of the environment over a short period • Impact a small proportion of the overall asset
Minimal	<ul style="list-style-type: none"> • Be minimal in terms of risk exposure with limited potential impact on assets
N/A	<ul style="list-style-type: none"> • Be irrelevant in terms of risk exposure with no potential impact on assets

Current financial effects

[IFRS S2.16 (a)]

No material flood-related financial impacts were recognised in the current reporting period, as the exposed asset did not experience any significant flood incidents during the year. Accordingly, there were no material impacts on the Group's revenue, operating costs, asset carrying values or cash flows attributable to flood events in the current period.

Anticipated financial effects

[IFRS S2.16(c), (d), IFRS S2.29(e), IFRS S2.16(a), (c), (d)]

The anticipated financial effects of flooding for the exposed asset primarily relate to:

- Temporary disruption to non-core income-generating areas
- Clean-up and restoration activities following a flood event
- Repair of physical damage to affected areas
- Ongoing maintenance costs associated with existing flood mitigation infrastructure, including pumps and drainage systems

The Group does not currently expect material rental revenue losses from office tenants in the short term, as the majority of leases are structured under Triple Net Lease (TNL) arrangements, which limit direct exposure to tenant rental interruption. However, the Group notes that the lease profile for the exposed asset includes expiries around 2030, which may increase sensitivity to physical climate risk considerations in future leasing and asset positioning.

Due to the absence of historical flood incidents affecting this asset during the reporting period, the Group has used proxy cost information derived from a comparable flood event affecting a similar asset outside the reporting boundary. The proxy event has been used to estimate indicative financial effects on a per-event basis, adjusted for the expected duration of disruption and the proportion of the asset affected.

Based on the Group's scenario analysis, the severity of flood-related impacts is not expected to materially change across the short, medium and long-term. Accordingly, the per-event financial effects are expected to remain broadly consistent across time horizons. The differentiation across time horizons reflects the persistence and potential recurrence of exposure rather than an escalation in the magnitude of impact per event.

Item	Current financial effects	Short-term	Medium-term	Long-term
Office rental revenue loss	Nil	Nil	Nil to low ¹	Nil to low ¹
Car park and ancillary income disruption	Nil	RM0.003 mil per day of downtime ²	RM0.003 mil per day of downtime ²	RM0.003 mil per day of downtime ²
Clean-up and physical damage restoration costs ³	Nil	RM1.8 mil – RM2.4 mil per event ²	RM1.8 mil – RM2.4 mil per event ²	RM1.8 mil – RM2.4 mil per event ²

¹ Quantification is subject to lease renewal sensitivity post-2030, which may include other factors beyond flood risk effect. Hence quantification at this moment is highly uncertain and could not be determined.

² Total number of days that may arise from single flood event follows the basis set in the Group's TCFD aligned disclosure in FY2024. Refer note 7.1 (d).

³ Quantification involves proxy cost information derived from a comparable flood event affecting a similar asset outside the reporting boundary.

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7.2 Climate-Related Transition Risk: Exposure to Evolving Climate Regulations and Reputational Risk

a. Description

[IFRS S2.10 (a), (b), IFRS S2.10(c), IFRS S2.13(b)]

KLCCP Stapled Group is exposed to transition risks arising from evolving climate policies, regulations, and market expectations. Key drivers include mandatory requirements under the Energy Efficiency and Conservation Act (EECA), the National Climate Change Policy 2.0, the anticipated Climate Change Act, potential carbon taxation, and growing stakeholder expectations for low-carbon operations.

This risk encompasses both regulatory compliance and reputational dimensions: failure to act on climate change may affect ESG ratings, tenant retention, and access to sustainable financing across all assets under the Group. The risk horizon is considered across short-, medium-, and long-term periods, reflecting evolving legislation, market adoption of low-carbon practices, and long-term net-zero commitments.

b. Effects on Business Model and Value Chain

[IFRS S2.13(a)]

Current and anticipated effects of the transition risks may affect KLCCP Stapled Group's operations and value chain in several ways:

- Tenant engagement and retention: Medium- to long-term tenant preferences for sustainable, energy-efficient spaces may influence occupancy and leasing terms.
- Operational costs: Anticipated increases in energy tariffs, water costs, and potential carbon taxes could raise operating costs indirectly through adjustments to utility pricing.
- Reputational impacts: Downgrades in ESG ratings or perceived inaction may influence stakeholder trust, investor sentiment, and access to green financing instruments.
- Asset-level transition requirements: Gradual decarbonisation may be needed for certain assets, affecting long-term CAPEX planning and operations.

