滙力集團
HUILI GROUP

Huili Resources (Group) Limited
滙力資源（集團）有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code : 1303

2025 Environmental, Social and Governance Report

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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ABOUT THIS REPORT

Huili Resources (Group) Limited (the "Company"), together with its subsidiaries (the "Group"), is pleased to present this Environmental, Social and Governance Report (the "Report") to provide an overview of the Group's management on significant issues affecting the operation, and the performance of the Group in terms of environmental and social aspects. This Report is prepared by the Group with the professional assistance of APAC Compliance Consultancy and Internal Control Services Limited.

Preparation Basis and Scope

This Report is prepared in accordance with Appendix C2 to the rules governing the listing of securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") – "Environmental, Social and Governance Reporting Guide" (the "ESG Reporting Guide") and has complied with "comply or explain" provision in the Listing Rules.

This Report summarises the performance of the Group in respect of corporate social responsibility, covering its operating activities which are considered as material by the Group – (i) trading of coal in the PRC; and (ii) provision of coal washery processing services and coal service supply chain services. This Report shall be published both in Chinese and English on the website of Stock Exchange. Should there be any discrepancy between the Chinese and the English versions, the English version shall prevail.

Reporting Period

This Report demonstrates our sustainability initiatives during the Reporting Period from 1 January 2025 to 31 December 2025. (the "Reporting Period").

Contact Information

The Group welcomes your feedback on this Report for our sustainability initiatives. For any feedback on this Report, please send written feedback to the Company, for the attention of company Secretary of the Company, by email to enquiry@huili.hk, fax to (852) 2804 0470 or mail to Rooms 36–40, 50/F., Sun Hung Kai Center, 30 Harbour Road, Wan Chai, Hong Kong.

INTRODUCTION

During the Reporting Period, the Group carried out its coal trading business through two indirectly wholly-owned subsidiaries, Changzhi Runce Trading Company Limited* and Hainan Runce Energy Co., Ltd.* in the PRC.

The Group also provided coal processing services through an indirectly wholly-owned subsidiary, Shanxi Fanpo Clean Energy Technology Company Limited* ("Shanxi Fanpo") in Shanxi province, the PRC, and coal service supply chain services through an indirectly wholly-owned subsidiary, Runce Supply Chain Management (Shenzhen) Co., Ltd.* in the PRC.

Shanxi Fanpo is principally engaged in the sale of coal and the operation of a coal washery. The coal washery is designed to remove impurities from raw coal and to classify coal by quality, thereby improving coal utilization efficiency and reducing pollutant emissions. The coal washery has a designed maximum throughput capacity of approximately 14,000 tonnes per day.

During the Reporting Period, the Group also provided storage and coal mixing services as part of its coal service supply chain business through its indirectly wholly-owned subsidiary, Shanxi Margaux Supply Chain Management Company Limited*.

In addition, the Group is principally engaged in supply chain management services and general cargo storage services through its indirectly wholly-owned subsidiary, Changzhishi Desheng Coal Storage and Distribution Company Limited, which was acquired in January 2024. This coal service business includes two coal sheds and associated machinery. The two coal sheds have a maximum total storage capacity of approximately 1 million tonnes of coal in Shanxi province, the PRC.

The Group also provides supply chain management services and general cargo storage services through its indirectly wholly-owned subsidiary, Shanxi Luyuan Xinneng Technology Company Limited ("Luyuan Xinneng"), which was acquired in August 2024. This coal service business includes two coal sheds and associated machinery, with a maximum total storage capacity of approximately 120,000 tonnes of coal in Shanxi province, the PRC.

The Group has a clear strategy for its business development. In order to achieve sustainable development, access to affordable capital, and long-term competitiveness, we recognise the importance of operating in a responsible manner towards the environment and the community. Respect for stakeholders and the environment is a non-negotiable business principle throughout the Group.

As the Group further expands into coal supply chain businesses, the Company remains steadfast in its commitment to environmental stewardship. While the energy security role of coal is expected to continue in the near term, low-carbonization and clean, efficient production remain the key development directions for the coal industry.

* For identification purpose only

Our management is confident that the Group has appropriate systems in place, not only to protect the brand and its businesses, but also to provide long-term benefits to its various stakeholders.

The Group's sustainability strategy is based on compliance with legal requirements in the areas where we operate and on engagement with stakeholder opinions. Various policies and procedures have been established in accordance with legal requirements and the Group's business development strategies. These policies help us to manage and monitor risks related to the environment, employment, operating practices, and the community. Details of the management approaches to sustainable development across different areas are illustrated in this Report.

STAKEHOLDERS ENGAGEMENT

The Group understands the success of the Group's business depends on the support from its key stakeholders, who (a) have invested or will invest in the Group; (b) have the ability to influence the outcomes within the Group; and (c) are interested in or affected by or have the potential to be affected by the impact of the Group's activities, products, services and relationships. It allows the Group to understand risks and opportunities. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

Stakeholders are prioritised from time to time in view of the Group's roles and duties, strategic plan and business initiatives. The Group engages with its stakeholders to develop mutually beneficial relationships and to seek their views on its business proposals and initiatives as well as to promote sustainability in the marketplace, workplace, community and environment. The Group acknowledges the importance of intelligence gained from the stakeholders' insights, inquiries and continuous interest in the Group's business activities.

The Group has identified key stakeholders that are important to our business and established various channels for communication. The following table provides an overview of the Group's key stakeholders, and various platforms and methods of communication are used to reach, listen and respond.

Stakeholders	Issues of concern	Engagement channels
Government and Market Regulators	– Compliance – Proper tax payment – Promote regional economic development and employment	– On-site inspections and checks – Research and discussion through work conferences, work reports preparation and submission for approval
Shareholders and Investors	– Return on the investment – Information disclosure and transparency – Protection of interests and fair treatment of shareholders	– Annual general meetings and other shareholder meetings – Annual reports, interim reports, announcements and website – Emails, facsimile and enquiry hotline
Employees	– Safeguard the rights and interests of employees – Career development opportunities – Health and safety	– Conference – Training, seminars and briefing sessions – Cultural and sport activities – Emails
Customers	– Safe and high-quality products – Stable relationship – Information transparency – Business ethics	– Website, brochures, annual reports and interim reports – Email and customer service hotline – Feedback forms – Visits and meetings
Suppliers/Partners	– Long-term partnership – Honest cooperation – Fair, open – Risk reduction	– Business meetings, supplier conferences, phone calls, interviews – Regular meeting – Review and assessment – Tendering process
Peer/Industry Associations	– Experience sharing and cooperation – Fair competition	– Industry conference – Site visit
Public and Communities	– Community involvement – Social responsibilities	– Volunteering – Charity and social investment

Through general communication with stakeholders, the Group understands the expectations and concerns from stakeholders. The feedback obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impact.

