

ESG and Sustainability Report 2025

Information extracted from Capral Annual Report 2025





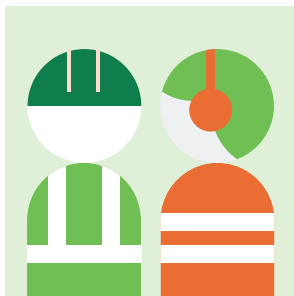
ESG Report

Reporting Approach

Capral's climate-related financial disclosures, including governance, strategy, risk management, metrics and targets prepared in accordance with AASB S2 and the Corporations Act 2001 (Cth), are presented in a standalone Sustainability Report on Climate. This ESG section of the Annual Report covers Capral's broader environmental, social and governance practices beyond climate. The Sustainability Report and this ESG section should be read together to provide an overview of Capral's sustainability-related matters for FY2025.

Governance

Oversight of environmental, social and governance matters is provided by the Board and Audit and Risk Committee, with management responsible for implementation through established operational and compliance frameworks.



Safety

Safety remains a core operational priority. Over the past year we have continued to build on the foundations of our safety framework, investing in smarter systems, stronger processes and broader capability across our workforce. Our focus has been on driving greater consistency and transparency in how we identify, assess and respond to risk, ensuring that every level of the business is empowered to contribute to a safer workplace.

Capral continued to enhance its Integrated Management System (IMS) with a focus on refining our safety observation processes. These improvements now provide a clearer and more consistent view of causal risk within the workplace, enabling our teams to identify root causes with greater precision and implement more effective corrective actions. This refinement strengthens our ability to move beyond reactive responses and towards a genuinely preventative safety culture.

We introduced a contracted driver induction program. This initiative ensures that external drivers operating freight movements on our premises are held to the same safety standards as our own workforce. By embedding transparency and accountability into our logistics operations, we have strengthened the safety of one of our higher-risk activities and reinforced a unified approach to hazard management across the business.

Building on the integration of our external training platform, Capral further refined the system to improve ease of access to training and recertification across the entirety of the business. These enhancements streamline the pathway for employees to maintain the competencies and qualifications required for their roles, ensuring that ongoing professional development remains efficient and accessible. This continued investment reinforces our commitment to equipping our workforce with the skills necessary to work safely and effectively.

Capral also integrated a chemical register system into IMS, enabling greater transparency and oversight of hazardous substances across all sites. This integration ensures that chemical inventories, safety data sheets and handling requirements are centrally managed and readily accessible, supporting our teams in identifying and mitigating chemical-related risks.

Capral's Total Reportable Injury Frequency Rate (TRIFR) for FY25 was a record low 3.6 (FY24: 7.7), which remains well below the industry average for listed building products manufacturers. This result reflects the continued effectiveness of our integrated approach to safety management and our sustained investment in systems, training and workplace culture.



Aluminium Stewardship Initiative (ASI)

Capral maintained its certification under the Aluminium Stewardship Initiative (ASI), remaining the only ASI certified aluminium extruder in Australia. ASI is a globally recognised organisation that sets rigorous standards for responsible practices across the aluminium value chain

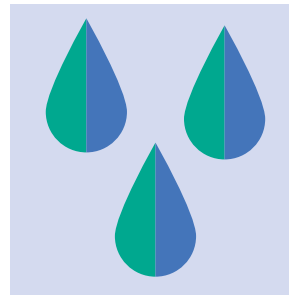
Central to our ASI commitment is the continued provision of Chain of Custody certified material to our customers. The ASI Chain of Custody Standard enables traceability of responsibly produced aluminium throughout the supply chain, providing our customers with independently verified assurance that the material they receive has been sourced in accordance with ASI's stringent criteria. Capral gives architects, builders and specifiers the confidence to make informed procurement decisions that align with their own sustainability and responsible sourcing objectives.

Lower Carbon Aluminium (LocAl®)

Capral's lower-carbon aluminium, LocAl®, continues to represent our commitment to innovation in sustainable product development.

LocAl® is produced using energy generated from lower carbon emitting sources during the smelting phase, resulting in a reduced carbon footprint compared to conventionally produced aluminium.

Capral is in the process of producing an Environmental Product Declaration (EPD) for LocAl®. An EPD is an independently verified, standardised report that transparently quantifies the environmental impact of a product across its entire lifecycle. This will provide customers and stakeholders with third-party verified data on the environmental performance of LocAl®, enabling direct comparison with alternatives. Importantly, an EPD will also assist customers in meeting embodied carbon targets and emission reduction requirements contributing to green building certifications and sustainable procurement goals.



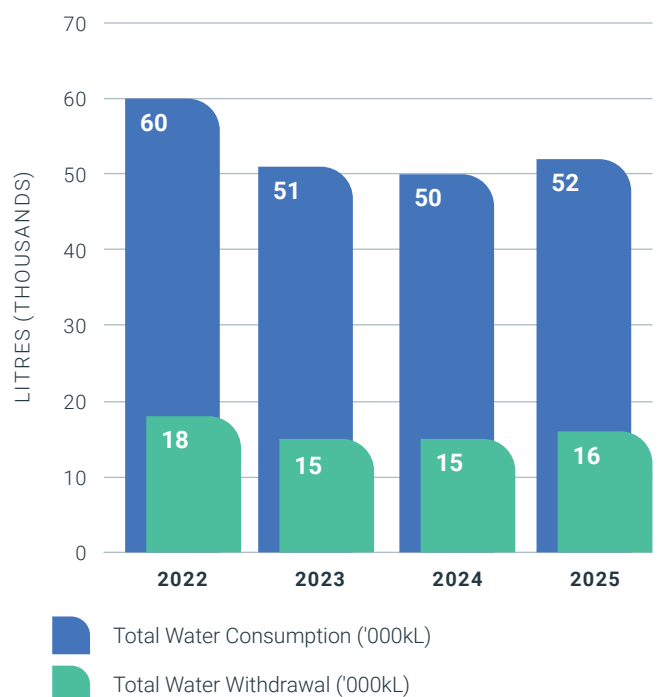
Water Stewardship

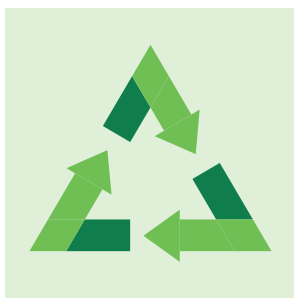
Capral monitors water usage across its operations as part of its commitment to responsible resource management. At Capral water is primarily used and measured in cooling, surface treatment and production processes. Overall, Capral's water withdrawal and consumption remain relatively low and our assessment of water-related risks indicates that exposure is limited given the nature and scale of our operations.

A number of our manufacturing sites operate closed-loop water systems, which enable water used in production processes to be captured, treated and recirculated. These systems reduce our reliance on mains water supply and minimise discharge, supporting both operational efficiency and environmental outcomes. Capral continues to review opportunities to extend closed-loop capabilities across additional sites.

Capral will continue to track and report water performance as part of our broader sustainability reporting.

Total Water Consumption & Withdrawal



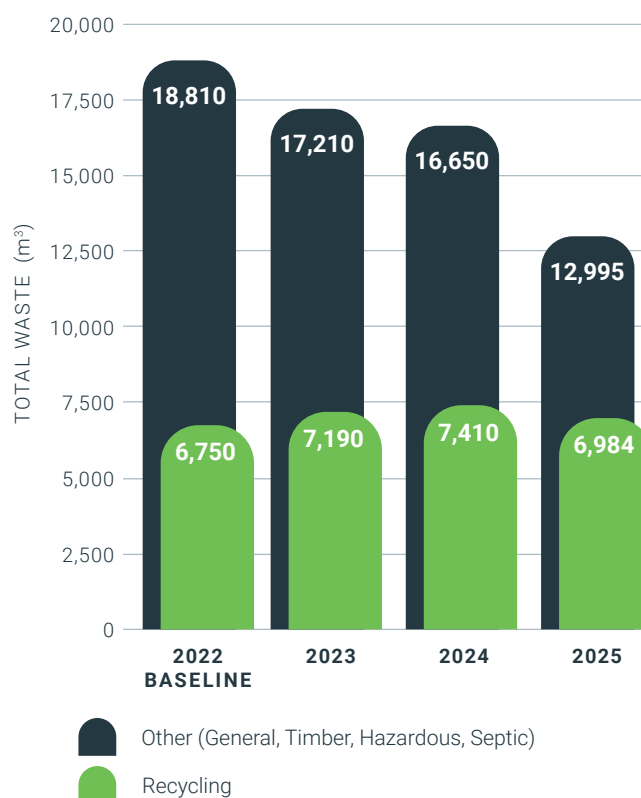


Waste Management and Circular Economy

Effective waste management remains a key focus for Capral. Waste is our primary material impact area, with aluminium production scrap accounting for approximately 40 percent of total waste, packaging at approximately 25 percent, general operational waste at approximately 20 percent, and timber recycling accounting for the balance. Capral implements targeted programs to improve recovery rates and reduce the volume of material sent to landfill.