Overall, transition risks may result in both incremental costs and opportunities, particularly in demonstrating leadership in sustainable property management and energy efficiency.

c. Effects on Strategy and Decision-Making / Mitigation and Adaptation Actions

[IFRS S2.14(a)(i)-(v), IFRS S2.14(b)(c)]

The Group's approach to managing climate transition risk focuses on compliance, operational efficiency, and long-term resilience:

- Compliance and governance: Implementation of an Energy Management System (ELMS) covering all EECA requirements, including energy audits, reporting, and appointment of a Registered Energy Manager.
- Operational efficiency initiatives: Progressive retrofitting of assets with energy-efficient lighting, chillers, and other infrastructure to reduce energy intensity.
- Renewable energy deployment: Installation of solar panels, EV chargers, and other renewable systems at selected assets in line with planned feasibility studies and budgets.
- Asset decarbonisation planning: Development of asset-level decarbonisation roadmaps aligned with interim 2030 targets and long-term 2050 net-zero objectives, focusing on electrification and energy efficiency as primary levers.
- Monitoring and reporting: Ongoing tracking of compliance, energy intensity, and performance metrics to ensure alignment with regulatory and stakeholder expectations.

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

The plans and actions to manage the transition risk described above have not been extensively monitored before the requirement is made apparent by the Statement. 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.

Overall Decarbonisation Targets and Climate Transition Strategy

[IFRS S2.14(a)(iv)]

The KLCCP Stapled Group is committed to achieving net zero emissions by 2050. As part of this commitment, the Group has established an interim target of reducing Scope 1 and Scope 2 equity-share emissions by 10% against the base year 2019 by 2030, reflecting the Group's strategic ambition to progressively decarbonise its operations. To support this commitment, the Group has developed an asset-by-asset decarbonisation plan, which identifies operational levers and strategic actions tailored to each asset. These measures include improvements in energy efficiency, transition to lower-carbon energy sources, and optimisation of operational processes to reduce emissions intensity. The current and anticipated financial effects resulting from this plan are explained in note 7.2d.

Scope 1 and 2 Emission Reduction Measures

Key measures currently implemented to reduce operational emissions include upgrading facilities and operational equipment to improve energy efficiency, transitioning selected fleet and operational vehicles to lower-carbon alternatives including electrification where feasible, and implementing renewable energy initiatives where applicable, including the deployment of solar energy systems at operational sites.

Progress in Addressing Scope 3 Emissions

The Group recognises the importance of addressing Scope 3 emissions, particularly from purchased goods, upstream activities, and other value chain sources. For the current reporting period, the Group has initiated a materiality assessment to identify the most significant Scope 3 emission categories and initiated emission calculations to quantify these sources. Scope 3 quantitative information is not disclosed in this Statement, leveraging permitted reliefs. This is to ensure the Group's Scope 3 inventory is complete and accurate before any data-related disclosures are made. There were also no Scope 3 decarbonisation or adaptation measures implemented for the same period. These will be developed in the future once the materiality and baseline emissions are fully established. The Group intends to progressively plan and implement Scope 3 initiatives in alignment with our broader net zero strategy.

Key Assumptions

The transition plan incorporates several key assumptions. Regulatory developments are considered, including anticipated carbon tax, energy-related regulations, and government incentives for renewable energy. There are high uncertainties on the impact of carbon tax on the Group's business and the market we operate in. Hence, there is no quantification for the year under review. The Group will monitor the progression of these regulatory developments closely to ensure any potential effects can be planned for and addressed. Technological progress is also assumed, covering advancements in energy efficiency, renewable energy, energy storage, and other low-carbon technologies. Economic considerations include projected costs of renewable energy, fossil fuels, and other key commodities. Stakeholder expectations are also considered, including shifts in consumer behaviour, market demand for sustainable products, and public attitudes toward climate change.

Dependencies

Successful implementation of the Climate Transition Plan relies on continued collaboration with operating units and key business partners. Engagement and alignment with suppliers to manage their emissions and implement reduction plans are also critical, as is regulatory support and clarity regarding climate-related policies and incentives. The availability and scalability of low-carbon technologies and renewable energy solutions further underpin the plan's successful execution.

Oversight and Governance

The asset-by-asset decarbonisation plan is approved by the CEO, and the resulting carbon performance is regularly updated to the Board and Sustainability Committee, ensuring alignment with the Group's strategic objectives and net zero commitment.

Future Plans

The Group will continue to refine asset-level decarbonisation actions and progressively plan for Scope 3 emission reduction initiatives. The integration of additional climate-related metrics into operational and financial decision-making is anticipated as data, internal controls, and targets mature.

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Internal Carbon Pricing

[IFRS S2.29(f)]

The Group has access to an internal carbon pricing framework, established by the parent company, which provides a mechanism to assess potential carbon-related costs across business units and projects. At the KLCCP Stapled Group level, this mechanism has not yet been applied, given the current uncertainty surrounding regulatory requirements and potential financial impacts. The framework remains available and will be considered in the future as part of strategic decision-making, particularly when regulatory obligations or market signals become sufficiently clear to warrant targeted action.

d. Financial Effects

Current financial effects

[IFRS S2.16(a), IFRS S2.16(a), (c), (d), IFRS S2.29(e)]

For FY2025, transition risks have had limited direct financial impact. Expenditures are primarily related to ongoing compliance, monitoring, and minor operational enhancements, including EECA reporting and submissions, energy audits, certification and verification (GreenRE/GBI/LEED), compliance systems, and training of personnel. The total current financial effect is recorded at a range of RM0.06 million to RM0.07 million, representing routine operational costs. Capital expenditures allocation is limited to initiatives identified within the asset-by-asset decarbonisation plan of KLCCP Stapled Group, amounting to RM1.5 million for FY2025.

