

Sustainability Statement

ABOUT THIS STATEMENT

Welcome to RCE Capital Berhad (“RCE”) Sustainability Statement (“Statement”) for the financial year ended 31 March 2024 (“FYE 2024”). Sustainability is at the core of what we do as a Shariah-compliant financial service provider. Our commitment extends beyond financial performance to encompass economic, environmental, social and governance (“EESG”) responsibilities. Innovative strategies and partnerships help mitigate environmental impact while promoting economic growth and social equity. This Statement reflects our aim towards transparency, accountability and long-term stakeholder value creation. Integrating sustainability into our business model helps us manage risks and seize opportunities for a sustainable future.

Reporting Scope and Boundary	<p>The scope and coverage of this Statement follow RCE’s consolidated entities for financial reporting and statements, encompassing its primary operating entities:</p> <ul style="list-style-type: none"> • RCE Marketing Sdn Bhd Group of Companies • Mezzanine Enterprise Sdn Bhd • EXP Payment Sdn Bhd • RCE Factoring Sdn Bhd
Reporting Period	<p>RCE follows an annual reporting cycle, issuing its last Statement on 27 July 2023 for financial year ended 31 March 2023 (“FYE 2023”). Unless otherwise stated, this Statement includes information for FYE 2024, covering 1 April 2023 to 31 March 2024.</p>
Reporting Cycle	<p>Annually</p>
Reporting Standards	<p>RCE employs the following frameworks to guide the development of its reporting content:</p> <ul style="list-style-type: none"> • Global Reporting Initiative Universal Standards • Bursa Malaysia Securities Berhad (“Bursa”) Sustainability Reporting Guide, including the enhanced sustainability reporting requirements • FTSE4Good Bursa Malaysia ESG Index • ISO 26000 Social Responsibility • United Nations Sustainable Development Goals (“UNSDGs”) • Task Force on Climate-Related Financial Disclosures (“TCFD”)

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ABOUT THIS STATEMENT (CONT'D)

Defining Report Content	<p>In preparing this Statement, RCE considered the following criteria from various reporting frameworks:</p> <ul style="list-style-type: none"> • Focus on accuracy, balance, clarity, comparability, reliability and timeliness. • Principles such as stakeholder inclusivity, sustainability context, materiality and completeness. <p>These considerations ensure this Statement meets the standard of transparency and accountability while reflecting RCE's commitment to engaging stakeholders, addressing pertinent issues and providing an overview of all salient sustainability efforts.</p>
Reliability of Information Disclosed	<p>RCE's Internal Auditors ("IA") verified the accuracy of this Sustainability Statement before final approval by the Board of Directors ("Board"). The IA's statement of assurance is presented on Page 68 of this Annual Report.</p>
Feedback	<p>RCE invites stakeholders' support and appreciates any feedback for continuous improvement as it advances its sustainability endeavours.</p> <p>For inquiries, questions or additional information regarding this Statement or RCE's sustainability approach, please contact us at best.rce@rce.com.my.</p>

SUSTAINABILITY AT RCE

Sustainability at RCE focuses on a broad commitment to environmental integrity, social equity and economic resilience. We incorporate sustainable principles into our operations and customer service in promoting responsible financing, which is integral to our stakeholder value-creation strategy.

Engaging stakeholders and prioritising responsible governance are central to this sustainability approach. Strategic partnerships help us build a more sustainable future where financial prosperity harmonises with environmental conservation and social well-being, driving lasting impact in our local communities.

MESSAGE FROM THE SUSTAINABILITY MANAGEMENT COMMITTEE CHAIRPERSON

Our sustainability strategy seamlessly merges into our value creation model, serving as the cornerstone of our approach. It guides our efforts to achieve economic, environmental and social objectives. Intertwining sustainability principles within business operations creates positive impact in enhancing our organisational resilience and contribution to the community and environment.

Sustainability Statement

OUR VALUE CREATION MODEL



- Financial Capital:**
- Initial Investment
 - Funding Sources



- Human Capital:**
- Skills
 - Expertise and Knowledge



- Technological Capital:**
- Infrastructure
 - Software
 - Digital Platform



- Intellectual Capital:**
- Intellectual Property
 - Proprietary Methodologies



- Social and Relationship Capital:**
- Customer Relationship
 - Brand Reputation
 - Partnership



Developing new financial products, services and technologies

Offering financial advice and investments planning in consumer, commercial financing and payroll collection

Assessing and mitigating financial risks for customers and the organisation

Adhering to regulatory requirements and industry standards

Providing financing, investments and other financial products and funding services diversification

Sustainability Statement

OUR VALUE CREATION MODEL (CONT'D)



Sustainability Statement

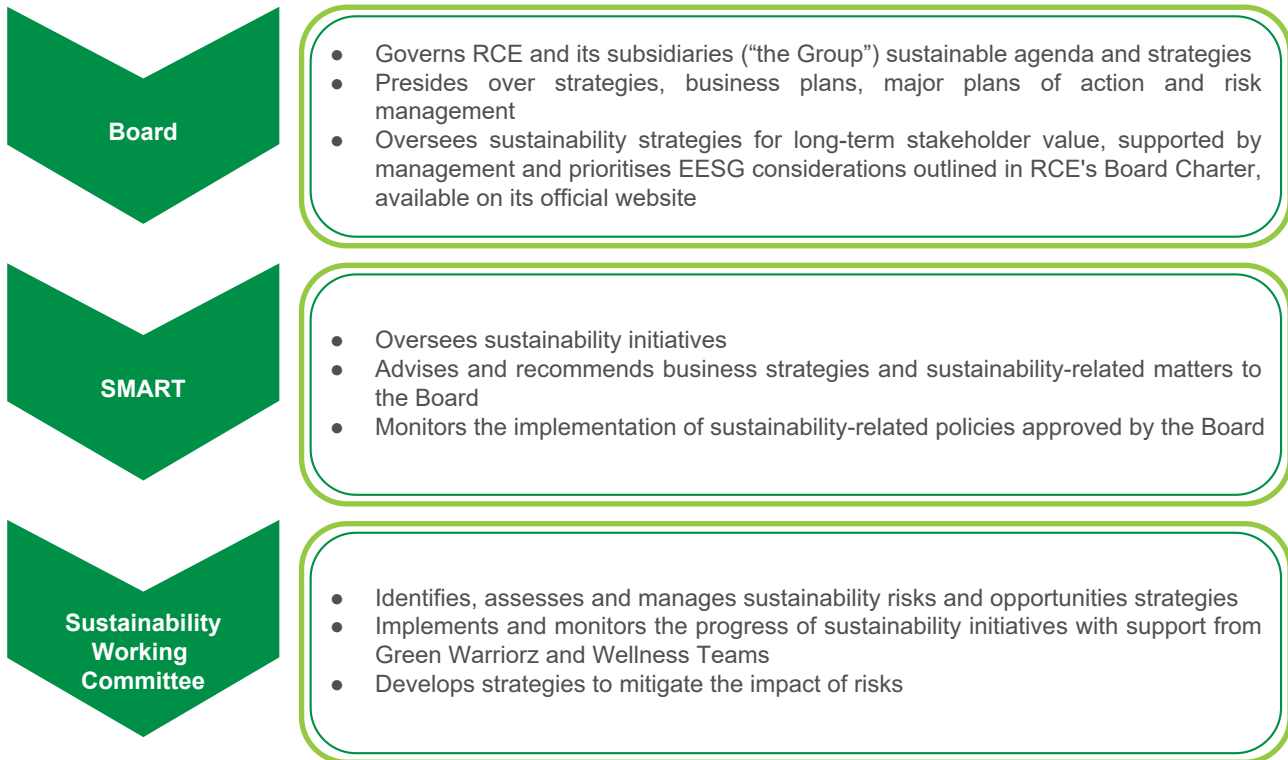
SUSTAINABILITY GOVERNANCE

RCE anchors its sustainability governance framework on transparency, accountability and meaningful stakeholder engagement. Ultimately, the Board is responsible for overseeing our sustainability efforts, supported by a clear structure. The Board plays a pivotal role in shaping our sustainability governance framework, ensuring alignment with our values, mission and long-term objectives.

The Sustainability Management Committee (“SMART”) and Sustainability Working Committee assist the Board. Chaired by the Chairman of the Board, Encik Shahman Azman, SMART includes a director, Chief Executive Officer, Group Chief Financial Officer and Chief Business Officer. The Sustainability Working Committee comprises Senior Management and Departmental Heads.

The Board’s strategic guidance and oversight ensure sustainability considerations permeate decision-making processes at the highest level. Meanwhile, the Committees facilitate coordination across departments, incorporating sustainability efforts into operations at all levels. Regular assessments and reporting mechanism, drive continuous improvements and responsible practices.

Functions of RCE Sustainability Governance Structure



EMBRACING ACCOUNTABILITY

The Board and Senior Management are accountable for achieving the Group’s EESG goals. Various Board Committees diligently execute their functions as outlined in their respective terms of reference, ensuring the effectiveness of established controls. We tie the performance evaluation of Senior Management to the Group’s core values, sustainability strategies, priorities and targets. Sustainability-related key performance indicators (“KPIs”) are included in the annual appraisal process throughout the Group as a component of remuneration measurement.

