

Net Zero Roadmap

December 2025

sime



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Toyota Corolla Cross Hybrid

Introduction

Sime Darby Berhad (Sime) is one of Malaysia’s largest multinationals and a preferred partner for some of the world’s most respected brands in the industrial equipment and automotive sectors.

With operations spanning 18 countries and territories across Asia Pacific, Sime has an enormous opportunity to reduce greenhouse gas (GHG) emissions throughout our value chain. Our Net Zero Roadmap supports Malaysia’s pledge to achieve net zero by 2050.

Sustainability Blueprint

Our Sustainability Blueprint is deeply embedded in our organisational culture. Integrated into our 5-year Strategy Masterplan, it is integral to our strategic decisions, ensuring long-term value for employees, customers, shareholders and communities. Optimising our environmental footprint is one of the core themes of the Blueprint. The Net Zero Roadmap is nested under the Blueprint, expanding on its commitments with greater detail.

Now in its fifth year, the Blueprint has driven significant progress. For decarbonisation progress in FY2025 (financial year 2025), we have avoided approximately 60,000 tonnes of emissions. This has increased from 24,800 tonnes in FY2024.

Net Zero Roadmap

Our Net Zero Roadmap sets out Sime’s strategy to cut emissions globally, with Malaysia at the heart of our efforts. Aligned with the Paris Agreement, it supports a resilient future in a sustainable world.

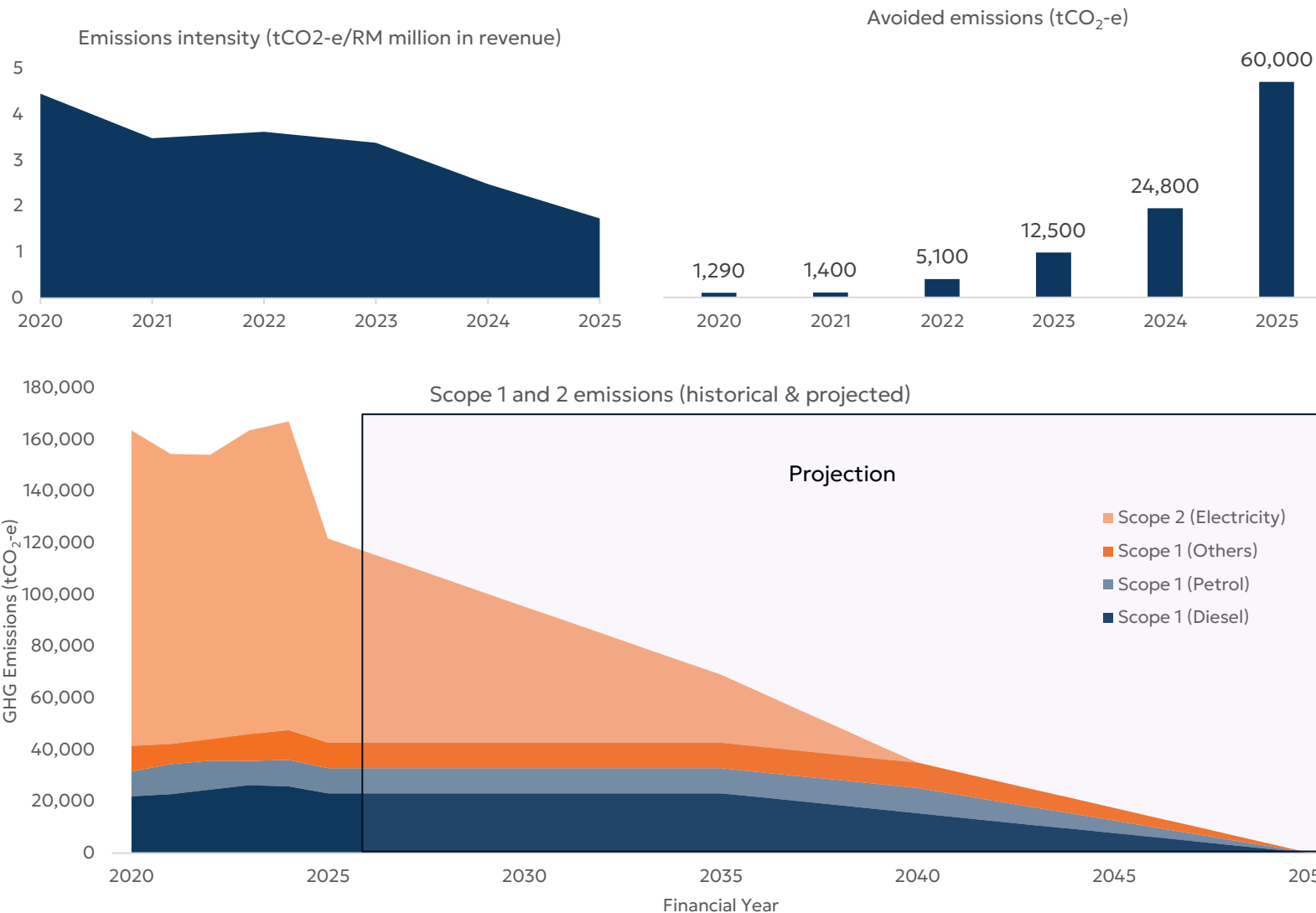
The Roadmap details how Sime will meet its climate commitments and identifies key actions and opportunities. The Roadmap includes actions to transform our operations and collaborate with Original Equipment Manufacturers (OEMs) to enable sustainable development across Asia Pacific. It also addresses emissions across our Industrial, Motors, and UMW Divisions, providing transparency on progress in our main countries of operation to foster stronger collaboration with customers and suppliers on major decarbonisation opportunities.

