

ENVIRONMENTAL POLICY

1. Overview

Climate change poses serious risks to the global economy and will have an impact across communities and many economic sectors. Environmental dimension of sustainability concerns an organization's impacts on living and non-living natural systems, including land, air, water, and ecosystems.

As part of its commitment to Sustainability, KAB commits to having a holistic approach on its environmental management towards contributing to climate action, climate change adaption and sustainable development goals. It is also crucial for all our relevant Stakeholders to understand that the company has taken steps to identify, manage and prepare itself with regards to the risks and opportunities of climate change in its business strategies, practices and processes.

2. Objectives

This policy is designed to provide a framework for the Company to achieve the following:

- i) To have effective governance and oversight on environmental and climate change impacts;
- ii) To embed environmental considerations into the implementation of the company's strategies;
- iii) To promote environmentally-oriented processes, practices, services and products;
- iv) To establish environmental metrics and contribute to environmental goals and targets.

3. The Policy

i) **Stakeholder Engagement and Material Environmental Matters**

The company commits to engaging 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.

Due to environmental matters spanning across a large spectrum, the company seeks to prioritize 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 company's Sustainability materiality analysis and Sustainability management. The company also considers climate-related risk and opportunities when deliberating material environmental matters.

ii) **Energy**

The company consumes energy in various forms, such as fuel, electricity, heating, cooling or steam. Energy can be self-generated or purchased from external sources and it can come from renewable sources (such as wind, hydro or solar) or from non-renewable sources (such as coal, petroleum or natural gas).

The company commits to using energy more efficiently and opting for renewable energy sources, which is essential for combating climate change and for lowering the company's overall environmental impacts.

The company also commits to engage with its external Stakeholders such as suppliers and customers to address issues relating to energy use and the reduction of negative impacts in this area.

iii) **Greenhouse Gas Emissions (GHG Emissions)**

GHG emissions are a major contributor to climate change. Some GHGs are also air pollutants that have significant adverse impacts on ecosystems, air quality, agriculture, and human and animal health.

Different national and international regulations and incentive systems aim to control the volume and reward the reduction of GHG emissions.

The methodology relating to GHG emissions are 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'). The GHG Protocol has established a classification of GHG emissions called 'Scope':

- Direct GHG emissions = Scope 1
- Energy indirect GHG emissions = Scope 2
- Other indirect GHG emissions = Scope 3

The company commits to address its GHG emissions and to improve operational efficiency, which would result in a reduction of its GHG emissions. The company would also consider setting short to long term targets for GHG emissions in line with the relevant national or international regulations, standards and/or accords.

The company also commits to engage with its external Stakeholders such as suppliers and customers to address issues relating to GHG emissions and the reduction of negative impacts in this area.

iv) **Water**

Through understanding its water use, the company can assess the impacts it has on water resources that benefit the ecosystem, other water users, and the company itself. The company uses relevant information for effective water management.

The company commits to identify and manage its water-related impacts. The company 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 company may also consider collective actions that extend beyond its operations such as working with other companies operating at the same site.

The company also commits to engage with its external Stakeholders such as suppliers and customers to address issues relating to water use and the reduction of negative impacts in this area.

v) **Biodiversity**

Protecting biological diversity 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.

The company commits to identifying and addressing biodiversity issues which would result in the reduction or avoidance of impact in this area. The company would also consider strategies that contribute to the prevention, management, and remediation of damage to natural habitats resulting from the company's activities, such as the integration of biodiversity considerations into analytical tools, such as environmental impact assessments.

The company also commits to engage with its external Stakeholders such as suppliers and customers to address issues relating to biodiversity and the reduction of negative impacts in this area.

vi) Waste

Waste can be generated in the company's own activities, for example, during the delivery of services. It can also be generated by entities upstream and downstream in the company's value chain. Companies are required to implement environmentally sound waste management and prevent and reduce waste through reuse and recycling in various sustainability goals and targets.

The company commits to better understand and communicate its waste-related impacts, and how it manages these impacts. The company also 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 the impacts.

The company also commits to engage with its external Stakeholders such as suppliers and customers to address issues relating to waste and the reduction of negative impacts in this area.

vii) Associations and Environmental Organizations

The company shall consider participating in or being a member of business associations or environmental organizations that contribute to increasing the company's positive environmental impacts and reducing or avoiding the company's negative environmental impacts.

4. Feedback Mechanism

Employee or any third party may anonymously report any feedback related to this policy via the Group's Sustainability e-mail at sustainability@asastera.com.

The Company will investigate, address and respond to the concerns expressed in the feedback will take appropriate corrective action in response to any negative environmental impacts.

The entire process and its results shall be documented and shall be properly disclosed in accordance to any applicable laws or Sustainability standards.

5. Roles & Responsibilities

The Board, assisted by the management, is responsible for developing strategies to meet the objectives of the policy, as well as monitoring the progress of achieving the objectives.

6. Reporting and Disclosure

As and when necessary, the company shall periodically 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.

7. Review

This policy shall be regularly reviewed by the Board of Directors as and when required.

This policy is dated 17 February 2022.

End of Policy