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ENGAGING WITH OUR STAKEHOLDERS

We nurture and maintain valuable relationships through stakeholder engagement. Prioritising open communication and collaboration ensure we address stakeholders' needs, perspectives and concerns in decision-making. Regular dialogues, consultations and feedback mechanisms build trust, transparency and mutual understanding. The following table summarises how we engage with each stakeholder:

Business Partners



Priorities and Interest Areas

- Expansion opportunities
- Current and upcoming products
- Joint venture opportunities in potential markets
- Collaborative efforts in sustainable investment portfolios

How We Engage

- Code of Conduct
- Formal and informal meetings
- Training and briefings
- Corporate website, Facebook and Instagram

Frequency

Continuous

Investors and Analysts



Priorities and Interest Areas

- Comprehensive financial performance analysis
- Exploration of business performance trends and forecasts
- Evaluation of regulatory compliance measures

How We Engage

- Annual General Meeting¹
- Corporate presentations²
- Investor relations briefings and roadshows²
- Interim financial reports²
- Financial statements¹
- Corporate website³

Frequency

¹Annually, ²Quarterly, ³Continuous

Financiers



Priorities and Interest Areas

- Financing services diversification strategies
- Future investment opportunities
- Risk management strategies

How We Engage

- Code of Conduct
- Formal and informal meetings
- Financial statements

Frequency

Continuous

Sustainability Statement

ENGAGING WITH OUR STAKEHOLDERS (CONT'D)

Sales Team



Priorities and Interest Areas

- Tailored financial solutions
- Market insights
- Potential market and customers

How We Engage

- Code of Conduct
- Onboarding programmes
- Formal and informal meetings
- Product briefings
- Training and development programmes
- Regular dissemination of information memorandum

Frequency

Continuous

Employees



Priorities and Interest Areas

- Professional development opportunities
- Collaborative and supportive work culture
- Attractive remuneration
- Work-life integration, safety and well-being

How We Engage

- Code of Conduct
- Onboarding programmes
- Policies and Procedures ("P&P")
- Performance appraisals
- Training and development programmes
- Employee wellness – body, mind and soul

Frequency

Continuous

Government and Regulators



Priorities and Interest Areas

- Compliance with applicable laws, regulations and industrial standards
- Consumer credit protection
- Stability and integrity within the financial system

How We Engage

- Disclosure and submission of information and compliance
- Training and briefings
- Website and media

Frequency

As and when required

Customers



Priorities and Interest Areas

- Digital transformation
- Competitive products
- Personalised financial advice
- Customer experience
- Customer privacy

How We Engage

- Customer service online enquiries through social media, website, email and chatbot
- Customer service hotline
- Over-the-counter customer service

Frequency

Continuous

Sustainability Statement

ENGAGING WITH OUR STAKEHOLDERS (CONT'D)

Suppliers



Priorities and Interest Areas

- Timely payments
- Transparent communication
- Long-term partnership opportunities that support mutual growth
- Fair procurement

How We Engage

- Code of Conduct
- Communication and transactions
- Formal and informal meetings
- Conduct of due diligence

Frequency

Continuous

Community



Priorities and Interest Areas

- Corporate social responsibility
- Financial literacy
- Contributions to local economic development

How We Engage

- Community investment and contributions
- Corporate social responsibility activities and tie-ups

Frequency

Continuous

PRIORITISING WHAT MATTERS MOST

We conduct materiality assessment to ascertain stakeholder interests and integrate them into the business strategy. This helps identify areas critical to our overall performance and viability by clearly understanding their impact on stakeholders. Specific risks and opportunities associated with each material sustainability matter facilitate the efficient allocation of internal resources.

THE METHODOLOGY

Stakeholder Group Identification

- Internal stakeholders: Senior Management and Departmental Heads.
- External stakeholders: Identify relevant parties outside the organisation.

Materiality Analysis with Identified Representatives

- Appoint representatives from various stakeholder groups to ensure diverse representations of perspectives and interests.
- These representatives complete the materiality assessment form to assess the EESG topic and impact on RCE.

Sustainability Statement

PRIORITISING WHAT MATTERS MOST (CONT'D)

THE METHODOLOGY (CONT'D)

Stakeholder Engagement

- Provide open dialogue and feedback to guide representatives in completing the assessment form and ensure their input is captured correctly.

Data Collection and Analysis

- Compile the response and calculate the average score for each sustainability matter.
- Each response remains confidential.

Priority Rating

- Rate sustainability matters with a score of $\geq 75\%$ as high, $\geq 60\%$ as medium and those $< 60\%$ as low priority.
- Based on stakeholder perceptions, RCE determines this threshold to prioritise issues with significant impact.

Materiality Matrix Creation

- Plot sustainability matters on the matrix according to their significance (high, medium or low priority) and impact on the organisation.
- This matrix shows the most critical EESG issues that require attention and management focus.

Validation and Review

- Validate findings with key stakeholders, including Senior Management and Departmental Heads.
- Review materiality matrix periodically to ensure it reflects stakeholders' evolving priorities and concerns.
- Incorporate feedback and adjust methodology as necessary to improve accuracy and relevance.

Communication and Integration

- Communicate results of materiality assessment to relevant stakeholders.
- Incorporate findings into strategic planning, risk management, compliance and ethics frameworks to drive informed decision-making as well as prioritise resource allocation.

Continuous Improvement

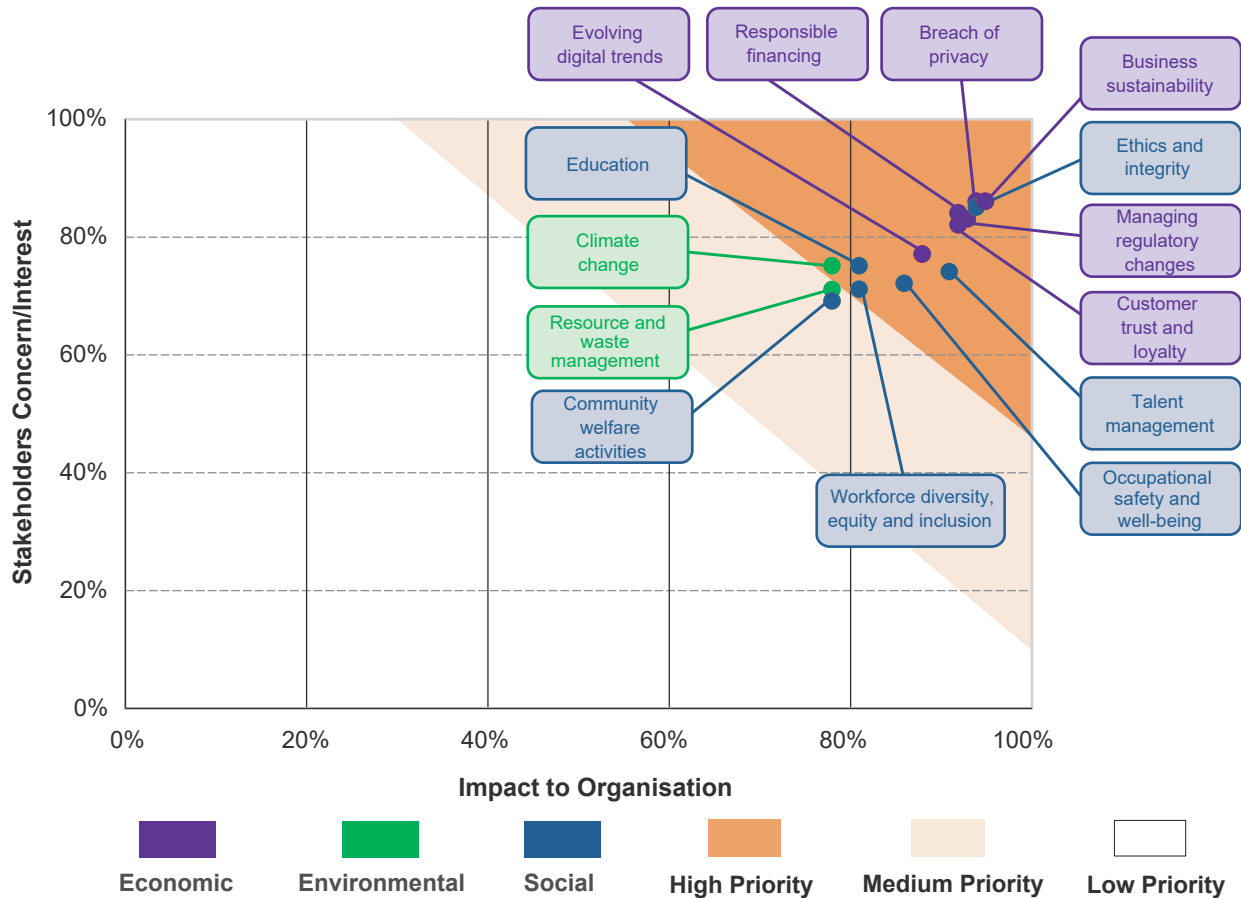
- Refine methodology based on lessons learned and emerging best practices in sustainability reporting and stakeholder engagement.
- Foster a culture of transparency and accountability on EESG impact within the organisation.

Sustainability Statement

PRIORITISING WHAT MATTERS MOST (CONT'D)

THE METHODOLOGY (CONT'D)

The assessment is conducted once every two years and was last conducted in FYE 2023. Summary of the last assessment is shown below:



We plan to carry out our next review in the following financial year.

We aligned our materiality priority topics with UNSDGs to work towards addressing societal, environmental challenges and sustainable development:

ECONOMIC	What We Do	Relevant UNSDGs
Business Sustainability	We create sustainable stakeholder value by integrating EESG and Shariah-compliant financing principles. Embedding sustainability practices in daily operations reduce disruptions and allow for the adoption of technology for efficiency. Collaboration with industry peers and membership in relevant organisations drive innovation. Our stable funding reflects financial strength and commitment. Strong collection management, risk assessments and Business Continuity Management (“BCM”) deliver revenue stability and regulatory adherence, safeguarding uninterrupted operations.	

Sustainability Statement

PRIORITISING WHAT MATTERS MOST (CONT'D)







THE METHODOLOGY (CONT'D)

ECONOMIC	What We Do	Relevant UNSDGs
Responsible Financing	We emphasise responsible financing and equitable customer treatment by maintaining transparency in all operational facets, which include providing comprehensive product information, timely and reliable data processing and swift complaint solution.	
Managing Regulatory Changes	We cultivate a vigilant employee culture to adhere strictly to applicable laws, regulations, industry standards and anti-corruption requirements. Continuous monitoring, engagement with regulatory authorities and regular policy review allow us to adopt practices that maintain compliance.	 
Evolving Digital Trends	We leverage opportunities from the digital economy to enhance customer experience, optimise operations and expand our market presence. Adopting technology drives digital innovation as we prioritise customer onboarding and digitalisation, delivering uninterrupted services.	
Customer Trust and Loyalty	We respond promptly to inquiries and requests by providing access through multiple channels such as social media, website, email, chatbot and hotline while in-person visits build trust and customer loyalty. Our commitment to courteous, efficient service and thorough investigation into operational issues or complaints deliver timely solutions.	  
Breach of Privacy	We place importance on our internal control framework to protect the privacy and security of data and intellectual properties. We enforce a zero-tolerance policy towards privacy breaches by monitoring and protecting all personal information during the collection, handling and storage stages to mitigate the risk of potential data and intellectual property leakages.	 

Sustainability Statement

PRIORITISING WHAT MATTERS MOST (CONT'D)

THE METHODOLOGY (CONT'D)





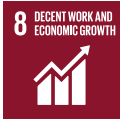




ENVIRONMENTAL	What We Do	Relevant UNSDGs
Climate Change	We monitor energy consumption, carbon emissions and implement measures to reduce greenhouse gas (“GHG”) emissions. Our risk management process identifies and mitigates climate-related risks. We engage with stakeholders for insight and support on climate change solutions.	 
Resource and Waste Management	We promote sustainability and minimise environmental impact by employing waste management strategy for resources. Our waste management strategy emphasises proper disposal of various types of waste while raising environmental awareness in the workplace and at home.	   