Our Targets & Progress (Operations)

Sime is committed to achieving net zero GHG emissions across our portfolio by 2050.

While Scope 1 and 2 operational emissions have risen in FY2024 due to business growth, our emissions intensity (on a revenue basis) has reduced by more than half since FY2020.

Our businesses have improved energy efficiency, increased on-site solar installations and purchased renewable electricity as we move towards our 2030 target. On-site solar capacity has grown by more than twentyfold since FY2020. Our Malaysian operations have led the way in rooftop solar installations and renewable electricity purchases.



30% reduction of emissions by 2030 (Scope 1 and 2) from 2020 levels

Net Zero emissions across our portfolio by 2050

Our Goals & Progress (Value Chain)

Sime's customers and OEMs have signalled that climate change matters. Understanding our emissions footprint and taking action to reduce it is a strategic organisational objective for Sime.

While Scope 1 and 2 emissions will continue to be our near-term focus, Sime has begun working on Scope 3 emissions as they are often the majority of an organisation's total GHG inventory. Sime's Scope 3 emissions are estimated to be orders of magnitude greater than our Scope 1 & 2.

Sime's business goals for Scope 3 include:

- Identify and understand risks and opportunities associated with value chain emissions
- Engage our key partners to create a more sustainable and competitive value chain
- To enhance stakeholder information and corporate reputation by reporting a more complete emissions picture for Sime
- To comply with local and international sustainability reporting requirements

Screening process

We have conducted a high-level screening process to estimate emissions across all Scope 3 categories using FY2024 financial data.

The two most material categories for Sime are category 11 (use of sold product) and 1 (purchased goods & services) at 75% and 17% respectively. This aligns with the analysis performed by FTSE Russell¹ and CDP² for the Industrial, Capital Goods and Transport OEM sectors, respectively.

