

IFRS S2

Climate-Related Disclosures



2025

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1. Executive summary

STECON Public Company Limited (“STECON”) operates as a comprehensive contractor specializing in large-scale construction projects and related businesses across the value chain. These include the production and sale of precast concrete products, the sale and rental of construction machinery and equipment, as well as clean energy ventures, digital infrastructure, and other support services.

In the context of climate change, STECON recognizes the risks and opportunities that may impact its operations. These include physical risks, such as extreme weather events affecting the continuity of construction projects and infrastructure, and transition risks, including increasingly stringent environmental regulations and evolving expectations from customers and stakeholders regarding environmentally friendly projects. Simultaneously, the expansion of clean energy projects, efficient transportation infrastructure, and data center and advanced technology initiatives constitute significant opportunities for STECON to develop its business and achieve sustainable growth.

This climate-related disclosure report has been prepared in accordance with the requirements of IFRS S2 and is structured around four key aspects: governance, strategy, risk management, and metrics and targets. It aims to reflect STECON’s approach to managing climate-related risks and opportunities, as well as their impacts on STECON’s strategy, business model, and financial position over the short, medium, and long term. Additionally, the report enhances transparency in operations and communication with stakeholders. Therefore, this report not only fulfills the requirements of international reporting standards but also serves as a vital tool to drive STECON’s transition towards sustainable growth, aligned with its strategy, business model, and creation of long-term value for shareholders and all stakeholder groups.

2. Reporting Scope and Basis

2.1 Scope of entities included in the report

This report is prepared on behalf of the “STECON Group Public Company Limited” and encompasses the operations of entities under the control of STECON. The scope includes the following subsidiaries:

- Sino-Thai Engineering and Construction Public Company Limited (STEC)
- Wisdom Services Company Limited (WISDOM)
- SNT Concrete Solution Company Limited (SNT)

The report covers both STECON's core assets and strategically significant construction projects, including:

- STECON's own assets

List of assets	Province
Sino-thai building – owned by HTR	Bangkok
Sino-thai building – leased to 3 rd parties	Bangkok
Sino-thai building – operated by STEC (owned or lease by STEC)	Bangkok
Pine shores building	Chonburi
Steel plant, Rayong	Rayong
Store at Bang Pakong	Chonburi
SNT - Precast plant	Nonthaburi
Wisdom - factory in Chonburi	Chonburi
Wisdom - assets in Nonthaburi	Nonthaburi

- STECON's existing project sites

Construction site description	Province
Drainage tunnel construction project connecting Nong Bon Reservoir to the Chao Phraya River	Bangkok
Expressway Construction Project	Saraburi, Phra Nakhon Si Ayutthaya
Skytrain	Nonthaburi
Double-Track Railway Project	Phetchaburi, Prachuap Khiri Khan
Sriracha Power Plant Project	Chonburi
Pluak Daeng Power Plant Project	Rayong
Mo Chit Complex	Bangkok
Power Plant Project	Ratchaburi
The Thai Oil Clean Fuel Project (CFP)	Chonburi
The Government Complex Commemorating His Majesty's 80th Birthday, Zone C Construction Project	Bangkok
Bangkok Mall	Bangkok
CHN1A Data Center Project	Chonburi
CHN1A Data Center Project	Chonburi

The climate-related disclosures in this report encompass the core operations of all three aforementioned companies to fully reflect STECON's climate impact and management practices. This scope aligns with the STECON's consolidated financial reporting boundaries and serves as the foundation for the compilation of data, metrics, and the assessment of climate-related risks and opportunities presented in this report.

2.2 Reporting Period

The climate-related disclosure report of STECON covers the same reporting period as STECON's consolidated financial statements, spanning from 1 January to 31 December 2025.

2.3 Reporting Standards Referenced

This report has been prepared to comply with the requirements of the International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures, which are structured around four key pillars: governance, strategy, risk management, and metrics and targets.

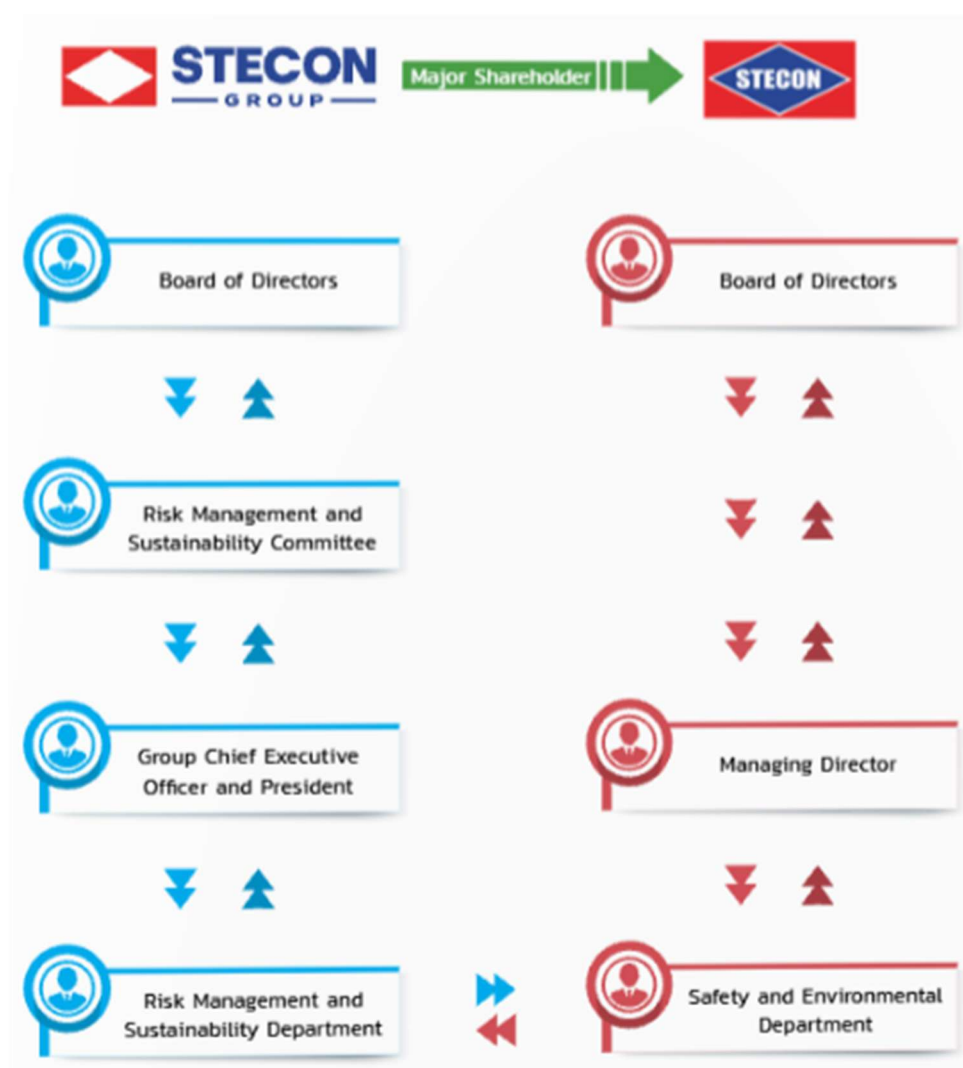
To ensure alignment with internationally recognized best practices for greenhouse gas (GHG) emissions and energy disclosures, STECON adopts the Greenhouse Gas Protocol framework and associated standards for categorizing GHG emissions into Scope 1, Scope 2, and Scope 3. This framework is also utilized to establish data collection methodologies and to select appropriate emission factors. Detailed methodologies for calculations are further elaborated in the Metrics and Targets section of this report.