The Group has adopted the principle of materiality in the environmental, social and governance ("ESG") reporting by understanding the key ESG issues that are important to the business of the Group. All the key ESG issues and key performance indicators (the "KPI(s)") are reported in the Report according to recommendations of the ESG Reporting Guide under the Appendix C2 of the Listing Rules and the GRI Guidelines issued by the Global Reporting Initiative.

The Group has evaluated the materiality and importance in ESG aspects through the following steps:

Step 1: Identification – Industry Benchmarking

- Relevant ESG areas were identified through the review of relevant ESG reports of the local and international industry peers.

- The materiality of each ESG areas was determined based on the importance of each ESG area to the Group through internal discussion and by referencing to the recommendation of ESG Reporting Guide.

Step 2: Prioritization – Stakeholder Engagement

- The Group discussed with key stakeholders on key ESG areas identified above to ensure all the key aspects were covered.

Step 3: Validation – Determining Material Issues

- Based on the discussion with key stakeholders and internal discussion among the management, the Group's management ensured all the key and material ESG areas, which were important to the business development, were reported and in compliance with ESG Reporting Guide.

The Group carried out the above-mentioned evaluation process during the Reporting Period, the result of such evaluation and those ESG areas that the Group determined to be material and important are discussed in this Report.

ESG GOVERNANCE

Board's Oversight of ESG issues

Board's overall vision and strategy in managing ESG issues

The board ("Board") of directors (the "Director(s)") of the Company has a primary role in overseeing the management of the Group's sustainability issues. An ESG working group (the "ESG Working Group") is also established to assist the Board to oversee and implement the ESG policies of the Group. During the Reporting Period, the Board and the ESG Working Group spent significant time in evaluating the impact of ESG-related risks on the Group's operation and formulating relevant policy in dealing with the risks. The oversight of the Board is to ensure the management to have all the right tools and resources to oversee the ESG issues in the context of strategy and long-term value creation.

ESG Working Group

To demonstrate our commitment to transparency and accountability, the Group has established an ESG Working Group, which has the powers delegated by the Board to implement and oversight the effectiveness of the ESG-related policies. We highly value the opinions of each stakeholder and treat them as the cornerstone for the development of the Group. During the Reporting Period, the ESG Working Group consisted of an executive Director, the Group's chief financial officer, the Group's financial controller and company secretary, and finance managers and operation managers of the Group's major operating segments in the PRC.

The ESG Working Group is primarily responsible for reviewing and supervising the ESG process, and risk management of the Group. Different ESG issues are reviewed by the ESG Working Group at the meetings, which holds annually. During the Reporting Period, the ESG Working Group and the management reviewed the ESG governance and different ESG issues.

Board's ESG Management Approach and Strategy for Material ESG-related Issues

In order to better understand the opinions and expectations of different stakeholders on our ESG issues, materiality assessment is conducted each year. We ensure various platforms and channels of communication are used to reach, listen and respond to our key stakeholders. Through general communication with stakeholders, the Group understands the expectations and concerns from stakeholders. The feedback obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impact.

The Group has evaluated the materiality and importance in ESG aspects through the steps: (1) material ESG area identification by industry benchmarking; (2) key ESG area prioritization with stakeholder engagement; and (3) validation and determining material ESG issues based on results of communication among stakeholders and the management.

Hence, this can enhance understanding of their degree and change of attention to each significant ESG issue, and can enable us to more comprehensively plan our sustainable development work in the future. Those important and material ESG areas identified during our material assessment were discussed in this Report.

Board Review Progress Against ESG-related Goals and Targets

The progress of target implementation and the performance of the goals and targets should be closely reviewed from time to time. Rectification may be needed if the progress falls short of expectation. Effective communication about the goals and target process with key stakeholders such as employees is essential, as this enables them to be engaged in the implementation process, and to feel they are part of the change that the company aspires to achieve.

Setting strategic goals for the coming three to five years enables the Group to develop a realistic roadmap and focus on results in achieving the visions.

Setting targets requires the ESG Working Group to carefully examine the attainability of the targets which should be weighed against the company's ambitions and goals. During the Reporting Period, our Group set targets on an absolute basis.

A. ENVIRONMENTAL ASPECTS

A1. Emissions

The coal washery operations and the newly coal storage businesses in Shanxi province are the main operations that affect the physical environment, including the land, air, water and other important resources. The Group recognises the importance of environmental protection and is committed to operating its business responsibly and in compliance with all environmental regulations.

The Group's objectives on environmental protection are to reduce the emissions of air pollutants, greenhouse gas, waste and wastewater. In pursuit of these objectives, the Group has established "Environmental Facilities Operation and Management System" to detect potential environmental hazard and has implemented corresponding mitigation measures. Regular internal inspections are in place to monitor the environmental performance of the operations in order to ensure relevant national standards were met.

The Group's operations are subject to a variety of PRC environmental laws and regulations, as well as local environmental regulations promulgated by local authorities on environmental protection. These laws and regulations govern a broad range of environmental matters, such as air emission, discharge of wastewater and waste disposal. During the Reporting Period, the Group was in strict compliance with the relevant environmental laws and regulations in the PRC and no material non-compliance was noted.

Air Pollutants Emission

The coal washery operations and the newly coal storage businesses in Shanxi province result in air pollutants emission, including nitrogen oxides, sulfur dioxide and particulate matter.

To reduce and limit the emission of air pollutants, water spraying equipment have been installed in the storage area and processing area of coal washing operations. Dust removal equipment have also been installed to mitigate the fugitive dust emission. We have installed environmental monitoring stations and equipment to conduct environmental monitoring at processing plants and storage area.

The decrease in total air pollutant emissions in 2025 was primarily due to operational adjustments in response to market conditions, which resulted in reduced utilisation of machinery and vehicles during the Reporting Period. Despite these fluctuations, the Group remained committed to minimising its environmental impact by continuing to implement measures such as reducing the use of private vehicles, promoting public transport, and leveraging technology including phone and video conferencing services. The Group has also introduced performance monitoring mechanisms during the Reporting Period, including monthly recording of fuel consumption data (e.g., number of forklifts and drivers) to prevent fuel overuse. Looking ahead, the Group targets to reduce air pollutant emissions by 5% by 2030, subject to business recovery and operational levels.