Since establishing our FY22 baseline, Capral has made meaningful progress in waste reduction and recycling performance. Total waste has decreased by 21.8 percent, from 25,562 tonnes to 19,980 tonnes in FY2025. Our recycling rate has improved by 8.6 percentage points to 35%, while waste to landfill has reduced by 31% over the same period. These results reflect the impact of improved waste segregation and contamination prevention, greater employee engagement in recycling practices, and reduced production waste through process optimisation.

Total Waste



METRIC	FY2022 BASELINE	FY2023	FY2024	FY2025	CHANGE 2022-2025
Total Waste (tonnes)	25,562	24,393	24,065	19,980	↓ 21.8%
Waste Recycled (tonnes)	6,750	7,190	7,410	6,984	↑ 3.5%
Recycling Rate (%)	26.4%	29.5%	30.8%	35%	↑ 8.6 pp
Waste to Landfill (tonnes)	18,810	17,210	16,650	12,995	↓ 30.9%

Waste represents Capral's most significant non-climate environmental impact. Capral has continued to trial, assess and refine enhanced waste segregation and recycling practices. These trials expanded segregation from two bin types to six or more. Supported by employee training, visual labelling and toolbox talks this delivered over 20% improvement in sorting behaviour. Daily contamination monitoring improved waste quality and reduced cross-contamination.

Pilot sites achieved recycling rates of 55-60% compared with 35-40% percent at non-pilot sites. The learnings will be rolled out nationally with the objective of lifting recycling performance across the business.



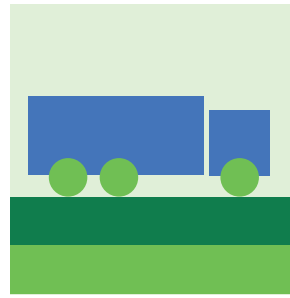
Modern Slavery and Ethical Sourcing

Capral remains committed to upholding high ethical standards throughout its supply chain. Our Supplier Code of Conduct continues to set clear expectations for partners, requiring adherence to appropriate environmental, social and governance practices. These requirements play an important role in combatting modern slavery and promoting responsible sourcing across the materials and services we procure. Capral publishes a Modern Slavery Statement in accordance with the Modern Slavery Act 2018 (Cth).

We continue to conduct annual risk assessments of our supplier base, with a particular focus on identifying and addressing potential concerns in geographies where the risk of modern slavery is elevated. This structured approach enables early intervention and ensures that corrective measures can be implemented where necessary, reinforcing the integrity of our supply chain.

Our Whistle Blower programme, which was expanded in prior years to encompass procurement and supplier practices, continues to provide a confidential channel through which ethical concerns can be raised and addressed promptly.

Through these ongoing initiatives, Capral aims to advance ethical sourcing and modern slavery prevention, contributing to the broader goal of setting a standard for responsible and sustainable practices within our industry.



Freight Management and Packaging Initiatives

Capral continues to evolve its freight and packaging practices in support of our broader sustainability goals and supply chain efficiency. Building on the contracted driver induction program outlined earlier, our focus this year has extended to a more comprehensive review of how our despatch operations align with the safety and service standards expected of our freight management function. We conduct ongoing operational reviews of our despatch areas across the business to ensure they provide a safe and compliant environment for both our employees and logistics partners.

Our Chain of Responsibility steering committee drives a continuous improvement mindset across all freight-related activities. The committee plays a central role in reviewing operational practices, identifying areas for enhancement and ensuring that Capral meets its obligations under Chain of Responsibility legislation. This structured governance approach reinforces accountability at every stage of the freight process and ensures that safety, compliance and sustainability remain embedded in our logistics operations.

Capral continues to review freight operations to ensure alignment with safety, compliance and Chain of Responsibility obligations. Our freight management software application remains integral to our operations, providing real-time data to support our customers while enabling sustainability tracking and hazard management. These combined initiatives demonstrate Capral's commitment to integrating advanced technology and continually refining our supply chain processes in pursuit of more sustainable outcomes.



Employee Development

Capral's commitment to sustainability extends beyond environmental performance and into the development of our people. We recognise that a skilled and engaged workforce is fundamental to delivering on our long-term objectives and maintaining our competitive position in an evolving industry. Through partnerships with a range of training organisations, we offer comprehensive upskilling opportunities that promote both personal and professional growth, ensuring our teams are equipped to meet the changing demands of our business.

Our IMS provides employees the ability to structure training pathways aligned to specific roles, ensuring that training is not only relevant but also integrated into day-to-day operations. A review of training on work instructions is underway. This initiative aims to modernise the delivery and documentation of procedural training, ensuring that our workforce receives clear, consistent and up-to-date guidance across all operational processes.

Capral is mindful of evolving workforce demographics and the importance of planning for the future. We are taking a proactive approach to ensuring the long-term sustainability of our workforce while safeguarding the health and safety of the employees who are at the heart of Capral's operations. This will help us adapt working conditions, training methods and support structures to meet the needs of our people, providing employees the opportunity to continue to contribute safely and effectively throughout their career with Capral.