3. Governance

To support business operations in alignment with the sustainability policies and targets publicly declared and adhered to by STECON, in 2025, STECON undertook a review of its governance structure, roles, and responsibilities related to sustainable business development. This review was approved by the Board of Directors on 12 December 2025 and has been effective since 1 January 2026.

The purpose of this initiative is to strengthen stakeholder confidence across the entire value chain, as well as to enhance the advancement of sustainable business practices that consider environmental, social, economic, and corporate governance dimensions including climate change issues.

STECON has integrated climate-related matters into its governance framework, spanning from the Board of Directors to executive management levels. This integration was formally approved by the Board of Directors during its 14th meeting of 2025, held on 17 December 2025.



Governance structure on climate change

Governance structure on climate change

STECON

- Governance of sustainable business development is carried out in accordance with the “Governance Structure, Roles, and Responsibilities of the Board of Directors and Management in Overseeing Sustainable Business Development.”

STEC - Subsidiary as a core business

- Adopts the sustainability policy of the parent company as its own policy, and formulates sustainability strategies, management approaches, and action plans in alignment with the framework and direction of the parent company.

STEC - Safety and environmental department

- Serves as the main unit responsible for supervising and overseeing climate change-related matters at both the corporate level (STEC) and construction unit level.
- Is responsible for implementing the Group’s policies, strategies, and targets, as well as developing and driving related management approaches, work standards, and action plans.
- Regularly reviews and updates such approaches to ensure alignment with national and international standards at both the corporate level (STEC) and construction unit level.
- Reports performance results, activities, and projects under the action plan to management and the Risk Management and Sustainability Department on a regular basis.

Climate change matters are incorporated as a standing agenda item in STECON’s annual Board meetings. The roles and responsibilities of the Board of Directors, Board subcommittees, and relevant management are as follows:

3.1 Roles of the Board of Directors

3.1.1 Climate change governance structure

Governance of climate change matters falls under the framework of the Risk and Sustainability Management Committee, which is responsible for steering direction and setting sustainability strategies in accordance with relevant national and international standards and best practices. The Risk and Sustainability Management Committee plays a critical role in overseeing STECON’s climate change-related operations, with key responsibilities as follows:

- 1) Establish sustainability objectives, targets, and strategies that comprehensively address the management of climate-related risks and opportunities.
- 2) Provide guidance and support to management to ensure that operations are aligned with STECON’s sustainability policies, practices, and the necessary environmental measures.
- 3) Oversee, monitor, and evaluate performance, and report progress on a regular basis to the Board of Directors.
- 4) Review and propose updates to policies, practices, and targets to ensure alignment with evolving conditions, emerging risks, and the changing business context.
- 5) Support and encourage subsidiaries to operate in alignment with STECON’s sustainability objectives and climate-related strategic direction.

For more detailed information on the roles, duties, authority, and composition of the Risk Management and Sustainable Development Committee is available in the Committee’s Charter, as published on STECON’s website.

<https://www.stecongrouphk.com/storage/document/cg/stec-risk-management-and-sustainable-en.pdf>

3.1.2 Board Skill Matrix

STECON requires its Board of Directors to possess appropriate skills and expertise to effectively oversee sustainability matters and respond to risks and opportunities related to climate change.

STECON employs a Board Skill Matrix as the primary tool to assess and monitor the adequacy of the Board's competencies. This matrix encompasses 12 key skill areas, including business, strategy, risk management, and environmental expertise, ensuring that the Board can effectively govern the formulation of strategies, risk management, and monitoring of climate-related performance.

The Board Skill Matrix is reviewed periodically, with consideration given to enhancing necessary skills through the recruitment of qualified directors or via training and development programs for existing Board members.

Further information can be found in STECON's 2025 56-1 One report

<https://www.stecongroup.co.th/en/investor-relations/document/annual-reports>

3.1.3 Frequency of climate-related reporting

To ensure effective governance, the Risk and Sustainability Management Committee convenes at least twice annually, with meeting agendas specifically addressing sustainability and climate-related matters. These include progress updates on the achievement of targets, relevant performance indicators, as well as the identification and review of new risks and opportunities that may have material impacts on STECON's business. The Group Chief Executive Officer and the Managing Director are responsible for reporting performance outcomes to the Committee.

Meeting results and recommendations related to climate management are regularly reported to the Board of Directors. The Chairperson of the Risk and Sustainability Management Committee provides the Board with key highlights, emerging risk trends, and issues requiring decisions or additional support from the Board. The Board considers climate change topics alongside broader organizational risks to systematically inform critical corporate decisions, particularly those related to corporate strategy and investment evaluation.

3.2 Role of management

STECON assigns the Manager of Risk Management and Sustainability Department as the primary executive responsible for coordinating and overseeing the management of climate change-related risks and opportunities. This position reports directly to the Group Chief Executive Officer and the Managing Director, and provides regular performance updates to the Risk and Sustainability Management Committee.