The air pollutants emission during the Reporting Period is as follows:

Air Pollutants Emission	Unit	2025	2024
Nitrogen oxides (NO_x)	kg	38,273.12	43,271.23
Sulfur dioxide (SO_2)	kg	818.57	923.75
Particulate matter (PM)	kg	4,880.11	5,516.13

Greenhouse Gas ("GHG") Emission

The Group recognises that climate change poses a risk to its business and it is committed to mitigating the effects of climate change. GHG is considered as one of the major contributors to climate change. As the majority of the Group's GHG emissions come from energy consumption, the Group manages its carbon footprint by minimising energy consumption in its business operations. Policies and procedures adopted on energy saving are mentioned in the section "Use of Resources" in order to reduce GHG emissions. The Group reports on Scope 1 and Scope 2 GHG emissions on a mandatory basis in accordance with the HKEX ESG Reporting Code. Scope 3 emissions are reported on a "comply or explain" basis, and the Group will continue to enhance its Scope 3 data collection methodologies over time. The decrease in total GHG emissions in 2025 was primarily due to decreased use of machinery and vehicles in business operations. Despite these fluctuations, the Group continued to expand into coal supply chain businesses, it also continued to minimise GHG emissions through reducing private vehicle use and increasing the use of public transport and internet technology such as phone and video conferencing services. The Group has also set a performance assessment target during the Reporting Period by recording monthly fuel consumption data, such as the number of forklifts and drivers, to prevent fuel overuse. The Company has also commenced the development and construction of a photovoltaic project, aiming to promote low carbonisation and reduce GHG emissions. The Group will strive to reduce the emission of GHG by 5% by 2030.

The GHG emission during the Reporting Period is as follows:

GHG Emission[1]	Unit	2025	2024
Scope 1[2]	tonnes of CO_2-e	3,671.72	4,099.30
Scope 2[3]	tonnes of CO_2-e	7,654.92	8,124.84
Scope 3[4]	tonnes of CO_2-e	805.49	–*
Total GHG emission	tonnes of CO_2-e	12,132.14	12,224.14
GHG emission intensity	tonnes of CO_2-e/m^2	0.10	0.11

* Scope 3 emissions for 2024 were not systematically collected. The Group will continue to develop its Scope 3 reporting as data collection processes evolve.

1 The calculation of the GHG emission is based on the "Corporate Accounting and Reporting Standard" from GHG protocol.

2 Scope 1: Direct emissions from sources that are owned or controlled by the Group.

3 Scope 2: Indirect emissions from the purchased electricity consumed by the Group.

4 Scope 3: Other indirect emissions that occur in the upstream and downstream activities of the Group. The Group currently reports on selected Scope 3 categories based on available data and will continue to expand coverage as methodologies develop.

Solid Waste and wastewater Management

Wastes generated in our operations are required to be handled with comprehensive procedures to mitigate the impact on the environment. The Group has a classification system for different types of wastes. Each type of waste has specific storage location and collection procedures. We are committed to minimising waste production and handling waste in a responsible manner.

The major operation of the Group was in the office and thus commercial waste is the major type of non-hazardous waste produced. Non-hazardous waste production was considered as immaterial to the Group's operation because of very few employees working in the office. Even the production of commercial waste was considered as insignificant, we have implemented following measures to reduce wastes generated from the office to the minimal:

- Reduce paper consumption through application of computer technology (e.g. written communication by email, use computer to store documents), double-sided printing and the use of recycled papers.
- Put recycling boxes near the photocopiers to collect papers for reuse and recycling.
- Encourage employees to reuse stationery, e.g. used envelope and document folder.
- Avoid using disposable utensils and reducing take-away food.
- Donate waste electrical and electronic equipment (e.g. computer, printer, photocopier, kettle or microwave, etc.) to charity organisations or send them to recyclers for recycling.

A2. Use of Resources

The Group has adopted policies, such as "Energy Resources Control Procedure", to promote the efficient use of energy, water and other materials.

Energy

Fuel and electricity are the major resources consumptions in our daily operation. With the aim to promote energy preservation, we consistently seek ways to improve energy efficiency and lower electricity usage in our facilities. We motivate all our employees to participate in the energy conservation activities and encourage them to save energy.

As the Group were expanding into the coal supply chain business, the Company remained steadfast in our commitment to environmental stewardship. The Group has also set a performance assessment target in Reporting Period by recording monthly fuel consumption data like the number of forklifts and drivers to prevent fuel overuse. The Company has commenced the development and construction of photovoltaic projects, aiming to promote low carbonization, integrate development of coal based energy and multi and green energy, and expand green transformation channels for the coal supply chain business. The Group will strive to reduce the energy consumption by 5% by 2030.

The Group implemented following measures to reduce energy consumption:

- Maintain room temperature at around 26 degrees Celsius.
- Switch off all the electrical appliances when leaving the office.
- Use energy-saving light bulbs, such as compact fluorescent lamps, T5 fluorescent lamps, LED, etc.
- Choose fuel-saving vehicles with high emission standards.
- Encourage the use of public transportation, instead of the private vehicle.
- Encourage the use of technology in meeting arrangement, such as video conferencing or tele-conferencing, instead of face-to-face meeting in order to reduce the use of transportation.
- Plan the travelling routes before using every time to improve the vehicles utilisation.

The proposed construction of the distributed photovoltaic power station aims to utilize existing production area facilities, such as rooftops of factory buildings, workshops, and office buildings, for the installation of the photovoltaic system.

Following the principles of "nearby grid connection, local consumption, and high efficiency with low losses," the photovoltaic power station will operate in a "self-consumption with excess electricity exported to the grid" mode. The photovoltaic modules will be converted by three-phase grid-tied inverters and integrated into the three phase low-voltage AC power grid (AC380V, 50Hz) to provide power to the local load. Emphasizing safety, optimized structure, energy conservation, emission reduction, and promoting harmony through complete local consumption, efforts will be made to establish a safe, green, and harmonious modern power industry system.

The generated electricity will be directly supplied to the loads through the on-site electrical distribution system.

Photovoltaic power generation is a clean form of energy utilization that neither directly consumes resources nor releases pollutants or waste. It does not contribute to greenhouse gas emissions, atmospheric pollution, or the accumulation of waste residues and wastewater. It is environmentally friendly and a renewable energy source. By constructing a photovoltaic power station and harnessing solar energy for electricity generation, the project will play a positive demonstrative role in saving coal and reducing emissions of various pollutants, including carbon dioxide, sulfur oxides, nitrogen oxides, and particulate matter. By displacing electricity that would otherwise be generated from fossil fuel sources, the project is expected to make a positive contribution to energy conservation and the reduction of harmful gas emissions in Shanxi Province.

During the Reporting Period, the energy consumption are as follows:

Energy consumption	Unit	2025	2024
Purchased electricity	MWh	8,181.36	8,689.94
Petrol	MWh	188.74	–
Diesel	MWh	13,827.45	15,634.89
Total energy consumption	MWh	22,197.55	24,324.82
Energy consumption intensity	MWh/m^2	0.20	0.22

Water

Water is another resource used in our daily operation. The Group actively seeks ways to conserve water. As the water supply for Hong Kong office is solely controlled and centrally managed by their respective property management company of the building, it is not feasible for the Hong Kong office to provide water consumption data as there is no separate meter for each individual office unit on the water usage record. However, we still actively seek ways to reduce water consumption in Hong Kong office.

