MONZONE®

SUSTAINABILITY REPORT

2025

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MESSAGE FROM THE MANAGING DIRECTOR

"We are committed to advancing sustainable growth through continuous innovation and responsible business practices."

Mr. Teoh Chiang Hoe
Managing Director, **Monzone** Group

At **Monzone**, sustainability is an integral part of how we operate and how we envision the future of our industry. As a manufacturer of insulated truck bodies and a distributor of transport refrigeration systems, we recognize the important role we play in supporting efficient cold chain logistics while minimizing environmental impact.

Our commitment to sustainability is guided by continuous innovation and responsible business practices. We strive to improve the way we design, manufacture, and deliver our solutions so that we can contribute to a greener and more efficient transport ecosystem.

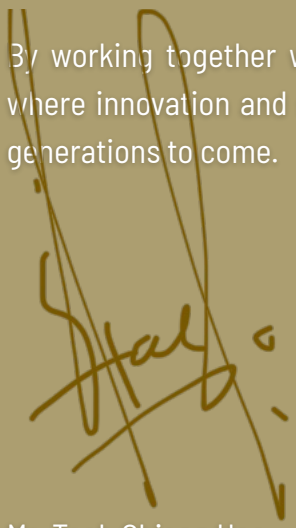
A key pillar of our sustainability eforts is our close partnership with Thermo King, a global leader in transport refrigeration technology. As the distributor of Thermo King systems, we work hand in hand to support the adoption of more energy-efficient and fully electric refrigeration solutions, including EV-compatible systems that reduce emissions and enable cleaner cold chain operations. These technologies are an important step toward helping our customers transition to more sustainable logistics.

In our manufacturing processes, we also seek to incorporate environmentally responsible materials wherever possible. For instance, we utilize recyclable materials such as thermoplastics in the construction of our insulated truck bodies. These materials not only improve durability and performance but also support circularity by enabling recycling at the end of the product lifecycle.

Beyond environmental considerations, **Monzone** remains committed to operating responsibly through strong governance, high safety standards, and continuous improvement across our operations. Our people, partners, and customers are central to this journey, and we believe that meaningful progress can only be achieved through collaboration across the industry.

Looking ahead, we will continue exploring new technologies, materials, and processes that enhance efficiency while reducing environmental impact. As the transportation and logistics sectors evolve, **Monzone** is committed to playing an active role in driving sustainable cold chain solutions.

By working together with our partners, customers, and stakeholders, we aim to build a future where innovation and sustainability go hand in hand, contributing to a cleaner, greener world for generations to come.



Mr. Teoh Chiang Hoe
Managing Director
Monzone Group

ABOUT THIS REPORT

This Sustainability Report outlines how we identify, manage, and disclose sustainability-related risks and opportunities. It covers our governance approach, operations, and sustainability performance for the period from 1 Jan 2025 to 31 December 2025 ("FY2025").

Reporting Framework

This report has been prepared with reference to:

- *IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information*
- *IFRS S2 – Climate-related Disclosures*

Although the Group is a small and medium-sized enterprise (SME) and not publicly listed, these frameworks provide a structured approach for identifying and disclosing sustainability-related risks and opportunities that may affect long-term business performance. FY2025 represents our first sustainability reporting cycle and baseline year.

Reporting Scope

This report covers three (3) operational sites located in Malaysia and Singapore.

- One (1) integrated manufacturing and service facility in Kulai (Malaysia) where insulated truck bodies are fabricated and assembled, alongside maintenance and repair activities of refrigerated vehicles. The site also includes a workers' hostel for operational staff.
- Two (2) service facilities located in Shah Alam (Malaysia) and Gul Lane (Singapore) providing maintenance and repair services while the latter also perform refrigeration system installation.

These three sites represent **approximately 93% of the Group's total workforce** and are considered representative of overall operations.

Environmental performance data — including energy, fuel, greenhouse gas (GHG) emissions and waste — reflects activities within these three sites under our management control, including ancillary facilities such as the workers' hostel where applicable. As fabrication is concentrated at the Kulai Site (Malaysia), certain indicators such as production-related waste are primarily associated with this site.

Other operational locations are not included within the quantitative scope of this reporting cycle. Reporting coverage may be expanded in future reporting periods as data collection processes continue to mature.

Data Sources & Methodology

Environmental and operational data presented in this report are derived from internal records, including fuel purchase data, electricity invoices, maintenance logs and safety records.

Greenhouse gas (GHG) emissions have been calculated based on fuel and electricity consumption using published emission factors in accordance with the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)*.

For FY2025, the Group discloses:

- Scope 1 emissions (direct emissions), arisen from fuel consumption and process emissions;
- Scope 2 emissions (indirect emissions), from purchased electricity.

Scope 3 emissions (indirect emissions across the supply chain) *are not* included in this reporting cycle.

Emission factors applied in the GHG emissions calculation are based on recognized international and regional sources. Emissions calculations rely on available operational data and published emission factors and are therefore subject to inherent estimation uncertainty.

Where data limitations exist, the Group has applied reasonable estimates based on available records and operational information. The GHG Inventory Report for FY2025 has been prepared, to the extent possible, in accordance with the core GHG reporting principles of Relevance, Completeness, Consistency, Transparency, and Accuracy. As data collection systems continue to evolve, the accuracy and completeness of reported data are expected to improve in future reporting periods.

Assurance and Future Development

This Sustainability Report has not been subject to external assurance. As this represents the Group's first sustainability reporting cycle, FY2025 serves as the baseline year for future performance comparison if appropriate. The Group intends to progressively strengthen its data collection processes, measurement methodologies and internal governance practices to enhance the quality and scope of future disclosures.

COMPANY PROFILE

We are a manufacturer and service provider specialising in insulated transport equipment for temperature-controlled logistics. Our operations focus on the fabrication of insulated truck bodies and the installation of refrigeration systems used in cold chain transportation.

Since our establishment in 1997, we have developed capabilities in manufacturing insulated vehicle structures designed for reliable transportation of temperature-sensitive goods.

Our operations span Malaysia and Singapore, with exploration of expansion opportunities in Philippines, Thailand, Vietnam and Indonesia. We support customers through both manufacturing and maintenance services for refrigerated transport equipment.

Through fabrication, equipment integration and servicing capabilities, we provide transport equipment designed to maintain stable temperature conditions during cold chain transportation.

Our Key Figures

Note: Data presented covers three selected operational sites by this FY2025 report.