Anticipated financial effects

[IFRS S2.16(a), (c), (d)]

Short-term (FY2026): The Group anticipates incremental compliance and operational costs associated with IFRS S2, including reporting, audits, and minor energy efficiency enhancements. Indicative expenditure is expected to range between RM0.23 million and RM0.39 million, primarily covering governance, data collection, assurance readiness, and related operational activities. Actual allocation of capital to address evolving climate regulations will be determined once regulatory clarity and operational priorities are confirmed. Capital allocation for asset-by-asset decarbonisation plan for the short-term is estimated to be at RM2.4 million based on identified decarbonisation initiatives for the Group.

Medium-term (FY2027-FY2030): Costs over the medium-term are primarily an aggregation of four years of short-term-type expenditures, reflecting ongoing compliance, monitoring, and reporting requirements. Scenario-based estimates range from RM0.55 million to RM0.60 million across the four-year period. While there is no capital allocation for evolving climate regulation yet for the medium-term, the Group has estimated an amount of RM11.1 million between FY2027-FY2030 for decarbonisation initiatives.

Long-term (post-2030): Given the current 1+4 year business planning cycle, long-term costs have not been explicitly quantified. Any projections beyond FY2030 are high-level and indicative, reflecting potential CAPEX for electrification, comprehensive energy efficiency upgrades, and other decarbonisation initiatives, alongside ongoing compliance and monitoring. The Group will continue to assess and prioritise investments as certainty improves, maintaining a prudent approach to resource allocation.

The Group's assets are predominantly leased under TNL arrangements, under which certain operating expenditures and compliance-related costs may be recoverable from tenants on a cost pass-through basis across all time horizons. However, the Group does not view transition risk management as solely tenant-driven. The Group remains accountable for driving portfolio-level decarbonisation outcomes, supporting tenant engagement, and ensuring that assets continue to meet market and regulatory expectations over time.

Item	Current (FY2025)	Short-term (FY2026)	Medium-term (FY2027-2030)	Long-term (post-2030)	Notes
Evolving legislation Compliance & Governance costs	RM0.06 – RM0.07 mil	RM0.23 – RM0.39 mil	RM0.55 – RM0.60 mil	Refer note 7.2d	Costs reflect governance, reporting, audits, and monitoring; medium-term is aggregated over four years.
Pledged Decarbonisation Plan (CAPEX)	RM1.5 mil	RM2.4 mil	RM11.1 mil	Refer note 7.2d	Consolidated CAPEX for decarbonisation projects pledged by the Group across respective time horizons, aggregated to the number of years in each horizon where applicable.

7.3 Resilience of the Group's strategy and business model in relation to climate-related risks

[IFRS S2.22(b)(iii), IFRS S2.22(b)(i),(ii), IFRS S2.22(a)(i)]

KLCCP Stapled Group uses an integrated scenario analysis to assess the resilience of our strategy and business model under climate-related physical and transition risks. The analysis builds on the climate scenario work published in the Group's TCFD-aligned Sustainability Report 2024 and applies the same scenarios and underlying assumptions for FY2025 disclosure to preserve continuity and comparability.

The Group considers two interrelated dimensions of climate risk:

- Physical risk, with emphasis on flooding arising from (i) river inundation, and (ii) extreme rainfall-driven surface water flooding, assessed using IPCC reference pathways (very-high carbon and low-carbon end points); and
- Transition risk, including evolving regulation, carbon pricing and reputational expectations, assessed using IEA reference scenarios (Business-as-Usual and Low Carbon).

This combined approach recognises that real-world outcomes will reflect both direct physical impacts and the pace of policy, market and stakeholder transition.

Scenario analysis is conducted as a portfolio-wide screening exercise across operating units and assets, with more detailed assessment applied to assets identified as being materially exposed. The Group's 2024 assessment identified one asset with moderate exposure to river flooding, while exposure to extreme rainfall-driven flooding is assessed as low, and the remaining portfolio is assessed as minimally affected.

The assessment indicates that the level of river flood exposure for the identified at-risk asset remains moderate, while extreme rainfall flooding remains low, and these are broadly consistent across the short, medium and long term. Accordingly, differences across time horizons reflect the persistence and potential recurrence of impacts rather than a material escalation in severity. Scenario assumptions and results are reviewed annually, with a detailed reassessment at least every three years or sooner if material new evidence emerges, including regulatory developments such as the Climate Change Act, EECA implementation requirements, or carbon taxation mechanisms.

The Group retains flexibility to scale mitigation, adaptation and transition responses as scenario indicators crystallise.

Below we summarise the integrated scenario analysis results in two combined reference scenarios. Each scenario outlines the Group's exposure, the potential operational and strategic implications across time horizons, and the nature of the Group's response.

