

## Awantec's Climate Risk Assessment

At Awantec, we recognise and are committed to addressing climate change as a relevant risk and opportunities to drive innovation, build resilience, ensure the long-term sustainability of our business and create value for our stakeholders.

With the oversight from our Board of Directors and engagement from all Head of Departments, we have carried out a thorough climate-related risk assessment to identify key risks and opportunities associated. Specifically, to prepare ourselves against the 2 degree scenario as a reference point for climate-related scenario analysis and business planning. The risk assessment exercise has allowed us to identify multiple significant areas of risk associated with how climate change impacts our

business operations and planning, including OPEX, CAPEX, M&A and debt.

To address these risks according to their time horizon, we have developed a range of strategies and initiatives aimed at reducing our environmental footprint, increasing our resilience to climate-related risks, and taking advantage of emerging opportunities in the low-carbon economy. Our progress shall be measured and benchmark through specific metrics and targets which will be reviewed and updated annually. These analysis will also be incorporated into our financial planning and reporting processes to our stakeholders.



# Transition Risk

Policy & Legal			
Risk Description	Causes & Consequences	Horizon	Controls
Increased pricing of GHG emission causing electricity bill to increase as company is still reliant on servers. Directly increasing our operational expenditure (OPEX).	<ul style="list-style-type: none"> <li>Failure to cloud migration.</li> <li>Reduction of revenue due to increase in overhead..</li> </ul>	Short Term <=1yr	Cloud migration of Awantec's database by July 2023.
A rise in the stringency of environmental or climate change regulations necessitating Awantec to implement new or improved compliance measures to be eligible for procurement or transaction processes such as loans or tenders.	<ul style="list-style-type: none"> <li>Lack of updates/follow-up on the latest legal and regulatory requirements</li> <li>Non-compliance with statutory compliance requirements or preferences by the relevant authorities or government bodies may result in penalties, fines, appear unfavourable or simply unconsidered for business opportunities.</li> </ul>	Long Term >= 3yrs	<ul style="list-style-type: none"> <li>To maintain Awantec's long-term commitment and endeavours towards sustainability practices as aligned with Bursa Malaysia's Sustainability Reporting Guideline.</li> <li>To brace for climate change related regulation by preemptively integrating Task Force on Climate related Financial Disclosure (TCFD) into Awantec's governance, business strategy, risk management and targets.</li> <li>To fully integrate TCFD framework into Awantec business operation.</li> <li>Continuously update or incorporate any latest climate or sustainability related guidelines or requirements.</li> </ul>
Environmental & climate awareness & issues are steadily gaining traction which could directly cause new climate related reporting requirements. Requiring us to implement a newer or an upgraded compliance solution. Resulting in higher OPEX.	Reduced profit margins due to new reporting requirements to implement a newer or an upgraded compliance solution. Resulting in higher capital & operational cost.	Long Term >= 3yrs	<ul style="list-style-type: none"> <li>Focusing on maintaining &amp; enhancing a high ESG ranking to avoid negative impact from any new legislation.</li> <li>In addition to existing control, to partake in new ESG related trends to strategically and proactively commit to necessary policies &amp; practices before it is made a requirement.</li> <li>Continuously reviewing the current trend and latest material to stay ahead of the trend.</li> </ul>

Market			
Risk Description	Causes & Consequences	Horizon	Controls
Poor sustainability performance from Awantec's external vendors leading to decreased demand and market valuation from clients towards Awantec's services.	<ul style="list-style-type: none"> <li>Evaluation of a company's sustainable performance have started to extend to their purchased goods or services.</li> <li>Reduced revenue through decreased demand or market valuation.</li> </ul>	Long Term >= 3yrs	Include ESG performance criteria in vendor screening process.
Shift in Demand or perception for Awantec services due to change in customer preference. Potentially affecting investor's perception on Awantec's position for Mergers and Acquisitions (M&A).	<ul style="list-style-type: none"> <li>Climate related risk and opportunities are increasingly taken in account as companies transition to a lower carbon economy.</li> <li>Reduced demand for Awantec services and ultimately revenue.</li> </ul>	Long Term >= 3yrs	<ul style="list-style-type: none"> <li>To maintain Awantec's long-term commitment and endeavours towards sustainability practices as aligned with Bursa Malaysia's Sustainability Reporting Guideline.</li> <li>In addition to existing control, to brace for new trends such as climate change related regulation by preemptively integrating Task Force on Climate related Financial Disclosure (TCFD) into Awantec's governance, business strategy, risk management and targets.</li> <li>To fully integrate TCFD framework into Awantec business operation.</li> <li>Continuously update or incorporate any latest climate or sustainability related guidelines or requirements.</li> </ul>