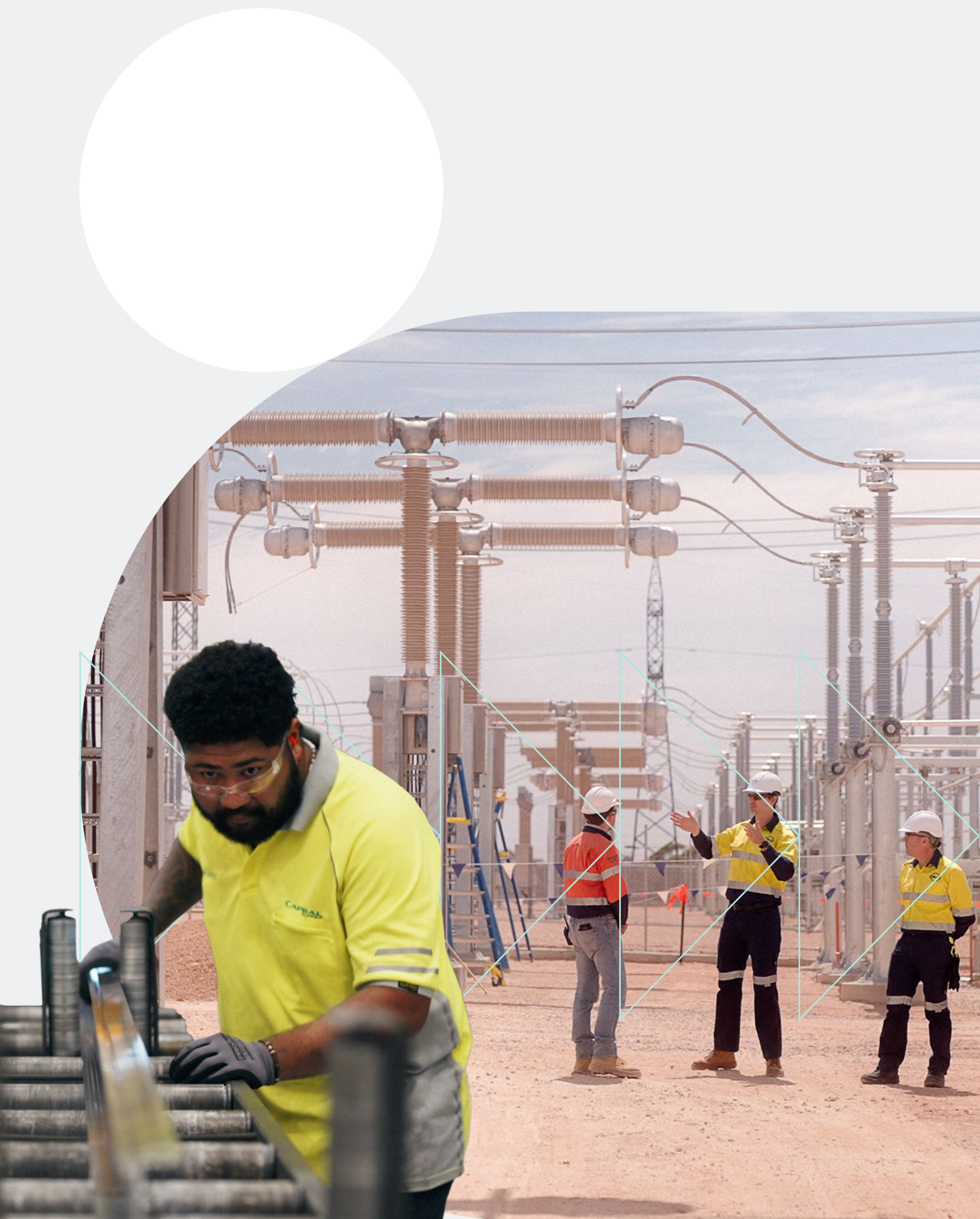


Social Responsibility

Capral maintains a strong focus on community engagement. Our corporate social responsibility culture is reflected in the breadth of social initiatives we support, including campaigns to raise awareness of mental health through R U OK? Day, domestic violence through the Strive To Be Kind campaign, and men's health through Movember. These efforts continue to attract a high level of employee involvement, reinforcing a workplace culture that values wellbeing and social contribution.

Capral also supports a wide range of charity and social organisations, supporting community and social initiatives consistent with Capral's corporate values. These include:

- ▶ Allison Baden-Clay – Strive To Be Kind
- ▶ Westpac Rescue Helicopter
- ▶ Disability Sports Victoria
- ▶ Beyond Blue
- ▶ Movember
- ▶ Monash University
- ▶ Cancer Research
- ▶ Starlight Foundation
- ▶ Fiona Wood Foundation
- ▶ Sculptures by the Sea
- ▶ University of Wollongong
- ▶ Walk for Prems
- ▶ Dandelions WA
- ▶ Westmead Hospital Foundation
- ▶ Suicide Prevention Pathways



Sustainability Report

Introduction

This Sustainability Report contains Capral Limited's climate-related financial disclosures for the year ended 31 December 2025 and constitutes the climate statements of Capral Limited for the purposes of Part 2M.3 of the Corporations Act 2001 (Cth). The climate statements have been prepared in accordance with Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures (AASB S2) and Corporations Act 2001.

The climate statements are prepared for the same reporting entity and reporting period as Capral's consolidated financial statements and should be read in conjunction with those financial statements and related notes. Where relevant, climate-related information is connected to Capral's financial reporting, risk management framework and governance arrangements.

The objective of these climate statements is to provide users of Capral's general purpose financial reports with information about climate-related risks and opportunities (CROs) that could reasonably be expected to affect Capral's prospects, including its financial position, financial performance and cash flows over the short, medium and long term. The disclosures focus on governance, strategy, climate risk management, climate resilience, metrics and targets, as required by AASB S2.

This Sustainability Report is intentionally limited in scope. It addresses only climate-related financial disclosures required by AASB S2 and the Corporations Act. Capral's broader environmental, social and governance disclosures, including information on workforce, safety, community, waste and other environmental matters, continue to be presented in the ESG section of the Annual Report. That ESG section provides broader sustainability context, while this Sustainability Report is focused specifically on climate-related matters from a financial risk and disclosure perspective. Together, the disclosures are intended to provide a complete but non-duplicative view of Capral's sustainability-related matters.

As this is Capral's first reporting period applying AASB S2, the climate statements apply the transition reliefs permitted under the standard, including relief from comparative disclosures and from disclosure of Scope 3 greenhouse gas emissions. These transition reliefs, together with significant judgements, assumptions and sources of estimation uncertainty, are disclosed in the Basis of Preparation.

Capral expects its climate-related financial disclosures to evolve over time as data quality improves, methodologies mature and climate-related considerations continue to be embedded into strategy, risk management, capital allocation and financial planning.

1. Basis of Preparation

1.1 Reporting entity

Capral's 2025 Sustainability Report has been prepared for Capral Limited and its subsidiaries (together referred to as 'Capral' or 'the Company') and should be read in conjunction with the Company's consolidated financial statements.

1.2 Statement of compliance

This Sustainability Report contains Capral's climate-related disclosures prepared in accordance with AASB S2 Climate-related Disclosures, and the Corporations Act 2001.

1.3 Connectivity

This report contains climate-related financial information for the financial year ended 31 December 2025, aligning with the reporting period of Capral's consolidated financial statements. Where applicable, related matters are directly cross-referenced to the relevant remuneration report sections.

1.4 Functional and presentation currency

Sustainability-related financial information is presented in Australian dollars (AUD). All amounts have been rounded to the nearest thousand, unless otherwise stated.

1.5 Sources of guidance

Capral prepared this report in accordance with AASB S2, and applied the National Greenhouse and Energy Reporting (NGER) framework for emissions measurement as required by the Australian jurisdictional authority and consistent with AASB S2.29(a)(ii).

1.6 Transition reliefs

In preparing this report, Capral has applied the following transition reliefs permitted under AASB S2 for the first annual reporting period:

- ▶ relief from presenting comparative information for climate-related disclosures; and
- ▶ relief from disclosing Scope 3 greenhouse gas emissions.

1.7 Location of disclosures

This sustainability report forms part of Capral's Annual Report. Cross-references to other sections of the Annual Report, including the Financial Statements and Remuneration Report, are provided where relevant.

1.8 Judgements

The preparation of this sustainability report involved applying judgement to determine what information is relevant, reliable and useful to disclose. This includes interpreting reporting requirements and making informed decisions where the standards allow flexibility. The table below summarises key judgements applied.

TOPIC	DESCRIPTION
Materiality assessment	To identify material CROs, Capral exercised judgement in assessing financial significance, likelihood and operational relevance across its value chain, consistent with its enterprise risk management framework. CROs were evaluated against Capral's enterprise materiality threshold, with qualitative factors such as geographic exposure, risk velocity, regulatory sensitivity and potential aggregation or compounding effects considered where individual impacts were assessed as below the threshold.
Scenario selection	Selecting scenarios for climate-related scenario analysis required judgement to reflect a range of temperature outcomes and transition pathways most likely to affect Capral's strategy, business model and financial position. Capral selected SSP1-2.6 (warming limited to ~1.8°C by 2100) as the low global warming scenario and SSP3-7.0 (exceeding 2.5°C) as the high global warming scenario to provide contrast between high-transition and high-physical-risk outcomes. Scenario analysis has been prepared using a low and a high global warming pathway to meet the climate scenario analysis requirement under the Corporations Act and to remain consistent with AASB S2. Although SSP1-2.6 (warming limited to ~1.8 degrees by 2100) represents a 'well below 2°C' trajectory rather than a pathway explicitly limited to 1.5°C, warming of 1.5°C falls within the "very likely" temperature range of this scenario. The transition dynamics, policy assumptions and system-wide characteristics under SSP1-2.6 (warming limited to ~1.8°C by 2100) are broadly consistent with 1.5°C-aligned pathways, and Capral considers the use of this scenario appropriate for assessing climate resilience. Fully Paris-aligned scenarios such as SSP1-1.9 are less widely adopted in downscaled climate modelling and have more limited availability of consistent, location-specific datasets relevant to Capral's operations. Having regard to data availability, comparability and modelling maturity, Capral considers SSP1-2.6 to provide a robust and decision-useful basis for resilience assessment at this stage. Capral does not expect that the difference between a 1.5°C-aligned pathway and the median outcome of SSP1-2.6 would materially change the identification or relative ranking of the climate-related risks and opportunities disclosed. While certain transition parameters, including carbon pricing trajectories, may be more accelerated under a 1.5°C pathway, the nature of the transition risks identified and the overall resilience conclusions are not expected to be materially different. This reflects management judgement based on the scenarios assessed rather than a quantitative comparison of alternative Paris-aligned pathways.
Time horizons	Capral defined short-term (3 years), medium-term (3–10 years) and long-term (beyond 10 years) horizons aligned with how the Company plans, invests and manages risk. These differ from climate science models, which extend beyond the period over which Capral makes strategic or financial commitments.