Sustainability Statement

PRIORITISING WHAT MATTERS MOST (CONT'D)

THE METHODOLOGY (CONT'D)

SOCIAL	What We Do	Relevant UNSDGs
Ethics and Integrity	We emphasise on ethics, integrity, transparency, accountability and compliance to applicable laws and regulatory standards. This extends to the supply chain with sustainability guidelines enforced.	 
Talent Management	We establish talent management framework for recruitment, development and retention. Training and career advancement programmes offer diverse skill upgrading opportunities and on-the-job training sessions facilitate practical experience.	
Occupational Safety and Well-being	We place importance on employee safety and well-being, ensuring compliance with Occupational Safety and Health Policies to mitigate workplace risks. Safety campaigns and equipment inspections are carried out periodically. Initiatives focusing on well-being and mental health aim to improve employees' overall health.	 
Workforce Diversity, Equity and Inclusion	We recruit talents from diverse backgrounds, ensuring equal career opportunities irrespective of race, religion, gender, age, sexual orientation, disability status or nationality.	 
Education	Our collaboration with Yayasan Azman Hashim ("YAH") provides underprivileged youth with access to quality education and empowers them to reach their full potential. Offering study grants and sponsorships for full-time Association of Chartered Certified Accountants qualification programme helps aspiring individuals pursue academic and professional excellence.	 
Community Welfare Activities	We engage in community welfare activities through donations, sponsorship, partnerships and tie-ups to uplift those in need.	

Sustainability Statement

ECONOMIC SUSTAINABILITY

CORPORATE STRATEGY

As a non-bank financial institution, our core business provides ethical financial solutions within an end-to-end Shariah-compliant financing ecosystem. Our strategy ensures robust Shariah governance, encourages a culture of knowledge sharing and swift adaptability to evolving regulations as well as digital advancements for operational efficiency.

SHARIAH GOVERNANCE

Regular Shariah Compliance Review

- Independent Shariah consultants perform annual comprehensive process review of our operations to ensure Shariah governance frameworks are implemented correctly.

Ongoing Shariah Advisory Support

- Independent Shariah consultants provide day-to-day operational advice whenever necessary, ensuring that our practices align with Shariah principles and standards.

Employee and Sales Team Education/ Training

- Regular training sessions and sharing of newsletters deepen our employees' and Sales Team's understanding of Shariah principles and their application in offering financial services.
- 4 training sessions were conducted by independent Shariah consultants for employees and Sales Team.
- 12 Shariah awareness articles were issued internally within the Group.

BUSINESS SUSTAINABILITY

Business sustainability at RCE involves integrating EESG principles and managing associated risks to ensure medium to long-term value creation for stakeholders.

We are guided by:

- Best practices;
- Ethical sales channels;
- Risk-based pricing products;
- Alignment to the development of technologies; and
- Process automation.

Collaboration drives innovation and progress within the financial services industry. Joining organisations such as the Institute of Corporate Directors Malaysia provide us with valuable insights, best practices and networking opportunities.



Sustainability Statement

ECONOMIC SUSTAINABILITY (CONT'D)

BUSINESS SUSTAINABILITY (CONT'D)

DEVELOPING BRAND PRESENCE AND COLLABORATION WITH BUSINESS PARTNERS (“BPs”)

As a responsible financier, we developed Shariah-compliant products that cater for those in need and engage them through various channels such as offline and online marketing or advertising campaigns. Implementing these actions elevates our brand presence, cultivate trust and visibility to attract new customers.

We promote financial products that consider repayment capabilities and credit assessment backgrounds of customers. This ensures that our product line-up remains relevant to meet the existing and potential customers’ evolving requirements.

During the financial year, we organised in-person corporate social responsibility (“CSR”) activity with National Kidney Foundation (“NKF”) and Breast Cancer Welfare Association Malaysia (“BCWA”) featuring free health screenings.



Free Health Screenings Organised in Collaboration with NKF and BCWA

Several roadshows in collaboration with BPs were also carried out at various venues to boost brand presence.



Roadshows Conducted in Various Venues

Other steps taken to elevate brand presence include advertisements across social media platforms for online reach.

Sustainability Statement

ECONOMIC SUSTAINABILITY (CONT'D)

BUSINESS SUSTAINABILITY (CONT'D)

STABLE FUNDING WITH PRUDENT ASSET-LIABILITY MANAGEMENT

Stable funding is crucial to ensure no disruption to operations. We manage our operating cash flows and seek funding from diverse sources.

Our RM2.00 billion Sukuk Murabahah Asset-Backed Securitisation Programme (“Sukuk Murabahah ABS Programme”), established in March 2019 through Zamarad Assets Berhad (“ZAB”) delivers long-term funding stability.

We have issued nine tranches totalling RM1.59 billion, with the latest tranche issued on 10 August 2023 amounting to RM254.0 million.

Tranche	Issuance Date	Subscription		
		External	Internal*	Amount
		RM'million	RM'million	RM'million
1	27.03.2019	240.0	25.0	265.0
2	26.07.2019	100.0	8.0	108.0
3	19.11.2019	120.0	8.0	128.0
4	7.09.2020	120.0	7.0	127.0
5	25.11.2020	100.0	7.0	107.0
6	8.07.2021	100.0	24.0	124.0
7	28.03.2022	210.0	45.0	255.0
8	25.11.2022	175.0	44.0	219.0
9	10.08.2023	205.0	49.0	254.0
Utilised Amount		1,370.0	217.0	1,587.0
Unutilised Amount				413.0

* Internally subscribed by an indirect subsidiary.

The RM2.00 billion Sukuk Murabahah ABS Programme incorporates a Revolving Option (“RO”), marking the first securitisation programme in Malaysia with such feature. The feature enables ZAB to procure additional receivables from the Originator, RCE Marketing Sdn Bhd (“RCEM”) by utilising surplus funds from the sinking funds. Consequently, the proceeds will be utilised for new disbursements ensuring ongoing funding and minimising negative carry for the Group.

On 16 August 2023, ZAB won the “Best Securitization Sukuk of The Year 2023” award in relation to Tranches 7 and 8 issuance by The Asset Triple A Islamic Finance Awards amounting to RM474.0 million.

In addition to ZAB’s RM2.00 billion Sukuk Murabahah ABS Programme, the Group also operates another RM900.0 million Sukuk Murabahah ABS Programme established in March 2016 via Al Dzahab Assets Berhad (“ADA”). Since March 2018, ADA has fully utilised its programme limit with five tranches issued. The outstanding obligation continues to be serviced utilising collections received from the underlying securitised receivables.

Both ZAB and ADA’s Sukuk Murabahah ABS Programmes are rated by RAM Rating Services Berhad. The rating upgrade and reaffirmation over these financial years demonstrate that the quality of the underlying securitised receivables remain sound.

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ECONOMIC SUSTAINABILITY (CONT'D)

BUSINESS SUSTAINABILITY (CONT'D)

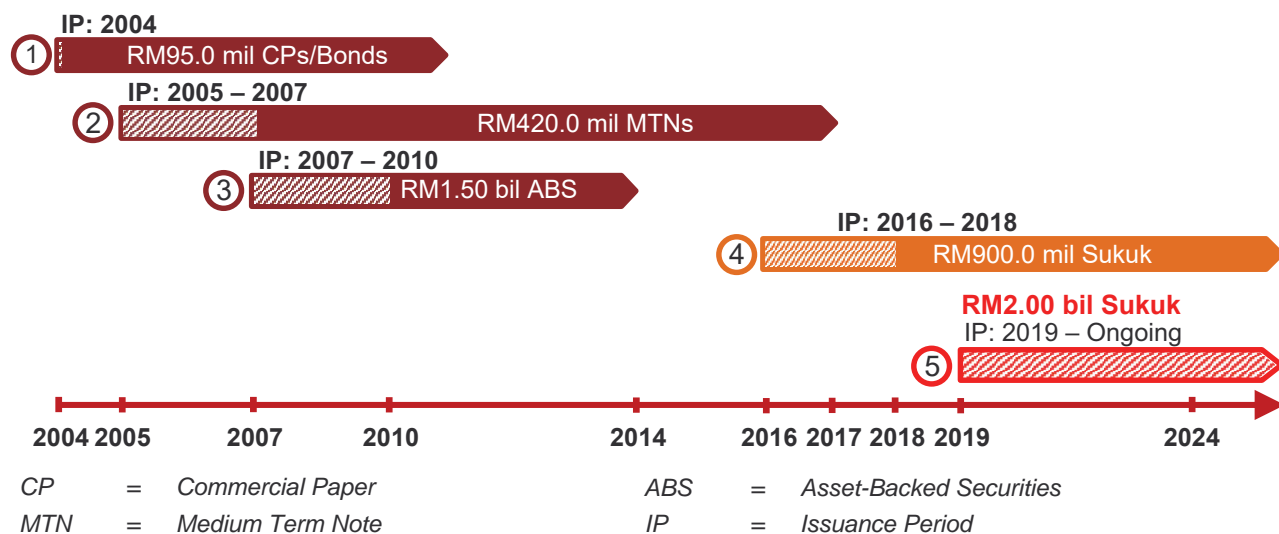
STABLE FUNDING WITH PRUDENT ASSET-LIABILITY MANAGEMENT (CONT'D)

The expected and early redemptions by ZAB and ADA align with the Group's stance in honouring its obligations, thereby instilling confidence among investors. Besides, the Group has maintained a track record of redeeming all of its prior debt securities programmes in full either early or on maturity as follow:

DEBT MARKET FUNDING

1. RCE Premier	RM95.0 mil CPs/Bonds	MARC: A	October 2004	Fully Redeemed October 2010	6.3% - 8.6%
2. RCE Advance	RM420.0 mil MTNs	MARC: A+	December 2005	Fully Redeemed March 2017	7.8%
3. Tresor Assets	RM1.50 bil ABS	RAM: AAA	November 2007	Early Redeemed September 2014	6.5%
4. ADA	RM900.0 mil ABS Sukuk	RAM: AAA	March 2016	Fully Issued March 2018	5.5%
5. ZAB	RM2.00 bil ABS Sukuk	RAM: AAA & AA2	March 2019	9th Issuance August 2023	4.5%

Note: The above rates represent all-in cost.



In this financial year, we have successfully secured RM895.0 million new financing facilities comprising:

- Two secured long-term financing facilities amounting to RM600.0 million;
- Two secured short-term financing facilities totalling RM165.0 million; and
- Two unsecured short-term financing of RM130.0 million.

These facilities provide flexibility for the Group in maintaining an optimal mix of fixed and floating rates.

As at 31 March 2024, we maintained business relationships with a network of more than ten financiers to ensure adequate liquidity for operations purposes.

Sustainability Statement

ECONOMIC SUSTAINABILITY (CONT'D)

BUSINESS SUSTAINABILITY (CONT'D)

ROBUST COLLECTION MANAGEMENT INFRASTRUCTURE FOR A SMOOTH REVENUE SYSTEM

A business' stability relies on steady cash inflow as a safety net for future financial hurdles. Maintaining a robust collection management infrastructure generates consistent revenue stream and mitigates bad debt risks, ensuring sufficient cash flow to support business' liquidity.

