CYPARK RESOURCES BERHAD'S CLIMATE RISKS REVIEW

Risk: Physical Risks	Details	Horizon	Mitigation Actions
1) Flood Risk in the Large-Scale Solar 3 (LSS3) Plant in Merchang, Terengganu	The IPCC's Sixth Assessment Report highlights exposure due to climate change. Flooding occurred as a consequence of above average rainfall throughout the 2022 rainy season exacerbated by shorter spikes of very heavy rain leading to flash floods. The flood-prone site at Cypark's LSS3 Plant in Merchang, Terengganu, faces heightened risk from recurrent, severe floods, threatening both infrastructure and operational resilience. Floodwaters can harm ground-mounted solar panels, wiring, inverters, and other components, leading to outages or costly repairs. Flood situations also occasionally disrupts operations as it can block site access, delaying maintenance and reducing efficiency. **Potential Impact: Medium**	Long-term	Cypark has transformed flooding challenges into opportunities by developing a hybrid solar plant with 35 MW floating and 65 MW ground-mounted panels. This hybrid solar plant setup optimises land use and ensures energy production during floods, with floating panels maintaining output when water levels rise. The floating solar panels are assembled at the height of 5.5m to mitigate any potential risk from rising water. Cypark is equipped to formulate a comprehensive emergency response plan that includes providing protective equipment and safety training for extreme weather, utilising drones or remote systems for monitoring to minimise on-site presence, and establishing alternate transport routes to maintain access for maintenance crews during floods.
2) Shifts in Rainfall Patterns due to Temperature Changes	Climate change in Malaysia causes shifts in rainfall patterns which may impact irradiance. Performance of solar panels are highly correlated with irradiance from the sun which can be reduced by cloudy weather conditions and increased rainfall. **Potential Impact: Low/Medium**	Long term	Cypark maintains constant temperature checks at its solar sites for optimising performance and prolonging the lifespan of its panels and equipment. The checks include a combination of methods including temperature sensors, data loggers, remote monitoring systems, SCADA systems, thermal imaging cameras and regular maintenance and inspections.

3) Erosion Risk	The solar project in Merchang, Terengganu is about 2km in distance from the coastal shorelines, hence the structural geology also indicates that there is no erosion impacting the area. This is also supported by its topographic average elevation of 30m. The on-going development solar project at Danau Tok Uban, Kelantan is a natural lake that has not observed any erosion impact just yet. **Potential Impact: Low**	Long-term	Cypark conducts regular water quality tests to maintain biodiversity. Paramaters such as temperature, pH levels and turbidity level are monitored to ensure habitat suitability, composition of organic matter and aquatic life as well as assessment on sedimentation impacts. The company will be undertaking nutrient level (nitrogen and phosphorus) tests to ensure that balanced nutrient levels do not lead to eutrophication, increase of algal blooms, oxygen depletion and harm aquatic life. In keeping these waterbodies clean and functional, the management is also establishing shoreline management procedures.

Risk: Transition Risks	Details	Horizon	Mitigation Actions
1) Financial Risks	Financial risks associated with climate change refer to the potential negative impacts on a company's financial performance due to environmental factors, regulatory changes, and market dynamics. • Compliance with existing environmental regulations may incur costs. However, with effective budgeting and strategic planning, Cypark can manage these costs effectively, positioning them as lower materiality risks compared to the potential consequences of non-compliance. **Potential Impact: Medium**	Medium to long-term	Cypark has implemented cost-control measures and operational efficiencies to effectively manage increased operational costs. By adopting innovative technologies, the company has enhanced productivity and reduced overall expenses. Cypark maintains transparent communication with investors regarding its sustainability initiatives and financial performance. This proactive approach has built trust and secured investment support, even during challenging market conditions.