1.9 Measurement Uncertainty

Measurement uncertainty affecting the amounts disclosed in this sustainability report arises from data gaps, reliance on proxy information, external factors and forward-looking information. The table below summarises the main sources of measurement uncertainty affecting the amounts disclosed.

TOPIC	DESCRIPTION
GHG emissions	GHG emissions quantification is subject to inherent limitations due to incomplete scientific knowledge and methods used to determine emissions factors. The selection of different but acceptable emission factors or measurement techniques could result in materially different GHG emissions reported. There have been no changes in measurement approach from the previous reporting period. Measurement uncertainty arises in relation to the calculation of Scope 1 and Scope 2 greenhouse gas emissions due to estimation assumptions and data quality limitations. This uncertainty relates to the disclosed FY2025 Scope 1 and Scope 2 emissions metrics presented in the Metrics and Targets section.
Physical risk assessment	Physical climate risk assessments rely on climate projection models and localised hazard data, which contain inherent uncertainty. The assessment of site-level exposure to acute and chronic physical risks involves assumptions about the severity, frequency and timing of climate-related events that may not materialise as projected. Measurement uncertainty arises in assessing physical climate risks due to the use of climate models, scenario assumptions and asset-level exposure data.
Transition risk and Opportunity assumptions	Forward-looking disclosures on transition risks rely on assumptions about future carbon pricing, policy settings and market dynamics, which are uncertain and subject to change. Outcomes are sensitive to these assumptions, particularly the pace and extent of regulatory intervention and grid decarbonisation. Measurement uncertainty arises in assessing transition risks and opportunities due to assumptions about policy, technology adoption, market behaviour and timing. This uncertainty relates to the transition risk and opportunity disclosures presented in the Strategy section.
Financial impact estimation	Measurement uncertainty arises in estimating potential financial impacts of CROs due to assumptions regarding future costs, capital expenditure and operational responses. This uncertainty relates to the estimated financial impacts disclosed in the Strategy section.

2. Governance

2.1 Climate Governance at Capral

Capral's climate governance oversees processes for identifying, assessing and managing CROs across the business, from Board oversight to operational implementation. Our governance structure establishes clear accountability, embeds climate considerations into major decisions, and supports accountability for climate-related performance measures.

The following outlines the governance structure.



2.2 Board and Committee Oversight

The Board has overall accountability for oversight of CROs. Detailed oversight of climate-related risk assessment, controls and disclosures is delegated to the Audit & Risk Committee, which reports to the Board. This structure is intended to ensure effective oversight while maintaining clear accountability between the Board and its committees.

2.2.1 Board of Directors

The Board of Directors maintains ultimate oversight of Capral's climate strategy, targets, risks, and opportunities.

The Board's oversight of CROs is embedded in its responsibilities under the Board Charter, including approval of strategy, capital allocation and risk appetite, and oversight of material sustainability risks.

The Board, supported by the Audit and Risk Committee, assesses the skills and experience required to oversee CROs as part of its ongoing Board skills and capability review processes. This includes consideration of climate and sustainability-related competencies, access to targeted briefings and training, and the use of external advisers where specialised expertise is required.

The Board approves Capral's climate response to sustainability and CROs, including major investment decisions, and ensures alignment with Capral's risk appetite and long-term objectives.

The Board reviews and approves Capral's climate strategy and emission reduction targets as part of the annual strategic planning cycle, with adjustments considered as required in response to material changes in risk exposure, regulatory requirements, or business conditions. Climate risks associated with physical and transition impacts are monitored as part of regular Board reporting, undertaken once in the current reporting year and scheduled to occur twice yearly at Board meetings.

In overseeing strategy, capital allocation and risk management, the Board considers CROs alongside financial, operational and safety considerations, including in the approval of major capital expenditure and strategic initiatives. Where relevant, the Board considers trade-offs between emissions reduction objectives, cost, operational resilience and customer requirements in its decision-making.

The Board oversees the inclusion of climate-related performance metrics in remuneration of certain executives (see 1.15).

The Board monitors progress against Capral's climate strategy, target and key climate-related performance indicators, and considers the associated financial implications, through regular management reporting.

2.2.2 Audit & Risk Committee

The Audit and Risk Committee's mandate includes reviewing climate-related risk identification, assessment and management, and monitoring management's implementation of related controls and disclosures.

Climate risk assessments, scenario analysis outputs and related management responses are reviewed at least twice yearly by the Audit & Risk Committee. The Committee also monitors the integration of climate-related risks into Capral's risk register, controls and escalation processes. The Audit & Risk Committee assists the Board by overseeing compliance with climate-related financial disclosure requirements under AASB S2 and the integrity of climate-related disclosures.

The Committee reviews CROs within the context of Capral's enterprise risk management framework, including the identification, assessment and prioritisation of material climate-related risks.

Where appropriate, the Committee seeks assurance that climate-related information is subject to appropriate internal controls and review processes consistent with those applied to other material business risks.

The Audit & Risk Committee also oversees the preparation of climate-related disclosures, including disclosures made under sustainability reporting requirements, and recommends these disclosures to the Board for approval. Material issues, emerging risks or significant changes in Capral's climate risk profile are escalated to the Board as required.

2.3 Management

Management monitors and manages CROs through Capral's enterprise risk management framework, including identification and assessment of climate-related risks within the Group risk register, defined data collection and review processes for emissions and other key metrics. These controls and procedures support the Board's oversight of CROs.

Management is responsible for implementing the Board's oversight of CROs and for preparing Capral's climate-related financial disclosures in accordance with AASB S2.

2.3.1 Managing Director & Executive Team

Climate performance is formally integrated into executive management through quarterly updates provided to the Managing Director and Executive Team. These updates allow climate considerations to be monitored at executive level, supporting timely decisions on emerging risks, opportunities, and resource allocation.

Climate considerations are incorporated into all material capital expenditure proposals. Investments are assessed for climate risk exposure, Scope 1 and 2 emission impacts, adaptation benefits, and alignment with Capral's 2030 emission reduction target.

Management is responsible for implementing the Board-approved approach to managing CROs. Day-to-day responsibility is delegated to the Managing Director and Executive Team, with oversight exercised through the executive governance framework. Climate-related information, including risk assessments, metrics and progress against targets, is subject to management review and internal controls consistent with Capral's enterprise risk management, financial reporting and disclosure control frameworks.

Climate-related matters are escalated to the Audit and Risk Committee and the Board through regular reporting and exception-based escalation where material issues arise. The Managing Director has primary accountability for integrating CROs into Capral's strategy, capital allocation, operational planning and enterprise risk management framework, and for executing the Board-approved climate-related strategic response and targets.

The Chief Financial Officer is responsible for the preparation, integrity and coordination of Capral's climate-related financial disclosures, including the design and operation of internal controls, disclosure processes, key judgements and assumptions, and ensuring consistency with Capral's financial statements, risk management framework and continuous disclosure obligations.

2.3.2 Group ESG, Climate & Risk Manager

The Group ESG, Climate & Risk Manager supports the development and implementation of Capral's climate strategy and operational programs. The role reports directly to the Managing Director, with a dotted reporting line to the Chief Financial Officer. This structure integrates climate considerations into financial planning, risk management, and major decision-making processes. The Group ESG, Climate & Risk Manager coordinates the formulation of Capral's climate strategy, emission reduction planning, scenario analysis, materiality assessments, and oversees the identification and assessment of CROs.

