CLIMATE CHANGE COMMITMENT STATEMENT

INTRODUCTION AND OVERVIEW

The Board of Directors ("Board") and Senior Management of RCE Capital Berhad ("RCE" or "the Group") are cognisant of the growing issue of climate change and its ensuing impacts on the environment as well as on communities and countries.

We recognise climate change as a global issue that requires the concerted action of all parties, notably Corporates towards ensuring the realisation of the 2-degree scenario and to achieve other objectives as outlined at the 26th United Nations Climate Change conference ("COP26") in Glasgow, Scotland.

While RCE's business model does not consume significant amounts of energy and neither does it produce significant emissions, the Board and Senior Management are of the view that the Group can play a strategic role in instilling greater awareness and action among its employees, customers and other stakeholders.

Under the recent COP26 directives, one of the key strategic thrusts is to mobile financing. As a financial services provider, RCE is exploring the feasibility of using its business model to drive greater climate change action among existing and potential customers.

RCE's strategic position as a provider of financial services potentially enables the Group to use its leverage to encourage customers and stakeholders to become more energy efficient and to adopt renewable energy ("RE").

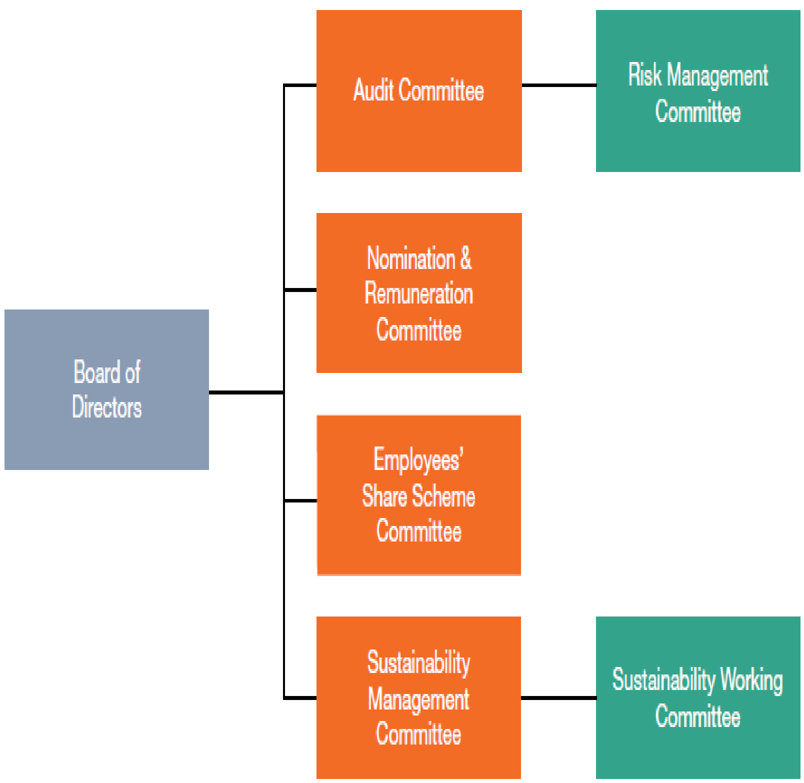
The Group has commenced monitoring of its Scopes One and Two Energy consumption and carbon emissions of the same. Monitoring energy and emissions performance provides the impetus towards identifying for energy savings and potentials to adopt RE.

INTRODUCTION AND OVERVIEW (CONT'D)

The commitment to climate change is in line with the Board and Senior Management's increasing responsibility to address Environmental, Social and Governance ("ESG") related risks and to sustain medium to long term value creation for stakeholders. RCE's approach to climate change is driven by the globally recognised, Taskforce on Climate Change Financial Disclosures ("TCFD") framework.

GOVERNANCE AND OVERSIGHT OF CLIMATE CHANGE

Presently, governance and oversight of all material sustainability topics, including climate change resides with the Board. The Board oversees the sustainability agenda and strategies as well as the continued cultivation of good corporate governance across the organisation.



The Board is empowered to set policies, directives and instruct Management to implement necessary action plans to address ESG related risks and to drive improved sustainability performance.

Specifically, matters pertaining to environmental and social performance including climate change, come under the purview of the Sustainability Management Committee ("SMART'), who reports to the full Board of Directors. The Sustainability Working Committee ("BEST") identifies, assesses and manage sustainability risks and opportunities, in addition to implementing and monitoring related initiatives as determined by the Board.

Moving forward, periodic reports on energy consumption as well as emissions will be brought to the attention of the Board and Management.

GOVERNANCE AND OVERSIGHT OF CLIMATE CHANGE (CONT'D)

The Board and Management's focus is to work closely with the investor community, including institutional investors towards identifying their specific concerns, criteria and aspirations and hence, establishing policies and procedures as well as internal controls towards realising these expectations. This is an ongoing process that continues to gain momentum across the Group.

Going further, RCE has adopted the Bursa Malaysia Berhad recommended best practice of including the achievement of ESG key performance indicators ("KPIs") as a factor in determining Board and Senior Management remuneration. This practice demonstrates commitment and tone from the top to ensure sustainable practices as part of climate change governance development.