Progress

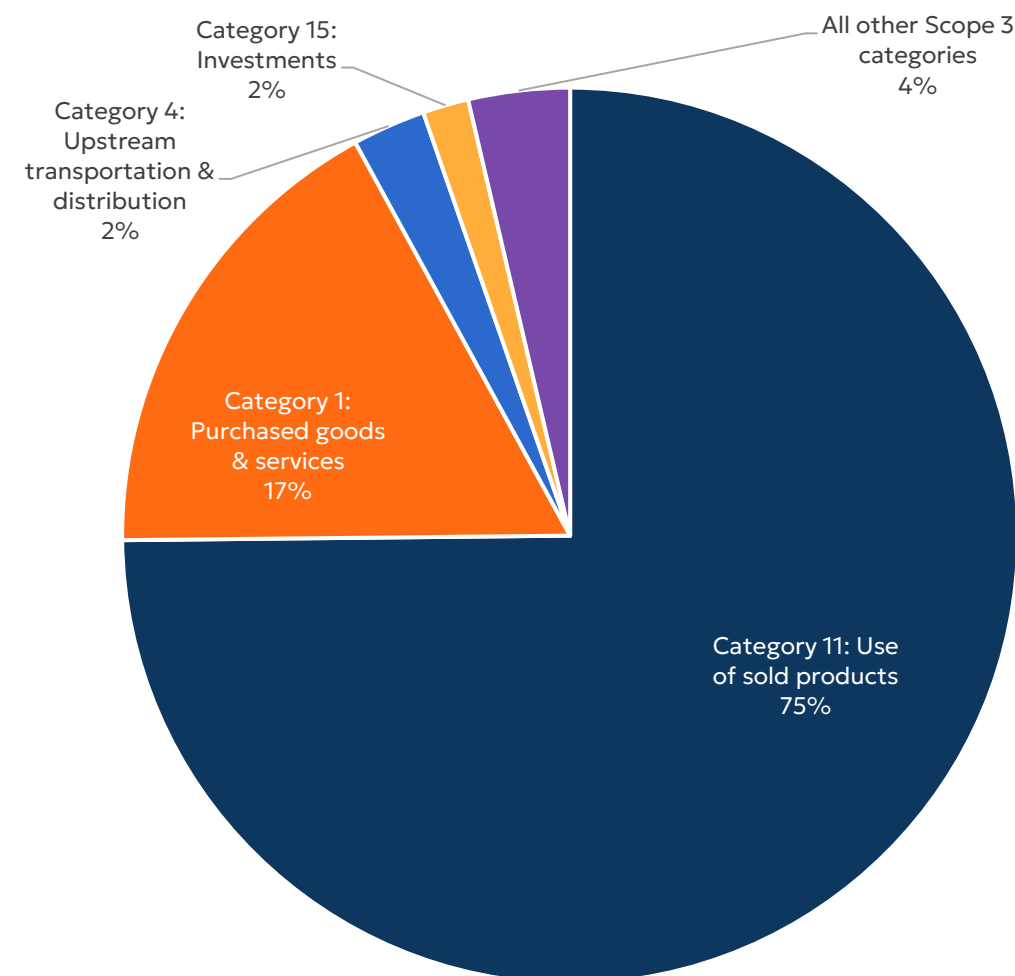
We continued the collaboration that UMW started with Bursa Malaysia on the Centralised Sustainability Intelligence (CSI) Solution. Sime is using the platform to test our Scope 3 estimates and engage with suppliers to understand the emissions hotspots in our value chain.

We are in the process of transitioning to a new emissions reporting platform to streamline processes and improve accuracy. Sime will report Scope 3 emissions aligned with the timeframes of applicable local and international reporting requirements, such as the Malaysian National Sustainability Reporting Framework (NSRF).

Footnote 1: [Scope for improvement: Solving the Scope 3 conundrum](#)

Footnote 2: [CDP Technical Note: Relevance of Scope 3 Categories by Sector](#)

Scope 3 screening model



Present State

Sime has matured considerably in emissions accounting since reporting our first emissions for FY2020. We continually improve our GHG inventory to more accurately reflect our business and are transitioning to a new emissions reporting platform.