590
tCO_2e
Scope 1 & 2 GHG emissions

22,823
m^3
Water used

661,772
kWh
Energy consumed

13.81 t
Waste generated

98.9 %
Waste recycled

Employees
201
All Sites: 215

Containers to Trucks
329
955 units (10 ft equivalent by volume)

Workplace Fatalities
0
All Sites

Gender Diversity
82% ♂
18 % ♀

Women in Management
6 Female / 16

Women as Director
1 Female / 4

Core Business Activities

Manufacturing of Insulated Truck Bodies	Installation of Refrigeration System	Maintenance & Repair Services
Fabrication of insulated containers and truck bodies at our Malaysia facility.	Integration of Thermo King refrigeration units with insulated truck bodies.	Maintenance and servicing of refrigerated vehicles at Singapore and Malaysia service centres.

Business Model

Our business model centers on manufacturing insulated transport structures and supporting the operational reliability of refrigerated vehicles. Through fabrication, equipment integration and system maintenance, we provide transport equipment designed to maintain stable temperature conditions during cold chain transportation.

Value Creation

We create value through:

- Fabrication of insulated truck bodies
- Installation of refrigeration units
- Servicing refrigerated vehicle fleets
- Expertise in insulation and vehicle body assembly

Our revenue is primarily generated through manufacturing contracts, equipment installation and servicing activities. These services support customers in maintaining temperature stability and reliable refrigerated transport operations.

An insulated truck body integrated with a Thermo King refrigeration unit.

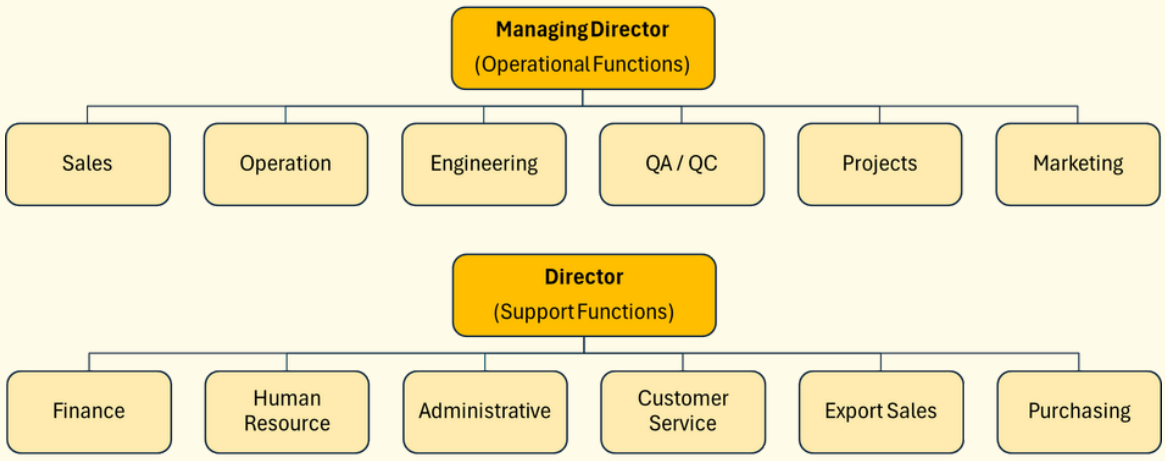
Operational Footprint

Location	Manufacturing	Maintenance & Repair
Johor, Malaysia [*HQ*] *	✓	✓
Shah Alam, Malaysia *	✗	✓
Penang, Malaysia	✗	✓
Kedah, Malaysia	✗	✓
Sarawak, Malaysia	✗	✓
Sabah, Malaysia	✗	✓
Gul Lane, Singapore *^	✗	✓
Woodlands, Singapore	✗	✓
NCR, Philippines	✗	✓

* Selected operational sites covered in this report.
^ Installation of Thermo King units is also carried out at this site for Singapore orders.

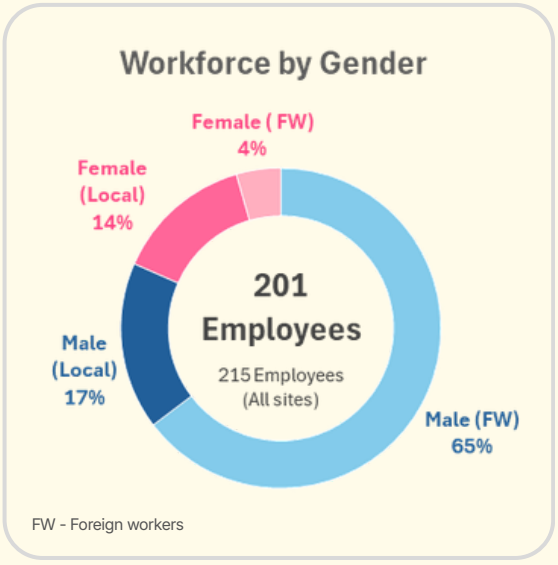
Organization Structure

The Group is led by the Managing Director, who oversees core operational functions. The Managing Director is supported by a Director responsible for corporate and support functions, ensuring effective coordination across the organization. Day-to-day activities are managed at the respective site level across Malaysia & Singapore to ensure operational efficiency and service delivery

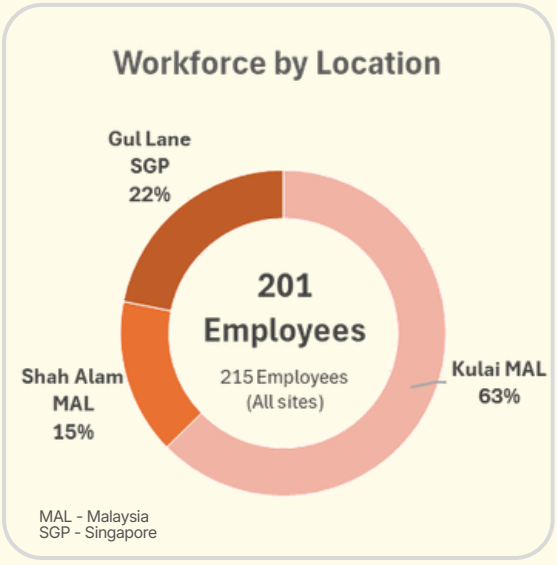


Workforce Profile

The Group's workforce profile reflects the distribution of employees across its operations, providing an overview of workforce composition by gender and location.



The Group's workforce is predominantly male, reflecting the operational nature of its core activities.



Most of the Group's workforce is concentrated in Malaysia, where its core operations are based.

Management System & Sustainability Context

The Group maintains the following management system certifications:

- *ISO 9001 - Quality Management System*
- *ISO 14001 – Environmental Management System*
- *ISO 45001 – Occupational Health and Safety Management System*

These systems support product quality and environmental management, workplace safety and regulatory compliance across fabrication and servicing operations.

Our products support the cold chain industry by enabling reliable temperature control during transportation. We therefore focus on improving operational efficiency, strengthening environmental management practices and maintaining safe working environments for our employees.