Our commitment to addressing climate change is also aligned to the following:

- United Nations Sustainability Development Goal 13: Climate Action;
- Bank Negara Malaysia: Climate Change and Principle-based Taxonomy;
- Global Compact Malaysia (MyClimate Action Guide); and
- Malaysian Government's National Policy on Climate Change.

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RISKS ASSOCIATED TO CLIMATE CHANGE

Presently, RCE has identified the following risks in relation to climate change:

RISKS	IDENTIFIED (POTENTIAL) IMPACTS
1. Reputational Risks	The fast-changing regulatory environment and growing investor pressure on organisations may catch out many organisations who are unable to keep pace with the changes. This may lead to RCE being excluded from ESG based market indices such as the FTSE 4 Good Index. Such exclusions would affect investor perception, especially institutional investors towards RCE.
2. Transitional Risks	The transition to RE for example may require significant CAPEX and there remains implementation risks, which could lead to failure to deploy or reduced Return on Investment or efficiency. A comprehensive strategic plan is required to drive transition and RCE presently may not have the internal expertise to undertake such planning.
3. Physical Risks	Extreme weather events such as flood, drought and rising temperature could cause significant disruptions to business operations while also incurring repair and rectification costs. Costs for compensating employees for injuries or monetary loss, as well as rising insurance premiums may erode earnings.

In identifying these risks, RCE is in a more informed position to develop the most effective approach to achieve climate change resilience and adaptation. The Group is presently developing suitable models to effectively assess the potential cost of climate change to its operations. Cost is defined as increasing capital and operational expenditures necessitated by climate change as well impacts to revenues and earnings.

RCE acknowledges that these risks may change over time. Therefore, risk analysis shall be undertaken as and when there is a material change in business model and/or operations.

CLIMATE CHANGE RELATED STRATEGIES

The implementation of TCFD is still at its initial stage, but the Board and Senior Management are committed to progressively increase implementation of the framework's pillars organisation wide. This includes the eventual setting of KPIs and targets to measure and monitor performance over time.

Other strategic measures that have, or will be implemented include:

- Fostering a sustainability related organisational culture and mindset within the organisation.
- Development of ESG related expertise and professionals within the organisation to drive the realisation of RCE's sustainability agenda.
- Undertaking a comprehensive assessment of the business value chain from start to end towards identifying ESG risks and opportunities. This includes assessing relationships and interactions with business partners and customers.
- Collaborating with external consultants such as ESG Guidance and Advisory firms to upskill employees and develop necessary internal knowledge and competencies.
- Measuring and monitoring Scopes One and Two energy consumption and emissions.
- Tapping on the 3R approach of Reduce, Reuse and Recycle for sustainable future as natural resources are finite.

Leveraging technology such as virtual meetings to facilitate meetings with stakeholders and chatbot tools to enable customers to contact RCE anytime, anywhere. This reduces the need to travel to RCE offices, thus reducing fuel consumption.

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FINANCING POLICY

At RCE, we recognise the importance of ESG practices and committed to ensure business continuity for sustainable value creation for stakeholders. To achieve this, RCE is determined to provide sustainable and responsible financing.

Our view towards sustainable and responsible financing includes:

- Ensuring all related business activities engaged in are consistent with our core values, taking into account ESG and industry best practices.
- Compliance with applicable laws/regulations and anti-corruption requirements.
- Adherence to global environmental standards;
- Understanding the needs of our existing and potential customers; and
- Fair treatment for all customers.

Additionally, we will not finance or be involved in activities that are deemed to be against our core values, including but not limited to:

- Customers charged with/found guilty of/suspected of an offence under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 or contravene with any applicable laws/regulations.
- Customers whose business activities involved the following:
  - Production of/trade in any product deemed illegal under applicable laws/regulations.
  - Production of/trade in weapons/firearms, radioactive materials and related services.
  - Harmful/exploitative forms of forced/harmful child labour.
  - Production of/trade in unbounded asbestos fibre; and / or
- Business activities that may cause significant adverse impact to the environment and/or the community, which are not in line with our climate change agenda.

Through this, we aim to provide sustainable and responsible financing to our existing and potential customers and aligned with our ESG practices.