Investment-grade GHG emissions reporting

We have a mature tracking and reporting process, including developing a carbon calculator to track electricity and fuel. The carbon calculator tracks data from facilities where we have operational control. Data input and emission factor reviews occur biannually. To ensure precise emission factors, we utilise country-specific data and reputable sources. When data is limited, we adhere to established standards such as the GHG Protocol, ensuring precision in calculating energy consumption and emissions across various fuel types and regions. Sime’s Scope 1 and 2 emissions received limited external assurance in FY2023.

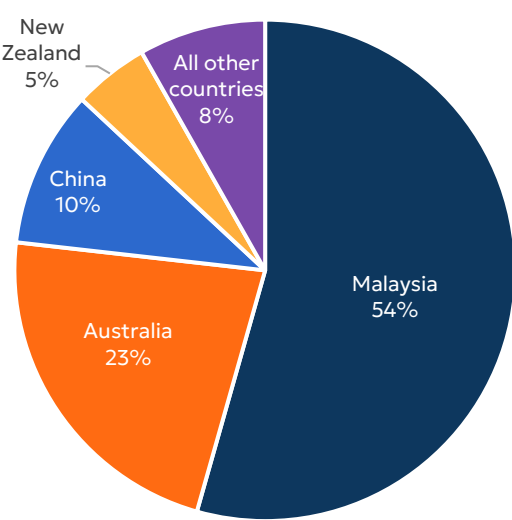
Key countries and emission sources

Sime’s top three countries by operational size are Malaysia, Australia and China. This is reflected in our FY2025 Scope 1 and 2 emissions; Malaysia retains the largest share of emissions (54%), followed by Australia (23%) and China (10%). This distribution reflects our global presence and highlights Malaysia’s central role in our decarbonisation strategy. We are prioritising emissions reductions across all major markets, with targeted actions tailored to each region’s unique opportunities and challenges.

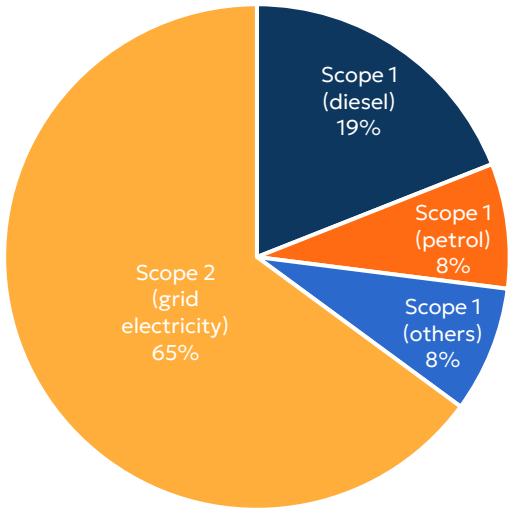
Broken down by scope, our largest source of emissions is the usage of grid electricity (65%), followed by diesel (19%) and petrol (8%). These key countries and emissions sources provide the lens through which the Net Zero Roadmap can be viewed.

Historical Scope 1 & 2 emissions

Countries	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Scope 1 (tCO ₂ -e)						
Malaysia	12,606	10,583	13,097	15,577	18,590	17,084
Australia	15,676	15,957	15,355	15,050	14,007	13,326
New Zealand	4,513	5,834	5,746	6,657	6,527	5,481
All other countries	8,707	9,792	9,883	8,804	8,449	6,822
Scope 2 (tCO ₂ -e)						
Malaysia	73,843	63,068	63,555	76,345	79,446	49,142
Australia	24,564	23,219	22,751	19,827	21,465	13,944
China	11,712	13,545	11,625	8,673	9,287	8,326
All other countries	12,002	12,394	12,146	12,593	9,271	7,631