Technology Risk			
Risk Description	Causes & Consequences	Horizon	Controls
Based on our climate scenario analysis, Malaysia is expected to experience a gradual rise in temperature, resulting in an increase in building cooling load. Consideration must be made to mitigate risk of increased cost impact caused by delayed procurement of lower emission or energy/water efficient products to manage the increasing capital expenditures (CAPEX) associated with this change.	<ul style="list-style-type: none"> <li>Efficient technology is slowly increasing in price due to gaining demand.</li> <li>Late procurement of efficient technology.</li> <li>Reduced earnings from late transition to efficient technology from both operating cost &amp; increased procurement cost.</li> </ul>	Long Term >= 3yrs	<ul style="list-style-type: none"> <li>Awantec will continue to explore both emerging and established technologies to enhance and minimise the energy usage of our company's infrastructure and facilities.</li> <li>Awantec to initiate the process to obtain Green Building Certification, which will directly measure our equipment and facilities in accordance with Malaysia Green building guidelines ("MS1525-2019").</li> </ul>

## Resilience Risk

Risk Description	Causes & Consequences	Horizon	Controls
Vendors's inability to adapt to climate change	<ul style="list-style-type: none"> <li>Increase in operating cost, regulations or etc from climate change causes vendors to be unreliable or increase their charges towards Awantec.</li> <li>Reduced revenue due to a rise in operational expenses incurred from vendors, resulting in an augmented cost structure.</li> <li>Increase lead time to seek for suitable vendors.</li> </ul>	Long Term >= 3yrs	<ul style="list-style-type: none"> <li>Include ESG performance criteria in vendor screening process.</li> </ul>

## Physical Risk

Acute			
Risk Description	Causes & Consequences	Horizon	Controls
Our climate related scenario analysis shows that the escalation of sea levels in Malaysia may result in more severe extreme weather occurrences, such as floods, which would have a direct impact on our operating expenses (OPEX).	<ul style="list-style-type: none"> <li>Rising Sea Level.</li> <li>Stormwater overload.</li> <li>Impact may lead to business disruptions and delays in providing continual services to clients.</li> <li>Employees safety.</li> <li>Electricity/ water disruptions.</li> <li>Severe safety hazard.</li> <li>Destruction of company &amp; personal properties.</li> </ul>	Long Term >= 3yrs	<ul style="list-style-type: none"> <li>Comprehensive preventive maintenance plan.</li> <li>Adequate Insurance coverage.</li> <li>All employees relocate vehicles from the basement carpark when warned by the Building Facility Management Team or Emergency Response Team in the event of drainage overflow. In addition, do not park at basement parking until all overflow subsides.</li> <li>Ensure continuous awareness/ training to employees.</li> <li>Scheduled facilities maintenance plan is adhered to.</li> </ul>

# Resource Efficiency

Risk Description	Causes & Consequences	Horizon	Controls
Wasteful consumption of electrical, water and paper leading to increased operating overheads. Increasing our OPEX.	<ul style="list-style-type: none"> <li>Lack of awareness, education or engagement from employees on Awantec's sustainability direction.</li> <li>Reduced revenue due to unnecessary overhead.</li> <li>Misalignment between Awantec's sustainability direction to employee's commitment.</li> </ul>	Mid Term >=1yr, <=3yrs	<ul style="list-style-type: none"> <li>Implementing climate change related KPIs to each department for the purpose of reducing electrical, water and paper consumption.</li> <li>Implementing tracking of all climate change related KPIs &amp; recyclable waste.</li> <li>To target a baseline of 5% to 7% on reduction of electrical, water and paper consumption.</li> <li>To complete placement of recycling facilities to all buildings. In addition, the cleaning team weighs all recyclable waste for proper documentation.</li> </ul>

At Awantec, we're all about sustainability. That's why we pledge to synchronise all forthcoming CAPEX with our sustainability objectives. This commitment extends to our on-going mission on replacing carbon-intensive assets with eco-friendly alternatives. Our financial planning for action includes a dedicated budget for sustainability. This process ensures that our CAPEX are meticulously aligned with our decarbonization goals. By adopting this approach, we can accurately allocate appropriate financial resources toward projects and initiatives that promote sustainability, effectively reducing our greenhouse gas (GHG) emissions and advancing sustainable practices. With transparency and accountability as our guiding principles, we're driving real progress in the fight against climate change. Join us as we build a greener future together at Awantec!