Climate risks are incorporated into the enterprise risk management framework, with the Group ESG, Climate & Risk Manager undertaking quarterly monitoring of risk status, mitigation progress, and emerging climate issues. This reporting supports the Audit and Risk Committee's twice-yearly climate risk reviews. The Group ESG, Climate & Risk Manager also leads climate-related reporting (Scope 1 and 2) and regulatory compliance activities, including Australian Sustainability Reporting Standards (ASRS), National Greenhouse and Energy Reporting (NGER), and Aluminium Stewardship Initiative (ASI) certification.

2.4 Operational Delivery

2.4.1 Divisional and Site Management

Divisional and Site Managers translate the climate strategy into practical action across operations, implementing emission-reduction initiatives, efficiency programs, and waste-management practices consistently across sites.

2.4.2 Employees

Employees support Divisional and Site Managers by collecting relevant activity data, implementing site-level initiatives, and participating in sustainability performance.

2.4.3 Stakeholders

Stakeholder feedback, including from customers and suppliers, informs Capral's climate priorities and reporting.

2.5 Skills and Competencies

2.5.1 Directors

The annual Board skills assessment includes climate competencies, covering understanding of climate science and policy, experience with energy transition, climate-related risk management, and long-term sustainability planning. The Board skills matrix includes climate-related competencies, and director development plans include climate training as required.

Directors receive climate-related training as part of the Board's ongoing development program. In FY2025, climate training was undertaken by the Board. The Board considers climate-related skills and competencies as part of its ongoing assessment of Board composition and performance. Directors receive induction and ongoing education on climate-related matters relevant to Capral's business and regulatory obligations, including developments in climate-related financial reporting.

2.5.2 Management

The Managing Director, Executive Team, and Group ESG, Climate & Risk Manager participate in ESG risk and control programs to enhance understanding of climate-related risk factors and mitigation controls. Management and operational leaders receive training relevant to their roles in identifying, managing and reporting CROs. Divisional and Site Managers receive training in emissions data collection, energy efficiency assessment, waste management, and climate risk identification.

2.6 Remuneration Linked to Climate Performance

Climate-related considerations are incorporated into Capral's executive remuneration framework to support accountability for the management of CROs. Climate-related performance measures form part of the short-term incentive assessment for relevant executive management, alongside financial, operational and safety measures.

The Board, through the Remuneration Committee, approves the design of executive remuneration arrangements, including the inclusion and weighting of climate-related measures, and reviews performance outcomes annually. The selection and assessment of climate-related measures are aligned with Capral's broader strategy, risk management framework and sustainability priorities, and are intended to support appropriate management focus without encouraging undue risk-taking or long-dated commitments.

Further detail on executive remuneration outcomes, including the specific weighting and assessment of climate-related performance measures for the reporting period, is disclosed in Capral's Remuneration Report page 27.

2.7 Governance Meeting Frequency

BOARD OF DIRECTORS	CLIMATE STRATEGY AND TARGET REVIEW AND APPROVAL	ANNUALLY (AND AS REQUIRED)
Board of Directors	Progress monitoring, KPIs, financial impacts	Twice yearly
Board of Directors	Capex assessments	As required
Audit & Risk Committee	Climate risk review, assurance findings	Twice yearly*
MD & Executive Team	Climate performance updates, resource allocation	Quarterly
Group ESG, Climate & Risk Manager	Risk monitoring, reporting preparation, ERM integration	Ongoing

* In FY2025, climate strategy review and related Board engagement occurred once during the reporting period. Ongoing oversight is maintained through regular governance processes as described in Section 1.10.

3. Climate Risk

Capral applies its standard enterprise risk management process to identify CROs across the business. Material CROs identified through this process are assessed through scenario analysis across defined time horizons.

During the current reporting period, Capral formalised and enhanced its climate risk management processes. While climate-related risks were previously considered within the broader enterprise risk framework, the introduction of structured scenario analysis, explicit assessment across planning aligned time horizons, and clearer CROs prioritisation represents an evolution from prior reporting.

CROs are assessed across three time horizons aligned with how Capral plans, invests and manages risk. These horizons differ from the timeframes used in some climate science models, which extend beyond the period over which Capral makes strategic or financial commitments:

TIME HORIZON	PERIOD	KEY FOCUS	RATIONALE
Short-term	3 years	Immediate transition risks affecting operating costs and capital allocation, and acute physical risks causing short-term operational disruption.	Reflects the period over which Capral prepares budgets, forecasts cash flows and manages risks on a rolling basis.
Medium-term	Approximately 3 to 10 years	Technology and energy transition decisions, evolving customer and market requirements, and chronic physical risks influencing asset performance.	Aligns with Capral's approved strategic planning horizons, capital allocation framework and major equipment refurbishment cycles.
Long-term	Beyond 10 years	Long-lived asset exposure, stranded asset considerations, and business model resilience under higher physical and transition risk scenarios.	Reflects the upper bound of economic life for major long-lived assets, such as extrusion presses and site infrastructure, and is used to assess potential stranded asset and business model risks. Given the inherent uncertainty, long-term impacts are assessed qualitatively rather than through detailed financial forecasting.

3.1 Materiality Assessment Process

Capral applies a structured, multi-stage approach to identify, assess and prioritise CROs. CROs are considered alongside other enterprise risks using the same materiality thresholds, likelihood and consequence criteria, ensuring relative prioritisation is consistent across Capral's broader risk portfolio. The assessment process is outlined below:

PHASE	DESCRIPTION	OUTPUT
Phase 1 Universe Development	Broad scanning of potential climate impacts using "Taskforce on Climate Related Disclosures" sector guidance, peer disclosures, regulatory drivers, historical incident analysis, customer sustainability expectations, and supply-chain vulnerability mapping and potential climate-related opportunities relevant to Capral's business model.v	Initial universe of potential physical (acute/chronic) and transition (policy/market/technology/reputation) risks.
Phase 2 Scenario-Based Assessment	Each identified CRO is assessed across relevant time horizons and climate scenarios to understand the nature, magnitude and timing of potential impacts.	Assessment for each potential risk for each time horizon and climate scenario.
Phase 3 Materiality Assessment	CROs are screened using financial significance, likelihood, exposure, and operational relevance. A financial impact threshold is used as one quantitative indicator, supported by qualitative criteria. Qualitative considerations include operational criticality, geographic exposure, risk velocity, potential for compounding impacts across sites, regulatory sensitivity, and relevance to strategic decision-making.	Schedule of prioritised risks, being those with strategic significance.
Phase 4 Stakeholder Validation	Cross-functional workshops (Operations, Distribution, Corporate functions) review and validate the prioritised risks to ensure operational relevance and practical grounding.	Final validated list of material risks.

The material climate-related risk (carbon pricing) identified through scenario analysis are integrated into Capral's enterprise risk framework. Mitigation and response actions are developed or adapted to reflect the nature of the material climate-related risk and are managed through the same risk register, governance, escalation and review processes applied to other material business risks.

Scenario-specific assessments and indicative financial impacts are incorporated into enterprise-level risk ratings and are monitored through management review and the Audit & Risk Committee at least twice per year. This process is reviewed periodically and updated to reflect changes in Capral's operating environment, strategy and available information.

Quantitative estimates are applied where potential impacts can be reasonably estimated using available and supportable information. Where impacts cannot be estimated with sufficient reliability, they are assessed qualitatively. The degree of quantification reflects the nature of the underlying risk, the availability of decision-useful data and the inherent uncertainty in climate-related assumptions.

In assessing materiality, Capral considers whether a climate-related risk or opportunity could reasonably be expected to affect the entity's prospects across any of the defined short-, medium- or long-term time horizons. This assessment includes consideration of quantitative financial thresholds as well as qualitative factors such as operational disruption, strategic positioning, regulatory exposure and stakeholder expectations. A risk may be disclosed as material where it meets Capral's enterprise materiality threshold in at least one time horizon, or where qualitative considerations indicate potential significance, even if impacts are not material in the current reporting period.