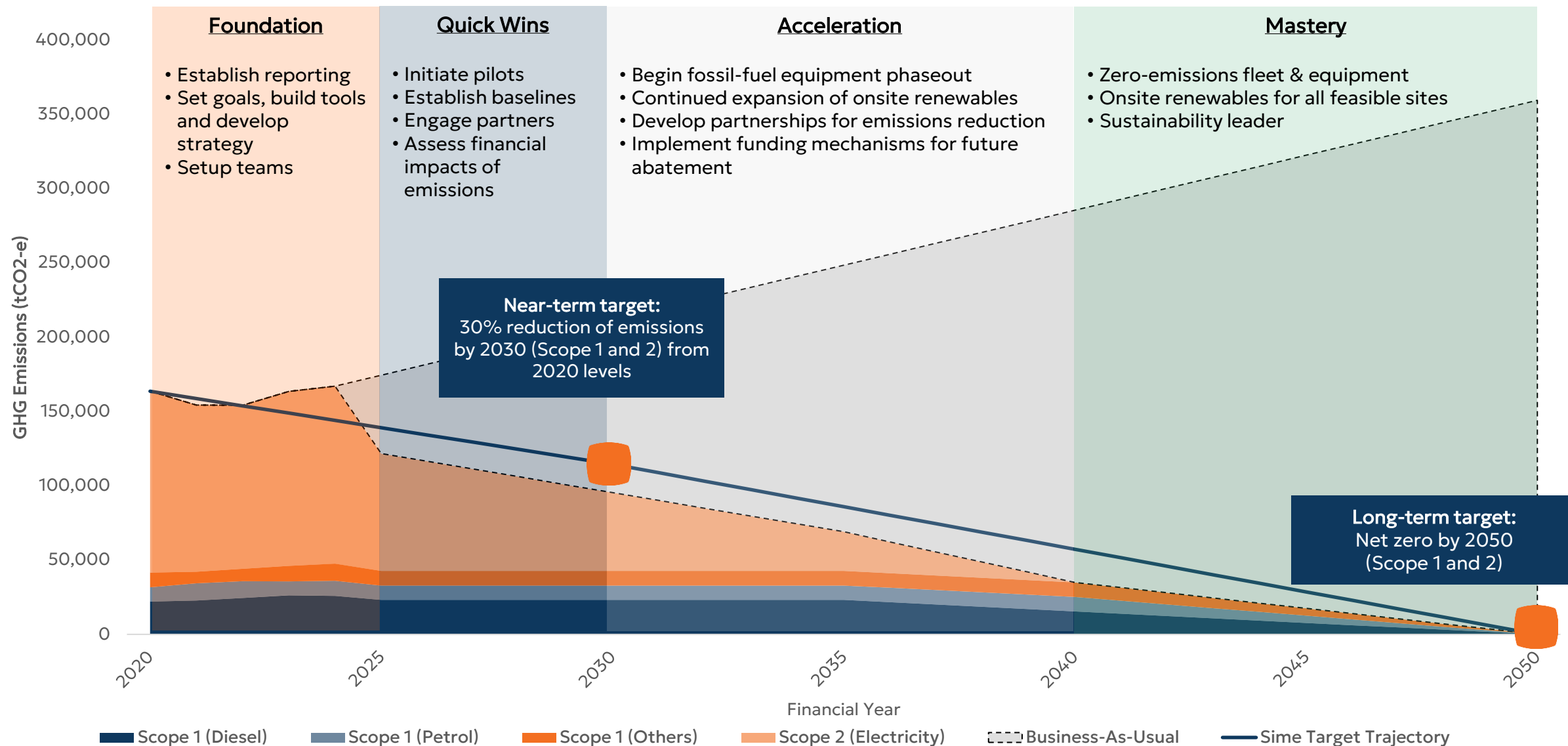
Total carbon emissions by country (FY2025)



Total carbon emissions by source (FY2025)

Footnote: All Scope 1 and 2 emissions figures are aligned with Sime Annual Report 2025 figures. This Roadmap only covers Scope 1 and 2 emissions; Scope 3 emissions are excluded.

Net Zero Roadmap



Strategy & Explanation

Our Net Zero Roadmap spans four phases: **Foundation**, **Quick Wins**, **Acceleration** and **Mastery**.

It uses actual emissions data up to FY2025 and projections, thereafter, covering all Scope 1 and 2 sources. A Business-as-Usual scenario shows emissions growing linearly at historical rates. Scope 3 emissions will be addressed in a later iteration.