Key Operational Sustainability Impacts

- Electricity consumption from fabrication machinery
- Fuel use in operational equipment
- Material usage including steel and insulation materials
- Waste generated from fabrication and assembly processes

GOVERNANCE

Oversight of Sustainability-Related Risks & Opportunities

The Group recognizes that sustainability-related risks and opportunities may influence its operational performance, regulatory compliance, and long-term business resilience. As a manufacturer of insulated truck bodies and installer of refrigeration units used in temperature-controlled transport, the Group's sustainability considerations are closely linked to energy use, material consumption, refrigerant management, workspace safety and regulatory compliance.

The oversight of sustainability-related matters reside with senior management, led by the Managing Director. Sustainability considerations are integrated into the Group's existing operational and management processes rather than managed through a standalone sustainability committee.

Sustainability performance, risks and compliance matters are reviewed periodically as part of the management review processes conducted under the Group's Integrated Management System (IMS). Operational matters such as energy consumption, workplace safety performance, environmental impacts and regulatory developments are discussed during management meetings to ensure sustainability considerations are incorporated into operational decision-making.

Roles & Responsibilities

Senior managament is responsible for overseeing sustainability-related risks and opportunities and ensuring that appropriate operational controls and monitoring mechansims are in place.

Day-to-day implementation of sustainability-related practices is carried out by operational management and supervisors across manufacturing, installation and service activities.

These responsibilities ensure clear accountability at both oversight and operational levels.

Key Responsibilities

- Monitoring energy and electricity consumption in workshop operations
- Managing refrigerant handling and installation procedures
- Conducting workplace safety risk assessments
- Ensuring environmental and occupational safety compliance
- Maintaining operational and safety records

Skills and Competency

Senior management possesses operational and technical experience relevant to truck body manufacturing, refrigeration system installation, regulatory compliance, and workplace safety.

The Group's Integrated Management System supports structured procedures for identifying environmental aspects, managing operational risks, and monitoring regulatory compliance. Internal and external audits support continuous improvement and competency development across the organization.

Where specialized expertise is required, the Group engages qualified technical personnel and external service providers to support operational and compliance requirements.

Integration with Strategy and Decision-Making

Sustainablity-related risks and opportunities are considered when evaluating operational improvements, equipment investments, and production planning.

This integrated approach enables the Group to balance cost effciency, regulatory compliance, operational reliabilty and environmental responsibility.

Factors Considered

- Energy consumption
- Material consumption
- Workplace safety
- Regulatory development
- Manufacturing efficiency
- Refrigerant management
- Supply chain reliability

Oversight of Targets and Performance Monitoring

Management overseas sustainability-related performance through periodic review of operational data and management reports. Indicators monitored include energy consumption, greenhouse gas (GHG) emissions, workplace safety, waste management and regulatory compliance. FY2025 serves as the baseline year for establishing sustainability metrics and support future target-setting.

MATERIAL SUSTAINABILITY-RELATED RISKS & OPPORTUNITIES

Approach to Materiality Assessment

The Group conducted an internal assessment to identify sustainability-related risks and opportunities that may affect its operations, regulatory compliance and long-term business resilience, based on a review of its operational activities, regulatory environment and industry practices.

The assessment considered the following factors:

- **Operational activities** including fabrication, welding, panel assembly, refrigeration unit installation, etc.
- **Environmental impacts** associated with energy consumption, waste generation and refrigerant handling.
- **Workplace safety risks** arising from manufacturing and installation activities.
- **Supply chain risks** associated with raw material availability and price volatility.
- **Regulatory requirements** related to environmental protection, occupational safety, and emerging climate-related regulations.
- **Sustainability issues** commonly associated with the manufacturing and cold-chain logistics industry.
- **Customer & market expectations** for sustainable and energy-efficient solutions.

Operational activities in **Monzone** *including fabrication, installation, and servicing processes.*

The identified material sustainability topics reflect key areas that are relevant to the Group's operations and may influence its operational performance, cost structure, regulatory compliance and long-term business resilience. These topics are closely linked to the Group's manufacturing activities, supply chain dependencies, energy consumption, workplace safety considerations and evolving customer expectations.

For this initial reporting cycle, the materiality assessment was conducted internally by management. The Group intends to progressively enhance the assessment process in future reporting periods, including broader stakeholder engagement where appropriate.

The interior of an insulated truck used for temperature-controlled transport, supporting cold chain reliability and operational performance.

Material Sustainability Topics

The table below summarize the key sustainability topics identified during the assessment and their relevance to the Group's operations.