Position	Roles and responsibilities	Coordination mechanisms
Group Chief Executive Officer and Managing Director	- Translate sustainability and climate change policies, strategies, and targets approved by the Board of Directors into operational directions for the STECON. - Oversee the integration of climate change risks and opportunities into STECON's strategy, business plans, and core operations.	- Receive reports from the Risk and Sustainability Management Department and related units in environmental, finance, and operational areas. - Present climate-related issues to the Risk and Sustainability Management Committee and the Board of Directors, as appropriate, at least twice annually.

Risk Management and Sustainability Department	- Serve as the central unit responsible for overseeing the STECON's overall sustainability and climate change management. - Translate climate-related policies, targets, strategies, and metrics for implementation by departments and subsidiaries. - Monitor, collect, analyze, and report data on climate-related risks and opportunities.	- Utilize the Enterprise Risk Management (ERM) process and environmental management systems (e.g., ISO 14001, EMS) as control frameworks to identify, assess, and monitor climate change risks by integrating data from operations, safety and environmental units, finance, and sustainability departments before reporting to senior management and relevant committees at least twice per year.
Relevant Units for Sustainable Business Development within STECON and its Subsidiaries	- Receive sustainability policies, strategies, and targets from STECON.	- Report performance outcomes to the Risk Management and Sustainability Department.

4. Strategy

STECON recognizes that climate change and the transition to a low-carbon economy directly impact the STECON's business model and long-term growth trajectory. As a contractor specializing in large-scale projects, infrastructure, clean energy, and digital infrastructure, STECON faces both risks and opportunities related to climate change across the entire value chain from project design and construction, selection of materials and technologies, to project management and supply chain operations.

4.1 Identification of key climate-related risks and opportunities

STECON systematically identifies and assesses climate-related risks and opportunities by considering both physical risks and transition risks, as well as opportunities. This process aims to reflect potential impacts on the STECON's business model, operating costs, revenues, and competitiveness across different time horizons: short-term (2030), medium-term (2040), and long-term (2050). The details are as follows:

4.1.1 Physical Risks

Risk		Time frame	Concentrated risk	Business Impact	Value chain	Potential Financial Impact
Risk	Driver					
Acute Risk	River and Flash Flooding	Short-term Medium-term Long-term	Office Building	Physical damage to assets, including office buildings and structures under construction, leading to increased capex and material costs	- Own operation - Upstream – Supplier	- Increase in operating expenses related to the repair, maintenance, and enhancement of buildings and structures, including higher material costs and insurance premiums - Decrease in revenue arising from construction delays, delays in project delivery, service disruptions, or loss of tenants or users - Impairment losses on assets and buildings, resulting in a reduction in carrying amounts recognized in the statement of financial position
			Projects under construction	Operational disruptions, including construction delays, work suspensions, and supply chain interruptions, resulting in project delays and higher operating costs	- Own operation - Downstream – Customers - Upstream – Supplier	
			- Machinery, equipment, and construction materials stored on-site - On-site infrastructure	Damage to infrastructure, buildings, and related assets resulting from flooding events	- Own operation - Upstream – Supplier	
			Construction area	Damage to infrastructure, buildings, and related assets resulting from flooding events	- Own operation - Upstream – Contract worker	

Risk		Time frame	Concentrated risk	Business Impact	Value chain	Potential Financial Impact
Risk	Driver					
			• Machinery, equipment, and construction materials stored on-site	• The potential for insurance claims arising from property damage due to flooding events, which may result in financial impacts	• Own operation	
Chronic Risk	Rising Mean Temperature	Short-term Medium-term Long-term	• Office Building	• Increased energy demand for cooling, leading to higher operating costs	• Own operation • Upstream – Supplier	• Increase in operating expenses related to the repair and maintenance costs and labour costs • Increase in capital expenditure (CapEx) and Property, Plant and Equipment (PPE) arising from upgrades to buildings and systems to withstand extreme heat conditions • Decrease in revenue due to project delays and construction disruptions, along with additional expenses related to protective equipment and enhanced safety measures
			• Office Building	• Additional capital expenditure for energy-efficient cooling systems and equipment	• Own operation • Upstream – Supplier • Upstream – Contract worker	
			• Office Building	• Long-term building and system efficiency upgrades in response to rising temperatures	• Own operation • Upstream – Supplier	

Risk		Time frame	Concentrated risk	Business Impact	Value chain	Potential Financial Impact
Risk	Driver					
Acute Risk	Drought	Short-term Medium-term Long-term	Construction area	Increased water demand	- Own operation - Upstream – Supplier	- Increase in operating expenses related to water costs, maintenance expenses, and labour costs - Increase in capital expenditure (CapEx) and Property, Plant and Equipment (PPE) arising from investments in water storage and management systems - Decrease in revenue due to construction delays or service disruptions
			Projects under construction	Water constraints disrupting construction activities, resulting in project delays and cost overruns	- Own operation - Upstream – Supplier - Downstream – Customers	
Chronic Risk	Coastal flooding	Medium-term Long-term	- Machinery, equipment, and construction materials stored on-site - On-site infrastructure	Additional capex for repair, upgrade, or reinforcement of assets in coastal flood-prone areas, including higher material costs	- Own operation - Upstream – Supplier	- Increase in operating expenses related to the repair, maintenance, and upgrading of structures, including higher labour, material, and insurance costs - Decrease in revenue arising from construction delays, loss of tenants, or service disruptions
			Projects under construction	Operational disruptions from coastal flooding, resulting in project delays and increased operating costs	- Own operation - Downstream – Customers - Upstream – Supplier	

Risk		Time frame	Concentrated risk	Business Impact	Value chain	Potential Financial Impact
Risk	Driver					
			• Machinery, equipment, and construction materials stored on-site • On-site infrastructure	• Damage to infrastructure and buildings in coastal flood- and erosion-prone areas	• Own operation • Upstream – Supplier	• Impairment losses on assets and buildings, resulting in a reduction in carrying amounts recognized in the statement of financial position
			• Construction area	• Health and safety risks to workers, including potential injuries or fatalities from flash floods or structural failures	• Own operation • Upstream – Contract worker	
			• Machinery, equipment, and construction materials stored on-site	• Insurance claims from property damage due to sea level rise or coastal flooding, with associated financial impacts	• Own operation	