For coal washery operations, wastewater treatment and monitoring system have been installed so as to improve the efficiency of the water usage and reduce the wastewater. Our washery operations require substantial amount of water consumption directly and are the main source of the water usage of the Group during the Reporting Period.

We encourage our employees to save water usage by increasing their awareness through different channels. For example, employees are reminded to turn off the water taps after usage. Despite of the expansion of the Group's coal supply chain business during the Reporting Period, the water consumption in 2025 had a decrease due to effective implementation of water management policies. The Group will continue striving to reduce the water consumption by 5% by 2030. The Group will try to collect the water consumption data from the landlord and disclose in the next reporting year.

The water consumption during the Reporting Period is as follows:

Water consumption	Unit	2025	2024
Water consumption	m^3	34,330.00	36,600.00
Water consumption intensity	m^3/m^2	0.31	0.33

A3. The Environment and Natural Resources

The Group understands that the coal washery operations and the coal storage businesses in Shanxi province could have significant environmental impacts. As a responsible operator, the Group considers the environmental impact of all its activities. We strive to operate in a safe manner to avoid spills, leak and accidental discharges of polluting materials.

The Group has implemented "Environmental Facilities Operation and Management System" to clearly outline the emergency procedures for any possible incident that will cause pollution to the environment. The Group and its subsidiaries have clarified the management responsibilities of each post. All environmental related incidents are reported to the local authorities. Thorough investigation and analysis are conducted to prevent the recurrence of similar kinds of incident.

B. SOCIAL ASPECTS

B1. Employment

The Group believes that people are important assets and are crucial to the business success of the Group. We are committed to providing a good and safe working environment where our employees can thrive. A set of human resources management policies and procedures are in place which set out standards for compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. During the Reporting Period, the Group complied with relevant local employment laws and regulations, including the Labour Law of the PRC. No non-compliance (2024: nil) regarding employment was noted.

The Group provides equal opportunities to all employees and applicants for employment without regard to race, colour, religion, gender, national origin, age, disability and other factors. Employees are offered a competitive remuneration, which is in line with the market trends, according to their performance and experience to retain and motivate them. They are also provided with social insurance and housing provident fund which is in accordance with the related PRC laws and regulations.

The Group recognises that a proper balance between work and rest can help employees to realise their full potential. We provide different activities for employees to relax and improve their physical and mental health. We also strictly comply with the standard working hours and statutory holidays. Personal leave, sick leave, etc. are provided to employees to balance their work and life.

As at 31 December 2025, the employee compositions (in percentage of employees) by gender, age group, geographical region, employment category and employment mode were as follows:

Employee compositions	2025	2024
By gender		
• Male	90%	94%
• Female	10%	6%
By age group		
• Age 30 or below	18%	26%
• Age 31–40	38%	33%
• Age 41–50	28%	26%
• Age 51 or above	16%	15%
By geographical region		
• Hong Kong	2%	1%
• The PRC	98%	99%
By employment category		
• Senior management	3%	3%
• Middle management	5%	3%
• General	92%	95%
By employment mode		
• Full-time	100%	100%
• Part-time	–	–

The employee turnover rate during the Reporting Period by gender, age group and geographical region are as follows:

Employee turnover	2025	2024
By gender		
• Male	57%	16%
• Female	25%	19%
By age group		
• Age 30 or below	91%	4%
• Age 31-40	43%	14%
• Age 41-50	44%	8%
• Age 51 or above	41%	45%
By geographical region		
• Hong Kong	54%	44%
• The PRC	52%	16%
Overall	**54%**	**16%**

The significant increase in employee turnover during the Reporting Period was primarily attributable to operational adjustments in response to market conditions, including reduced coal washing volumes, as well as increased automation at the coal washery which reduced overall workforce requirements.

B2. Health and Safety

The Group believes that workplace safety is fundamental to the success of the business. We understand that our business nature, which are processing and trading activities, coal processing and coal trading businesses and the coal service supply chain, can be dangerous to our employees. Operation of different types of equipment, exposure to chemicals and working in confined spaces can all contribute to workplace injuries. Therefore, we attach great importance to occupational health and safety of our employees. All accidents and injuries are unacceptable and we strive to eliminate all such occurrences. We place high emphasis on matters relating to occupational health and safety. Thus, we have implemented different policies and procedures, including "Safety, Health and Environment Policy Statement" in order to provide a safe working environment to employees and third-party contractors. The Group has obtained necessary regulatory permits for our coal related businesses. We require our contractors to possess requisite production licenses and relevant qualifications for work they contract from us and to undertake appropriate safety measures. Safe operation is always our goal. We have implemented the following measures to reduce the risks associated with occupational health and safety:

1. Firefighting areas, which are equipped with fire hose, firefighting sand, fire sand buckets, spades and fire extinguishers, are set up in the sites.

2. Safety facilities have to be inspected by the competent safety production supervision and administrative authorities with pass before the production commences.

3. Training on production safety is provided to employees to increase their knowledge, skills and awareness.

4. Minors and women are strictly prohibited from being involved in any underground production activities.

We have implemented a safety production operational manual covering areas of safety production accountability system, safety production responsibility in each position, safety operation work flow and management system in different areas. A safety accountability system is developed with clear reporting lines from each department and working level to the top management. The roles and responsibilities of each supervising staff and worker is clearly defined and each supervising staff is accountable for his/her respective areas of responsibility. The safety operation flows with regard to the safety inspection before operation, use of equipment, working procedures and required manpower for each working unit are clearly stated. Our staff and subcontractors are required to strictly adhere to them. Rewards and punishments system are also established in order to motivate our staff to follow the safety policies and to develop a safe and healthy working environment.

For our coal processing operations, we conduct regular safety examinations on a semi-annual basis. Regular internal examinations are conducted on a semi-monthly basis, which are led by processing line managers. Full scope examination of specific processes in the coal washery activities and processing facilities are also conducted on annual basis, or at a shorter interval if the senior management considered necessary, on sites and is led by our processing plant general manager. The inspection includes different aspects, such as coal washery processes, electricity-supply, water-resistance and plant machinery and equipment, etc.

During the Reporting Period, the Group fully complied with the laws and regulations relating to health and safety, including Mine Safety Law of the PRC, Regulation on Implementation of Mine Safety Law, Regulations on the Safety Production Permit, Coal Industry Law of the People's Republic of China, and all other applicable laws and regulations. No material non-compliance (2024: nil) relating health and safety issues was noted.