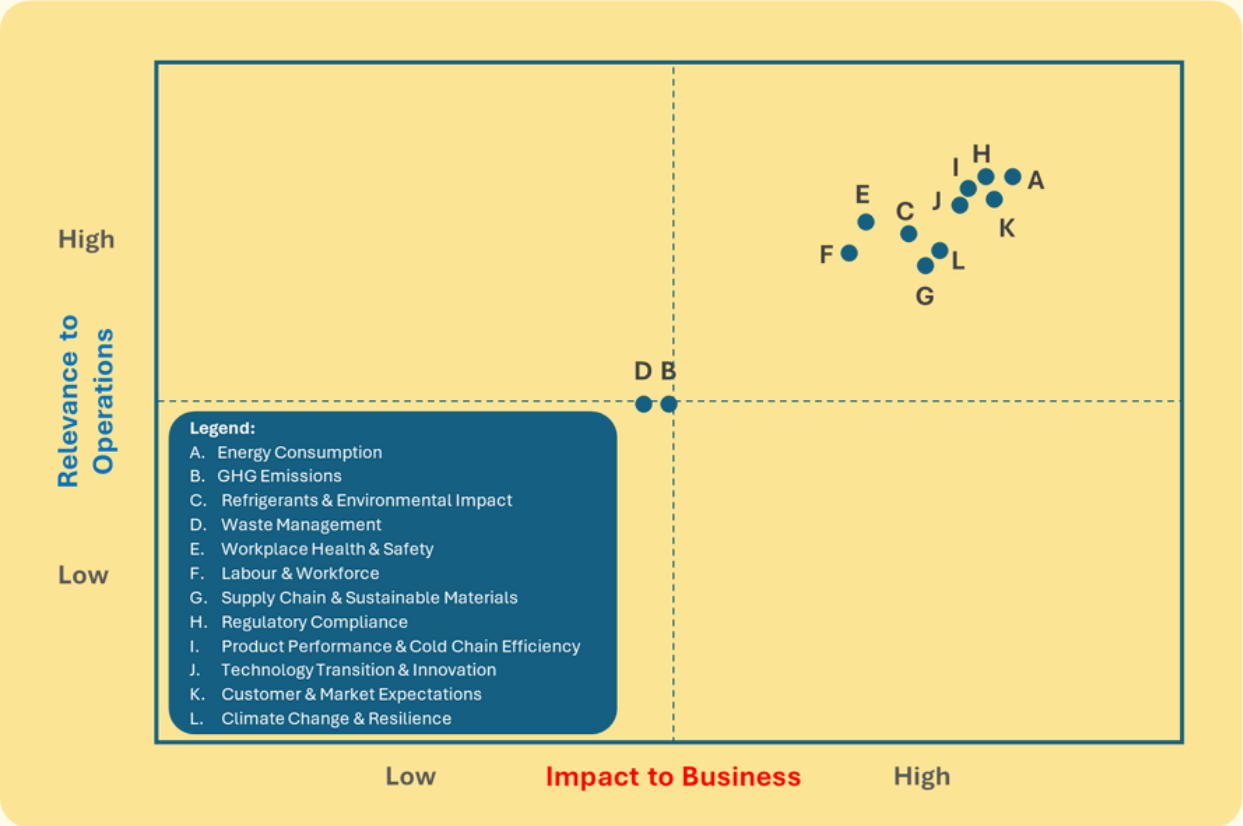
Material Topic	Relevance to Operations
Energy & Emission	Energy-intensive manufacturing and refrigeration processes contribute to operational costs and emissions exposure, with increasing sensitivity to energy prices and carbon-related regulations
Greenhouse Gas (GHG) Emissions	Emissions arise from electricity use, fuel consumption, and product usage (including indirect emissions), with increasing expectations for measurement, management, and more comprehensive scope of disclosure (e.g., Scope 3).
Refrigerants & Environmental Impact	Use of refrigerants with high global warming potential (GWP) creates environmental and regulatory exposure, particularly in relation to leakage, handling, and transition requirements.
Waste Management	Fabrication processes generate metal scraps, insulation offcuts, and packaging waste, which require proper management and, where feasible, recycling.
Workplace Health & Safety	Operational activities involve safety risks (e.g. machinery, electrical work, lifting), which require robust controls to ensure workforce wellbeing and operational continuity.
Labour & Workforce	Production relies on both local workers (31%) and foreign workers (69%). Workforce availability, turnover and skill levels may affect productivity, quality, operational continuity and project delivery.
Supply Chain & Sustainable Materials	Dependence on key materials exposes the Group to cost volatility, supply risks, and increasing expectations on supplier ESG performance and material sustainability.
Regulatory Compliance	Exposure to occupational, transport, and environmental regulations including refrigerant and carbon-related requirements, affects operations, product design, cost, and market access.
Product Performance & Cold Chain Efficiency	Product reliability and thermal efficiency are critical to maintaining temperature control, ensuring operational performance, and meeting customer expectations.
Technology Transition & Innovation	Industry transition toward electrification, low-GWP refrigerants, and advanced cold chain technologies requires continuous innovation to remain competitive.
Customer & Market Expectations	Increasing demand for sustainable, energy-efficient, and ESG-compliant solutions influences procurement decisions and competitive positioning.
Climate Change & Resilience	Rising temperatures and extreme weather events may increase cooling demand, impact system performance, and disrupt operations and supply chains.

Materiality Matrix

Following the identification of material sustainability topics, the Group developed a materiality matrix to illustrate the relative significance of these issues. The matrix evaluates sustainability topics based on:

- **Relevance** to the Group's operations and management priorities.
- **Potential impact** on the Group's operational and financial performance.

Higher scores are assigned to topics with direct implications on cost, operational continuity and project delivery, while lower scores are assigned to topics with indirect or longer-term impacts. The outcome reflects the need for cold chain industry to evolve with regulatory development and market expectation.



The materiality matrix maps sustainability topics based on their impact on the business (horizontal axis) and relevance to operations and management priorities (vertical axis). Topics in the upper-right quadrant are considered the most material and are prioritised in the Group's strategy, risk management, and performance monitoring processes.

A scoring scale of 1 (Very Low) to 5 (High) was applied to assess each topic. A score of 1 indicates minimal or negligible impact, 3 reflects moderate or longer-term relevance, and 5 represents topics with direct and immediate impact on business performance and operations.

Additional context on selected topics:

- **Product performance & cold chain efficiency:** Highly material due to direct impact on temperature control, customer satisfaction, and operational performance.
- **GHG emissions:** Lower current priority due to early-stage measurement, but expected to increase with regulatory and stakeholder expectations.
- **Refrigerant management:** Material due to environmental impact and regulatory considerations, particularly in leakage management and transition to low-GWP alternatives.

Sustainability-Related Risks & Opportunities

The material sustainability topics identified through the assessment may present both risks and opportunities to the Group's operations and long-term business performance. These sustainability-related risks and opportunities are summarized below, with further details on the Group's management approach provided in the Risk Management section.

Sustainability-Related Risks

Regulatory & Compliance Risks

Tightening global and regional regulations on high-GWP refrigerants – such as under the Kigali Amendment to the Montreal Protocol – are accelerating the phase-down of conventional refrigerants. At the same time, increasing requirements on carbon emissions reporting, carbon taxes, and product compliance (e.g. energy efficiency and transport safety standards) are raising the regulatory burden across the value chain.

Impact: Higher compliance and certification costs, need for product redesign, and potential obsolescence of older or legacy systems.

Technology Obsolescence

The industry is undergoing a rapid transition from diesel-driven refrigeration systems to electric alternatives, alongside a broader shift toward low-GWP refrigerants. These changes are driven by decarbonization policies, customer demand, and technological advancements.

Impact: Existing product lines may become less competitive or outdated if not upgraded in a timely manner, potentially leading to loss of market share and stranded assets.

Energy & Emissions Exposure

Manufacturing operations and refrigeration systems are inherently energy-intensive, contributing to both direct and indirect emissions. Additionally, emissions associated with the use of equipment by customers are increasingly coming under scrutiny as part of Scope 3 considerations.

Impact: Increased pressure from customers and regulators to provide low-carbon solutions, alongside higher operating costs and potential reputational risks if emission reduction efforts lag behind industry expectations.

Refrigerant Leakage & Environmental Liability

Leakage of hydrofluorocarbon (HFC) refrigerants during operation or maintenance can significantly contribute to global warming due to their high GWP. This creates both environmental and regulatory exposure.

Impact: Potential regulatory penalties, increased maintenance and compliance costs, as well as reputational damage linked to environmental harm.

Sustainability-Related Risks

Workplace Safety & Labour

Manufacturing and installation activities involve operational hazards such as welding, machinery operation and working at heights. In addition, dependence on skilled labour and workforce turnover may affect operational stability and workforce capability.

Impact: Workplace incidents, reduced productivity, project delivery delays, and disruption to operational continuity.

Raw Material & Supply Chain Risks

The business relies on key materials such as insulation components (e.g. XPS, PU foam), which are increasingly scrutinized for their environmental impact. In addition, volatility in raw material prices and risks of supplier ESG non-compliance may affect supply stability.

Impact: Cost fluctuations, potential supply disruptions, and the need for alternative materials or supplier requalification.