4.1.2 Transition Risks

Risk		Time frame	Concentrated risk	Business Impact	Value chain	Potential Financial Impact
Risk	Driver					
Legal	Carbon Pricing	Short-term Medium-term Long-term	Construction materials used in project development processes, such as cement, steel, and aluminum	Increased costs of construction materials due to the incorporation of carbon costs in suppliers' production processes	- Own operation - Downstream – Customers - Upstream – Supplier	Increase in overall operating and procurement costs
			Electricity and fuel consumption	STECON's operations may be impacted by regulatory measures, including carbon pricing mechanisms related to energy consumption and emissions	- Own operation - Upstream – Supplier	
			Waste management and disposal processes from construction projects	Increased costs associated with waste management and disposal processes due to carbon pricing applied to related activities	- Own operation - Upstream – Supplier	
			Transportation of materials and equipment	Operations involving subcontractors may be affected by the pass-through of carbon-related costs associated with transportation and labor activities of subcontractors	- Own operation - Upstream – Supplier	

Risk		Time frame	Concentrated risk	Business Impact	Value chain	Potential Financial Impact
Risk	Driver					
Legal	Enhanced Reporting Obligations	Short-term Medium-term Long-term	Climate-related and sustainability data collection and management systems	Increased complexity and additional resource requirements to ensure compliance with evolving regulations, including expanded data collection, system development, and the establishment of internal controls over climate-related and sustainability information	- Own operation - Upstream – Supplier	- Increase in costs related to regulatory compliance and additional personnel expenses - Potential penalties or fines in the event of non-compliance with regulatory requirements - Reduced stakeholder confidence arising from non-compliance
			Departments and personnel responsible for reporting and governance	Risk of non-compliance with regulatory requirements within specified timelines	- Own operation - Upstream – Supplier	
Market risk	Negative Stakeholder Concern	Short-term Medium-term Long-term	- Key customers and strategic clients - Sales, business development, and project proposal development activities	Risk of project opportunity loss if customers or strategic clients do not place importance on climate change and sustainability in project selection	- Own operation - Upstream – Supplier	- Decrease in revenue resulting from loss of customers or failure to secure new projects - Reduced stakeholder confidence due to reputational damage, which may negatively affect business operations and future project opportunities
			High-potential personnel and employees with critical skill	Increased employee turnover if the organization is unable to meet the expectations of the new generation workforce	Own operation	

Risk		Time frame	Concentrated risk	Business Impact	Value chain	Potential Financial Impact
Risk	Driver					
Reputation risk	Client Demand	Short-term Medium-term Long-term	Construction materials used in project development	Increased costs associated with sourcing low-carbon materials, technologies, and equipment that are more environmentally friendly, in order to comply with regulations and meet heightened environmental expectations	- Own operation - Upstream – Supplier - Downstream – Customers	- Increase in operating expenses and personnel-related costs - Increase in capital expenditure (CapEx), particularly investment in property, plant, and equipment (PPE)
			Machinery and equipment used in construction operations	Need to replace or upgrade machinery and equipment with high greenhouse gas emissions to more efficient and environmentally friendly technologies	- Own operation - Upstream – Supplier	
			Engineers, construction workers, and field personnel	Need to enhance workforce capabilities by developing and upskilling personnel with expertise in climate-related and sustainable construction practices	- Own operation - Upstream – Supplier	

4.1.3 Transition Opportunities

Opportunities		Time frame	Concentrated risk	Business Impact	Value chain	Potential Financial Impact
Opportunities	Driver					
Reputation Opportunity	Client Demand	Short-term Medium-term Long-term	Sales, business development, and project proposal development activities	Opportunity to expand into low-carbon construction projects, particularly in cases where customers and strategic clients place greater emphasis on transitioning business strategies toward carbon neutrality, presenting opportunities for STECON to provide innovative services in construction and infrastructure development for low-carbon projects	- Own operation - Upstream – Supplier	Increase in revenue from expanded service offerings and project portfolios aligned with customer demand for low-carbon construction projects
Energy source	Use of lower-emission sources of energy	Short-term Medium-term Long-term	Electricity consumption and energy-using equipment within buildings	More efficient operations through the adoption of energy sources with lower greenhouse gas emissions	- Own operation - Downstream – Customers	- Reduction in energy and fuel costs from improved operational efficiency - Capital expenditure (CapEx) related to investment in renewable energy technologies, such as solar energy systems, where applicable
			Projects with the potential to adopt or integrate renewable energy	Reduction in risks associated with fossil fuel price volatility and improved opportunities to secure projects that prioritize low-carbon construction	Own operation	
Resource Efficiency	Use of more efficient	Short-term Medium-term	construction processes and	More efficient operations through improvements in	Own operation	Reduction in operating costs through improved

Opportunities		Time frame	Concentrated risk	Business Impact	Value chain	Potential Financial Impact
Opportunities	Driver					
	production and distribution processes	Long-term	energy management	construction processes and resource management	Downstream – Customers	efficiency in energy and resource utilization Enhanced operational efficiency from the adoption of technologies for machinery and equipment that reduce energy consumption in construction processes
			- Office buildings and operational facilities - Machinery, equipment, and energy-consuming systems	Reduction in raw material consumption and greenhouse gas emissions from construction projects through operational efficiency improvements	- Own operation - Downstream – Customers	- Capital investment in innovations supporting green construction practices (Green Construction), including low-emission construction technologies - Investment in technologies that improve both operational efficiency and reduce greenhouse gas emissions

Note: The time horizons are defined as short term (up to 2030), medium term (up to 2040), and long term (up to 2050).

4.2 Scenario Analysis

STECON has conducted scenario analysis under various climate assumptions and transition pathways. This analysis aims to assess potential impacts on the business, revenue structure, and long-term investment strategies, and serves as a key input for developing adaptation measures and leveraging opportunities related to climate change in a systematic manner. The details are as follows:

4.2.1 Climate Scenarios

In analyzing climate scenarios, STECON considered long-term global temperature change pathways under different assumptions to assess potential impacts on STECON's assets, as follows:

Rise in Temperature	Description
> 3°C	A "business-as-usual" scenario reflecting limited climate action, resulting in high physical risks from climate change.
2–3°C	An intermediate scenario representing moderate greenhouse gas emission reduction efforts, with both transition risks and opportunities arising from the shift toward a low-carbon economy that require close management.
1.5°C	A scenario aligned with Thailand's carbon neutrality target by 2050, which STECON aims to support and uses as a key reference framework for formulating strategies and analyzing long-term business resilience.