During the Reporting Period, there was no reported work injury case (2024: nil, 2023: nil) and no lost day (2024: nil, 2023: nil) due to the minor injuries during our business operation. There was no work-related fatality case (2024: nil, 2023: nil) during the Reporting Period. Employees were given paid sick leave for their recovery. Overall, no employees had serious accident (2024: nil) during the Reporting Period.

B3. Development and Training

The Group recognizes that the continuous development of its employees is the key to its success. We believe that people development enacts a vital role of the fundamental basis for business growth. Each new employee will receive a formal induction to prepare him/her for his/her role and job responsibilities. We not only provide customized training to our employees to enhance their technical and product knowledge, but also encourage employees to actively take part in external trainings to strengthen their skills, knowledge, and professionalism. Eligible employees will also be offered financial assistance for qualified training programs to support their personal growth and career advancement. The detailed breakdown of the percentage of employee trained is as follows:

Percentage of employee trained	2025	2024
By gender		
• Male	24%	7%
• Female	27%	52%
By employment type		
• Senior management	22%	100%
• Middle management	56%	100%
• General staff	23%	5%

Composition breakdown of trained employees were follows:

Composition of Employees Received Training	2025	2024
By gender		
• Male	24%	70%
• Female	27%	30%
By employment type		
• Senior management	22%	22%
• Middle management	56%	32%
• General staff	23%	46%

Besides, the detailed breakdown of the average training hours completed by each employee is as follows:

Average training hours (hours/employee)	2025	2024
By gender		
• Male	2	4
• Female	3	3
By employment type		
• Senior management	4	5
• Middle management	6	5
• General staff	2	4

The decrease in training participation and average training hours during the Reporting Period reflects the reduction in overall workforce size and the increased automation of coal washing operations, which reduced the need for certain operational training programs.

B4. Labour Standards

The Group upholds human rights and is committed to preventing child and forced labour in its business operations. The Group has implemented policies, including "Prohibition of Child Labour Recruitment and Remedies Procedures" and "Employee Policies" to strictly prohibit the recruitment of child labour and the use of forced labour. Our recruitment guideline also clearly states that person under 16 is not allowed to work in the Group and we have zero tolerance to such practice. If any case of child labour is discovered, the following measures are implemented to protect the person and eliminate the case from happening again:

1. Stop the child employee from working.

2. Report to the local labour authority and provide medical check for him/her. If any disease is discovered, medical treatment will be arranged and the expense will be covered by the Group.

3. Contact the parents or guardian of the employee immediately and bring him/her back to home. Travel expense will be covered by the Company.

4. An investigation will be carried out to find out the parties that introduce child employee to the Group.

Our commitment to human rights extends to supply chain. Suppliers are expected to follow the same standard of labour practices when working with us. The Group is in strict compliance with the Labour Law of PRC, the Provisions on the Prohibition of Using Child Labour and other relevant laws and regulations. During the Reporting Period, no material non-compliance (2024: nil) regarding child and forced labour was noted.

B5. Supply Chain Management

The Group recognises suppliers, vendors and contractors as valuable stakeholders within the supply chain as their responsible business behaviours are important in contributing to operational effectiveness and good reputation of the Group. Our supply chain partners are expected to follow the Group's quality, safety and environmental standards. We strive to conduct businesses only with those suppliers who can carry out their work in accordance with our required standards. During the Reporting Period, the Group had 136 suppliers (2024: 113 suppliers) suppliers which were all located in the PRC.

The Group has formulated "Suppliers/Distributors Social Responsibilities Control Procedure" to monitor a wide range of aspects of the suppliers, from product and service quality to business ethical standards. We strive to cooperate with local suppliers whenever possible to promote local economy and strengthen the control of environmental risks related to supply chain management. The procurement department is responsible for monitoring and evaluating the performance of suppliers. Suppliers are required to sign a social responsibility agreement to promise its compliance with all local laws and regulations before working with us. If any serious case of non-compliance is discovered, we will terminate our cooperation promptly. Long-term and stable relationship with our supply chain partners is maintained based on the result of supplier assessment.

B6. Product Responsibility

The Group attaches great importance to product quality and safety. The Group has implemented related policies and procedures to manage the quality and safety of the products and services provided. During the Reporting Period, the Group was in strict compliance with all the applicable laws and regulations relating to products responsibility issues, including Product Quality Law of the PRC and Law of the PRC on the Protection of Consumer Rights and Interests. During the Reporting Period, no service-related complaint (2024: nil) was received, and no products sold or shipped were subjected (2024: nil) to recalls for safety and health reasons.

Quality Control

In order to strengthen quality control and stabilise product quality, the Group has established a comprehensive quality management system to monitor the production process. The Group closely monitors every process in the production to ensure the quality of products meets the standards by customers. All products sold to customers by the Group are subject to quality inspection upon taking initial samples from blasting, during processing, and before loading materials for transportation. The quality of products is recorded and analysed to make sure the quality meets the required target.

Customer Information Protection

The Group takes privacy issues very seriously and protect the privacy of its customers, business partners and staff to the utmost. "Confidentiality Regulation" of the Group is in place to ensure compliance with applicable data protection regulations. The Group has implemented corresponding technical measures to protect personal data against unauthorised use or access. Employees are prohibited from disclosing commercial information, such as the data of customers and business partners, to third parties. Documents containing confidential information are required to be stored securely with access restricted only to authorised personnel. During the Reporting Period, there was no complaints (2024: nil) on leakage of customers' data and information or violation of customer's privacy.

Protection of Intellectual Properties

We consider intellectual properties as our crucial business assets, key to our customer loyalty and essential to our future growth. The success of our business depends substantially upon our continued ability to use our brands, trade names and trademarks to increase brand recognition and foster brand building. The Group has six registered software copyrights in the PRC which are material to our business, including Ai Ban mobile application software, intelligent access control system, smart park application system, intelligent monitoring system, smart operation and maintenance system and smart property management system.

B7. Anti-Corruption

The Group is committed to conducting business in an ethical and honest manner. Our commitment to preventing any forms of corruption is stipulated in the "Anti-Bribery and Anti-Corruption Policy". We have zero tolerance to bribery and corrupt activities. We are committed to acting professionally, fairly, and with integrity in all business dealings and relationships. Our business partners, such as suppliers and customers, are required to comply with the standards and procedures in our anti-corruption policy. The Group has assigned a specific department to handle and manage all the issues related to bribery and corruption. Acceptance of any payments or kickbacks is strictly prohibited, and employees are required to declare any conflicts of interest. Besides, we open up communication channels for employees to report suspected cases by phone. All reported cases are promptly investigated and all information is kept confidential. The Group has the right to terminate contractual relationship with any party who breaches our anti-corruption principles. All these practical measures not only maintain the trust between suppliers and customers, but also enhance the sense of belonging and fair play among our employees.