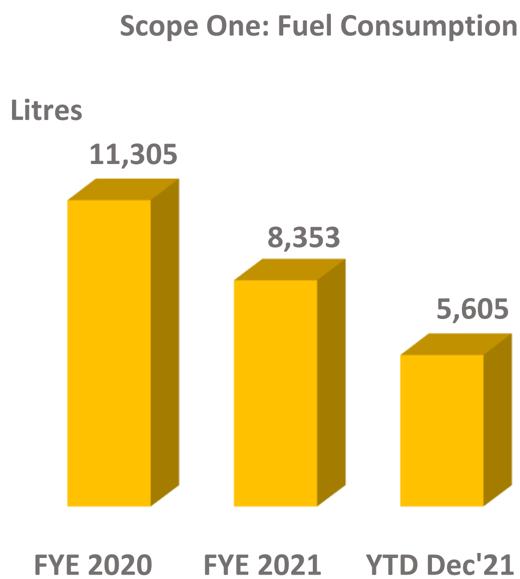
ENERGY PERFORMANCE

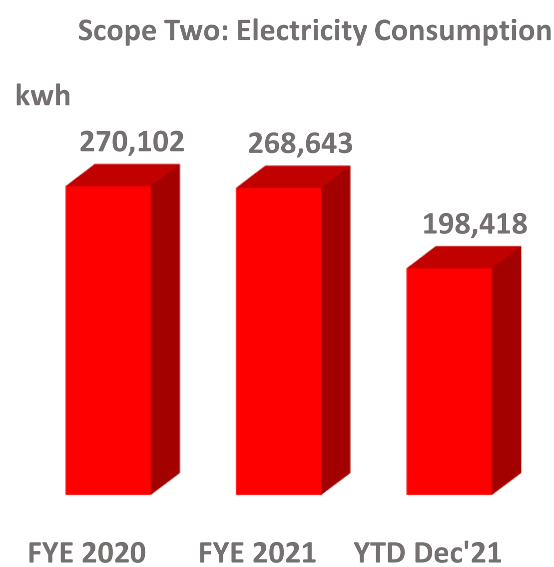
For the second consecutive year, RCE continues to see a decline in both Scopes One (fuel) and Two (electricity) consumption.

The decline is attributed to the strategies which were implemented, besides the disruptions to business operations caused by the various Movement Control Orders ("MCOs") imposed throughout 2020 and 2021.

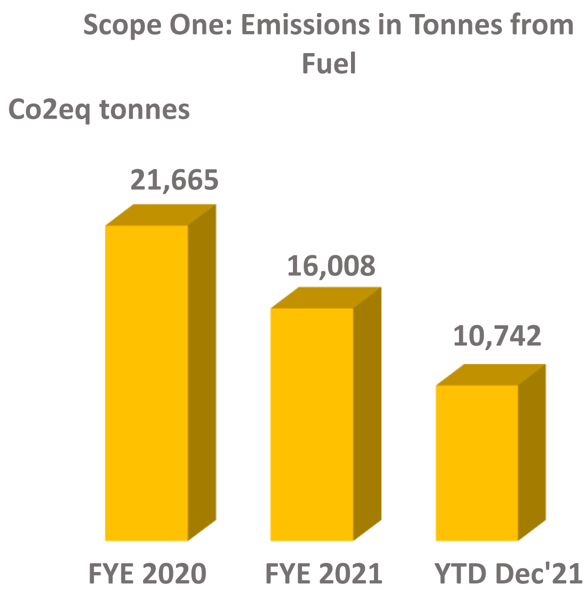
Continuation of existing plans as well as retro-fitting LED lighting will serve to retain the present downward trend going forward.

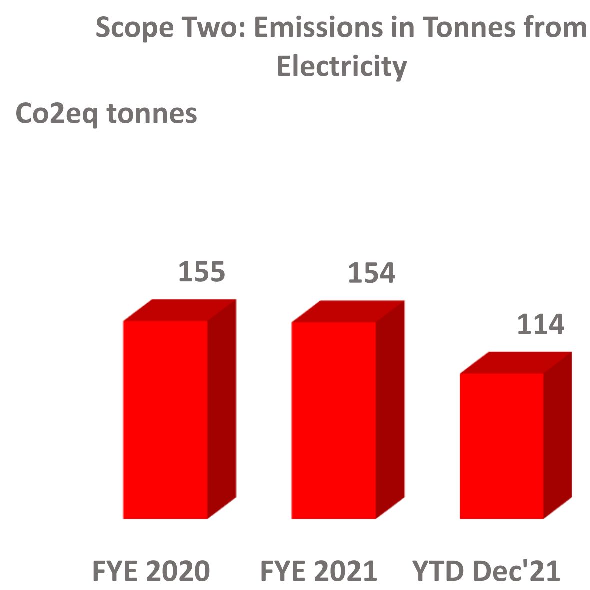
Scopes One and Two energy consumption is derived from operation sites.





EMISSIONS PERFORMANCE





On the back of declining emissions performance, correspondingly Scopes One and Two emissions have also decreased year-on-year. The Group will look to provide efficiency measurements for both fuel and electricity consumption going forward. Presently, Senior Management is exploring what quantitative indicators to apply to measure efficiency, besides revenue.

FUTURE PLANS AND TARGETS

Going forward, RCE will continue to strengthen and refine its approach to driving climate action across the Group and to its stakeholders.

This includes establishing energy and emission reduction targets for its operations, as well as related targets for customers. Performance will be measured against these targets.

We will continue to demonstrate leadership to reducing overall carbon footprint by focus on energy use, waste and transport emissions. Targets established will be linked to the remuneration of the Board and Senior Management towards ensuring strong motivation in driving improved performance.

RCE is exploring developing strategic collaborations with trade associations and other organisations such as Corporate Friend of Climate Governance Malaysia and Free Tree Society towards developing new strategies in driving effective climate change action.