Our collection strategy starts with rigorous credit checks and meticulous customer onboarding process. We assess customers' repayment capabilities using a credit scoring model with control measures comprised of:

- Gathering relevant credit information;
- Conducting customer interviews; and
- Documenting the purpose of financing for transaction monitoring.

The Group has engaged two collection management service providers:

- EXP Payment Sdn Bhd, a wholly-owned subsidiary of the Group; and
- Biro Perkhidmatan Angkasa, the provider of the ANGKASA Salary Deduction System.

These entities are responsible for the deduction of monthly salary collections, ensuring that deductions adhere to the maximum limits permitted by employers and regulators. Automated systems monitor monthly collections, which track the booking and activation of salary deduction according to specified timelines. Any accounts found to be in arrears or default in payment trigger prompt recovery actions.

We make immediate contact with customers and their employers, followed by issuance of reminders for outstanding payments. Non-performing accounts are then transferred to collection agencies and as a last resort, legal action is pursued against defaulters.

INTERNAL RISK ASSESSMENT TO REVIEW THE EFFECTIVENESS OF ESTABLISHED CONTROLS

We conduct periodic internal risk assessments to evaluate the effectiveness of established controls and identify areas requiring additional measures. Various Board Committees help the Board maintain effective internal risk management and compliance with their respective terms of reference to oversee good corporate governance.



Sustainability Statement

ECONOMIC SUSTAINABILITY (CONT'D)

BUSINESS SUSTAINABILITY (CONT'D)

INTERNAL RISK ASSESSMENT TO REVIEW THE EFFECTIVENESS OF ESTABLISHED CONTROLS (CONT'D)

The Board receives regular update on matters discussed from these Committees. Documented decisions and/or recommendations are disseminated for the Board's review or approval. Ultimately, the Board is responsible for the Group's risk management and internal control system, including its adequacy and effectiveness.

Audit Committee ("AC")

- Monitors the integrity of financial statements, risk management and internal controls
- Evaluates the effectiveness of external and internal audit processes
- Reviews conflicts of interest and related party transactions, if any

Risk Management Committee

- Comprises selected members from the Board and Senior Management
- Oversees the risks encountered by the Group and reports to AC
- Operates following the guidelines outlined by the Committee of Sponsoring Organisations of the Treadway Commission Enterprise Risk Management - Integrating with Strategy and Performance Framework
- Monitors and manages risk exposure while reporting to AC and implements corrective action plans within the stipulated timeline

Compliance, Operations and Methods Department

- Performs regular compliance and process improvement reviews
- Refines P&P to ensure these remain relevant and effective
- Initiates control self-assessment review by Departmental Heads on a half-yearly basis to identify if existing risk profile and controls are still relevant, effective and practicable

BUSINESS CONTINUITY MANAGEMENT ("BCM") TO BUILD RESILIENCE AGAINST UNFAVOURABLE EVENTS

BCM is vital in identifying operational risks and devising strategies to maintain uninterrupted business functions during disruptions or crises.

Our BCM components include but not limited to:

- Risk evaluation and business impact analysis on affected departments;
- Developing Business Continuity Plans ("BCPs") to conduct operations during disruptions, including remote working arrangements;
- Refining P&P to redefine the scope and reach of BCM;
- Initiating BCM processes before, during and after crises by the BCM Incident and Recovery Management Team;
- Implementing BCM procedures by key designated employees in each department;
- Establishing business continuity sites and backup infrastructure to carry out operations if physical premises are compromised; and
- Testing BCPs and regular penetration tests to identify security vulnerabilities.

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ECONOMIC SUSTAINABILITY (CONT'D)

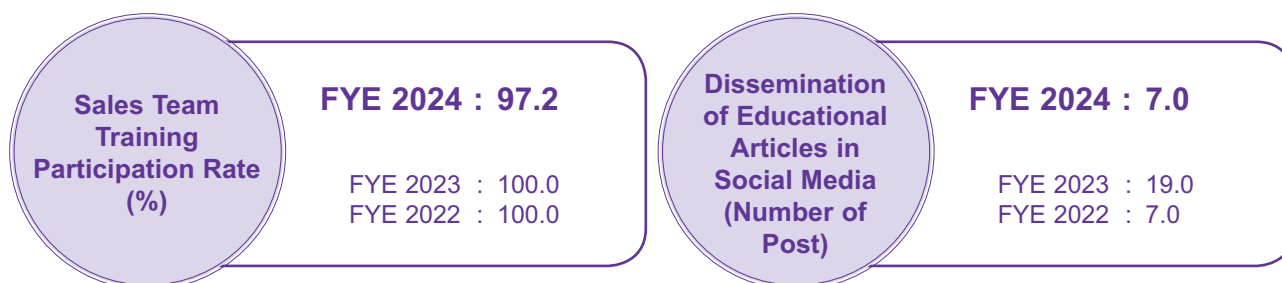
RESPONSIBLE FINANCING

We foster responsible financing and treat our customers fairly through our range of Shariah-compliant financing products and services. Our goal is to maintain fairness culture in understanding the customers' needs.

Customer interactions are central to our approach as we:

- Provide explicit product information;
- Transparently outline how customer data are processed;
- Manage data usage and storage protocols;
- Document customer verification process for future reference and service improvement;
- Obtain customers' consent before proceeding with transactions; and
- Swiftly resolve any complaints to mitigate potential legal and reputational risks.

RCE trains its Sales Team to prevent mis-selling and ambiguity in product selling. Disseminating financial management articles educates the public across various platforms, including RCE's and BP's official websites along with our marketing partners featured on <https://www.as-sidq.com> and <https://ringgitplus.com>.

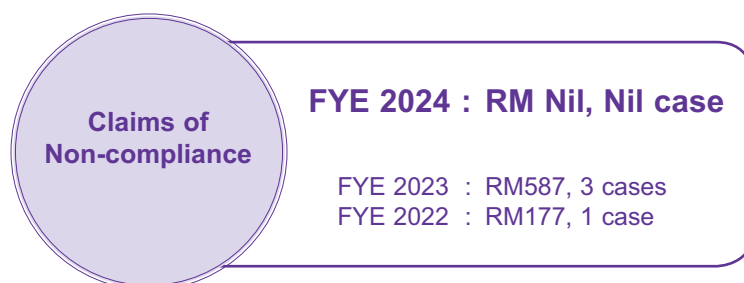


MANAGING REGULATORY CHANGES

Managing regulatory changes is paramount for RCE as a Shariah-compliant financial service provider. Any actual or potential regulatory non-compliance could adversely impact our credibility.

Continuously monitoring industry developments, participating in relevant events and engaging with regulatory authorities allow us to stay ahead, proactively adapting our practices to ensure compliance. Regular review and update of our P&P and a culture of vigilance among employees ensure strict adherence to guidelines, regulations and industry standards.

In FYE 2024, there were no claims of non-compliance.



Sustainability Statement

ECONOMIC SUSTAINABILITY (CONT'D)

EVOLVING DIGITAL TRENDS

Recognising the pivotal role of digitalisation, we embrace improvements to enhance customer experience, improve operational efficiency and broaden market reach. Timely adoption of technology trends streamlines our processes for digital transformation.

In October 2021, the Group launched ePanta\$, which provides one-click financing solutions to customers. This user-friendly platform includes straightforward step-by-step guide, electronic Know-Your-Customer verification and digital signature for enhanced security.



The Group invested RM2.4 million in digitalisation initiatives to ensure core systems are available at full capacity in the event of disruption or crisis.

Regular penetration testing by external consultants mitigate cybersecurity risk and provide safeguards in response to evolving threat.

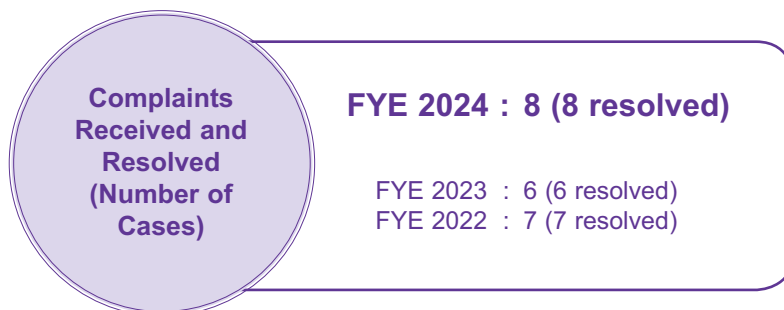
Outsourcing of Information Technology (“IT”) audit to independent consultant is necessary to obtain professional assurance and quality benchmarking in this fast-changing environment. These complement future investments in technology upgrades or process automation.

CUSTOMER TRUST AND LOYALTY

Our commitment to address inquiries and requests on the same or next working day builds trust and long-term customer loyalty. Customers can reach our Customer Service Specialists through social media, email, virtual chat, hotline and face-to-face visits during specified hours.

We strive to serve customers courteously, thoroughly investigating issues or complaints to ensure timely solution.

In FYE 2024, a total of eight complaints were received and resolved.



We continuously seek innovative solutions that enhance customer experience and reinforce brand loyalty with our motto, “Customer for Life”.

Sustainability Statement

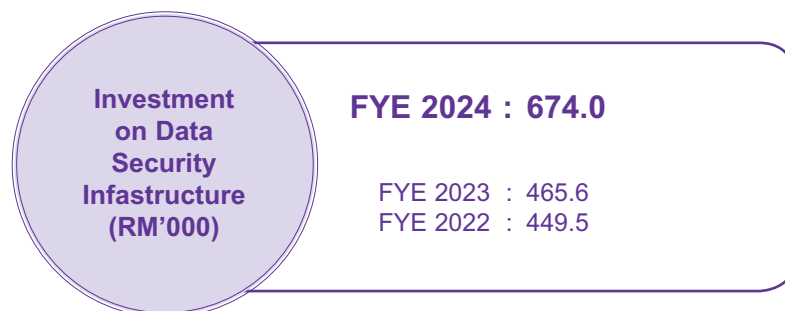
ECONOMIC SUSTAINABILITY (CONT'D)

BREACH OF PRIVACY

Given the heightened risks of data and intellectual property breaches in today's technological landscape, we introduced preventive measures as part of our zero-tolerance approach to privacy breaches:

- IT Handbook on guidelines for good security practices and protecting information assets;
- Information Security Policy to control access to confidential information on a need-to-know basis, data retention and disposal management;
- Backup Policy to ensure secure backup of data and systems, outlining the process for storage, handling and disposal of backup media;
- Incident response procedures for security incidents;
- Mandatory Personal Data Protection Act 2010 ("PDPA") briefings for new recruits during onboarding;
- Privacy Notice available online for easy access;
- Non-disclosure agreements with third-party service providers before we provide any non-publicly available information such as customers' personal data;
- Yearly compliance undertakings from employees pledging their compliance with applicable laws and regulations; and
- Non-competition clause in employment agreements and Employee Handbook to deter attempts in revealing proprietary information of the Group during and after employment.