3.2 Climate Scenario Analysis

Capral's climate scenario analysis uses two climate-related scenarios to assess exposure to transition and physical climate risks. The scenarios are selected to meet the requirements of the Corporations Act and AASB S2 and to provide a clear contrast between high-transition and high-physical-risk outcomes relevant to Capral's business model:

SCENARIO	RATIONALE AND DESCRIPTION	DEGREE FUTURE*	TRANSITION SPEED	KEY ASSUMPTIONS
SSPs 1-2.6**	Representing a rapid transition consistent with global warming limited to ~1.8°C by 2100, including accelerated decarbonisation, strong policy action and increased deployment of low-emissions technologies.	Warming limited to ~1.8 degrees by 2100	Rapid	Higher and earlier carbon pricing with expansion of the Safeguard Mechanism; growing market demand for low-embodied-carbon and recycled-content products; moderated but increasing extreme heat and water scarcity impacts; accelerated grid decarbonisation with coal retirement and increased renewables; and faster adoption of energy efficiency and recycling technologies.
SSPs 3-7.0	Representing a delayed and fragmented transition characterised by slower policy action, higher emissions and significantly elevated physical climate risks, with global warming well in excess of 2.5°C.	In the order of 3°C or higher	Slow	Lower and delayed carbon pricing with fragmented policy settings; reduced market incentives for low-carbon products; more severe extreme heat, water scarcity, bushfire and flooding impacts on operations and supply chains; continued fossil fuel reliance with higher grid emissions intensity and energy security shortfalls; and slower uptake of low-carbon production technologies.

* Temperature outcomes are indicative and based on published scenario pathways. Actual outcomes are uncertain.

**SSP1-2.6 represents a climate-related scenario aligned with the latest international agreement on climate change (the Paris Agreement, December 2015), consistent with its goal of holding warming well below 2°C above pre-industrial levels.

The scenarios inform Capral's assessment of CROs across its defined time horizons and are used to test the resilience of its strategy and business model rather than to forecast precise outcomes.

The climate scenarios applied are based on published Shared Socioeconomic Pathway (SSP) scenarios developed by the Intergovernmental Panel on Climate Change and related international climate modelling. Scenario analysis covers Capral's Australian manufacturing, distribution and corporate operations and considers material upstream and downstream value chain exposures where relevant.

Our scenario analysis incorporates critical assumptions across economic, policy, and technology dimensions.

3.3 Climate Related Risks and Opportunities (CROs)

Through Capral's enterprise risk management process and scenario analysis, potentially relevant physical and transition risks were identified and assessed across short, medium and long-term time horizons, having regard to their financial significance, likelihood and operational relevance.

CATEGORY	POTENTIALLY RELEVANT CROS
Transition Risks	Carbon Pricing, Energy Cost and Grid Reliance, Market Demand Shifts, Technology Changes
Physical Risks	Extreme Heat, Water Scarcity, Coastal Flooding
Opportunities	Lower-Carbon Products, Energy Efficiency, Circular Economy

While several potentially relevant risks and opportunities were identified (above), only carbon pricing was assessed as material at the reporting date that may impact across upstream, operational and downstream segments of the value chain. The other risks and opportunities listed above were evaluated but did not meet Capral's enterprise materiality threshold for disclosure, or could not be quantified with any level of accuracy

Description	Carbon pricing risk is a transition risk arising from the potential introduction, expansion or strengthening of regulatory mechanisms that impose a direct or indirect cost on greenhouse gas emissions, which could increase operating and compliance costs under evolving climate policy settings. This may include emissions trading schemes, safeguard mechanisms, carbon taxes, border adjustment mechanisms or other regulatory instruments affecting energy prices, fuel costs or emissions-intensive inputs. The risk reflects potential changes in policy settings under different climate transition pathways.
Time Horizon	Assessed primarily over the medium to long term, reflecting the potential for regulatory developments and increasing policy stringency over time under lower warming, high-transition scenarios
Value chain and business model impacts	Potential impacts include increased operating costs through higher electricity and fuel prices, increased input costs across the supply chain, and potential margin pressure where cost pass-through is constrained. Carbon pricing may also influence capital allocation decisions, investment planning and customer demand for lower-emissions products. At the reporting date, no separately identifiable or material financial impacts have arisen.
Uncertainties	Uncertainty relates to the timing, scope, design and price trajectory of carbon pricing mechanisms, including jurisdictional alignment and policy consistency. The magnitude and timing of impacts are scenario-dependent and subject to regulatory developments and broader transition dynamics.
Strategic response and mitigation	Capral monitors policy developments and incorporates potential carbon cost exposure into its enterprise risk management, strategic planning and capital allocation processes (including capital expenditure evaluation). Mitigation measures include operational efficiency initiatives, emissions intensity reduction, energy management and product strategy adjustments. These responses are designed to enhance resilience under both lower warming (high transition) and higher warming scenarios.

MATERIAL RISK IDENTIFIED: CARBON PRICING

Affected location	Carbon pricing risk is concentrated across Capral's Australian manufacturing and processing facilities (Scope 1 and 2 emissions) and may extend to increased input costs through the supply chain, particularly energy procurement and aluminium raw material pricing. Exposure is highest at emissions-intensive extrusion and processing sites.
Current financial effects	At the reporting date, no direct carbon pricing mechanism applies to Capral's operations in Australia, and carbon pricing has not resulted in any separately identifiable or material impacts on Capral's financial position, financial performance or cash flows. Over the short term, having regard to current policy settings, carbon pricing is not expected to give rise to material financial impacts. Any future exposure would depend on changes to regulatory settings or the introduction of broader carbon pricing mechanisms.
Anticipated financial effects	Over the longer term, the introduction or expansion of carbon pricing mechanisms in Australia or in jurisdictions relevant to Capral's supply chain represents a credible regulatory development under lower warming, high-transition scenarios. While no economy-wide carbon price currently applies to Capral's operations, climate policy settings continue to evolve domestically and internationally, and the probability of more explicit carbon cost mechanisms emerging over time is considered realistic. For this reason, carbon pricing has been assessed as a material transition risk. By way of sensitivity analysis, applying an indicative carbon price of \$36 per tonne* of CO₂ to Capral's estimated annual Scope 1 and Scope 2 emissions of approximately 30,000 tonnes would imply a gross exposure of approximately \$1.1 million per annum before mitigation actions or cost pass-through. On this basis, direct exposure from Scope 1 and Scope 2 emissions alone would remain below Capral's enterprise materiality threshold. However, if carbon pricing mechanisms were expanded to include Scope 3 emissions, or if the carbon price exceeded \$36 per tonne, the potential financial impact could become material. Based on current emissions estimates, the enterprise materiality threshold would be exceeded where total emissions (Scope 1, 2 and 3 combined) exceed approximately 65,000 tonnes at a carbon price of \$36 per tonne, or where the carbon price increases beyond \$36 per tonne at current emissions levels. This analysis is illustrative and scenario-based and does not represent a forecast of future regulatory settings. The magnitude and timing of any financial impact would depend on the design, scope and implementation of any carbon pricing regime, including coverage thresholds, transitional arrangements and Capral's ability to reduce emissions intensity or manage cost pass-through.

* Source: Clean Energy Regulator, Quarterly Carbon Market Report – June Quarter 2025

3.4 Risk Management Integration and Monitoring

All identified climate risks are integrated into Capral's enterprise risk register with:

- ▶ Risk ratings incorporating scenario-specific impacts
- ▶ Quarterly monitoring through management review
- ▶ Half-yearly reporting to Audit & Risk Committee
- ▶ Annual Board strategy review
- ▶ Trigger-based escalation for material changes (>20% risk profile shift)

This systematic approach ensures climate risks inform capital allocation, strategic planning, and operational decision-making while maintaining flexibility to respond as scenarios evolve. Transition risks and opportunities are reviewed alongside physical climate risks as part of Capral's broader enterprise risk management process.

Transition risk assessment included consideration of indicative carbon price trajectories, energy cost sensitivities and regulatory change assumptions to test the resilience of Capral's operations and strategy. These inputs were used directionally to inform strategic planning and risk assessment rather than to quantify forecast financial impacts.