Market & Customer Expectations

Customers – particularly in food and pharmaceuticals sectors, are placing increasing emphasis on sustainable cold chain solutions, including energy efficiency, emissions reduction, and ESG compliance within procurement processes.

Impact: Risk of losing contracts or reduced competitiveness if sustainability expectations are not adequately met.

Climate Change Physical Risks

Rising global temperatures and increased frequency of extreme weather events can impact refrigeration efficiency, increase cooling demand for product, higher energy consumption to maintain work environment condition, and disrupt logistics networks and supply chains.

Impact: Higher operating costs, reduced system reliability, and potential delays affecting service delivery and customer satisfaction.

Mobile Refrigeration Unit

Hi-Lift Truck

Temperature-controlled containers and refrigeration units supporting efficient and reliable cold chain logistics.

Sustainability-Related Opportunities

Electrification of Refrigeration Systems

The transition toward electric transport refrigeration units presents a significant opportunity to reduce reliance on fossil fuels and align with global decarbonization trends.

Value: Lower emissions, reduced operating costs for customers, and stronger alignment with regulatory and market expectations for sustainable transport solutions.

Low-GWP / Natural Refrigerants

Adoption of low-GWP (Global Warming Potential) and natural refrigerants supports compliance with evolving environmental regulations while reducing overall climate impact.

Value: Regulatory readiness, reduced long-term transition risks, and enhanced market differentiation through environmentally responsible product offerings.

Energy-Efficient Insulated Containers

Advancements in insulation design, including improved thermal retention and lightweight construction, can enhance temperature stability and improve overall transport efficiency. Enhanced insulation performance may also help reduce cooling load requirements during transportation.

Value: Lower operating costs, improved energy efficiency, enhanced cold chain reliability, and stronger appeal to cost- and sustainability-conscious customers.

Cold Chain Optimization & Digitalization

Integration of smart technologies such as real-time temperature monitoring, remote control systems, and predictive maintenance enables more efficient cold chain operations.

Value: Proactive prevention of transported goods deterioration (essential for food and pharmaceuticals such as vaccines), improved operational effectiveness, and enhanced capability for data-driven sustainability reporting.

Circular Economy & Lifecycle-Based Design

Designing products with durability, repairability, recyclability and efficient material utilization in mind supports a more sustainable product lifecycle and circular economy approach. Initiatives such as recycling insulation materials, incorporating recyclable materials, and refurbishing refrigeration units may further improve resource efficiency and reduce waste generation.

Value: Lower environmental impact, reduced material waste, potential cost savings, and enhanced ESG credibility and competitive differentiation.

Sustainability-Related Opportunities

ESG-Driven Market Growth

Rising demand for sustainable logistics solutions, driven by corporate ESG commitments and regulatory pressures, is creating new growth opportunities across markets.

Value: Access to new customer segments, eligibility for green financing, and stronger positioning with multinational and sustainability-focused clients.

Strategic Insight

Based on the sustainability risks and opportunities identified, sustainability in the cold chain industry is not only a compliance requirement – it is a key commercial and competitive driver.

Companies that will remain competitive are those that can:

- Reduce energy consumption per delivery.
- Minimize temperature loss across the cold chain.
- Transition away from high environmental impact refrigerants.
- Offer efficient, flexible, and versatile (multi-temperature, configurable) transport solutions.

These capabilities directly impact cost efficiency, regulatory readiness, and customer satisfaction. Hence, in Monzone, sustainability is positioned as a core driver for long term business performance.

STRATEGY

The Group's sustainability strategy is aligned with its core operational activities and focuses on managing operational reliability, managing cost pressures, while responding to evolving regulatory requirements and increasing expectations for sustainability and low-carbon solutions. Given the nature of its manufacturing and installation operations, the Group integrates sustainability considerations into daily operations, procurement decisions and production planning.

Managing Sustainability-Related Risks and Opportunities

In developing its sustainability strategy, the Group considers environmental, operational, and regulatory factors that influence manufacturing activities, supply chain resilience, and customer expectations.

Key Sustainability Considerations

- Energy consumption from fabrication and workshop operations.
- Volatility in raw material prices such as metals, composite panels, etc.
- Workplace safety risks arising from manufacturing and installation activities.
- Regulatory developments relating to refrigerants and environmental protection.
- Demand for reliable and efficient temperature-controlled transport solutions.

By recognizing these factors, the Group seeks to strengthen operational resilience while maintaining product reliability and service quality.

Operational Efficiency & Energy Management

Manufacturing insulated truck bodies involves fabrication processes such as metal cutting, welding, panel assembly and workshop operations, which require significant energy and operational resources. Electricity consumption at operational facilities is monitored as part of ongoing efforts to improve energy efficiency and manage cost. Equipment maintenance, process optimization, production planning and energy-efficient equipment selection also contribute to the efficient use of resources across operations.

In response to rising energy costs, the Group continues to consider energy efficiency in machinery procurement and monitors electricity usage across its facilities.

Improving insulation performance is also a key focus, as higher-quality insulation reduces heat gain and lowers refrigeration energy requirements during operation.

As FY2025 represents the Group's first formal sustainability reporting cycle, the reporting period establishes a baseline for understanding energy consumption patterns across operational sites. This baseline supports future monitoring, performance evaluation and the development of energy-related improvement initiatives.

Raw Material & Supply Chain Resilience

The Group actively manages supply chain risks associated with key materials such as steel, FRP panels, XPS insulation and refrigeration components. Given the reliance on primary suppliers for FRP panels and XPS insulation, alternative suppliers are identified where feasible to reduce potential disruptions.

Procurement planning and supplier coordination support the management of material price fluctuations and lead time variability, which may affect project costs, delivery schedules and profit margins, particularly for fixed price contracts. External factors such as geopolitical developments may further affect material availability, pricing and supply continuity.

Workforce & Safety

The Group recognizes the importance of workforce stability and safety, particularly in labour-intensive activities such as fabrication, welding and installation. While operations rely on a combination of local and foreign workers, workforce availability, turnover and skill levels may affect productivity and operational continuity.

To address these challenges, the Group adopts structured training, toolbox meetings, supervision and the use of appropriate machinery and equipment to enhance operational safety, reduce manual handling risks and improve consistency in work processes and hence the consistency of product quality.

Product Performance & Cold Chain Efficiency

Insulation performance is a key factor in supporting efficient cold chain transportation. The Group verifies thermal performance through supplier specifications, pre-delivery inspections and system testing, including temperature checks to ensure compliance with customer requirements. The Group also supports maintenance and repair activities to ensure reliable cooling performance. Customers increasingly evaluate solutions based on insulation quality, durability and energy efficiency, particularly in regulated and temperature-controlled sectors, as these factors influence operating costs and reliability during transportation.

The Group also considers evolving industry trends toward electrified cold chain transport systems, with its insulated containers and supplied refrigeration units supporting EV truck applications through efficient thermal performance and cooling reliability.