In FYE 2024, we invested an additional RM674,038 in data security infrastructure to enhance cybersecurity protection and upgrade of backup solutions. Accredited security partner will be engaged for areas requiring independent validation.



No incident of data leaks, theft or losses of customer data were reported during the financial year, including complaints from outside parties or regulatory bodies.

ENVIRONMENTAL SUSTAINABILITY

We recognise the importance of environmental sustainability and its unfavourable effects associated with short- and long-term business risk. We mitigate these by working with relevant stakeholders to reduce our environmental impact, conserve resources and embrace eco-friendly practices, ensuring a healthier planet for all.

The impact of climate change is a significant threat to humanity and our business operations. We assess and address climate change risks that directly impact our business.

Sustainability Statement

ENVIRONMENTAL SUSTAINABILITY (CONT'D)

CLIMATE CHANGE

Our climate change approach is aligned with various frameworks and initiatives including:

- UN SDG 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.

Since FYE 2022, we have begun monitoring our energy consumption and carbon emissions performance to identify opportunities for energy savings. Current measures implemented to promote a reduction in GHG emissions include:

- Turning off all office lights and equipment during breaks and before leaving the office;
- Minimising unnecessary printing;
- Conducting hybrid training or meetings that favour virtual formats, which do not require the setup of IT infrastructure, leading to lower electricity consumption; and
- Favouring laptops, which produce higher energy efficiency than desktop computers.

COLLECTIVE EFFORTS IN ADDRESSING CLIMATE CHANGE

RCE has been a member of the Corporate Friend of Climate Governance Malaysia ("CGM") since July 2021. This membership aligns with the Group's initiatives in resource management, minimising ecological footprints and adapting to the impact of climate change, other than providing an avenue for keeping abreast with environmental issues or industry best practices.



In July 2024, RCE further enhanced its sustainability efforts by joining ESG Association Malaysia. This membership offers access to ESG tools, resources and training, strengthening RCE's capacity to advance its climate action and environmental stewardship.

As a financial service provider, we encourage our existing and potential customers to minimise the impact of climate change although our business model does not rely heavily on energy consumption or produce significant emissions. Our action may potentially prompt the customers and the community to be aware of climate change risk.

We recognise the importance of climate change and our responsibility to address the 2-degree scenario outlined at the 26th United Nations Climate Change Conference 2021. Actions have been taken to strengthen our disclosure on climate related risks following announcement by Bursa on Enhanced Sustainability Reporting Framework, including managing our energy consumption and carbon emissions.

ENERGY MANAGEMENT'S ROLE IN CLIMATE ACTION

As climate change may possibly pose destructive consequences on our business, we take steps to contain the impact.

The Sustainability Working Committee devises plans to manage and minimise our environmental footprint. Periodically, progress reports and/or proposals on energy management are presented and notified to SMART and the Board respectively.

We have invested RM62,030 in FYE 2024 for the development of climate and energy management strategies and improvement to our carbon data accuracy.

Sustainability Statement

ENVIRONMENTAL SUSTAINABILITY (CONT'D)

CLIMATE CHANGE (CONT'D)

ENERGY MANAGEMENT'S ROLE IN CLIMATE ACTION (CONT'D)

Apart from the above, we have implemented a tracking system to monitor operational GHG emissions and energy consumption.

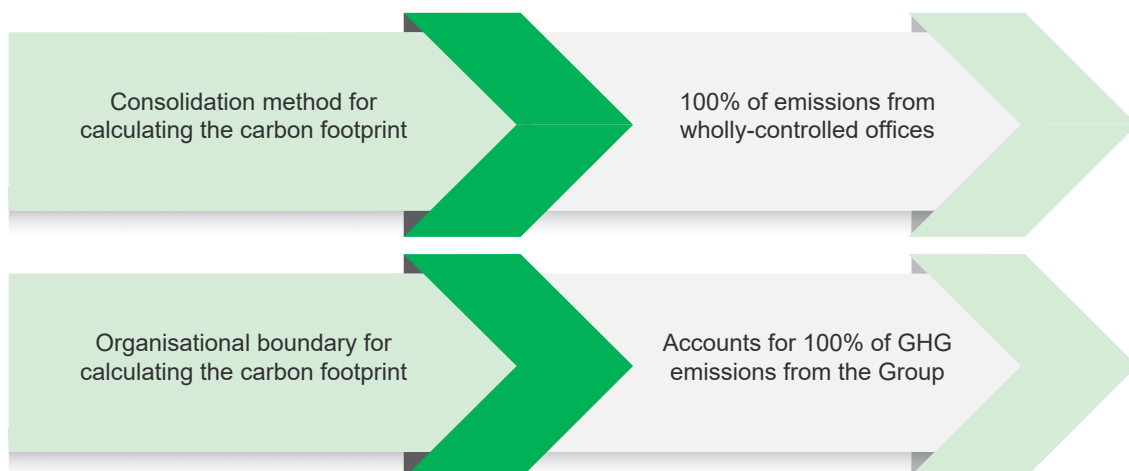
Climate change affects operating costs ("OPEX") and capital expenditures ("CAPEX") as the heightened frequency and severity of extreme weather events may disrupt business operations.

For instance, shifts in climate patterns can impact customers' credit risk profile. Customers in flood-prone areas may encounter financial difficulties due to climate-related disruptions, leading to inability to repay their obligations. As such, we may need additional resources for credit risk management processes, enhanced monitoring and evaluation of financing portfolios, thereby potentially increasing OPEX as well as CAPEX.

We emphasise on reduction of GHG emissions in the following areas:

Carbon Footprint Scopes	What We Do
Direct energy consumption within the organisation (scope 1)	<ul style="list-style-type: none"> Monitoring and recording the company vehicles' petrol and diesel use
Indirect energy consumption from energy use (scope 2)	<ul style="list-style-type: none"> Monitoring and recording the electricity consumption across our entire operations located in Kuala Lumpur and Sarawak Lighting 100% of our offices with Light Emitting Diode
Energy consumption outside the organisation from various stakeholders (scope 3)	<ul style="list-style-type: none"> Raising employee awareness of public transportation and carpooling options Measuring the overall environmental impact of the supply chain, including business and employee commuting

CARBON FOOTPRINT CALCULATIONS



Sustainability Statement

ENVIRONMENTAL SUSTAINABILITY (CONT'D)

CLIMATE CHANGE (CONT'D)

CARBON FOOTPRINT CALCULATIONS (CONT'D)

Scope	Coverage and Organisational Boundary	Consolidation Method
1	Comprises 100% of emissions from offices that RCE wholly controls. Primarily, the energy consumption at these locations is fuel utilised in corporate transportation. This consumption pattern aligns with the increased physical activities required to fulfil external commitments.	Total energy consumption is determined from: <ul style="list-style-type: none"> Fuel using energy conversion factors specified in the Malaysia Energy Statistics Handbook (2020). Electricity using the standard unit of energy in the International System of Units with 1 kWh equating to 0.0036 GJ.
2	Comprise 100% of energy consumption from electricity usage in our Kuala Lumpur office and Sarawak Service Centre. The usage covers various operations aspects, including lighting, cooling systems and equipment.	The Group computes its Scopes 1, 2 and 3 emissions using the GHG Protocol Corporate Accounting and Reporting Standard. The emission factors for all GHG following the Global Warming Potentials outlined in the Intergovernmental Panel on Climate Change Sixth Assessment Report are based on a 100-year timeframe.
3	Comprise 100% operational GHG emissions from the entire workforce's business travelling and employees' daily commute to work.	The calculation methodology conforms to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories in line with the standards set by the Malaysian Green Technology and Climate Change Corporation, the government's primary agency for green technology. Reported Scopes 1, 2 and 3 emissions adhere to the GHG Protocol, employing the operational control approach.

**Scope 1:
Emissions
(tCO₂eq)**

FYE 2024 : 21.9

FYE 2023 : 19.0
FYE 2022 : 15.5

**Scope 2:
Emissions
(tCO₂eq)**

FYE 2024 : 151.6

FYE 2023 : 155.0
FYE 2022 : 150.2

**Total Scopes 1
and 2 Emissions
(tCO₂eq)**

FYE 2024 : 173.5

FYE 2023 : 174.0
FYE 2022 : 165.7

**Total Scopes 1
and 2 Emissions
per Employee
(tCO₂eq)**

FYE 2024 : 0.85

FYE 2023 : 0.90
FYE 2022 : 0.94

Sustainability Statement

ENVIRONMENTAL SUSTAINABILITY (CONT'D)

CLIMATE CHANGE (CONT'D)

CARBON FOOTPRINT CALCULATIONS (CONT'D)

Scope 1: Fuel Consumption (Litres)

FYE 2024 : 11,438.8

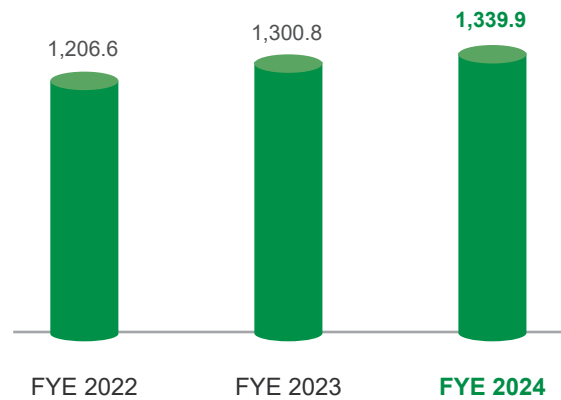
FYE 2023 : 9,852.6
FYE 2022 : 8,096.1

Scope 2: Electricity Consumption (kWh)

FYE 2024 : 268,835.0

FYE 2023 : 272,306.0
FYE 2022 : 261,944.0

Total Energy Consumption (GJ)



Total energy consumption increased in the current financial year mainly due to higher company vehicles' fuel usage from increased transportation activities for business operations. Nevertheless, the average energy intensity per employee declined slightly, reflecting more efficient use of energy.

Average Energy Intensity Per Employee (GJ)

FYE 2024 : 6.6

FYE 2023 : 6.7
FYE 2022 : 6.8

SCOPE 3: EMPLOYEES' DAILY COMMUTE TO WORK

Significant carbon dioxide emissions are generated by the daily commute of our employees travelling to and from the workplace. In FYE 2024, we began to track:

- Total distance of employees commuting to and from the workplace;
- Mode of transport; and
- Vehicle type, engine size and fuel type if employees used their own vehicles.