Scenario 1 – IPCC very-high carbon/IEA BAU

This scenario assumes limited global mitigation, higher temperature pathways and continued exposure to localised flooding risk, while transition policy evolves only gradually.

Horizon	Physical exposure	Transition exposure	Expected impacts and resilience response
Short-term	Localised flood events remain possible at the identified asset. Existing drainage and pumping systems (sump pumps, manhole pumps) moderate disruption. Impacts are expected to be concentrated in ancillary areas such as car parks rather than office tenant spaces.	Emerging regulatory signals with limited immediate compliance cost impact.	Maintain operational readiness through monitoring, routine testing of pumps and backup systems, and targeted preventive maintenance. No material capital deployment planned in the near term.
Medium-term	River flood exposure remains moderate and persistent for the identified asset. Temporary disruption may require clean-up and repair activities affecting a moderate proportion of the site. Extreme rainfall flooding remains low.	Gradual tightening of reporting and compliance expectations (EECA, energy audits), with increasing stakeholder scrutiny.	Continue scalable adaptation measures where cost-effective, strengthen business continuity planning, and incorporate resilience considerations into asset-level budgeting cycles. Lease expiries around 2030 may increase sensitivity to physical risk considerations in future leasing strategy.
Long-term	Flood exposure remains broadly consistent. Without further resilience enhancement, recurring events could result in cumulative operating and maintenance costs over time.	Transition pressures remain moderate but reputational expectations may rise if visible adaptation measures are not demonstrated.	Integrate flood resilience into long-term asset management planning and continue enhancing mitigation infrastructure where cost-effective. Maintain stakeholder confidence through transparent communication of adaptation progress.

Note:

Current technical mitigations (redundant pump architecture, routine maintenance) reduce short-term impacts. The Group's 2024 TCFD assessment identified only one asset with moderate river flood risk; remaining assets are assessed as minimal or low risk.

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Scenario 2 – IPCC low carbon / IEA low carbon

This scenario assumes early and stringent policy action, rapid market shifts toward low-carbon pathways, and lower long-term physical flood outcomes due to successful global mitigation.

Horizon	Physical exposure	Transition exposure	Expected impacts and resilience response
Short-term	Flood risk remains limited, with existing drainage and pumping systems reducing the likelihood of disruption.	Rapid emergence of mandatory reporting, energy intensity requirements and stakeholder expectations.	Prioritise compliance readiness by accelerating ELMS implementation, preparing for energy audits, and strengthening sustainability governance and communications. Apply internal carbon pricing frameworks in project screening where relevant.
Medium-term	Flood exposure remains moderate at the identified asset but monitoring and mitigation reduce operational disruption.	Earlier retrofits, reporting obligations and reputational scrutiny drive investment prioritisation.	Scale low-carbon investments where cost-effective, enhance tenant value propositions for low-carbon spaces, and strengthen certification and disclosure practices. Capital deployment will follow prioritisation and regulatory clarity.
Long-term	Flood exposure remains manageable with sustained resilience planning; no major interruptions expected across the portfolio.	Transition obligations stabilise as pathways mature; long-term compliance and stakeholder expectations continue shaping asset strategy.	Embed transition costs into long-term asset management and pursue opportunities for green financing and sustainable asset repositioning. Continued enhancement of sustainability credentials supports tenant retention and investor confidence.

Significant areas of uncertainty

[IFRS S2.22(a)(ii)]

There are a range of uncertainties and judgements involved when modelling the potential impacts of climate-related risks for the KLCCP Stapled Group. These uncertainties relate both to physical risks, particularly flooding, and to transition risks arising from evolving climate policies and market expectations. Key areas of uncertainty include:

- **Future flood frequency and intensity:** While current drainage and pump infrastructure (including redundant pump architecture and routine maintenance) reduces immediate operational impacts, there remains uncertainty regarding how climate change will affect the frequency and severity of extreme rainfall events across the Group's asset portfolio. Urbanisation trends and the historical design of drainage infrastructure further contribute to variability in local flood outcomes, particularly for at-risk assets.
- **Evolution of climate-related regulations and market expectations:** Transition risks depend on both regulatory developments (e.g., mandatory reporting under EECA, potential carbon pricing, anticipated Climate Change Act) and stakeholder pressures related to sustainability performance. The timing, stringency, and geographic scope of regulations remain uncertain, affecting the Group's strategic and operational decisions, investment prioritisation, and reputational exposure.
- **Tenant preferences and reputational impact:** Changes in tenant and consumer expectations for low-carbon and sustainable spaces are uncertain and scenario-dependent. The pace of adoption of sustainable practices in the real estate sector may influence occupancy, leasing terms, and the Group's market positioning.

These uncertainties are incorporated into scenario analyses to capture a range of plausible outcomes, including the IPCC very high and low-carbon physical risk scenarios, and the IEA BAU and low-carbon transition scenarios. The outputs guide both strategic planning and risk mitigation priorities.