Climate-Related Considerations

Climate-related considerations may influence the Group's operations through rising energy costs, evolving environmental regulations and operational conditions such as extreme heat. Increasing electricity tariffs may raise production and testing costs, while regulatory developments, including refrigerant requirements, may affect the availability and cost of refrigeration components.

Physical factors such as high temperatures and power disruptions may impact workshop conditions, employee productivity and operational continuity. At the same time, growing demand for energy-efficient cold chain solutions presents opportunities to enhance product performance and competitiveness. The Group continues to monitor these developments and considers climate-related factors in operational planning and equipment selection.

At this stage, the Group has not conducted formal climate-related scenario analysis. However, relevant risks, including rising energy costs, regulatory developments and extreme weather conditions, have been qualitatively considered in operational planning and risk management.

The Group provides temperature-controlled containers and refrigeration units, supporting low-emission cold chain transport applications.

Overall, the Group's approach focuses on maintaining operational reliability, managing cost pressures and meeting evolving customer expectations, while progressively improving efficiency, safety and environmental performance across its manufacturing and service activities.

RISK MANAGEMENT

The Group recognizes that sustainability-related risks may influence its cost structure, operational performance, regulatory compliance, and long-term business resilience. These risks are linked to the Group's material sustainability topics and are closely associated with its manufacturing, installation and service activities.

These risks correspond to the material sustainability topics identified and are managed through established operational and management processes. These risks are particularly relevant to project-based and fixed-price contracts, where cost fluctuations and operational disruptions may affect profit margins and delivery schedules.

Approach to Risk Management

Sustainability-related risks are managed as part of the Group's broader operational risk management processes. Risks are identified, assessed and monitored through operational oversight, management review meetings, and internal management system processes established under the Integrated Management System, including ISO 9001, ISO 14001 and ISO 45001.

These processes support the identification, evaluation and mitigation of environmental, operational and safety risks associated with manufacturing and installation activities, enabling the implementation of appropriate control measures. This ensure that key risks identified through the materiality assessment are systematically monitored and managed.

Key sustainability-related risks and the corresponding management approaches are summarized in ***Table 1***.

Table 1. Sustainability-Related Risks & Management Approach

Risk Area	Key Activities/ Risk Sources	Potential Business Impact	Management Approach
Energy & Emissions Exposure	• Energy-intensive manufacturing processes • Exposure to rising electricity prices • Increasing regulatory and market pressure to reduce emissions	Increased operating costs, higher emissions exposure, and pressure to provide low-carbon solutions	• Monitor and optimize energy consumption • Improve manufacturing energy efficiency • Develop energy-efficient product solutions
Refrigerants & Environmental Impact	• Use of high-GWP refrigerants • Risk of refrigerant leakage during operation and servicing • Increasing regulatory restrictions on refrigerants	Regulatory non-compliance, environmental impact and potential reputational risk	• Transition toward low-GWP refrigerants • Implement leak detection and preventive maintenance • Provide training on proper handling & servicing
Technology Transition & Innovation	• Industry shift toward electrified and low-emission cold chain solutions • Rapid pace of technological advancements • Increasing performance expectations from customers	Risk of product obsolescence and reduced competitiveness	• Invest in R&D and product innovation • Enhance insulation and product performance • Regularly review and upgrade product offerings
Supply Chain & Sustainable Materials	• Dependence on key materials and components • Volatility in material prices and availability • Increasing ESG expectations on suppliers	Cost fluctuations, supply disruptions and compliance risks	• Diversity and evaluate suppliers • Monitor supplier ESG performance • Explore alternative and sustainable materials
Regulatory Compliance	• Evolving environmental, safety and transport regulations • Increasing requirements on refrigerants and emissions • Expanding sustainability reporting expectations	Increased compliance costs, delays and reputational risk	• Monitor regulatory developments • Maintain compliance systems and certifications • Establish data collection and data management system for accurate reporting on climate-related indicators
Product Performance & Cold Chain Efficiency	• Requirement for reliable thermal performance • Increasing demand for energy-efficient solutions • High expectations from food and pharmaceutical sectors	Loss of competitiveness and customer dissatisfaction	• Improve insulation and product design • Optimized thermal efficiency • Conduct testing and performance validation
Customer & Market Expectations	• Rising demand for sustainable solutions • ESG requirements in customer procurement • Increasing need for performance transparency	Loss of contracts and reduced market competitiveness	• Engage customers on sustainability needs • Align product offerings with ESG expectations • Enhance sustainability-related features
Climate Change & Resilience	• Rising ambient temperatures increasing cooling demand • Extreme weather events disruption operations • Infrastructure and power reliability risks	Increase costs, reduced efficiency and operational disruptions	• Improve product thermal resilience • Implement contingency and risk management plans • Monitor climate-related risks
Workplace Health & Safety	• Exposure to operational hazards (machinery, welding, lifting, electrical work) • Working at height and installation risks	Workplace incidents, productivity loss, and operational disruption	• Implement safety systems and training • Conduct regular risk assessments • Monitor incidents and corrective actions
Labour & Workforce	• Dependence on skilled labour • Workforce availability & turnover • Increasing demand for technical capabilities	Labour shortages, reduced productivity, and delays	• Plan workforce and training programmes • Monitor retention and availability • Develop workforce skills
Waste Management	• Generation of production waste (metal, insulation, packaging) • Need for effective material utilization and waste handling	Waste management costs and environmental impact	• Implement waste reduction and recycling practices • Optimize material usage in production • Monitor waste generation and recycling performance
Water Dependency	• Water usage in operational and auxiliary activities • Dependence on municipal water supply • Potential supply interruptions	Minor operational disruption and potential impact on hygiene and employee welfare	• Monitor and optimize water usage • Implement basic water efficiency practices • Plan for supply interruptions where necessary

METRICS & TARGETS

Sustainability Performance Monitoring

The Group monitors selected sustainability performance indicators to assess the effectiveness of its risk management and operational practices. These indicators provide visibility over key areas such as energy consumption, greenhouse gas (GHG) emissions, workplace safety and resource use, and support management in evaluating performance, identifying trends, and informing operational decision-making.

The selected indicators are aligned with the Group's material sustainability topics and key risk areas, including energy management, environmental impact, resource consumption and workplace safety.

The sustainability performance data presented in this section covers the Group's three major operational sites under its management control, comprising one manufacturing and service facility and two service facilities. The manufacturing facility also includes an on-site worker accommodation.

Sustainability Performance Indicators

The following table presents the Group's key sustainability performance indicators for FY2025. These indicators provide a baseline for monitoring's performance across key environmental and workplace safety areas and support ongoing performance evaluation and improvement.