If multiple modes of transport were used, all legs of the journey are captured separately to ease the tracking process.

We calculated the annual emissions for each employee using the emission factors from cross-sector tools by the GHG Protocol with an estimated average of 242 working days annually.

Scope 3 GHG Emission (tCO₂eq)

FYE 2024 : 377.0

Sustainability Statement

ENVIRONMENTAL SUSTAINABILITY (CONT'D)

RESOURCE AND WASTE MANAGEMENT

Our business does not produce hazardous or radioactive waste, therefore we focus on solid waste management.

**Paper
Utilisation
Per kg
(‘000)**

FYE 2024 : 77.0

FYE 2023 : 56.2
FYE 2022 : 49.2

Our paper consumption policy comprises a lock-print policy, paperless initiatives and efficient printing method. Colour printing is discouraged while recycled papers are filtered to prevent leakage of private and confidential information.

**Paper
Utilisation
Per Headcount
(‘000 pieces)**

FYE 2024 : 5.4

FYE 2023 : 3.7
FYE 2022 : 3.7

In FYE 2024, the increase in paper utilisation was mainly due to higher printing activities as well as more financing agreements printed in the current financial year for the surge in sales experienced towards the end of last financial year. Despite the increase, measures include tracking of paper utilisation at departmental level was rolled out besides sending reminders to all employees, promoting e-documents and distribution of training materials or welcome kit digitally.

**E-Waste
Collection
(kg)**

FYE 2024 : 358.7

FYE 2023 : 221.5
FYE 2022 : 98.6

We promote proper e-waste disposal and encourage employees to recycle unwanted electronic gadgets or batteries in designated containers on office floors. Periodically, we transport the collected e-waste to a recycling facility, which is the primary treatment point to ensure safety, pollution control and environmentally sound recycling practices. The Green Warriorz Team's efforts to raise awareness have increased the collection.

In FYE 2024, we collected and donated 358.7 kg of e-waste.

**Pre-loved
Clothes and
Shoes
Collection
(kg)**

FYE 2024 : 652.0

FYE 2023 : 575.2
FYE 2022 : 223.8

We implemented initiatives to manage textile waste since FYE 2022, driven by Green Warriorz Team. Employees donate pre-loved clothes and shoes, reducing waste while assisting those in need.

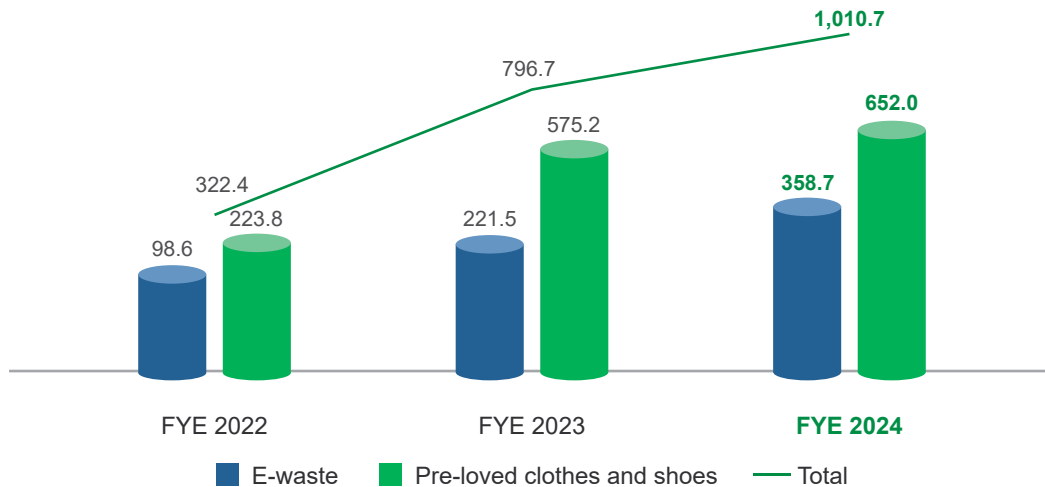
In FYE 2024, we collected and donated 652.0 kg of pre-loved clothes and shoes.

Sustainability Statement

ENVIRONMENTAL SUSTAINABILITY (CONT'D)

RESOURCE AND WASTE MANAGEMENT (CONT'D)

With the increase in e-waste and pre-loved clothes and shoes collection, the total waste diverted from disposal increased accordingly as shown below:



Other Initiatives:



- Recycling systems for supplies, equipment and furniture to minimise waste



- E-waste and pre-loved clothes and shoes collection for proper disposal as well as donation



- Offering pre-loved office equipment or vehicles to employees via bidding



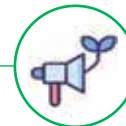
- Promoting electronic communication



- Encouraging reusable items for takeout meals



- Eliminating unnecessary paper usage



- Educating employees on eco-friendly practices and sustainable lifestyle both at work and home

Sustainability Statement

ENVIRONMENTAL SUSTAINABILITY (CONT'D)

RESOURCE AND WASTE MANAGEMENT (CONT'D)

Similar to previous financial year, there were no confirmed incidents, monetary or non-monetary sanctions nor cases that were brought to our attention for non-compliance with environmental laws and regulations.



Waste Collection Arranged by Green Warriorz Team

WATER MANAGEMENT

While we operate outside water-stressed regions and our water consumption is not substantial, we target to minimise daily water usage. Internally, efforts are underway to increase employee awareness regarding water conservation practices.

In FYE 2024, we started monitoring water consumption for our Kuala Lumpur office and Sarawak Service Centre.

Volume
water used
(m³)

FYE 2024 : 266.9

Sustainability Statement

SOCIAL SUSTAINABILITY

We prioritise employee well-being by promoting human rights, diversity and inclusion, guided by integrity and ethical values. We communicate our labour standards stance and policy to all employees in English as it is the most commonly used business language. These are also translated into Bahasa Malaysia, where necessary.

ETHICS AND INTEGRITY

We focus on ethics and integrity with core values of transparency, openness and accountability. We uphold a strict zero-tolerance policy against corruption or unethical business conduct, including bribery, kickbacks, fraud, money laundering and facilitation payments.

The Board oversees and ensures RCE communicates these principles effectively to all employees through the Code of Conduct (“COC”), which addresses key areas such as compliance with applicable laws and regulations, Anti-Bribery and Corruption (“ABC”) Policy, conflict of interest, fair competition, confidential information, insider trading and anti-money laundering and anti-terrorism financing.

Our ABC policy is guided by TRUST principles:

- **T** – Top level commitment;
- **R** – Risk assessment;
- **U** – Undertake control measures;
- **S** – Systematic review, monitoring and enforcement; and
- **T** – Training and communication.

These policies and guidelines apply to all Board members who have undergone the required regulatory education and training.

All employees, including new hires and Sales Team, must participate in the annual training session on anti-corruption and related subjects. This training addresses various forms of misconduct, including corruption and bribery, followed by a quiz to confirm their understanding.

In this financial year, we have engaged an external consultant to conduct a review on the ABC Policy, providing assurance that it remains effective.

In FYE 2024, no employee was reprimanded or dismissed as a result of bribery or corruption violations. Similarly, there were no cost of fines, penalties or settlements in relation to bribery or corruption violations.

MECHANISMS IN UPHOLDING ETHICS AND INTEGRITY

Whistleblowing

- Whistleblowing platforms are available via our hotline and corporate website: https://www.rce.com.my/whistle_blowing.php.
- The Whistleblowing Policy provides a mechanism for employees and the public to raise genuine concerns about actual or suspected wrongdoing, unethical behaviour and misconduct, including corruption and bribery.
- The Whistleblowing Policy includes a Non-retaliation Policy to protect employees from adverse action for reporting.
- We treat reports confidentially and investigate them thoroughly, taking appropriate disciplinary action when necessary. The IA Department administers the mechanism, overseen by AC and is totally independent from the management.
- We train our Departmental Heads to effectively address report received, which may include instances of bullying, harassment and/or other integrity violations.
- Our Whistleblowing Policy is reviewed once every three years or as and when necessary.

Sustainability Statement

SOCIAL SUSTAINABILITY (CONT'D)

ETHICS AND INTEGRITY (CONT'D)

MECHANISMS IN UPHOLDING ETHICS AND INTEGRITY (CONT'D)

Policies and Guidelines on Contributions

- Our contributions and sponsorships focus on the following areas: education and community welfare.
- Political donations or sponsorships are strictly prohibited unless permitted by laws and approved by the Board. In FYE 2024, there were no political contributions made by the Group.
- Our due diligence process screens the recipients of contributions and sponsorships.

Risk Assessment

- Corruption risks, including bribery, are essential elements in designing effective mitigation strategies and deploying resources to combat potential instances of bribery and corruption.

Employee Handbook and Code of Conduct

- These documents provide guidance to employees making ethical decisions based on ethics, integrity and confidentiality.
- We communicate these principles and guidelines to all employees, which are accessible via the intranet.
- Employees must sign an annual declaration of undertaking pledging their compliance with all applicable laws and regulations, including adherence to risk management and internal control.
- The Employee Handbook is accessible from the intranet.
- The Code of Conduct is available in intranet and corporate website: www.rce.com.my.

SUSTAINABLE ENVIRONMENTAL AND SOCIAL SUPPLY CHAIN

We communicate with the supply chain partners such as Sales Team, vendors, suppliers and contractors of our expectations on environmental and social responsibilities.

Due diligence and credit assessments on the supply chain are performed prior to onboarding, covering background of the directors, financial performance and track records.

Any non-compliance is subject to disciplinary action, including issuing warning letters, disqualifying from incentive programmes or termination of appointment.

No cases of non-compliance were discovered and no supply chain partners were terminated in regards to bribery or corruption violation throughout FYE 2024.

Sustainability Statement

SOCIAL SUSTAINABILITY (CONT'D)

ETHICS AND INTEGRITY (CONT'D)

SUSTAINABLE ENVIRONMENTAL AND SOCIAL SUPPLY CHAIN (CONT'D)

Social responsibility is necessary to protect the entire supply chain ecosystem. The following were the initiatives implemented:

Governance

- We have incorporated the social supply chain policy and practices into contracts with supply chain such as:
 - o Compliance with relevant employment laws, rules and regulations;
 - o Exhibit professional conduct at all times;
 - o Possess recognised quality certifications or equivalent quality assurance; and
 - o Protect employee health and safety in the workplace.

Communication and Training

- We support supply chain through continuous capacity building and sharing of best practices.

Risk Assessment

- New and existing major supply chain undergo social risk assessment as part of due diligence to ensure they comply with our standards.
- We assess major supply chain informally, formally and if necessary through physical inspection audits.

Monitoring

- We monitored 184 vendors and subcontractors in FYE 2024 with no non-compliance recorded.