4.2.2 Climate Scenario Analysis Approach

To assess potential impacts of climate change on business operations and support the development of mitigation and adaptation strategies, STECON conducted climate-related scenario analysis.

The analysis is based on internationally recognized climate scenarios, covering both physical risks and transition risks, to ensure a comprehensive assessment of climate change impacts over the long term.

The scenarios applied and the key assumptions underlying the analysis are summarized as follows:

Risk	Scenario	Description	Temperature Increase
Physical risks			
River and Flash Flooding	RCP (Representative Concentration Pathways) ¹	Climate scenario dataset used to assess the impacts of climate change resulting from different greenhouse gas concentration pathways	1.5–4°C or higher
	RCP2.6	A scenario in which greenhouse gas emissions decline significantly due to stringent mitigation measures	1.5–2°C
	RCP4.5	A scenario with moderate greenhouse gas emissions under partial mitigation efforts	2–3°C
	RCP8.5	A scenario with continuously increasing greenhouse gas emissions, leading to high radiative forcing levels	4°C or higher

Risk	Scenario	Description	Temperature Increase
Rising Mean Temperature	SSP (Shared Socioeconomic Pathways) ²	Climate scenarios reflecting different socioeconomic development pathways affecting greenhouse gas emissions, used to assess long-term climate change impacts	1.5-4°C or higher
	SSP1-1.9	A sustainability-focused pathway with strong mitigation efforts leading to very low greenhouse gas emissions	1.5°C
Rising sea levels	SSP2-4.5	A middle-of-the-road pathway with moderate development and emission control measures	2.7°C
	SSP5-8.5	A pathway characterized by intensive fossil fuel use and continuously increasing greenhouse gas emissions	4.4°C
Transition risks			
Carbon Pricing	NZE (Net Zero Emissions by 2050) ³	A scenario reflecting a structural transition toward a low-carbon economy, with greenhouse gas emissions reaching net zero by 2050	1.5°C
	STEPS (Stated Policies Scenario) ³	A scenario reflecting future trends based on currently announced energy and climate policies that have been formally stated	2.4–2.7°C
	Current Policies Scenario ³	A scenario reflecting future trends based on policies currently in place, without additional climate policy interventions	2.7–3°C or higher

Source: ¹ IPCC AR5 ² IPCC AR6 ³ IEA World Energy Outlook

4.2.3 Time Horizons

To ensure that the assessment of climate-related risks and opportunities is aligned with STECON's business plans and strategic direction, STECON has defined appropriate time horizons for scenario analysis and planning purposes, as follows:

Term	Year	Description
Baseline	2024	2024 represents the most recent year with complete business-as-usual operational and emissions data. This baseline provides a reliable reference point for assessing climate-related risks and opportunities across construction and engineering activities. All scenario pathways and comparative analyses are anchored to this year.
Short	2030	The 2030 horizon represents the period in which STECON can influence near-term operational and efficiency measures. It covers developments that are reasonably foreseeable within current project and planning cycles.
Medium	2040	The 2040 horizon reflects a stage where broader sector-wide transitions may take shape. It considers potential shifts in technologies, energy systems, and resilience needs that could affect STECON's long-lived assets and project portfolio over the medium term.
Long	2050	The 2050 horizon aligns with Thailand's national target for carbon neutrality by 2050, which STECON has committed to support, making these milestones relevant for strategic alignment.

4.2.4 Scope of Assessment

To ensure that the analysis of climate change impacts reflects material risks and opportunities relevant to STECON's business, STECON has defined the scope of assessment to cover STECON's asset portfolio as well as projects that are strategically significant to the business.

The details of the entities included in the assessment are presented in Section 2.1: Scope of entities included in the report. Scope of entities included in the report

4.2.5 Data Inputs for Scenario Analysis

STECON utilizes both internal and external data sources to ensure that the scenario analysis comprehensively reflects business operations, project locations, resource utilization, and greenhouse gas emissions, as well as trends and climate-related climate patterns relevant to the industry. Such data is also used to support the assessment of both physical risks and transition risks associated with climate change that may affect STECON.

Internal Data

1. Project locations and associated risks
2. Revenue data and key construction project activities
3. Asset data, including machinery and equipment
4. Energy consumption data and/or electricity usage
5. Greenhouse gas (GHG) emissions data
6. Assessment of climate-related risks at the project level

External Data

1. % increase in cooling degree days¹
2. Thailand's general share of electricity used for cooling²
3. % of projected productivity loss³
4. Depth-damage function⁴
5. Baseline river flood depth for a 100-year return period⁵
6. % increase in river flood damage⁶
7. Depth-business interruption days function⁷
8. Baseline coastal flood depth and Projected coastal flood depth⁸
9. % increase in carbon price⁹

¹ Cooling degree days, World Bank

² Thailand Refrigeration and Air Conditioning Nationally Appropriate Mitigation Action (RAC NAMA), Thai-German Cooperation

³ Climate Impact Explorer: Labour productivity loss in Thailand, Climate Analytics

⁴ Global Flood Depth-Damage Functions, World Bank

⁵ Aqueduct Floods, World Resources Institute

⁶ Climate Impact Explorer 2024: ec2 indicator for Thailand, Climate Analytics

⁷ Enhancing resilience: Understanding the impact of flood hazard and vulnerability on business interruption and losses, Water Resources and Economics

⁸ Climate Projections Reports V3, Meteorological Service Singapore

⁹ IEA World Energy Outlook 2025 (WEO 2025)