The Roadmap aligns with our 5-Year Strategy Masterplan pillars:

- **Operational Excellence:** Cost-efficient and value-maximising operational decarbonisation
- **Growing the Core:** Advancing commitments from governments, investors, OEMs and customers
- **Future Ready:** Tailored pathways to align offerings to emerging trends like the energy transition

Scope 1 (fuels & direct emissions)

Most Scope 1 emissions at Sime come from direct fuel combustion in stationary equipment and fleet operations across Australia, Malaysia, and New Zealand.

While fleet decarbonisation technologies, including electric vehicles, hybrids, biofuels and hydrogen, are advancing rapidly, adoption barriers persist. Stationary equipment faces similar challenges due to long lifespans and high replacement costs, requiring careful long-term planning.

To address these challenges, our strategy tackles both **demand** and **supply**:

Demand: Decouple emissions from business expansion by establishing site and fleet efficiency baselines and setting minimum efficiency standards.

Supply: Progressively shift to low- or zero-emission technologies tailored to industry and regional needs.

Scope 2 (electricity)

Scope 2 emissions, mainly from purchased electricity, make up most of Sime's operational emissions, with Malaysia, Australia, and China being key contributors.

Many decarbonisation initiatives such as rooftop solar, green electricity certificates, and renewable power purchase agreements, are well-established and are widely implemented across many of our facilities.

In the Quick Wins phase, Scope 2 remains a priority. We will apply financial discipline to prioritise high-impact, cost-effective decarbonisation opportunities.

Demand: Decouple emissions from business expansion through site efficiency baselines and standards. Manage electric vehicle uptake and charging on sites.

Supply: Increase renewables by expanding onsite solar and procuring green electricity, focusing on projects with positive return on investment.

Scope 3 (value chain emissions)

Scope 3 reporting and decarbonisation activities are still emerging globally. Over the next few years, expectations will evolve as regulations mature. Legislative updates are anticipated. Initial reporting will use top-down data and consistent assumptions, with Scope 3 targets set by FY2030. Accuracy will improve in the Acceleration phase, alongside procurement and partnership pilots.

Our approach addresses both **reporting** and **emissions** across upstream and downstream activities:

Reporting: Define reporting methodologies and Scope 3 targets during Quick Wins phase.

Upstream: Decarbonise direct procurement (goods, services and travel) with the most material suppliers

Downstream: Collaborate with value chain partners (including OEMs) to expand low-emission products & services

Business Support

Emissions are increasingly central to financial disclosures. To strengthen the link between emissions and finance, our internal transformation will focus on four areas:

Mapping incentives: Track evolving decarbonisation incentives and share with finance teams to drive uptake.

Comparison tools: Develop tools such as the Marginal Abatement Cost Curve (MACC) to compare projects on cost and impact.

Internal carbon price: Carbon taxes have been set in many countries. Introduce an internal carbon price to guide decisions and manage climate risk.

Mergers & acquisitions: Apply an internal carbon price to assess decarbonisation costs of deals for alignment with Sime's targets.

Forward-Looking Statements

- Statements made on this document are made as of 1 December 2025 and may include forward-looking statements. Such statements may be made on current assumptions and expectations relating to, but are not limited to, Sime's roadmap to achieving net zero by 2050, the strength and effectiveness of Sime's governance framework, Sime's environmental footprint, sustainability across Sime's industries, Sime's products and operations and social impacts.
- Some factors that may affect these forward-looking statements include, but are not limited to technological advancements, access to emission-reducing technologies, business performance, political and/or regulatory conditions, the change or deterioration of the economy, the actions of suppliers, customers and competitors being inconsistent with expectations, natural and human-caused disasters, disease outbreaks, war, terrorism, political or governmental unrest or instability, or other events beyond Sime's control that may impact its operations and revenue in affected areas. These uncertainties and changes could materially affect the forward-looking statements and cause actual results to vary from expectations in a material way. Sime undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.
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