LOCAL TALENT EMPOWERMENT AND WORKFORCE DEVELOPMENT

We believe in empowering and nurturing local talents. To ensure equitable opportunities and the growth of the local workforce, our initiatives are as follows:

Equal Opportunity for Local Talent

- Recruitment and selection processes are conducted in a fair and non-discriminatory manner to provide equal opportunities to all. We provide employment to Malaysians across all backgrounds, including those in vulnerable groups, specifically women, citizens without tertiary education or in low income segment.
- We welcome driven young undergraduate by providing them an internship platform to nurture their potential while making a positive impact in fostering tomorrow's leaders.

Sustainability Statement

SOCIAL SUSTAINABILITY (CONT'D)

ETHICS AND INTEGRITY (CONT'D)

LOCAL TALENT EMPOWERMENT AND WORKFORCE DEVELOPMENT (CONT'D)

Targeted Local Advertising

- We utilise several platforms to attract local talent such as highlighting vacancies on career page in the corporate website: www.rce.com.my, recruitment agencies and LinkedIn. This localised approach maximises visibility among local talent pools.

Skill-Based Hiring That Prefers Local Talent

- We assess the skills and experience required for the job during hiring.
- We prefer local talents so as to support the community through employment opportunities.

Participation in Government Initiatives for Enhanced Outreach

- We participated in Daya Kerjaya, a government hiring initiative programme to increase job opportunities and placement for various target groups.
- As at 31 March 2024, we have 1 employee hired under this initiative.

UPHOLDING LABOUR AND HUMAN RIGHTS

Our practices are guided by relevant labour laws of Malaysia and international human rights instruments such as the United Nations Guiding Principles on Business and Human Rights.

Our employees receive regular updates on various initiatives via internal email and intranet, other than ensuring human rights compliance.

Scope	What We Do
Equality and non-discrimination	Eliminating all discrimination based on race, gender, age, ethnicity, religion, marital status, pregnancy, disability, political opinion, nationality or social origin: We assess and justify access to employment, development, training, compensation and rewards on merits, qualifications, performance, skills and experience.
Fair employment conditions	<p>Full compliance with applicable laws and regulations concerning work hours, overtime hours, holiday and leave entitlements, minimum wages and legally mandated benefits:</p> <ul style="list-style-type: none"> • We adhere to local working hour regulations, prioritising the reduction of excessive work hours. While occasional peak periods may necessitate overtime, our corporate culture emphasises efficiency and productivity, discouraging prolonged overtime except when essential. • We uphold our stand of 'equal pay for equal work' and fairly compensate employees, which commensurate with existing industry standard. • We ensure employee salaries meet or exceed minimum wage standards.

Sustainability Statement

SOCIAL SUSTAINABILITY (CONT'D)

ETHICS AND INTEGRITY (CONT'D)

UPHOLDING LABOUR AND HUMAN RIGHTS (CONT'D)

Scope	What We Do
Safe and healthy workplace	We provide a safe, healthy and adequate working environment, safeguarding workplace risks and hazards. We also promote healthy work-life integration to improve employee well-being. Physical abuse, bullying and threats are prohibited.
Prohibition of harassment	We provide a workplace free from verbal, physical, emotional, sexual and other harassment. We have Sexual Harassment Policy and reporting channels in place.
Freedom of association and collective bargaining	We adhere to local laws and adopt an open attitude, respecting employees' rights to freedom of association and collective bargaining.
Prohibition of forced labour, human trafficking or child labour	We comply with local laws concerning the minimum age requirements for working. We do not tolerate any slavery, forced and involuntary labour, human trafficking and child labour.
Privacy and data protection	We treat all personal data with integrity, complying with all laws and regulations.

The Group's labour standards non-compliance is dealt with by carrying out an investigation on the underlying matter, proper documentation, consulting subject matter expert, if required and continuous monitoring of the labour standard landscape. Corrective actions or measures will be communicated to Departmental Heads, if necessary for improvements. During the financial year, there were no instances of labour standards non-compliance.

We are firmly against all forms of sexual harassment, recognising it as a type of discrimination that violates an individual's dignity. Every employee is treated with dignity and respect and we strive to maintain a safe, healthy and supportive work environment.

The Sexual Harassment Policy protects employees from unwelcome advances and provides a fair and impartial process for reported incidents. The policy is readily available on RCE's corporate website: www.rce.com.my and employees are reminded of their rights as well as the contents of the policy. Our Departmental Heads received training to handle complaints on sexual harassment effectively.

Employees are encouraged to report any instances of sexual harassment to the Human Resources ("HR") Unit or their immediate supervisor. Additionally, sexual harassment awareness notices are displayed prominently on our office premises.

We are pleased to report that in FYE 2024, there was no sexual harassment case reported.

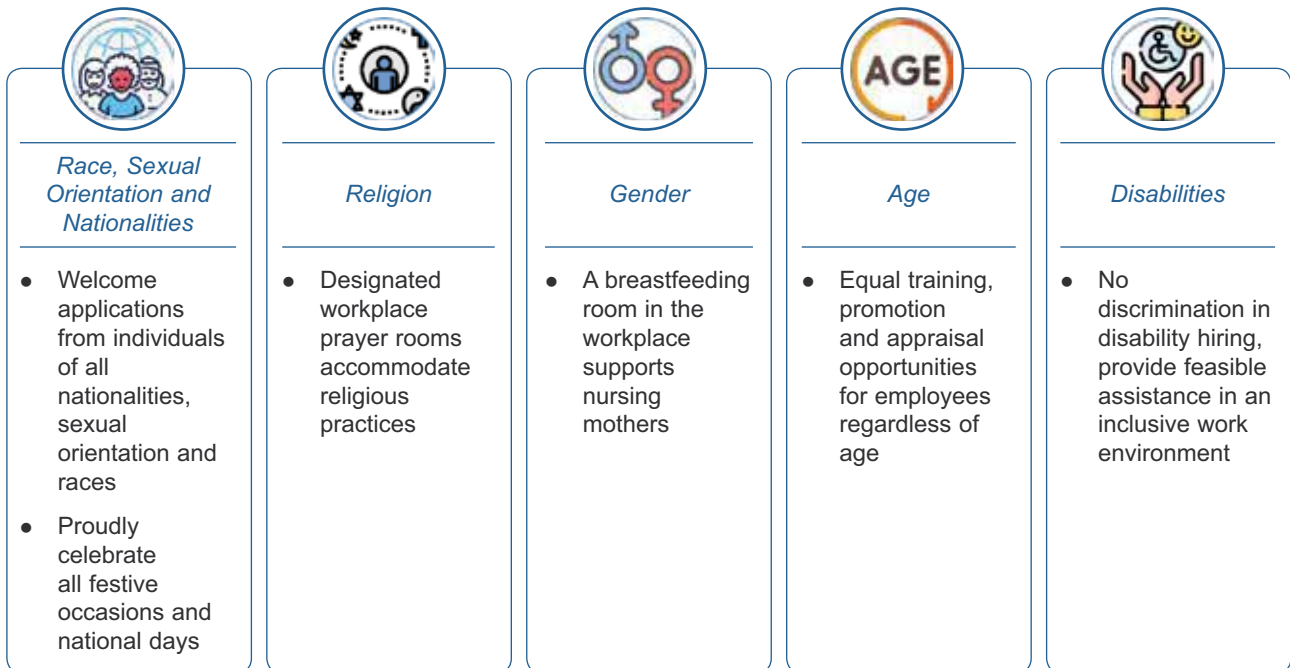
Sustainability Statement

SOCIAL SUSTAINABILITY (CONT'D)

ETHICS AND INTEGRITY (CONT'D)

UPHOLDING LABOUR AND HUMAN RIGHTS (CONT'D)

Some of the actions taken to improve workforce diversity, equal opportunities and reduce discrimination include but not limited to:



TALENT MANAGEMENT

Our talent management framework guides the recruitment process, development and retention of talent.

Hiring, training and retaining mainly local talents support income per capita for Malaysians and other socio-economic benefits.

TRAINING AND CAREER ADVANCEMENT

Talent development is vital to ensure continuous growth and proficiency among our workforce. Offering diverse skill upgrading and training programmes to keep our employees updated with industry trend fosters career advancement opportunities. Mandatory onboarding sessions provide new joiners with a comprehensive understanding of our values and operational practices. On-the-job training provided to all employees facilitates practical experience in carrying out their roles.

For knowledge-sharing culture, we encourage the exchange of training materials and experiences via our intranet.

Sustainability Statement

SOCIAL SUSTAINABILITY (CONT'D)

TALENT MANAGEMENT (CONT'D)

TRAINING AND CAREER ADVANCEMENT (CONT'D)

Training programmes attended by our employees in FYE 2024 include but not limited to:

- Leadership development sessions based on the concept of “The 7 Habits of Highly Effective People”;
- Regulatory, legal and technical knowledge sessions such as e-invoicing preparation/readiness, anti-corruption and bribery, listing requirements and accounting standards update; and
- Soft skill or special interest or knowledge sessions covering effective communication, mind mapping, cybersecurity and carbon management.



Leadership Development Programme – Enhancing the Building Blocks of Effectiveness



Training on Listing Requirements – Common Pitfalls in Transactions & Related Party Transaction Rules

Our trainings focus on leadership development, regulatory compliance and enhancing soft skills. Employees receive mentorship to cultivate individual talents and resilience in overcoming challenges. We maintain a conducive working environment that promotes collaboration and innovation.

**Investment
in Employee
Training
(RM'000)**

FYE 2024 : 171.2

FYE 2023 : 256.1
FYE 2022 : 353.4

**Total
Training
Hours**

FYE 2024 : 4,882.8

FYE 2023 : 6,787.3
FYE 2022 : 4,237.5

**Average
Training
Hours Per
Employee**

FYE 2024 : 24.1

FYE 2023 : 35.0
FYE 2022 : 23.9

The drop in training cost and hours were due to lower number of leadership development sessions planned for the current financial year as our employees have attended similar sessions in prior financial years. We will continue to update the training plan, taking into account its relevance and suitability for our workforce as learning is a lifelong journey.