The Group constantly upholds all laws relating to anti-bribery and anti-corruption in all jurisdictions in which we operate, including Anti-Unfair Competition Law of the PRC and Anti-Money Laundering Law of the PRC. During the Reporting Period, no non-compliance (2024: nil) regarding corrupt practices was brought against the Group or its employees.

B8. Community Investment

As a socially responsible company, the Group is committed to understanding the needs of the communities by implementing related policies and measures. When we undertake new projects, we understand the environmental and cultural considerations of the surrounding areas and communities. We take time to speak with stakeholders and identify risks and opportunities from our development that may not be readily apparent. The Group focuses on four areas including living standard of community, culture, education and development, and labour corporation for contribution.

1. Living Standard of Community

We serve the underprivileged locals to improve their living standards. For instance, we provide them with development opportunities.

2. Culture

The Group recognises that culture is a key part of our heritage and history. We support high quality cultural projects, which can enhance the living standards of the members in the community and encourage creativity.

3. Education and Development

The Group believes that education can help equip future leaders with skills and knowledge for sustainable development. We support all the training opportunities and skills development related to the Group's business.

4. Labour Cooperation

The Group respects the freedom of labour union and the right of collective bargaining of employees. We encourage communication between the management and employees through establishing an effective communication channel.

C. CLIMATE RESILIENCE

Governance

The Board is chaired by (Independent Non-executive Director) and meets annually (once) to oversee the management of climate-related risks and opportunities. In fulfilling this role, the Board intends to provide strategic direction, monitor the progress of its subsidiaries towards any established targets, and ensure that climate-related risks and opportunities are appropriately considered and, where feasible, incorporated into the Company's overall strategy. The Board has the appropriate skills and capabilities to respond to the development and implementation of strategies for climate-related risks and opportunities. To enhance its oversight, the Company plans to provide its management with relevant training on climate-related matters to equip them with the necessary knowledge to oversee these issues. The Board will also consider seeking external professional advice when necessary to support its decision-making process.

Our Group has also established an Environmental, Social and Governance Working Group (the "ESG Working Group"), which consists of (Directors, Heads of Corporate Departments, Project Managers and Treasurers). Our ESG Working Group is required to report to the Board (semi-annually) on the Group's ESG performance and the effectiveness of its ESG system. The ESG Working Group is tasked with considering appropriate emissions targets for the Group's operations and will explore the use of ESG benchmarks and gap analyses to help identify potential areas for improvement in the Group's disclosures and policies relative to evolving standards. A key function of the Working Group will be to facilitate coordination between different operating departments to foster a consistent approach to addressing climate-related risks. The Group is also committed to enhancing resource efficiency across its operations, and the Working Group will review initiatives in this area as they are developed. Ultimately, the ESG Working Group is being established to provide a central point of governance for integrating and addressing ESG issues, including climate change, within our business. It will play a key role in overseeing the development of the Company's ESG strategy, policies, and disclosure, and will continue to report regularly to the Board as its work progresses and as important matters arise.

The Board attaches great importance to the progress of climate-related risks and opportunities, including the climate targets set and the measures taken. To support the achievement of these goals, the Board will explore the potential inclusion of ESG performance in its future remuneration policy to incentivize commitment to sustainable development.

Our Group addresses climate-related risks based on their nature. Physical impacts of climate change, such as extreme weather or facility damage, are treated as operational risks. Longer-term challenges, including emerging ESG issues, are discussed by the ESG Working Group. The Group is committed to maintaining safe and environmentally responsible operations. It will continue to develop its approach to environmental, health, and safety management, with policies reviewed periodically to reflect evolving business needs and climate-related developments.

Strategy

Climate change risk is an integral component of our overall risk profile. We assess the potential impact of climate-related risks by considering a range of factors relevant to our operations, markets, and value chain. The diversity of our business activities and operational footprint helps to mitigate certain short-term climate impacts, while our strategic planning process is designed to identify and respond to longer-term climate-related challenges and opportunities. This includes consideration of emissions across our value chain, including those associated with the end-use of our products by customers.

In the short term, the Company recognizes that addressing climate-related risks and pursuing sustainability initiatives may require upfront investment. This could include expenditure on enhancing operational efficiency, adopting cleaner technologies, or strengthening the resilience of our facilities and supply chains. We also acknowledge the need to navigate uncertain external factors, such as evolving regulatory requirements and shifting stakeholder expectations.

In the medium term, following the implementation of initial measures, the Company will assess the effectiveness of its investments and strategies. This evaluation will inform decisions on whether to scale up successful initiatives, reallocate resources, or adjust our approach to ensure that our climate-related actions remain aligned with both business performance and sustainability objectives.

In the long term, the Company believes that proactive management of climate-related issues will contribute to enhanced corporate reputation, stronger stakeholder relationships, and improved access to capital. Furthermore, by integrating climate considerations into our strategic planning, we aim to identify new opportunities for sustainable growth, including potential efficiencies, new markets, or innovations in our products and services. The Group is committed to continuously reviewing its long-term strategy to adapt to the evolving climate landscape and to contribute positively to environmental sustainability.

To enhance our understanding of climate-related risks and opportunities, our Group has undertaken a climate scenario analysis in line with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations. This exercise is designed to help us assess how different climate pathways might impact our business over time. While data limitations currently prevent quantification of all value chain emissions, the scenario analysis has helped us identify the potential significance of downstream emissions as part of our overall climate risk profile.

We utilized publicly available climate scenarios and data from authoritative sources, including the Intergovernmental Panel on Climate Change ("IPCC") and Network for Greening the Financial System ("NGFS"). Two distinct scenarios were selected to capture a range of potential futures:

- Low Emissions Scenario (Paris-aligned): This scenario assumes that concerted global action leads to significant emissions reductions, limiting global warming to well below 2°C by 2100. It is associated with higher transition risks (e.g., policy changes, technological shifts) but lower physical risks (e.g., extreme weather events).

- High Emissions Scenario (Business-as-usual): This scenario assumes that current climate policies persist without significant enhancement, resulting in a higher emissions trajectory and global warming of at least 3°C by 2100. It is associated with higher physical risks but lower transition risks.

The analysis considered potential impacts across different time horizons, including short-term, medium-term, and long-term, to capture the evolving nature of climate-related risks. Based on this initial analysis, we have identified the following climate-related risks, which are discussed in the table below along with their potential financial impacts and our planned mitigation measures. This initial assessment will serve as a foundation for more detailed evaluations in the future as our capabilities and external data sources continue to develop.