Capacity to adjust or adapt strategy and business model

[IFRS S2.22(a)(iii), IFRS S1.21(b)(ii)]

The KLCCP Stapled Group's strategy and business model, including our mitigation and adaptation measures, are designed to maintain resilience under the baseline and more extreme climate scenarios. The Group's capacity to respond and adapt is supported through the following mechanisms:

- **Financial resources and flexibility:** The Group has allocated a multi-year budget to support climate mitigation and adaptation measures, including operational enhancements to manage flood risk and initiatives to align with evolving low-carbon requirements. Existing financial flexibility is reinforced by access to committed credit facilities, which can be deployed if scenario-based assessments indicate a need for rapid intervention. This ensures liquidity is available to respond to unanticipated operational disruptions or regulatory requirements.

- **Asset management and operational flexibility:** Over the next five years, no significant redeployment, repurposing, or decommissioning of assets is anticipated. The Group continuously monitors asset-level vulnerabilities, assessing whether future changes in production processes, materials, or operational requirements could render certain assets less effective. Longer-term planning includes the possibility of targeted upgrades, repurposing, or selective asset relocation in response to extreme flood events or to meet low-carbon operational requirements.
- **Investment in climate-related mitigation, adaptation, and opportunities:** Immediate investments focus on enhancing resilience to flooding (through improved drainage, pumping systems, and monitoring) and preparing for transition-related obligations (energy efficiency retrofits, renewable energy feasibility studies, and ELMS implementation). These initiatives also provide opportunities to differentiate the Group in the market and strengthen its profile, supporting tenant retention and investor confidence. Ongoing scenario analysis informs the timing and scale of capital deployment, ensuring that resources are allocated prudently.

By integrating scenario analysis into strategic planning, KLCCP Stapled Group can evaluate the potential operational and financial impacts of both physical and transition risks, enabling adaptive decision-making while maintaining flexibility to respond to emerging climate-related challenges.

7.4 Processes, Controls, and Policies to Manage Climate-Related Risks and Opportunities

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

KLCCP Stapled Group integrates climate-related considerations, including physical risks such as flooding and transition risks from evolving regulations and reputational expectations, into broader risk management and operational planning processes, in line with our enterprise risk management framework described in note 6.5.

The Group follows a structured approach in managing climate-related risks and opportunities, leveraging existing operational controls and strategic planning mechanisms. Key inputs include historical climate and hydrological data, flood risk modelling, predictive climate scenarios, and market research on tenant preferences, regulatory developments, and sustainability expectations. Management uses climate-related scenario analysis, as described in note 7.3, to evaluate both physical and transition risks and inform operational and strategic decision-making.

Opportunities related to climate change, such as energy efficiency improvements, renewable energy deployment, and low-carbon property offerings, are assessed alongside risks through existing business planning processes. Scenario-based analysis helps management consider potential benefits and operational adjustments, including asset-level interventions and investment prioritisation.

Governance and oversight are provided through existing committees and reporting structures:

- **Governance:** Sustainability Steering Committee periodically reviews climate-related insights from scenario analysis, monitors progress against energy and decarbonisation initiatives, and evaluates emerging regulatory and market trends.
- **Operational integration:** Climate-related insights are considered in operational planning, capital allocation, and tenant engagement activities, alongside other risk factors.
- **Monitoring:** The Group tracks relevant indicators, such as energy intensity and progress on decarbonisation initiatives, to support informed decision-making and disclosure.

By embedding climate considerations into established risk management, operational processes, and strategic planning, KLCCP Stapled Group ensures that our approach supports long-term resilience, operational continuity, and alignment with stakeholder expectations, without implying the existence of formal standalone policies specific to climate risk or opportunity management.

7.5 Metrics and targets (non-GHG emissions)

[IFRS S2.33(a),(d),(f),(g), 34(c)]

The Group discloses climate-related metrics to monitor exposure to physical flood risk and climate transition risk, consistent with IFRS S2 and relevant SASB real estate and real estate services standards. The SASB standards have been reviewed, and the metrics disclosed focus on those that are material, measurable, and supported by available data. Except for energy intensity targets established under the Sustainability Plan 2030 (refer page 35 of KLCCP Stapled Group's Sustainability Report 2025), all other metrics are currently used as monitoring indicators rather than formal targets. These metrics support risk identification, asset-level oversight, regulatory readiness, and internal decision-making.

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Included metrics focus on energy management, energy ratings, sustainability services, and flood exposure, reflecting the Group's material climate-related risks and opportunities. Metrics that are operational in nature, or are not yet underpinned by mandatory processes, such as certain activity counts, audits, or resilience compliance, have been excluded from disclosure. Their exclusion ensures that the disclosures remain focused on climate-related performance, in line with IFRS S2 and SASB qualitative indicators.

The Group has not yet established short-, medium-, or long-term quantitative targets for certain physical and transition-related metrics, pending further baselining, methodological refinement, and governance approvals. Management looks to study on baseline establishment for selected indicators starting FY2026. This is to ensure prudence in setting formal targets given regulatory uncertainty, evolving data quality, and the Group's asset profile. Metrics disclosed for FY2025 provide a foundation for future tracking and performance evaluation.