4 Strategy

4.1 Climate Strategy Overview

Capral's climate strategy is designed to respond directly to the material climate-related risk identified through scenario analysis, as described in Section 3. The strategy focuses on reducing exposure to transition risks, strengthening operational resilience, and positioning the business to adapt to evolving customer and regulatory expectations under different climate scenarios.

Delivery of the climate strategy is aligned with Capral's defined short, medium and long-term planning horizons and is integrated into existing strategic planning, capital allocation and risk management processes. The strategy is designed to remain flexible and responsive as climate-related risks, opportunities and external conditions evolve.

4.2 Strategic Response to CROs

Capral's strategic response to carbon pricing risk is structured around three core themes designed to reduce emissions intensity and moderate potential cost exposure under future carbon pricing mechanisms.

4.2.1 Reducing operational emissions and energy intensity

Capral prioritises energy efficiency improvements and process optimisation across its manufacturing and distribution operations to reduce Scope 1 and Scope 2 emissions. Initiatives such as the installation of more efficient electrical log heaters, ongoing process upgrades and on-site solar generation reduce electricity consumption and reliance on grid energy, thereby moderating potential exposure to direct carbon pricing and indirect carbon cost pass-through in electricity prices. These measures are integrated into normal asset maintenance, refurbishment and capital allocation processes.

4.2.2 Transitioning inputs toward lower-carbon alternatives

Capral progressively increases the procurement of lower-carbon aluminium billet where commercially viable. This reduces Scope 3 emissions intensity and moderates potential exposure should carbon pricing mechanisms extend upstream across the value chain. Supplier engagement and responsible sourcing practices support improved emissions transparency and assist in managing potential cost impacts embedded in input pricing.

4.2.3 Managing residual emissions within long-term planning

Capral recognises that certain emissions may be difficult to eliminate in the near term due to technological and operational constraints. Residual emissions are considered within long-term strategic planning and scenario analysis, with decisions assessed through Capral's enterprise risk management and capital allocation frameworks. This approach enables the business to respond proportionately to evolving carbon pricing regimes while maintaining operational flexibility.

4.3 Climate Transition Approach

PILLAR	KEY ACTIVITIES	ASSUMPTIONS AND DEPENDENCIES	RESOURCING
Decarbonise the operations	Energy efficiency and operational performance Capral monitors energy efficiency and related operational metrics to support cost management, emissions intensity improvement and resilience to energy price volatility. These metrics inform continuous improvement initiatives and operational decision-making across sites (including plant and equipment replacement decisions).	Delivery of Capral's climate strategy is underpinned by a number of key assumptions and dependencies that influence transition outcomes across scenarios, including:	Capral's climate resilience assessment considers the availability and flexibility of existing financial resources, recognising that responses to climate-related risks and opportunities are implemented through established capital allocation and funding processes rather than through a dedicated climate investment program.
	Circular economy and recycled content Capral tracks indicators related to recycled aluminium content and circular economy initiatives to support material efficiency, customer expectations and supply chain engagement. Performance against these metrics is influenced by external factors, including scrap availability, customer specifications and market conditions.	Progressive decarbonisation of the Australian electricity grid over time, enabling progressively lower-emissions electricity procurement.	
Support customer transition to net zero	Waste and resource management Operational metrics relating to waste generation, recycling and landfill diversion are monitored to support resource efficiency and environmental performance across Capral's operations.	Gradual strengthening of climate-related policy, customer and market expectations, rather than abrupt regulatory intervention.	Management has considered the potential scale and timing of climate-related responses within Capral's existing capital allocation framework. These considerations inform prioritisation and sequencing of actions but do not constitute committed investment plans or standalone climate capital expenditure.
	Supporting metrics and enablers are reviewed periodically through established governance and operational processes and may evolve over time in response to changes in technology, market conditions and data availability.	Expected availability and commercial viability of energy-efficiency, electrification and low-emissions process technologies within Capral's asset replacement cycles.	
Support customer transition to net zero	Lower-carbon products and customer engagement Metrics relating to lower-carbon product offerings, including demand for products with verified environmental attributes and Environmental Product Declarations (EPDs), are used to monitor customer requirements and market trends. These metrics support product development and customer engagement but do not represent commitments to specific revenue outcomes. LocAl® is Capral's lower-carbon aluminium product range, differentiated through transparent carbon accounting and third-party certification.	Access to verified lower-carbon aluminium and ASI-certified material as upstream markets evolve.	Capral trained personnel and employed key staff to build climate transition capability across the business.
	Product Transparency and Industry Standards Product differentiation is supported through Environmental Product Declarations (EPDs) and Aluminium STEWARDSHIP Initiative (ASI) certification, which provide customers with verified information on product environmental attributes and responsible sourcing practices.	Capital allocation aligned with existing investment planning horizons and operational priorities, rather than accelerated asset retirement.	
Support customer transition to net zero		These assumptions are subject to uncertainty and may evolve over time; accordingly, Capral's strategy and transition approach are reviewed periodically through established governance, budgeting and capital allocation processes.	Capral trained personnel and employed key staff to build climate transition capability across the business.
Support customer transition to net zero			In addition to Capral's own funds, the utilisation of ARENA grants to assist in transition to lower emission equipment.
Support customer transition to net zero			During the current reporting period no capital expenditure, financing or investment has been deployed towards material climate risks.

4.4 Climate Resilience of Strategy

In the current reporting period Capral assessed the resilience of its climate strategy using the climate scenarios described in Section 3, representing a rapid transition scenario consistent with global warming limited to ~1.8°C by 2100 and a delayed, higher-warming scenario characterised by elevated physical climate risks. The assessment considered how the material climate-related risk may affect Capral's business model, operations and value chain across defined short, medium and long-term time horizons (as defined in Section 3).

Under the rapid transition scenario, the assessment focused on exposure to transition risks, including energy costs, regulatory change and evolving customer requirements. The strategy emphasises measures intended to reduce emissions intensity, manage operating cost exposure and adapt product offerings as markets evolve. These responses are integrated into existing planning and risk management processes to support adaptability under transition-led outcomes.

Under the higher-warming scenario, the assessment focused on physical climate risks and longer-term uncertainty. Physical risks were assessed as episodic rather than structural, with no reasonable expectation, based on current information, of material impairment to Capral's core manufacturing and distribution footprint. The strategy incorporates flexibility in capital allocation and asset management to respond to changing physical risk conditions over time.

Across both scenarios, the strategy is intended to support resilience by avoiding reliance on a single pathway, sequencing actions in line with asset lives and technology availability, and maintaining flexibility to adjust as external conditions evolve. Given the inherent uncertainty associated with long-term climate outcomes, resilience is assessed qualitatively rather than through detailed financial modelling.

Key variables considered in assessing strategy resilience across scenarios include:

- ▶ macro-economic conditions, including economic growth, inflation and demand variability;
- ▶ climate policy and regulatory settings at national and regional levels, including carbon pricing signals;
- ▶ energy prices, energy mix and grid decarbonisation trajectories;
- ▶ availability, cost and maturity of emissions-reduction technologies relevant to Capral's operations;
- ▶ customer demand patterns, willingness to pay for lower-carbon products and competitive dynamics.

5. Metrics and Targets

5.1 Overview

This section sets out Capral's climate-related metrics and targets used to monitor performance and support the management of CROs identified in Sections 3 and 4. For planning purposes, management has considered indicative climate-related investment requirements over a longer-term horizon to support emissions reduction, resilience and operational efficiency initiatives. These estimates are scenario-dependent, subject to uncertainty and governance approval, and are not disclosed as committed capital expenditure or funding requirements in this report.

Unless otherwise stated, emissions reduction targets disclosed in this section relate to Scope 1 and Scope 2 emissions. Scope 3 emissions are managed through engagement and procurement initiatives but are not currently subject to quantitative reduction targets. The initiatives and pathways described in this section represent indicative measures identified by management to support Capral's emissions reduction target. They do not constitute a Board-approved transition plan and remain subject to ongoing assessment through Capral's established governance, budgeting and capital allocation processes.