Climate-related risks description	Time horizon	Financial impact	Steps taken to manage the risks
Physical Risk			
Acute physical risks • Increased severity and frequency of extreme weather events such as floods, typhoons, and heavy rainfall. These events can disrupt transportation networks, delaying coal deliveries to customers and the supply of raw materials to our washery. Operations at coal storage facilities may be suspended due to flooding or damage to infrastructure.	Short- to long-term	• Operating costs increase due to logistics disruptions, supply chain delays, and higher insurance premiums. • Capital expenditure may increase for repairs to damaged facilities, including coal sheds, processing equipment, and drainage systems.	• Develop and maintain a natural disaster emergency response plan tailored to our operational sites. • Conduct regular inspections of drainage systems and facility integrity at coal storage and processing sites to ensure resilience against heavy rainfall and flooding.

Climate-related risks description	Time horizon	Financial impact	Steps taken to manage the risks
• Increased likelihood of wildfires in surrounding areas, which could disrupt logistics routes, damage infrastructure, or affect the availability of raw materials.		• Revenue may decrease due to operational downtime and inability to fulfil customer contracts on time.	• Monitor weather forecasts closely and establish protocols for suspending or adjusting operations in advance of extreme weather events. • Maintain buffer stocks of key materials where feasible to mitigate supply chain disruptions. • Review and update business continuity plans to incorporate climate-related disruption scenarios.
Chronic physical risks • Changes in precipitation patterns and prolonged drought conditions. The coal washery operations require substantial water; prolonged drought or changes in water availability could increase operational costs or lead to production constraints. • Rising temperatures and more frequent heatwaves. Extreme heat can affect worker health and safety, particularly for outdoor and manual labor at storage and processing sites. Equipment may also experience reduced efficiency or increased maintenance needs.	Medium- to long-term	• Revenue may be affected by reduced operational efficiency or capacity constraints during periods of extreme heat or water scarcity. • Operating costs may increase due to higher energy consumption for cooling, water sourcing costs, or reduced equipment efficiency. • Staff welfare costs may increase due to heat-related health measures (e.g., adjusted working hours, cooling facilities).	• Implement water conservation measures at the coal washery to reduce consumption and improve efficiency. • Monitor and optimize energy consumption across operations to mitigate cost increases associated with higher temperatures. • Implement heat stress management protocols for outdoor workers, including provision of rest breaks, hydration stations, and flexible working hours during peak temperatures.

Climate-related risks description	Time horizon	Financial impact	Steps taken to manage the risks
• Long-term shifts in climate patterns may affect the availability or cost of water and energy resources critical to our operations.			• Explore opportunities to enhance energy efficiency and reduce reliance on water-intensive processes where feasible. • Engage with local stakeholders and authorities to stay informed of regional climate adaptation plans and resource availability.
Transition Risk Policy and legal risk • Introduction of or increases in carbon pricing, emission reduction mandates, or energy efficiency requirements by the PRC government. As a coal-related business, the Group may face higher compliance costs or operational restrictions. • Stricter enforcement of environmental laws related to air and water pollution, waste management, or land use, leading to increased permitting requirements or fines for non-compliance.	Medium- to long-term	• Operating costs may increase due to carbon pricing mechanisms, taxes on fossil fuels, or costs associated with compliance with stricter environmental regulations. • Capital expenditure may be required to upgrade equipment, install emission control technologies, or modify processes to meet new standards. • Legal and consulting costs may increase to ensure ongoing compliance with evolving regulations.	• Monitor regulatory developments at national and local levels in the PRC to anticipate and prepare for policy changes. • Conduct regular reviews of the Group's environmental compliance status and identify areas for improvement. • Engage with industry associations to stay informed of best practices and emerging regulatory trends. • Plan for potential future investments in cleaner technologies or efficiency improvements to reduce regulatory risk exposure.

Climate-related risks description	Time horizon	Financial impact	Steps taken to manage the risks
Technology risk • Development and adoption of new, lower-emission technologies in the coal industry (e.g., more efficient washing technologies, carbon capture). Failure to keep pace with technological advancements could erode the Group's competitive position. • Shift in industry towards cleaner energy sources, potentially reducing long-term demand for coal and affecting the viability of coal-related assets.	Short- to long-term	• Capital investment requirements may increase to adopt new technologies or replace outdated equipment. • Research and development or partnership costs may be incurred to explore new technologies. • Assets may become stranded or lose value if they are not compatible with a lower-carbon economy.	• Monitor technological developments in coal processing efficiency, emission control, and renewable energy integration. • Evaluate the feasibility and cost-benefit of adopting new technologies as they mature and become commercially viable. • Consider diversification opportunities within the energy supply chain as part of long-term strategic planning.

Climate-related risks description	Time horizon	Financial impact	Steps taken to manage the risks
Market risk • Changing customer preferences as industrial buyers and power generators face pressure to decarbonize. Customers may seek suppliers with lower carbon footprints or transition away from coal altogether. • Increased difficulty in accessing financing or insurance as financial institutions adopt stricter ESG criteria and coal exclusion policies.	Medium- to long-term	• Revenue may decrease if customer demand shifts towards lower-carbon energy sources or if buyers impose stricter environmental requirements on suppliers. • The Group may face pricing pressure or loss of market share if it cannot demonstrate progress on emissions reduction or sustainability. • Cost of capital may increase as lenders and investors apply higher risk premiums to coal-related businesses.	• Strengthen relationships with existing customers to understand their evolving needs and preferences. • Explore opportunities to enhance the sustainability profile of the Group's products and services, such as improving efficiency or reducing emissions in processing. • Engage with financial partners to understand their ESG expectations and communicate the Group's sustainability efforts. • Monitor market trends and diversify customer base to reduce concentration risk.

Climate-related risks description	Time horizon	Financial impact	Steps taken to manage the risks
Reputational risk • Growing stakeholder scrutiny of the coal industry's environmental and climate impacts. Negative perceptions could affect the Group's social license to operate, its ability to attract talent, and its relationships with communities and regulators. • Failure to demonstrate credible climate action could lead to exclusion from green investment funds or negative media coverage.	Medium- to long-term	• Revenue may be impacted if the Group's reputation is damaged among customers, investors, or the public due to perceived inaction on climate change. • Recruitment and retention of talent may become more difficult if the Company is perceived as not addressing climate risks responsibly. • Marketing and community engagement costs may increase to rebuild trust and manage reputation.	• Enhance transparency by disclosing ESG performance and climate-related risks in this report and future communications. • Engage constructively with local communities, regulators, and other stakeholders to understand and address their concerns. • Support community initiatives and contribute to local economic development to maintain positive relationships. • Continue to improve ESG governance and integrate climate considerations into business decision-making.