4.2.6 Analysis Results

Driver	Climate scenarios	Time frame	Key Assumption	Analysis Results	Financial impacts
Physical risks					
Rising mean temperature	- 1.5 °C - 2-3 °C - > 3°C	Short-term Medium-term Long-term	Rising average temperatures are expected to increase energy demand for maintaining appropriate working conditions (e.g., temperature control), particularly in office buildings that rely on continuous cooling systems. Assets with a high dependence on cooling are therefore more exposed and vulnerable to temperature increases.	Additional cooling-related costs are expected to increase progressively over time, ranging from approximately 0.10% to 10.2% of the base cost. The impacts are more pronounced under temperature increases > 3°C compared to the 1.5°C and 2–3°C scenarios. Office buildings in Bangkok are identified as assets with higher risk exposure relative to other asset classes.	Operating costs associated with electricity and cooling systems may increase compared to the baseline scenario. The impacts are expected to intensify over the long term and under higher temperature scenarios. Risk Level¹ Short-term: Low Medium-term: Low to Medium Long-term: Low to High
Rising mean temperature	- 1.5 °C - 2-3 °C - > 3°C	Short-term Medium-term Long-term	Rising mean temperatures are expected to increase heat stress for workers in construction areas, potentially reducing safe working hours. This may impact project progress, leading to delays due to reduced working hours and/or lower labor productivity, particularly in labor-intensive field activities conducted on a continuous basis.	Additional labor costs arising from productivity losses are expected to increase progressively over time, ranging from approximately 0.34% to 1.85% of baseline labor costs. The impacts are expected to be more pronounced over the long term and under higher temperature scenarios, with the highest costs projected under temperature increases > 3 °C by 2050.	Labor-related costs may increase due to reduced labor productivity and potential delays in operations. The impacts are expected to intensify over the long term and under higher temperature scenarios. Risk Level² Short-term: Low Medium-term: Low to Medium Long-term: Low to Medium

Driver	Climate scenarios	Time frame	Key Assumption	Analysis Results	Financial impacts
Increased river flood intensity	- 1.5 °C - 2-3 °C - > 3°C	Short-term Medium-term Long-term	Certain operational areas of STECON are exposed to elevated flood risk associated with rising river water levels, which may lead to damage to physical assets.	The risk value of assets exposed to rising river water levels is expected to increase across all scenarios, with impacts becoming more pronounced by 2040 and 2050, particularly under the 2–3°C and >3°C scenarios.	The risk value of assets is expected to increase relative to the baseline scenario, which may lead to adverse impacts on asset values and increased costs associated with asset damage, including insurance-related expenses. Risk Level¹ Short-term: Very High Medium-term: Very High Long-term: Very High
Increased river flood intensity	- 1.5 °C - 2-3 °C - > 3°C	Short-term Medium-term Long-term	Certain operational areas of STECON are exposed to elevated flood risk associated with rising river water levels, which may result in temporary operational disruptions, delays in project delivery, and additional costs arising from such disruptions.	Flooding in construction areas or nearby locations may result in operational disruptions and delays in project execution and delivery. These impacts are expected to become more pronounced by 2040 and 2050, particularly under the 2–3°C and >3°C scenarios.	Costs associated with operational disruptions are expected to increase, including expenses arising from construction delays, penalties for late project delivery, costs related to the restoration of construction areas, and additional project management expenses. Although the financial impact cannot currently be quantified due to limitations in available quantitative data, such impacts are expected to increase over the medium to long term, particularly in high-risk locations.

Driver	Climate scenarios	Time frame	Key Assumption	Analysis Results	Financial impacts
Increased coastal flood intensity	- 1.5 °C - 2-3 °C - > 3°C	Short-term Medium-term Long-term	Certain operational areas of STECON in Thailand are exposed to elevated coastal flood risk. Such events may result in damage to STECON's physical assets, with the severity of impacts expected to increase in line with the magnitude of climate change and over future time horizons.	The risk value of assets exposed to coastal flooding is expected to increase across all scenarios and time horizons assessed, with impacts rising progressively in 2030, 2040, and 2050. The highest level of risk is projected in 2050 under temperature increases exceeding 3°C. In addition, national-level analysis suggests that coastal flood risks are likely to intensify over the long term.	The risk value of assets exposed to coastal flood damage is expected to increase relative to the baseline scenario. The impacts are likely to escalate over the medium to long term, particularly under higher temperature scenarios, potentially affecting asset values and increasing costs associated with asset damage. Risk Level¹ Short-term: Medium Medium-term: Very High Long-term: Very High
Increased coastal flood intensity	- 1.5 °C - 2-3 °C - > 3°C	Short-term Medium-term Long-term	Certain operational areas of STECON in Thailand are exposed to elevated coastal flood risk. Flooding in construction areas or surrounding infrastructure may result in operational disruptions, delays in project delivery, and potential impacts on project continuity.	Business interruption impacts are expected to increase progressively across all assessed scenarios in 2030, 2040, and 2050, with the most pronounced impacts projected in 2050 under temperature increases exceeding 3°C. The analysis further indicates that coastal flood risk is likely to intensify over time.	Financial impacts arising from business disruptions are expected to increase as a result of delays in project execution and delivery. These impacts are likely to escalate over the medium to long term, particularly under higher temperature scenarios. Risk Level¹ Short-term: Medium Medium-term: Very High Long-term: Very High

Driver	Climate scenarios	Time frame	Key Assumption	Analysis Results	Financial impacts
Transition risks					
Change in carbon price	- 1.5 °C - 2-3 °C - > 3°C	Short-term Medium-term Long-term	Regulatory measures aimed at reducing greenhouse gas emissions may result in increased costs associated with carbon pricing, both directly and indirectly. The magnitude of the impact on STECON will depend on the scope of emissions subject to regulation and the stringency of policies under each scenario.	Financial costs associated with carbon pricing for greenhouse gas emissions under Scope 1 and Scope 2 are expected to increase over time, particularly in 2030, 2040, and 2050, across most scenarios. The highest impact is projected under the 1.5°C scenario in 2050, driven by more stringent regulatory measures. In contrast, under scenarios exceeding 3°C, carbon prices are assumed to remain constant over the analysis period, reflecting a lower level of policy stringency and reduced use of carbon pricing mechanisms compared to other scenarios.	Costs associated with carbon pricing may increase over the short, medium, and long term, particularly under scenarios with more stringent regulatory requirements. Such impacts may affect operating expenses related to assets and construction areas. Risk Level¹ Short-term: Low to Very High Medium-term: Very High Long-term: Very High

Note: Increasing water stress has not been included in the scenario analysis at this stage due to limitations in available quantitative data, which are currently insufficient for robust assessment.

Source: ¹ Risk levels are based on STECON's internal climate risk assessment, evaluated in terms of potential financial impacts.

² Risk levels are based on STECON's internal climate risk assessment, evaluated in terms of potential impacts on construction operations.

4.3 Climate Response to Risks and Opportunities

STECON has assessed climate-related risks and opportunities arising from climate change to support strategic planning and business decision-making. Based on this assessment, STECON has developed response measures focusing on both mitigation and adaptation, aiming to reduce climate-related risks while enhancing resilience and capitalizing on emerging opportunities.