Where quantitative estimates have been provided, such as the indicative carbon pricing sensitivity analysis in Section 3, these are illustrative and scenario-based and do not represent forecasts of future financial outcomes. Broader quantitative ranges, sensitivities or scenario-specific financial estimates beyond those disclosed have not been included at this stage, reflecting the current maturity of data and methodologies available.

No climate-related financial impacts have been separately recognised or adjusted for in Capral's financial statements for FY2025. Climate-related considerations are incorporated into budgeting, investment evaluation and operational decision-making processes, reflecting the current maturity of data and methodologies.

5.2 Climate-Related Transition Risk Exposure

All of Capral's manufacturing, processing and distribution operations are considered vulnerable to climate-related transition risks, primarily through exposure to potential carbon pricing mechanisms. This represents 100% of the Group's revenue-generating business activities.

5.3 Emissions Metrics

Capral's primary climate-related metric is its Scope 1 and Scope 2 greenhouse gas emissions, measured in tonnes of carbon dioxide equivalent (tCO₂e). These emissions metrics are used to monitor performance over time and to assess progress against Capral's emissions reduction target.

Scope 1 and Scope 2 emissions are measured on an operational control basis, consistent with Capral's organisational boundary. Capral has adopted the operational control approach as it aligns with the organisational boundary used for National Greenhouse and Energy Reporting (NGER) and reflects the operations over which Capral has the authority to introduce and implement operating policies, although the NGER framework applies its own facility-level reporting thresholds. Emissions are calculated in accordance with applicable Australian regulatory requirements and recognised greenhouse gas accounting methodologies, namely the National Greenhouse and Energy Reporting (NGER) framework.

Capral has identified Scope 3 emissions as relevant to its climate risk profile, particularly upstream aluminium sourcing. Consistent with the transitional relief, Scope 3 emissions have not been included in this report and will be reported from 2026 onwards. Scope 3 emissions are estimated internally for risk assessment and scenario analysis purposes; however, quantitative Scope 3 disclosures are not presented in this report in accordance with transition relief.

Capral uses a 2022 baseline year as the reference point for its emissions reduction targets. Emissions data is compiled annually and subject to internal review processes consistent with those applied to other key operational and regulatory metrics.

Emissions intensity is calculated as total Scope 1 and Scope 2 emissions (tCO₂e) divided by tonnes of aluminium processed.

Where actual consumption data is unavailable, emissions are estimated using conservative assumptions based on historical consumption patterns, supplier invoices and available meter data. Emissions are measured on an operational control basis, including all Australian manufacturing facilities, distribution centres, aluminium centres and corporate offices operated by Capral during the reporting period. Capral reports Scope 2 emissions on a location-based basis and did not have contractual instruments such as PPAs or RECs in place during FY25 that materially affect Scope 2 emissions reporting.

5.4 Key measurement assumptions

Scope 1 and Scope 2 emissions are calculated using site-level activity data and emissions factors are sourced from the National Greenhouse and Energy Reporting (Measurement) Determination 2008 (Compilation 17), as applicable to the 2024–25 reporting year.

Electricity emissions reflect location-based factors applicable to the relevant reporting period. Estimation methodologies were refined during FY25 to improve the accuracy and representativeness of emissions estimates. Where estimation is required due to incomplete data, Capral now applies a rolling 12-month average based on available consumption

and operational data, replacing the use of a fixed uplift factor applied in prior periods. This refinement does not represent a change in the underlying measurement approach, but reflects improved data availability and is intended to enhance consistency and reliability of emissions estimates over time.

Capral's climate-related metrics are subject to internal review processes and are reported in accordance with NGER requirements. Scope 1 and Scope 2 emissions data have been subject to limited assurance by KPMG for FY25.

5.5 Historical Performance

Historical Scope 1 and Scope 2 emissions performance is summarised below:

YEAR	SCOPE 1 (tCO ₂ e)	SCOPE 2 (tCO ₂ e)	TOTAL (tCO ₂ e)	REDUCTION VS. BASELINE	INTENSITY (tCO ₂ e/t*)
FY2022 Baseline	9,543	27,721	37,263	–	0.65
FY2025	9,239	21,018	30,257	18.8% ↓	0.57

* T – Tonne of aluminium

Key Insights:

- ▶ Scope 1 and Scope 2 emissions have declined from 37,263 tCO₂e in FY22 to 30,257 tCO₂e in FY25.
- ▶ Reductions to date primarily reflect lower Scope 2 emissions associated with efficiency initiatives and changes in grid emissions factors.
- ▶ Emissions intensity has declined over the same period.

5.6 Emissions Reduction Targets

Capral has set an emissions reduction target for its Scope 1 and Scope 2 greenhouse gas emissions, measured on an absolute basis. The target applies to Capral in its entirety, covering all operations within the operational control boundary. The target covers carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) arising from the combustion of natural gas, LPG, diesel and petrol across Capral's operations (Scope 1) and purchased electricity (Scope 2). Carbon dioxide represents substantially all of Capral's emissions profile.

5.6.1 2030 emissions reduction target

Capral's interim target is to achieve a 20% reduction in Scope 1 and Scope 2 emissions by 2030, relative to a 2022 baseline year. This target is intended to support Capral's response to transition risks and to position the business for progressively lower-emissions operations over time. This target has been selected as an interim step towards aligning Capral with the Australian government's 2050 Net Zero target.

Capral's 2030 emissions reduction target represents a gross absolute reduction in Scope 1 and Scope 2 emissions relative to the baseline year. Capral's target and the methodology used to set it have not been validated by a third party. Capral's emissions reduction target was not derived using a formal sectoral decarbonisation approach. The target is informed by consideration of industry benchmarks and customer expectations, including ASI certification requirements.

5.7 Pathways and Indicative Measures

Supporting Target

The emissions reduction target described in Section 5.6 is supported by a set of indicative pathways and measures identified by management to inform planning and support progress towards the target

Capral does not currently plan to use carbon credits to achieve its emissions reduction target. No carbon credits have been purchased as of the reporting date. Any future consideration of carbon credits would relate only to residual emissions associated with the 2050 net emissions ambition and would be subject to governance approval. Capral has not selected the type of carbon credits, the verification scheme or whether credits would be nature-based or technological removals. Any future use would be guided by prevailing integrity criteria, including considerations of additionality, permanence and verification standards.

5.7.1 Indicative measures supporting emissions reduction target include:

- ▶ improvements in energy efficiency and process optimisation.
- ▶ progressive electrification and increased use of lower-emissions energy sources, where commercially viable; and
- ▶ other operational initiatives identified through ongoing asset replacement and improvement cycles.

The timing, scale and sequencing of these measures are not fixed and are assessed through Capral's established governance, budgeting and capital allocation processes.

5.8 Use of Metrics and Targets in Decision-Making

Capral uses climate-related metrics and target to inform decision-making across strategic planning, capital allocation and operational management, alongside other financial and operational considerations.

Emissions metrics and reduction target are considered in the evaluation of capital expenditure proposals, including investments in energy efficiency, process improvements and energy procurement. Climate-related considerations are integrated into investment prioritisation through established governance and budgeting processes, rather than through separate or stand-alone decision frameworks.

Management monitors performance against emissions metrics on a regular basis and reviews progress against target as part of ongoing operational and strategic reporting. Where relevant, insights from climate scenario analysis are used to test the robustness of decisions under different transition pathways and to inform risk management, planning assumptions and operational responses.

The use of metrics and target in decision-making is intended to support disciplined, flexible responses to CROs over time and does not imply fixed investment pathways or committed transition plans.

Progress toward the 2030 emissions reduction target is monitored through management reporting using absolute emissions and emissions intensity metrics, with performance reviewed quarterly by the MD and Executive Team and twice yearly by the Board, through existing governance and budgeting processes rather than formal interim target.

As carbon pricing has not been implemented in Australia, Capral does not currently apply a formal internal carbon price in investment decision-making. Capral has not established a price per metric tonne of greenhouse gas emissions for use in investment evaluation or transfer pricing.

No capital expenditure has been separately deployed towards climate-related risks or opportunities during FY2025. Climate-related investment requirements are being assessed and are expected to be incorporated into future operational and capital budgets through Capral's established governance and planning processes.

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