During the reporting period, the primary climate-related opportunities and the corresponding financial impacts were as follows:

Detailed description of climate-related opportunities	Financial impact
Resource efficiency	
• Improve energy efficiency of coal processing and storage facilities (e.g., upgrading equipment, optimizing processes).	• Operating costs may decrease through efficiency gains in processing, reduced energy consumption, and optimized resource use.
• Reduce water consumption at the coal washery through recycling, process optimization, and improved water management practices.	• Profit margins may improve through reduced input costs (energy, water) per tonne of coal processed.
• Enhance fuel efficiency of vehicles and mobile machinery used in operations.	
Energy source	
• Develop and expand on-site renewable energy generation (e.g., photovoltaic projects as mentioned in the report) to power operations.	• Energy costs may stabilize or reduce through diversification of energy sources and reduced exposure to grid price volatility.
• Explore eligibility for government incentives or subsidies supporting clean energy adoption or energy efficiency improvements.	• Potential revenue streams may be generated from excess renewable energy exported to the grid.
• Monitor and assess new technologies in coal processing that offer lower emissions or higher efficiency.	• Returns on investment in renewable energy and low-emission technologies may improve over time.

Detailed description of climate-related opportunities	Financial impact
Products and services	
• Develop and supply higher quality, lower-emission processed coal that helps customers meet their own emissions reduction targets.	• New revenue streams may be developed by offering higher-value, lower-emission coal products to environmentally conscious customers.
• Explore opportunities to provide value-added services along the coal supply chain, such as blending, quality assurance, or logistics optimization, that reduce overall emissions for customers.	• Competitive advantage may strengthen as customers seek suppliers with better environmental performance.
• Consider gradual diversification into adjacent energy or supply chain services that align with a lower-carbon future.	
Markets	
• Access new customer segments, including industrial buyers and power generators seeking to reduce their scope 3 emissions by sourcing from suppliers with better environmental credentials.	• Revenue may increase through access to new customer segments or geographic markets that prioritize lower-emission suppliers.
• Strengthen positioning in existing markets by demonstrating credible climate action and transparency in ESG disclosures.	• Cost of capital may improve as access to green financing or ESG-focused investors expands.
• Explore emerging markets for higher-quality coal products that meet stricter environmental standards.	

Detailed description of climate-related opportunities	Financial impact
Resilience	
• Participate in renewable energy programs to reduce reliance on grid electricity and hedge against future energy price increases. • Enhance operational resilience by diversifying suppliers, logistics routes, and transport modes to mitigate climate-related disruptions. • Integrate climate considerations into business continuity planning and long-term strategy to ensure adaptability to changing market and regulatory conditions. • Explore resource substitution or diversification opportunities within the energy supply chain to reduce dependence on any single product or market.	• Market valuation may be enhanced through improved resilience planning and long-term strategic positioning. • Supply chain reliability may improve, reducing vulnerability to climate-related disruptions. • Revenue streams may become more stable through improved ability to operate under various climate conditions. • New revenue opportunities may arise from services or products related to supply chain resilience and efficiency.

Risk Management

Our Group identifies climate change-related risks and tests existing risk management strategies under climate change with the aid of risk assessment, thereby identifying areas where new strategies may be needed.

The risk assessment takes a standard risk-based approach using national data, local information and expert knowledge, which can identify how climate change may compound existing risks or create new ones.

The risk assessment is conducted through the following steps:

Step 1: Establish the context

- Objective/goal
- Scale
- Time frame
- Climate change scenario for most climate variables and sea level

Step 2: Identify existing risk (past and current)

- Identify the record of occurrence of climatic hazard in the past in the area
- Risk management strategies in place to tackle future occurrence of the hazard

Step 3: Identify future risk and opportunities

- Explore climate change projections for the selected time frame(s) and emission scenario(s)
- Identify potential hazards
- Investigate whether any existing risk from Step 2 may get worse under future projected changes
- Identify new risks that can emerge under future projected changes

Step 4: Analyse and evaluate risk

- Identify a set of decision areas or systems (i.e. geographical areas, business operations, assets, ecosystems, etc.) that has the potential to be at-risk in future

As outlined within the ESG Governance section above, the Group has robust risk management and business planning processes that are overseen by the Board in order to identify, assess and manage climate-related risks. The Board will issue instructions to the ESG Working Group to develop and implement appropriate rectification measures for business units. The Group engages with government and other appropriate organisations in order to keep abreast of expected and potential regulatory and/or fiscal changes.

The Group continues to raise awareness of climate change through monitoring of carbon and energy footprint in our daily operations. We recognise that there remain gaps in understanding how climate risks and opportunities may impact our operations, assets and profits. Our Group is committed to assessing how the business addresses climate change risks and opportunities and takes the initiative to monitor and reduce our environmental footprint.

During the reporting period, the significant climate-related physical risks and transition risks which have impacted and/or may impact our Group's businesses and strategy, including but not limited to products and services, supply chain and/or value chain, adaptation and mitigation activities, investment in research and development, operations areas, financial planning (operating costs and revenues), capital expenditures and capital allocation, acquisitions or divestment, and access to capital, together with the steps taken to manage these risks, are as follows:

The Group maintains an enterprise-wide risk management framework that identifies, assesses, prioritizes, and manages risks across all aspects of our business operations. The integration of climate-related risks into this framework is currently in progress, reflecting the Group's commitment to strengthening its approach in line with evolving practices and regulatory expectations.

The Group has begun taking preliminary steps to better understand climate-related risks and their potential relevance to our business. This includes initial discussions within the ESG Working Group and familiarization with emerging regulatory expectations.

The Group's current approach reflects the recognition that effective integration of climate-related risks requires further foundational work. Certain data and information across the Group's value chain are not yet readily available to support robust assessment, and building internal capabilities in this area remains an ongoing process. Given that 2025 represented an early stage in the implementation of new climate disclosure requirements, the Group considered it appropriate to focus initial efforts on understanding the landscape, as a first step towards full integration.

Looking ahead, the Group intends to:

- Continue enhancing its understanding of climate-related risks relevant to its operations and value chain;
- Assess appropriate methodologies for identifying and evaluating such risks as data availability improves;
- Develop a roadmap for integrating climate-related considerations into its overall risk management framework;
- Review progress and provide updates in future ESG reports.

The Group will continue to monitor developments in this area and will reassess its position as practices, data, and internal capabilities evolve.

Metric and Targets

Our Group uses key metrics to measure and manage climate-related risks and opportunities. Energy consumption and greenhouse gas ("GHG") emissions are the primary indicators we consider material to our operations and critical for assessing our climate impact. We track these metrics regularly to evaluate the effectiveness of our emission reduction initiatives and to inform our ongoing sustainability efforts.

The Group has set performance improvement targets for certain environmental aspects, including aims to reduce air pollutant emissions, energy consumption, and water consumption by 5% by 2030, using 2025 as the base year. Details of these targets – including the time frames over which they apply – are described in sections A1 ("Emissions") and A2 ("Use of Resources") of this Report. The Group will continue to review and refine its targets as part of its commitment to managing climate-related risks and contributing to environmental sustainability.

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	b.	Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions		
	c.	Describe the climate-related targets to manage the risks and opportunities and performance against targets		