Table 7.5(a) – Physical Risk: Flooding Metrics

Metric	Reference	Methodology	Unit	FY2025
Area and percentage of properties located in 100-year flood zones, by property sector ¹	IF-RE-450a.1	GIS-based flood mapping over total asset area	%	0
Number of lodging facilities in 100-year flood zones ¹	SV-HL-450a.1	Count of hotel assets within mapped flood zones	Number	0
Flood-related incidents	Entity-developed	Recorded river or extreme rainfall flood events	Number	0
Total leasable floor area in 100-year flood zones ¹	IF-RE-450a.1	Leasable area intersecting flood maps	sqm	0
Assets covered by climate-risk assessment	Entity-developed	Assets assessed/total assets	%	100%

¹ Addresses the amount and percentage of assets or business activities vulnerable to climate-related physical risks metric

Table 7.5 (b): Transition Risk – Energy & Operational Readiness

Metric	Reference	Methodology	Unit	FY2025
The amount and percentage of properties ¹ vulnerable to climate-related transition risks	Entity-developed	Vulnerable assets/Total assets	No. %	6 86%
Total energy consumed by portfolio area with data coverage	IF-RE-130a.2(1)	Aggregate fuel, purchased electricity and cooling energy consumption	Mwh GJ	313,734 1,129,443
Percentage of eligible portfolio that has an energy rating ²	IF-RE-130a.4	Rated assets/eligible assets	%	0
Floor area and number of buildings under management provided with energy and sustainability services ³	IF-RS-410a.2	Managed buildings receiving services	sqm No.	799,193 4
Penalties issued for EECA non-compliance	Entity-developed	Recorded penalties issued	Number	0

¹ Properties under the KLCCP Stapled Group are aligned with the list of properties disclosed within the Group's Integrated Report 2025.

² Energy rating defined as energy intensity label issued by the Energy Commission of Malaysia. There was no official issuance of the label by the EC during the reporting period.

³ Sustainability service provided where facility management is concerned include resource efficiency (including energy, water and waste), utility data management, energy procurement, obtaining and retaining sustainability and resource-related certifications, and environmental reporting. The provision only applies to buildings with service provision by KLCC Urusharta Sdn. Bhd. and does not include owner-operator or associate companies.

Table 7.5 (c): Transition Risk – Sustainability Plan 2030 Goals and Targets

Metric	Reference	Methodology	Unit	FY2025	Target Year	Target
Energy Efficiency Rating (EER) of Office Building	Entity-developed	Percentage of buildings meeting 3-star and above EER rating	%	100%	2030	100%
Energy intensity (Retail)	Entity-developed	Internal metering & monitoring	kWh/ Footfall	1.38 kWh/ Footfall	2030	1.21 kWh/ Footfall
Energy intensity (Hotel)	Entity-developed	Internal metering & monitoring	kWh/ Footfall	72.6 kWh/ Footfall	2030	65.6 kWh/ Footfall

Table 7.5 (d): List of office buildings and their Energy Efficiency Rating

Building	Type	Energy Efficiency Rating	Star Rating
PETRONAS Twin Towers 1	Office building with chilled water supply	195	4 Star
PETRONAS Twin Towers 2		135	5 Star
Menara 3 PETRONAS		179	5 Star
Menara ExxonMobil		261	3 Star
Kompleks Dayabumi	Office building without chilled water supply	110	4 Star

The following metrics within IFRS S2 standard reference have been disclosed in the corresponding notes listed below:

Metric	Note Reference
Climate-related opportunities—the amount and percentage of assets or business activities aligned with climate-related opportunities	Note 5.0
Capital deployment—the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities	Note 7.1d Note 7.2d
Metric: Carbon Tax	Note 7.2c
Internal carbon prices	Note 7.2c
Remuneration	Note 6.4

Long-term considerations beyond 2030 are assessed through climate-related scenario analysis rather than quantified targets at this stage, given uncertainties relating to future regulation, technology pathways, and market conditions. The Group may establish long-term targets as methodologies, data quality, and governance arrangements mature.

The SSC monitors performance towards achieving the targets and reviews their relevance and validity every quarter.

As the targets are intensity based, there is no specific base year to compare against. However, the trend is measured against the same base year for GHG emissions, 2019, as a benchmark. The targets are also not influenced by the latest international agreements on climate change, including jurisdictional commitments that arise from such agreements, as they adhere to specific Malaysian legislations.

7.6 Metrics and targets (GHG emissions)

7.6.1 Summary of gross GHG emissions

[IFRS S2.29 (a)(i)(1), (iv), IFRS S2.29(a)(i)(2), (iv), (v), IFRS S2.29(a)(i)(3), (vi)(1)]

The table below summarises the Group's absolute gross GHG emissions for the reporting year, calculated on an equity-share basis for assets within the Group's organisational boundary (refer note 3.2).

