



ENVIRONMENTAL POLICY

RENEUCO BERHAD
(Formerly known as KPower Berhad)
Registration No. 199701003731 (419227-X)

DULY APPROVED AND ADOPTED BY THE BOARD OF DIRECTORS OF RENEUCO BERHAD (FORMERLY KNOWN AS KPOWER BERHAD) AT THE BOARD OF DIRECTORS' MEETING HELD ON 17 OCTOBER 2022

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Doc. No.: RENEUCO-EP-01

Note

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The Group reserves the right to review, amend or update this Policy from time to time.

For any enquiries, please contact the Sustainability Unit, Corporate Finance and Strategy.

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1.0 Introduction

- 1.1 This Environmental Policy ("Policy") provides guidelines governing the identification and management of environmental issues. This Policy reflects the commitment of the Group to maintain a wholistic approach towards contributing to climate action, climate change, and sustainable development in accordance with goals set out in international commitments, such as the United Nations Framework Convention on Climate Change (UNFCCC) Paris Agreement and United Nations Sustainable Development Goals (UNSDG).
- 1.2 Details of the Group's environmental policy, processes, procedures and management outcomes shall be reported in accordance with the Global Reporting Initiative (GRI) Standards.
- 1.3 This Policy may be reviewed and updated from time to time to comply with local law(s) and directives, and international conventions and standards, whenever applicable.

2.0 Scope

- 2.1 This Policy shall by no means be exhaustive nor is it inclusive of all the policies of the Group.
- 2.2 The Policy is central to the management of environmental issues with the following objective:
 - a. To have effective governance and oversight on environmental and climate change impacts;
 - b. To embed environmental considerations into the implementation of the Groups' strategies;
 - c. To promote environmentally-oriented processes, practices, services and products; and
 - d. To establish environmental metrics and contribute to environmental goals and targets.
- 2.3 This Policy applies to:
 - a. The Board of Directors;
 - b. Management; and
 - c. Employees.

3.0 Definitions

Definitions	Descriptions
Greenhouse gas (GHG)	Gas that contributes to the greenhouse effect by absorbing infrared radiation.
Direct (Scope 1) GHG emissions	GHG emissions from sources that are owned or controlled by an organisation.
Energy indirect (Scope 2) GHG emissions	GHG emissions that result from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by an organisation.
Other indirect (Scope 3) GHG emissions	Indirect GHG emissions not included in energy indirect (Scope 2) GHG emissions that occur outside of the organisation, including both upstream and downstream emissions.
Environmental issues	Issues that include those such as emissions, effluents, and waste, as well as energy, water, and biodiversity.
Baseline	Starting point (year) used for comparisons. In the context of energy and emissions reporting, the baseline is the projected energy consumption or emissions in the absence of any reduction activity.
Runoff	Part of precipitation that flows towards a river on the ground surface (i.e., surface runoff) or within the soil (i.e., subsurface flow).
Pollution	Introduction of substances that do not naturally occur in the habitat from point and non-point sources.
Biodiversity	Biological diversity that is important for ensuring the survival of plant and animal species, genetic diversity, and natural ecosystems. In addition, natural ecosystems provide clean water and air, and contribute to food security and human health. Biodiversity also contributes directly to local livelihoods, making it essential for achieving poverty reduction, and thus sustainable development.
Waste	Anything that the holder discards, intends to discard, or is required to discard.

4.0 Environmental Commitments

4.1 Environmental Laws and Regulations

- a. The Group commits to comply with laws and regulations related to all types of environmental issues applicable to the organisation.
- b. Environmental laws and regulations can include binding voluntary agreements that are made with regulatory authorities and developed as a substitute for implementing a new regulation.
- c. Voluntary agreements can be applicable if the organisation directly joins the agreement, or if public agencies make the agreement applicable to organisations in their territory through legislation or regulation.

4.2 Energy:

- a. The Group commits to use energy more efficiently and opting for renewable energy sources, which is essential for combating climate change and for lowering the Group's overall environmental impacts.
- b. The Group commits to conservation and efficiency initiatives, i.e., organisational or technological modification that allows a defined process or task to be carried out using less energy. Conservation and efficiency initiatives include process redesign, the conversion and retrofitting of equipment such as energy-efficient lighting, or the elimination of unnecessary energy use due to changes in behaviour.
- c. The Group would also consider setting baseline and short to long term targets for energy in line with the relevant national or international regulations, standards and/or accords.