Indicator	Unit	FY2025
Total GHG Emissions	tCO_2e	589.72
Scope 1 Emissions	tCO_2e	146.44
Scope 2 Emissions	tCO_2e	443.28
Electricity Consumption	kWh	661,772
Water Consumption	m^3	22,823
Waste Generated	tonnes	13.81
Waste Recycled (Recovered)	%	98.9
Workplace Incidents (minor)	cases	19

Environmental Performance

The Group monitors environmental performance indicators associated with its operational activities to support performance evaluation and risk management. These indicators provide visibility over resource consumption and environmental impacts arising from manufacturing and workshop operations.

Environmental performance indicators monitored include:

- Greenhouse gas (GHG) emissions (Scope 1 and Scope 2)
- Electricity consumption across operational site
- Water consumption for operational and facility use
- Waste generation and recovery from fabrication and manufacturing processes

Environmental data is periodically reviewed by management to support operational efficiency and environmental management practices.

1. Greenhouse Gas (GHG) Emissions

The Group discloses its absolute gross GHG emissions for FY2025, measured and reported in accordance with the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).*

Scope 1 emissions arise from direct emissions from an organization which can be further divided to stationary combustion, mobile combustion, process emissions and fugitive emissions based on emission sources. Only mobile combustion and process emissions are applicable to the Group.

Scope 2 emissions arise from purchased electricity consumed at operational facilities were calculated using location-based emission factors. Electricity consumption includes usage from ancillary facilities under the Group's operational control, including on-site worker accommodation.

Emissions are calculated using activity data, including electricity consumption and fuel usage, together with relevant emission factors sourced from publicly available databases and applicable national or regional references. The selected approach reflects the Group's operational profile and data availability for the reporting period.

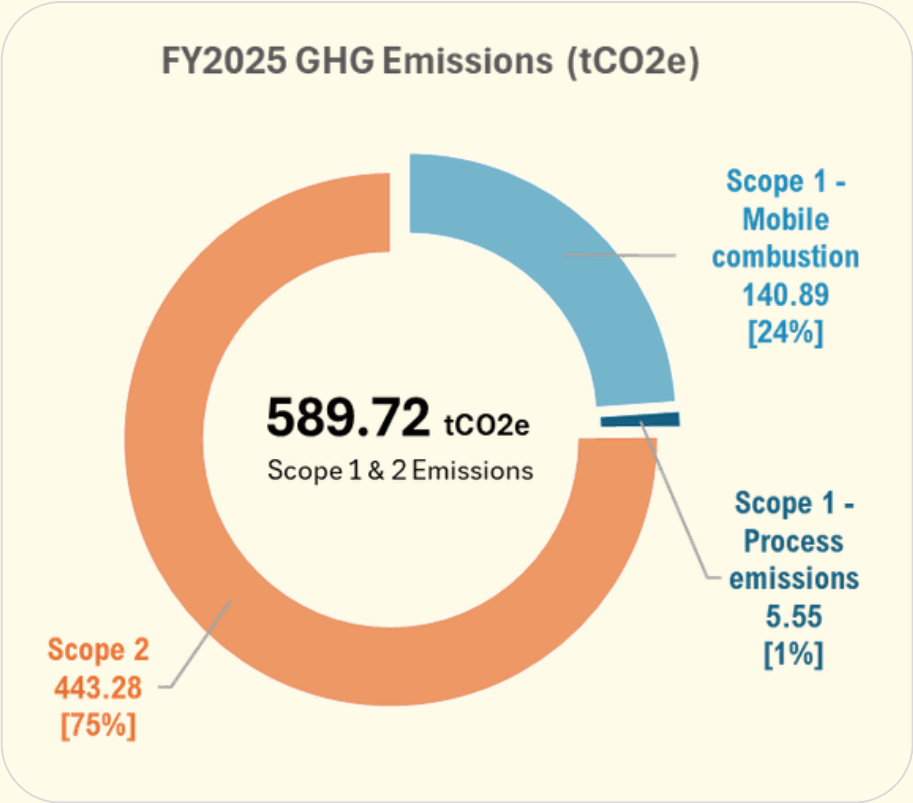
The Group currently focuses on Scope 1 and Scope 2 emissions. Scope 3 emissions have not been addressed for this reporting cycle and may be considered in future as data availability improves. The Group's GHG emissions for FY2025 are summarized in ***Table 2*** below.

Table 2. GHG Emissions for FY2025

Indicator	Unit	FY2025
Total GHG Emissions	**tCO_2e**	**589.72**
Scope 1 Emissions	**tCO_2e**	**146.44**
Mobile Combustion	tCO_2e	140.89
Process Emissions	tCO_2e	5.55
Scope 2 Emissions	**tCO_2e**	**443.28**

Note:

1) Greenhouse gas emissions were calculated using activity data and relevant emission factors sourced from authoritative references, including national grid emission factors published by Suruhanjaya Tenaga (Malaysia) and the Energy Market Authority (Singapore), as well as internationally recognised sources such as DEFRA and IPCC.
   Further details on the calculation methodology and emission factor selection are provided in the Group's 2025 GHG Inventory Report.
2) Stationary combustion and fugitive emissions were not applicable for the reporting period.



2. Energy Consumption

Energy consumption is primarily associated with electricity usage across the Group's manufacturing and workshop operations, including fabrication equipment, welding processes, and general facility use. Electricity was purchased from Tenaga Nasional Berhad (Malaysia) and Sembcorp Power Pte Ltd (Singapore).

The Group monitors electricity consumption as a key operational indicator to support cost management, operational efficiency, and environmental performance. Energy data is periodically reviewed by the management to identify trends and opportunities for efficiency improvements. Electricity consumption includes both operational and ancillary usage under the Group's operational control, including on-site worker accomodation.

The electricity consumption for FY2025 is as follows:

Indicator	Unit	FY2025
Electricity Consumption	kWh	661,772

Note: Consumption data is not currently normalized by site or production output due to limitations in segregating operational and ancillary usage.

3. Water Consumption

Water consumption is associated with operational and facility use. Based on available information, usage at the manufacturing facility is driven by a combination of operational activities, office facilities and ancillary usage, including on-site worker accommodation.

Compared to energy consumption, water usage is less material to the Group's overall operations, as it is not a primary driver of production processes. The majority of water consumption is concentrated at the manufacturing site, while usage at other operational sites (for maintenance & servicing) remains relatively low. The Group monitors water consumption to support basic resource management and operational oversight. Water data is periodically reviewed to identify any significant changes in usage.

The water consumption for FY2025 is as follows:

Indicator	Unit	FY2025
Water Consumption	m^3	22,823

Note: Consumption data is not currently normalized by site or production output, as usage includes both operational and non-production-related activities.