4.3.1 Mitigation

STECON places emphasis on reducing greenhouse gas emissions from its business operations. Key initiatives include promoting the efficient use of energy and resources, improving operational processes through low-carbon technologies, and supporting transition strategies aligned with climate change mitigation goals.

Mitigation	Costs
Reducing energy consumption through improvements in operational processes to enhance efficiency, along with promoting the use of electric vehicles (EVs).	8,973,087 Baht ^{1/}
Increasing the use of renewable energy, such as installing solar power generation systems and associated equipment.	4,111,771 Baht ^{2/}
Improving construction processes and selecting materials to enhance efficiency in energy and resource utilization.	Under assessment
Enhancing energy efficiency in buildings and construction areas, such as designing energy-efficient buildings and installing LED lighting systems.	Under assessment
Promoting energy-efficient building design (passive design) to reduce the need for mechanical cooling and ventilation.	Under assessment
Utilizing low-carbon technologies to reduce environmental impacts and greenhouse gas emissions.	Under assessment
Developing innovation in construction processes to improve efficiency and reduce greenhouse gas emissions.	Under assessment
Assessing the potential for carbon offset mechanisms to support greenhouse gas emission reduction strategies.	Under assessment
Exploring carbon capture, utilization, and storage technologies (CCUS), where relevant and feasible, as part of long-term emission reduction strategies.	Under assessment

Note ^{1/}The costs associated with electric vehicle (EV) charging for the period from 1 January to 31 December 2025.

^{2/} The costs associated with the installation of solar panels for the period from 1 January to 31 December 2025.

4.3.2 Adaptation

STECON focuses on managing climate-related risks arising from both acute and chronic impacts of climate change in order to enhance operational resilience, maintain project continuity, and strengthen the long-term sustainability of its assets, workforce, and operations under increasingly severe and variable climate conditions.

Risks	Adaption
Rising Mean Temperatures	• Assess health and safety risks associated with high temperatures and extreme heat conditions for personnel • Monitor heat stress conditions and establish appropriate response measures to address heat-related incidents • Adjust working hours and work patterns of personnel during periods of elevated temperatures to reduce exposure risks • Implement employee health protection measures, such as providing adequate hydration, protective equipment, and rest areas • Improve the design and performance of office buildings and construction areas to better withstand high temperatures, including heat insulation, heat-reflective materials, and effective ventilation systems • Invest in efficient cooling systems and related equipment to support long-term temperature management
Increased Severity of River Flooding and Coastal Flooding	• Incorporate flood risk assessments in project planning, particularly for areas exposed to heavy rainfall, runoff, and flooding risks • Upgrade project sites and related infrastructure, including drainage and flood protection systems, to mitigate flood impacts on assets, machinery, and critical equipment • Develop emergency response plans and business continuity plans (BCP), including the allocation of necessary resources • Monitor weather forecasts and water levels closely and adjust operational plans accordingly • Implement worker safety measures in flood-prone areas, including safety protocols and emergency preparedness training • Enhance supply chain resilience and risk management through contingency logistics planning, coordination with relevant stakeholders, and periodic review of insurance coverage and contractual terms.
Increased Costs from Changes in Carbon Pricing	• Monitor carbon pricing policy developments closely • Integrate carbon cost considerations into project management processes, procurement of materials, construction activities, bidding processes, negotiations, and contract management • Assess and apply internal carbon pricing mechanisms to support investment decision-making and strategic planning • Develop greenhouse gas (GHG) emissions tracking systems to support effective carbon risk management

5. Risk Management

STECON has conducted a structured climate risk assessment to identify, assess, prioritize, and monitor climate-related risks that may impact its operations, financial position, reputation, and ability to continue as a going concern.

This process forms an integral part of STECON's enterprise risk management framework and is overseen by the Risk Management and Sustainability Committee. It supports the development of an appropriate operational framework, strengthens business resilience, and enables STECON to operate sustainably over the long term.

The assessment is conducted on an annual basis and is subject to additional review in response to significant events or material changes.

5.1 Risk Assessment Process

- 1) Risk identification
- 2) Risk analysis and evaluation
- 3) Risk prioritization
- 4) Determination of risk management and mitigation

5.2 Risk Assessment Criteria

STECON identifies, assesses, analyzes, and prioritizes climate-related risks by considering both likelihood (vulnerability) and impact on business operations, covering environmental, social, and governance (ESG) dimensions.

The assessment criteria are outlined as follows:

- 1) Vulnerability Criteria and Definitions

Level	Definition	Description
1	Low	- Established policies, procedures, or standard operating practices are in place and consistently implemented, enabling effective management of climate-related risks - Continuous monitoring and regular evaluations are conducted
2	Medium	- Policies, procedures, and/or implementation practices exist but are not fully implemented or consistently applied, resulting in only partial risk management effectiveness - Monitoring and evaluations are conducted on an irregular basis
3	High	- Policies, procedures, and/or implementation practices exist; however, they are insufficient to effectively manage climate-related risks - Monitoring and evaluations are conducted only occasionally
4	Very High	- No policies, procedures, or standard operating practices are in place, or where they exist, they are not implemented, resulting in an inability to effectively manage climate-related risks - No monitoring or evaluation processes are performed

2) Impact Criteria and Definitions

a. Operation impact

Level	Definition	Description
1	Low	• No significant impact on management or operational activities across the organization • No impact on the continuity of routine operations that are performed on a daily basis
2	Medium	• Minor impact on operations in certain areas • Limited disruption to operational continuity; delays or interruptions can occur but can be resolved within 3 days
3	High	• Significant impact on management and operational activities across multiple areas • Material disruption to operational continuity; delays or interruptions may require more than 3 days but not exceed 6 days to resolve
4	Very High	• Severe impact on executive management and overall operations • Major disruption to operational continuity; delays or interruptions requiring more than 6 days to resolve

b. Financial Impact

Level	Definition	Description
1	Low	• Financial loss of not more than THB 1 million
2	Medium	• Financial loss of more than THB 1 million but not exceeding THB 2 million
3	High	• Financial loss of more than THB 2 million but not exceeding THB 3 million
4	Very High	• Financial loss exceeding THB 3 million