4.3 Greenhouse Gas Emissions (GHG Emissions)

- a. The Group commits to address its GHG emissions and to improve operational efficiency, which would result in a reduction of its GHG emissions.
- b. The Group would also consider setting baseline and short to long term targets for GHG emissions in line with the relevant national or international regulations, standards and/or accords.
- c. The methodology relating to GHG emissions shall be based on the 'GHG Protocol Corporate Accounting and Reporting Standard' ('GHG Protocol Corporate Standard') and the 'GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard' ('GHG Protocol Corporate Value Chain Standard').

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4.4 Water and effluents

- a. The Group commits to identify and manage its water-related impacts.
- b. The Group commits to water stewardship, which is use of water that is socially equitable, environmentally sustainable, and economically beneficial, achieved through a stakeholder-inclusive process that involves facility and catchment-based actions:
 - (i) Socially equitable water use recognises and implements the human right to water and sanitation and helps ensure human wellbeing and equity;
 - (ii) Environmentally sustainable water use maintains or improves biodiversity and ecological and hydrological processes at the catchment level; and
 - (iii) Economically beneficial water use contributes to long-term efficiency, and development and poverty alleviation for water users, local communities, and society at large.
- c. The Group can reduce its water consumption and associated impacts through efficiency measures, such as water conservation, recycling, reuse, or process redesign throughout its business as well as specific sites. The Group may also consider collective actions that extend beyond its operations such as working with other companies operating at the same site.
- d. The Group shall manage its environmental impacts caused by runoff, and how they are addressed. For example, runoff can carry high nutrient and pollution loads due to the Group's activities, leading to eutrophication and other negative impacts on local water bodies.

4.5 Biodiversity

- a. The Group commits to identify and address biodiversity issues, which would result in the reduction or avoidance of impact in this area.
- b. The Group would also consider strategies that contribute to the prevention, management, and remediation of damage to natural habitats resulting from the Group's activities, such as the integration of biodiversity considerations into analytical tools, such as environmental impact assessments.
- c. The Group shall as much as possible manage significant direct and indirect impacts on biodiversity including:
 - (i) Construction or use of manufacturing plants and transport infrastructure
 - (ii) Pollution
 - (iii) Reduction of species
 - (iv) Habitat conversion
 - (v) Changes in ecological processes outside the natural range of variation (such as salinity or changes in groundwater level)

4.6 Waste

- a. The Group commits to better understand and communicate its waste-related impacts, and how it manages these impacts
- b. The Group commits to prevent unnecessary waste generation and shall manage waste that cannot be prevented, in its own activities and in its value chain. Continual improvements shall be implemented to reduce or avoid contribution to pollution and other impacts
- c. The Group commits to sustainable waste disposal method whereby waste disposal methods can include composting, reuse, recycling, recovery, incineration, landfill, deep well injection, and on-site storage

4.7 Stakeholder Engagement and Material Environmental Matter

- a. The company commits to engage with its Stakeholders periodically to identify environmental impacts that are caused by the company's business activities, and to address environmental matters that are of concern and interest to these Stakeholders.
- b. The Group seeks to prioritise on the most important environmental matters that are material to the company's business. Material environmental matters are identified and managed as a part of the Group's Sustainability materiality analysis and Sustainability management. The company also considers climate-related risk and opportunities when deliberating material environmental matters.

4.8 Associations and Environmental Organisations

- a. The Group shall consider participating in or being a member of business associations or environmental organisations that contribute to increase the Group's positive environmental impacts and reducing or avoiding the Group's negative environmental impacts.

5.0 Reporting and Disclosure

- 5.1 As and when necessary, the Group shall annually report and disclose the relevant metrics, targets, deliverables and achievements with regards to environmental and climate-related matters, via mandatory or voluntary public reports and disclosures in accordance to the relevant regulations, standards and frameworks.

6.0 Whistleblowing and Grievance Mechanism

- 6.1 To make it possible for environmental issues to be addressed early and directly, the Group shall establish or participate in effective whistleblowing and grievance mechanisms for the purposes of this Policy.
- 6.2 In line with good corporate governance and with the introduction of the Whistleblower Protection Act 2010, the Group has implemented a Whistleblowing Policy and Procedures to encourage its employees and parties in the business relationships to disclose alleged, suspected and/or known improper conduct, without fear of retribution or detrimental action.
- 6.3 Any employee or members of the public can raise their concerns regarding any known breaches or suspected breaches of the Policy through the Group's Whistleblowing Policy and Procedures, which is available on the Group's corporate website. Whistleblowers shall be accorded the protection as set out in the Whistleblowing Policy.

7.0 Revision

- 7.1 The procedures contained in this Policy may be amended from time to time by a resolution of the Board.