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GHG Emissions	FY2025
Scope 1 GHG emissions	
– The consolidated accounting group	3,145.90
– Other investees within the organisation boundaries	1.80
Total Scope 1 emissions in tonnes of CO₂e	3,147.70
Scope 2 (location-based) GHG emissions	
– The consolidated accounting group	121,331.99
– Other investees within the organisation boundaries	2,397.55
Total Scope 2 emissions (location-based) in tonnes of CO₂e	123,729.54

The Group has applied the transition relief available under IFRS S2 and has not disclosed quantitative Scope 3 emissions for the reporting year. A comprehensive Scope 3 assessment has been performed and methodology development is ongoing.

Emissions from assets leased by the Group as a lessee are included within Scope 1 and Scope 2, where applicable. The Group does not manufacture products, does not operate franchises, and does not undertake downstream processing activities.

(i) Contractual instruments

[IFRS S2.29(a)(v)]

The Group does not currently hold contractual instruments such as power purchase agreements or unbundled renewable energy certificates (RECs). Accordingly, Scope 2 GHG emissions are disclosed using only the location-based method for the reporting year.

(ii) Methodology, inputs and assumptions

[IFRS S2.29(a)(iii)(1), (2)]

The Group calculates Scope 1 and 2 GHG emissions primarily using indirect measurement approach, based on activity data and appropriate emission factors, or based on aggregated amounts from bills, allocated by floor area or timeframe of purchase. These approaches are in line with the GHG Protocol Corporate Accounting and Reporting Standard.

Scope 2 emissions are calculated using the location-based method, reflecting Peninsular Malaysia grid emission factors by TNB for electricity, and internal benchmark from district cooling plants for chilled water.

Activity data

The Group uses the following activity data for emissions measurement:

Scope 1 GHG emissions

- Fuel and natural gas consumption from stationary combustion, based on utility invoices or metered data where available. Emissions from generator sets are estimated through purchase invoices and manufacturer's specifications where activity data is not available.
- Mobile combustion fuel use for owned or controlled vehicles, based on fuel purchase records.
- Fugitive emissions from use of waste digester operations, based on weight of waste digested.

➤ Scope 2 GHG emissions

- Purchased electricity and chilled water consumption, based on utility invoices and sub-metering data where available.

Emission factors

For the measurement of Scope 1 and Scope 2 (location-based) GHG emissions, the Group applies:

- US EPA emission factors for natural gas (2025)
- UK DEFRA emission factors for diesel and petrol (2025)
- Chilled water emission factor based on historical performance benchmark provided by Gas District Cooling plants
- Grid Emission Factor (GEF) in Malaysia by Suruhanjaya Tenaga, 2024
- Emissions from biological treatment of waste, from waste digester based on 2006 IPCC Guidelines for National Greenhouse Gas Inventories

Calorific value for natural gas, diesel and petrol, is derived from IPCC (2006), with density based on CDP Technical Note (2025).

Global warming potential (GWP) values

The Group applies 100-year Global Warming Potential (GWP) values from the IPCC Sixth Assessment Report (AR6) to convert greenhouse gases into carbon dioxide equivalent (CO₂e).

7.5.2 Metrics and targets

[IFRS S2.14(a)(iv), 33, 36(a)-(c), IFRS S2.34(a), 36(d), IFRS S2.36(e), IFRS S2.34(b)]

The Group has established medium-term emissions reduction targets aligned with our Sustainability Plan 2030, with longer-term aspirations extending to 2050. These targets focus on emissions sources within the Group's operational influence as a real estate owner and manager.

The targets set by the Group are as follows:

➤ Medium-term target:

- Reduce combined Scope 1 and Scope 2 GHG emissions by 10% by 2030, relative to the 2019 baseline, on an equity-share basis.

➤ Long-term ambition:

- Achieve net zero GHG emissions by 2050, in alignment with national and enterprise-level decarbonisation pathways.

At this stage, the Group has not set quantitative Scope 3 reduction targets, as Scope 3 emissions identification, data quality enhancement and boundary refinement are ongoing. Targets for material Scope 3 categories will be considered following completion of baselining and governance review.

The targets and the methodology for setting the target has not been validated by a third party; nor was it derived using a sectoral decarbonisation approach.

The Group does not currently implement carbon offsetting or carbon credit procurement at the entity level. Any use of offsets or credits is managed at the parent company's discretion where applicable.

Targets are reviewed periodically, including upon significant changes in organisational boundaries, asset portfolio composition, or regulatory requirements.

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Monitoring metrics

[IFRS S2.34(c)]

The Group monitors progress against emissions targets using the following indicators:

- Absolute Scope 1 GHG emissions (tCO₂e)
- Absolute Scope 2 (location-based) GHG emissions (tCO₂e)

The methodologies used to calculate these monitoring metrics have been externally validated.

Performance against GHG emissions targets

[IFRS S2.35]

The Group has defined **2019 as the baseline year** for emissions reduction targets. Performance against targets is monitored annually and disclosed to support transparency and internal decision-making.