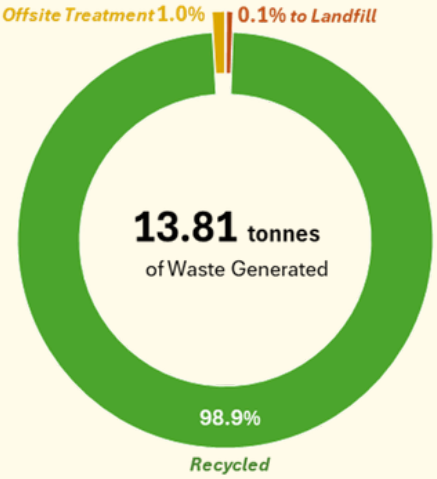
4. Waste Management

Waste generated from the Group's operations comprises both non-hazardous and hazardous waste streams arising from fabrication, installation and maintenance activities.

Non-hazardous waste mainly includes metal scraps, insulation materials, packaging waste and general operational waste, while hazardous waste includes items such as contaminated containers, solvent-based waste, lubricants and refrigerant residues.

Waste is managed through two primary methods, namely recycling (recovery) and disposal to landfill. The Group prioritizes recycling where feasible, particularly for materials such as metal scrap and packaging waste, which are sold to licensed recyclers. Hazardous waste generated is managed by licensed third-party contractors in accordance with applicable regulatory requirements.

FY2025 Waste Management



Waste Category	Treated Quantity (tonnes)	%
Non-Hazardous - Recycling	13.66	98.9
Hazardous - Offsite Treatment*	0.14	1.0
Non-Hazardous - Landfill	0.01	0.1
Total	**13.81**	**100**

** By licensed operators*

In FY2025, the majority of waste generated (98.9%) was directed towards recycling (recovery), while a minimal proportion (0.1%) was disposed of at landfill. The remaining 1.0% comprised of hazardous waste managed by licensed contractors, for which the final treatment method (e.g. recovery or disposal) is determined by the contractors.

Workplace & Health Safety Performance

Workplace safety remains a key operational priority due to the nature of the Group's labour-intensive manufacturing and installation activities. The Group monitors workplace safety performance through indicators such as safety incidents, workplace injuries, and safety-related observations.

During FY2025, a total of 19 safety incidents were recorded across the Group's operations, mainly from Kulai (Malaysia). None of these incidents resulted in fatalities or required reporting to the Department of Occupational Safety and Health (DOSH). The incidents were primarily minor in nature and were managed through established safety procedures, with corrective and preventive actions implemented where necessary.

Safety procedures, employee training and operational risk assessments are implemented to minimise workplace hazards and maintain safe working conditions. Safety performance indicators are periodically reviewed by management as part of ongoing monitoring and continuous improvement processes.

Targets & Future Development

As FY2025 represents the Group's first sustainability reporting cycle, the reporting period establishes baseline metrics for key sustainability indicators. These baseline results provide a foundation for performance monitoring and future target setting.

As part of its sustainability journey, the Group has identified the following priority areas for performance improvement and target setting for FY2026:

Data Management and Tracking
Strengthen data collection processes, improve data accuracy and enhance the consistency of monitoring practices across operational sites.

This includes improving the quality and segregation of operational data, particularly for electricity, water and fuel consumption, which are currently aggregated with ancillary facility usage. Strengthened data management enables reliable performance measurement and meaningful target setting.

Energy Consumption

Improve segregation of electricity usage between operational and ancillary activities. Progressively manage electricity intensity, with a view to achieving a 3–5% improvement in energy efficiency over time based on a more representative baseline.

GHG Emissions

Expand Scope 1 and Scope 2 emissions reporting to cover all operational sites in the next reporting period. In addition, progressively broaden emissions reporting to include selected Scope 3 categories, starting with Category 1 (Purchased Goods and Services), Category 6 (Business Travel), and Category 7 (Employee Commuting), where data is more readily available.

Waste Management

Maintain high waste recovery performance (above 90%) while continuing to optimize material utilization and recycling practices across operations.

Water Consumption

Monitor and manage water consumption within a stable range of ±5%, while improving data tracking and understanding of usage across operational and ancillary activities.

Workplace Health & Safety

Maintain zero fatalities and strive towards zero workplace incidents through continuous improvement in safety procedures, training and operational controls.

SUSTAINABILITY ROADMAP

The Group recognizes that sustainability management is a continuous and evolving process. As FY2025 represents the Group's first formal sustainability reporting cycle, it establishes a baseline for measuring sustainability performance and strengthening internal processes.

Building on the Group's current performance baseline and initial targets, the sustainability roadmap outlines the broader strategic direction for continuous improvement.

Over the coming years, the Group intends to progressively enhance its sustainability practices through improvements in data management, operational efficiency and environmental performance.

Key focus areas for the Group's sustainability roadmap include:

Strengthening sustainability governance
The Group will further integrate sustainability considerations into its management processes by strengthening internal monitoring mechanisms and improving sustainability-related data collection.

Improving environmental performance monitoring
The Group intends to enhance the monitoring of electricity consumption, GHG emissions and resource utilization across manufacturing operations to support performance tracking and informed decision-making.

Enhancing resource efficiency
The Group will continue to optimize material utilization and sustain its high waste recovery performance, while exploring opportunities to further improve fabrication processes and recycling practices.

Strengthening workplace safety
Maintaining a safe working environment remains a key priority. The Group will continue to enhance safety training, supervision, operational risk assessments, and incident monitoring processes to support continuous improvement in workplace safety performances.

Supporting efficient cold chain solutions
The Group will continue to improve product design, insulation performance and fabrication quality to support the development of reliable and energy-efficiency temperature-controlled transport solutions.

As the Group continues to strengthen its sustainability management practices, future sustainability reports will reflect progress against both its performance targets and broader strategic priorities, supported by improved data quality, enhanced monitoring capabilities and more defined performance indicators over time.

DISCLAIMER

This Sustainability Report has been prepared based on data and information provided by the Group's management and relevant personnel. This report was developed in collaboration with 5W2H Consulting Sdn. Bhd., which provided technical support in environmental data analysis, calculation and reporting and, the preparation of this sustainability report.

All calculations, including greenhouse gas (GHG) emissions, are based solely on information readily available and prepared using recognized methodologies such as the Greenhouse Gas Protocol. While reasonable care has been taken in compiling and presenting the information, the accuracy and completeness of the data are dependent on the information available at the time of reporting, and the Group remains responsible for the accuracy and completeness of the disclosures. This Sustainability Report has not been subject to independent third-party verification or external assurance.

Certain disclosures, including environmental and GHG emissions data, may be based on estimates, assumptions, and recognised calculation methodologies. As such, reported figures may be subject to refinement in future reporting periods as data collection processes are further enhanced. This report represents the Group's first sustainability reporting cycle and establishes a baseline for future disclosures. The Group intends to progressively improve its data quality, monitoring processes, and reporting practices in subsequent years.

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MONZONE®

This report was developed in collaboration with 5W2H Consulting Sdn. Bhd.