

Environmental Policy

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1. Introduction

The strategic intent of the KAP Industrial Holdings Limited group (“KAP” or the “Group”) is to build exceptional businesses that create lasting economic and social value. In order to achieve this, KAP acknowledges that it should leverage its businesses to create positive social and environmental change and live a culture of sustainability and regenerative practices.

Reducing its environmental impact and continuously improving its environmental performance is integral to the achievement of KAP’s strategy and its commercial goals. KAP acknowledges that environmental risks, and opportunities, may have an impact on key strategic competencies that create and deliver value. KAP, furthermore, acknowledges that climate change could possibly impact on the long-term sustainability of its operations, its suppliers and its customers and these potential risks should be identified and evaluated on an ongoing basis by the KAP board of directors (the “Board”).

In addition, stakeholders like investors, employees, customers, regulators and the society in general, are increasingly demanding that companies not only reduce their environmental impact, but also enhance the environment. Furthermore, a company could potentially lose its so-called “Social Licence to Operate” if it does not actively reduce its impact on the environment beyond the minimum legislative requirements. KAP, accordingly, acknowledges that it has a responsibility to invest in technologies and processes that reduce its environmental impact and to actively participate in developing solutions across the supply chain to reduce the environmental impact of its products and services.

The above is aligned to, and evidence of, KAP’s values, which, amongst others, are to respect its people and society, to value the environment, to innovate relentlessly and to lead responsibly.

2. Scope

This policy should be read in conjunction with the KAP code of ethics that applies to all employees and the KAP supplier code of conduct to which KAP expects its suppliers to adhere. KAP expects its employees and suppliers to comply with the letter and the spirit of applicable environmental laws and regulations.

This policy applies across all the operations within the Group taking into account specific industry requirements and the jurisdiction within which it operates.

3. Purpose

KAP recognises its responsibility to manage and, where possible, reduce the Group’s environmental impact, carbon emissions, water usage, waste and pollution. This policy aims to explain the Group’s intent and commitment at Board level, relating to appropriate operating practices.

The purpose of this policy is to:

- proactively promote the awareness of environmental management throughout the Group that not only reduces the Group operations’ impact on the environment but also benefits employees, the community at large, shareholders, customers and the environment;
- ensure the Group’s operations adopt and utilise acceptable and industry-appropriate management practices, and maintain proper standards, for environmental management;
- ensure as a minimum, that the Group meets all environmental regulatory requirements;
- incorporate environmental stewardship and related considerations into the KAP strategic framework and business decisions;
- be responsive to the changing environmental challenges and how they impact on the Group’s businesses;
- ensure co-operation and engagement with government, local communities, employees and other interested parties to improve understanding, promote constructive interaction and seek solutions to common environmental and social issues;
- ensure the management of wastes, effluents, emissions, dust and the use of hazardous substances to prevent pollution;

- reduce the Group's greenhouse gas emissions and promote participation in climate change initiatives; and
- protect and build KAP's reputation, based on its actions in reducing its environmental impact across the Group's businesses.

KAP's commitment to respect the environment is further expressed through being a signatory to the United Nations Global Compact, which focuses on human rights, labour standards, the environment and anti-corruption.

The policy is periodically reviewed by the KAP social and ethics committee, which is both a statutory committee and a committee of the board of directors of KAP (the "Board"). The role of this committee is to assist the Board with oversight and reporting on organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships in order to create value, taking into consideration the triple context of the economy, society and the natural environment within which KAP operates.

4. Environmental focus areas

4.1 Compliance

As a minimum, the Group will comply with all environmental legislation, regulations, standards and codes of practice applicable to its operations, including monitoring and reporting of any environmental incidents and complaints through the appropriate reporting structures, and the prioritisation of corrective actions in the event that an incident occurs.

The Group will identify all significant environmental aspects relevant to its operations in order to develop and implement appropriate environmental strategies.

Environmental impact assessments and the implementation of resultant environmental management plans are required for current and future projects and expansions.

4.2 Targets and measurement

The Group will set aspiring objectives and report through the Group's operating structures on performance against these.

The Group will establish systems to accurately measure and then set targets and monitor *inter alia* its:

- biodiversity impact;
- climate change risk and impact;
- carbon emissions (scope 1 and scope 2 greenhouse gas emissions);
- water usage and discharge;
- waste, effluent and pollution;
- air emissions; and
- reduction, recycling and re-use of resources.

4.3 Monitoring

Where applicable, accredited auditors and/or independent experts will be appointed to verify and/or measure and/or monitor the progress toward targets and objectives.

The Group will constantly monitor new developments in environmental control and technology relevant to its operations. Where applicable and practical, it will adopt recognised monitoring systems and processes.

4.4 Stakeholders

The Group will promote environmental awareness to its staff through training and proactive communication.

As per the KAP supplier code of conduct, KAP will encourage suppliers to improve their environmental performance.

In addition, and where appropriate, the Group will participate in promoting environmental awareness to society and will support various industry and community initiatives to improve the environment in general.

5. Responsibilities

It is the responsibility of all KAP employees, across all the Group's entities, to adhere to this policy.

The KAP chief executive officer and the divisional chief executive officers are responsible and accountable for environmental management.

The KAP social and ethics committee is responsible to keep the policy relevant and updated and for reviewing it on a regular basis.

The Board is responsible for adopting this policy on behalf of the Group.