Quantitative year-on-year performance data will continue to be enhanced as data completeness and Scope 3 measurement maturity improve.

8.0 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 document have taken place that need to be disclosed in this sustainability statement.

9.0 STATEMENT OF ASSURANCE

The Group has obtained independent limited assurance over selected GHG emissions disclosures within this ISSB Sustainability Statement.

Scope and Subject Matter of Assurance

Independent limited assurance has been performed by Ernst & Young (EY) in accordance with International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ("ISAE 3000 (Revised)") and International Standard for Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410").

The assurance engagement covered the following subject matters for the reporting period 1 January 2025 to 31 December 2025:

- Scope 1 emissions in tonnes of CO₂e
- Scope 2 emissions in tonnes of CO₂e

Type of Assurance

The engagement was performed as a limited assurance engagement.

Summary of Conclusions

Based on the procedures performed, EY has expressed a conclusion stating they are not aware of any material modifications that should be made to Scope 1 and Scope 2 GHG emissions, in order for it to be in accordance with the Criteria.

SR To read more on Independent Limited Assurance Statement, please refer to Sustainability Report 2025 on pages 94 to 97

Bursa Malaysia Prescribed Table

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KLCC Property Holdings Bhd
IFRS S2

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Climate Change & Energy Management	Area and percentage of properties located in 100-year flood zones, by property sector	Area	0	—	No assurance	Adds the amount and percentage of assets or business activities vulnerable to climate-related physical risks metric
Climate Change & Energy Management	Area and percentage of properties located in 100-year flood zones, by property sector	%	0	—	No assurance	Adds the amount and percentage of assets or business activities vulnerable to climate-related physical risks metric
Climate Change & Energy Management	Number of lodging facilities in 100-year flood zones	Number	0	—	No assurance	Adds the amount and percentage of assets or business activities vulnerable to climate-related physical risks metric
Climate Change & Energy Management	Flood-related incidents	Number	0	—	No assurance	
Climate Change & Energy Management	Total leasable floor area in 100-year flood zones	sqm	0	—	No assurance	Adds the amount and percentage of assets or business activities vulnerable to climate-related physical risks metric
Climate Change & Energy Management	Assets covered by climate-risk assessment	%	100	—	No assurance	
Climate Change & Energy Management	The amount and percentage of properties vulnerable to climate-related transition risks	No.	6	—	No assurance	Properties under the KLCCP Stapled Group is in alignment with the list of properties disclosed in the Group's Integrated Report 2025
Climate Change & Energy Management	The amount and percentage of properties vulnerable to climate-related transition risks	%	86	—	No assurance	Properties under the KLCCP Stapled Group is in alignment with the list of properties disclosed in the Group's Integrated Report 2025

Bursa Malaysia Prescribed Table

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KLCC Property Holdings Bhd

IFRS S2

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Climate Change & Energy Management	Total energy consumed by portfolio area with data coverage	Mwh	313,734	—	External (Limited)	
Climate Change & Energy Management	Total energy consumed by portfolio area with data coverage	GJ	1129,443	—	External (Limited)	
Climate Change & Energy Management	Percentage of eligible portfolio that has an energy rating	%	0	—	No assurance	Energy rating defined as energy intensity label issued by the Energy Commission of Malaysia. There are no official issuance of the label by the EC during the reporting period
Climate Change & Energy Management	Floor area and number of buildings under management provided with energy and sustainability services	sqm	799193	—	No assurance	Sustainability service provided where facility management is concerned include resource efficiency (including energy, water and waste), utility data management, energy procurement, obtaining and retaining sustainability and resource-related certifications, and environmental reporting. The provision only applies to buildings managed by KLCC Urusharta Sdn. Bhd. and does not include owner-operator and associate companies

KLCC Property Holdings Bhd

IFRS S2

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Climate Change & Energy Management	Floor area and number of buildings under management provided with energy and sustainability services	No.	4	—	No assurance	Sustainability service provided where facility management is concerned include resource efficiency (including energy, water and waste), utility data management, energy procurement, obtaining and retaining sustainability and resource-related certifications, and environmental reporting. The provision only applies to buildings managed by KLCC Urusharta Sdn. Bhd. and does not include owner-operator and associate companies
Climate Change & Energy Management	Penalties issued for EECA non-compliance	Number	0	—	No assurance	
Climate Change & Energy Management	Energy Efficiency Rating (EER) of Office Building	%	100	100%	No assurance	Percentage of buildings meeting 3-star and above EER rating
Climate Change & Energy Management	Energy intensity (Retail)	kWh/footfall	1.38	1.21 by 2030	No assurance	
Climate Change & Energy Management	Energy intensity (Hotel)	kWh/footfall	72.6	65.6 by 2030	No assurance	
Climate Change & Energy Management	Total Scope 1 emissions in tonnes of CO ₂ e	tCO ₂ e	3,14770	—	External (Limited)	
Climate Change & Energy Management	Total Scope 2 emissions (location-based) in tonnes of CO ₂ e	tCO ₂ e	123,729.54	—	External (Limited)	