c. Environmental, Health and Safety Impact

Level	Definition	Description
1	Low	• Non-compliance with regulations, standards, or requirements in a minor issue related to environmental, occupational health and safety, or safety aspects • No penalties imposed and no impact on stakeholders
2	Medium	• Non-compliance with applicable regulations, standards, or requirements in areas related to environmental, occupational health and safety, or safety • Incident is detectable and does not result in complaints or harm to individuals
3	High	• Non-compliance with regulations, standards, or requirements in areas such as environment, occupational health and safety, or safety • Leads to complaints from affected stakeholders or community members and requires corrective actions or improvements • May result in business disruption, such as temporary suspension of operations
4	Very High	• Serious non-compliance with regulations, standards, or requirements across environmental, occupational health and safety, or safety areas • Results in significant impacts, such as injuries, fatalities, or severe environmental damage

d. Reputational Impact

Level	Definition	Description
1	Low	• No public exposure (public news/media coverage) that damages STECON's image or reputation
2	Medium	• Limited negative news or isolated complaints related to STECON or its personnel
3	High	• Widespread negative media coverage or multiple complaints related to STECON or its personnel • Noticeable dilution of stakeholder confidence
4	Very High	• Extensive and sustained negative media coverage affecting STECON or its personnel • Significant reputational damage (e.g., loss of credibility) • Potential regulatory scrutiny or objections raised by external stakeholders or authorities

In addition, STECON has assigned weighting factors to each impact dimension to determine the overall risk score, as follows:

Impact Dimension	Weight (%)
Operational Impact	30%
Financial Impact	30%
Environmental, Health and Safety Impact	20%
Reputational Impact	20%

3) Risk Severity Levels and Definitions

Risk Color	Risk Level	Description
	Very High Risk	Represents a risk that cannot be accepted without the implementation of a remediation plan or strategic interventions (e.g., revising strategies or operational approaches to address the risk). Escalation to senior management is required for immediate action.
	High Risk	Represents a risk that cannot be accepted without the implementation of a remediation plan. Continuous monitoring and regular follow-up actions are required to manage the risk effectively.
	Medium Risk	Represents a tolerable risk; however, mitigation measures should be considered where appropriate. Ongoing monitoring and periodic review are required to ensure the risk remains under control.
	Low Risk	Represents an acceptable level of risk. No additional mitigation measures are required; however, the risk should be monitored as part of routine operations.

Definition and Explanation of Each Level of Risk Severity

In addition, STECON incorporates the results of climate-related risk assessments into its enterprise risk management (ERM) processes, enabling systematic identification, assessment, prioritization, and monitoring of risks.

Such integration supports the development of appropriate risk management plans and mitigation measures to address climate-related risks, while enhancing STECON's resilience and preparedness for potential impacts. It also strengthens strategic decision-making and enables STECON to operate sustainably over the long term.

6. Metrics & Targets

STECON has designated 2024 as the base year for greenhouse gas (GHG) emissions management, as it represents the first year in which STECON was able to establish a comprehensive emissions data structure. As a group company with multiple subsidiaries, this enables STECON to systematically collect and track GHG emissions data across its operations.

The data currently covers key business units, including STEC, as well as project operations such as SNT and WISDOM. STECON has established the following targets:

Targets
Reduce greenhouse gas emissions by 2% from the base year by 2029 (short-term)
Reduce greenhouse gas emissions by 8% from the base year by 2038 (medium-term)
Reduce greenhouse gas emissions by 20% from the base year by 2050 (long-term)
Achieve carbon neutrality by 2050

Note :

1. The base year has been set as 2024, which represents the first year of systematic greenhouse gas data collection covering Scope 1 and Scope 2 emissions.
2. The targets are subject to change depending on STECON's business expansion, investment plans, and the availability of emissions reduction technologies and relevant data.

Metric	Unit	2023	2024	2025
Total greenhouse gas emissions	tCO ₂ e			
Scope 1 emissions	tCO ₂ e	587	30,738	37,865
Scope 2 emissions	tCO ₂ e	340	8,842	6,788
Scope 3 emissions	tCO ₂ e	138	14,701	17,784
- Purchased goods and services	tCO ₂ e	0	10,198	12,900
- Fuel- and energy-related activities	tCO ₂ e	138	4,503	4,884
GHG emissions intensity	tCO ₂ e / million THB revenue	N/A	1.29	1.30

Note:

3. The data boundary for 2023 covers only the operations of the head office of STECON Group Public Company Limited.
4. The data boundary for 2024–2025 covers the operations of STECON Group Public Company Limited and its subsidiaries, including Sino-Thai Engineering and Construction Public Company Limited, SNT Concrete Solutions Company Limited, and Wisdom Services Company Limited, as well as construction units under Sino-Thai Engineering and Construction Public Company Limited.
5. STECON has developed an organizational greenhouse gas (GHG) inventory in accordance with the GHG Protocol and the Corporate Carbon Footprint (CFO) Guideline, Version 6, issued by the Thailand Greenhouse Gas Management Organization (TGO). The reporting follows the operational control approach, covering emissions from activities under STECON's direct operational control.
6. Emissions data have been converted into greenhouse gas quantities using recognized emission factors from reputable sources, including the Intergovernmental Panel on Climate Change (IPCC), the Thai National LCI Database, TIISMTEC-NSTDA, and IPCC AR5, together with TGO electricity emission factors for 2016–2018.

7. The reporting covers key greenhouse gases, including carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O), which are calculated and presented as carbon dioxide equivalent (CO₂e) using Global Warming Potential (GWP) values defined by the IPCC.
8. The base year (2024) has been updated to improve completeness and accuracy, as follows:
 - 1) Inclusion of electricity consumption from the cooling tower at the head office
 - 2) Inclusion of electricity consumption from solar power systems billed by Gulf. These adjustments improve the accuracy and completeness of the base year data, ensuring that it better reflects actual operations, and provide a more reliable baseline for tracking progress against STECON's greenhouse gas emission reduction targets.
 - 3) Inclusion of Scope 3 Category 3: Fuel- and energy-related activities
 - 4) Revision of base year revenue data to align with consolidated financial statement principles, ensuring accurate representation of business performance and avoiding double counting
9. STECON has engaged an independent third party to verify and assure its greenhouse gas emissions data. The assurance report is publicly available on STECON's website at:
<https://www.stecongroup.co.th/th/sustainability/environment-dimension>
10. N/A (Data not available) indicates that data are currently unavailable or have not yet been collected for the specified item.
11. Scope 3 Categories: Purchased goods and services, reported by STEC; Fuel and energy related activities, reported by STEC