Sustainability Statement

SOCIAL SUSTAINABILITY (CONT'D)

TALENT MANAGEMENT (CONT'D)

TRAINING AND CAREER ADVANCEMENT (CONT'D)

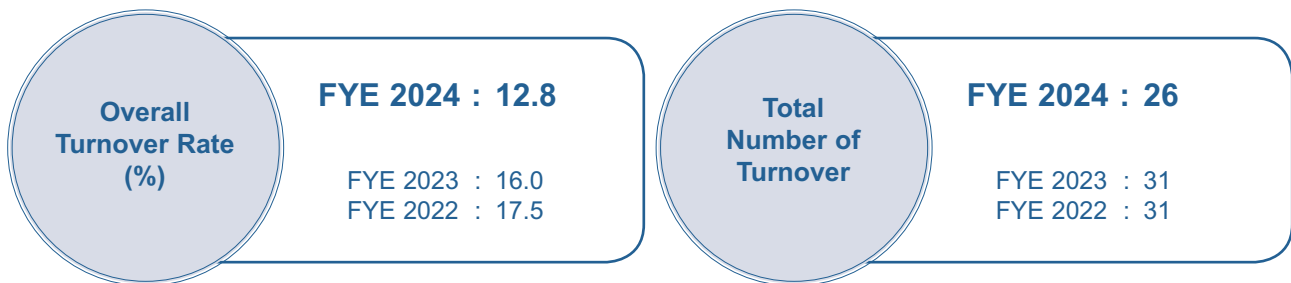
RETAINING TALENT THROUGH ATTRACTIVE BENEFITS AND COMPENSATION

We retain in-demand talent by offering attractive compensation packages. We comply with the Minimum Wage Order 2022 to ensure equitable pay for all employees. Benchmarking salary against industry standards guarantees competitive remuneration.

Our basic remuneration scheme, featuring a competitive base salary and performance-driven reward packages, undergoes constant review to incentivise high performers. We strive to meet our employees' needs, positioning RCE as their employer of choice.

We complement competitive compensation with various benefits, including Employees Share Option Scheme, Financing Interest/Profit Subsidy, Fixed Allowances, Children's Education Achievement Incentive, Medical Benefits and Long Service Awards. Other benefits include coverage for inpatient and outpatient medical expenses, dental care and financial assistance for significant life events such as marriage, childbirth or bereavement.

Every employee has an equal opportunity to be acknowledged for their contribution and is rewarded based on merit, taking into account their job experience, relevant qualifications and performance.



While overall turnover rate has improved to 12.8% in FYE 2024, we will continue to address the potential resignation to ensure disruptions to operations are minimised.

There were no termination of employees in FYE 2024.

OCCUPATIONAL SAFETY AND WELL-BEING

We comply with Occupational Safety and Health Policies, guidelines and protocols to mitigate workplace health and safety risks.

Our Safety, Health and Emergency Response ("SHER") Team has various responsibilities, including developing and implementing safety, health rules and safe systems of work. SHER Team leads employees during emergencies and creates awareness of safety and health issues.

Employees receive regular safety awareness emails and inspections are carried out to assess the condition of essential safety equipment.

Sustainability Statement

SOCIAL SUSTAINABILITY (CONT'D)

OCCUPATIONAL SAFETY AND WELL-BEING (CONT'D)

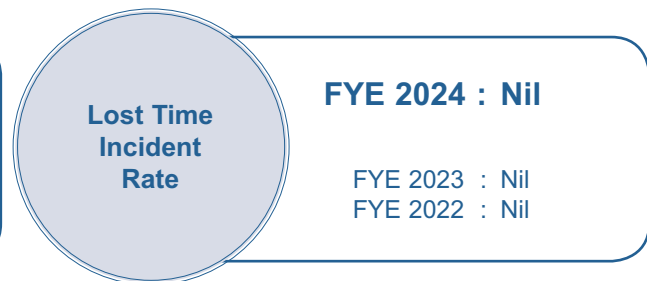
During the financial year, the following trainings were arranged to educate employees on essential techniques for immediate assistance in workplace emergencies:

No.	Training Programme	Number of Employees Participated
1.	Introduction to First Aid and Cardiopulmonary Resuscitation ("CPR")	32
2.	Occupational Safety & Health Coordinator Trained Person	1
Total		33



Introduction to First Aid and CPR Training

In FYE 2024, we received no reports of occupational incidents, which resulted in a zero lost time incident rate. This marked the fourth consecutive year of zero cases of injuries reported.



HEALTHY BODY HEALTHY MIND

We encourage healthy interaction and good mental health in maintaining a productive workforce.

Our Wellness Team in collaboration with HR unit, delivered various healthy body and mind initiatives, workshops and physical activities:



Hepatitis B Vaccination



Energising Breakfast Cooking Demonstration

Sustainability Statement

SOCIAL SUSTAINABILITY (CONT'D)

OCCUPATIONAL SAFETY AND WELL-BEING (CONT'D)

HEALTHY BODY HEALTHY MIND (CONT'D)



Winners of Activ@work Challenge



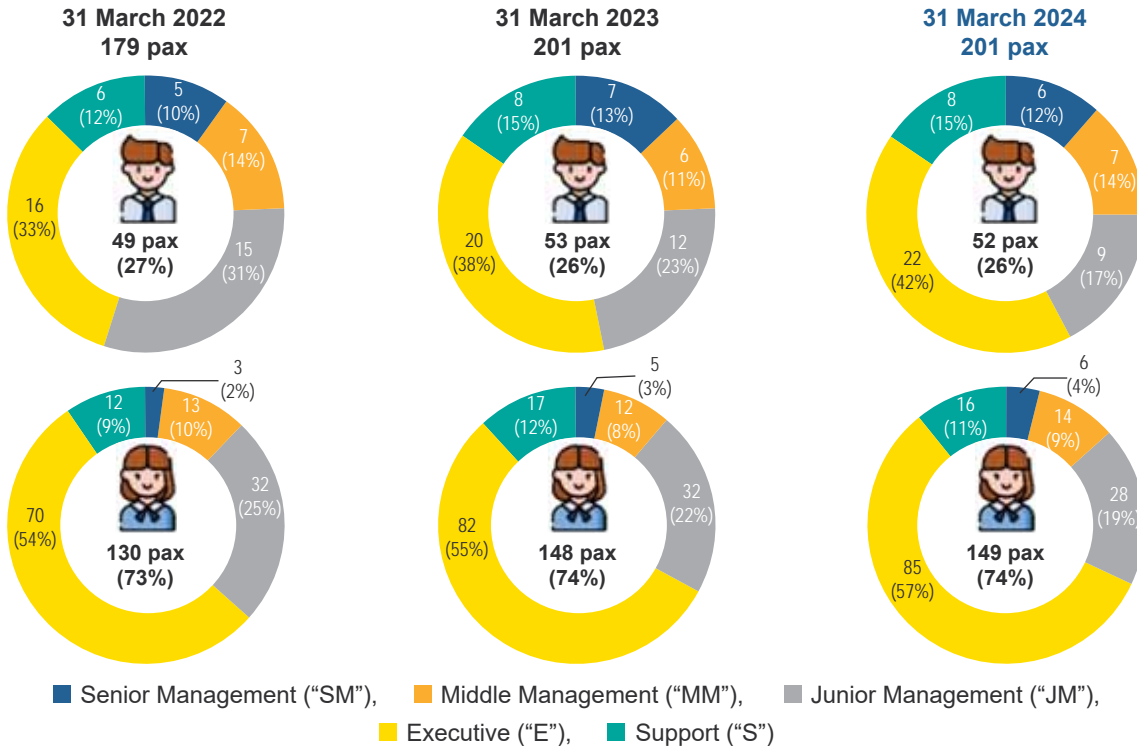
Go-Kart Championship

WORKFORCE DIVERSITY, EQUITY AND INCLUSION

We aim to have an inclusive workforce where diversity is valued. We seek talents from diverse backgrounds and offer equal career opportunities.

There were no reported incidents of discrimination based on ethnicity, gender or religious belief during the financial year.

As at 31 March 2024, we employ 201 permanent Malaysian employees. The gender and age composition is shown below:



Sustainability Statement

SOCIAL SUSTAINABILITY (CONT'D)

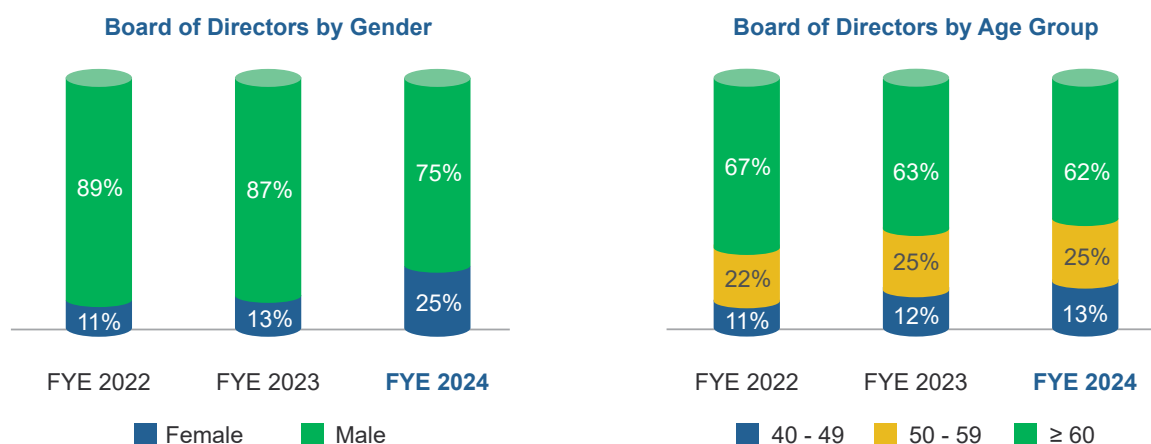
WORKFORCE DIVERSITY, EQUITY AND INCLUSION (CONT'D)

Age	Grade											
	SM		MM		JM		E		S		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
< 30	–	–	1	5	6	16	47	44	8	33	62	31
≥ 30 – 40	4	33	9	43	15	41	44	41	8	33	80	40
≥ 40 – 50	5	42	10	47	11	30	13	12	7	29	46	23
≥ 50 – 60	2	17	1	5	5	13	3	3	1	5	12	5
≥ 60	1	8	–	–	–	–	–	–	–	–	1	1
Total	12	100	21	100	37	100	107	100	24	100	201	100

Our workforce primarily consists of females, reflecting the nature of our work.

For the current financial year, we disclose the percentage of employees by gender and age for each employee category for the first time pursuant to Bursa Malaysia Enhanced Sustainability Reporting Framework. Our current age distribution supports succession planning and youth development with significant representation in the more than 30 to 40 age group.

In FYE 2022, we formalised a gender diversity policy to achieve a minimum of 30.0% female representation on the Board by 31 March 2025 with appointment based on merit. Following the appointment of Puan Azura binti Azman on 1 December 2023, we have now achieved 25.0% representation. She succeeded Encik Mahadzir bin Azizan, who stepped down on 30 October 2023.



Other steps taken to promote an inclusive workforce include hiring and retaining employees with special needs. As at 31 March 2024, there were two special needs employees, accounting for 1.0% of our total workforce. They have been assigned to carry out administrative tasks, requiring minimal communication.

As at 31 March 2024, the Group has two employees hired on a contract basis, representing 1.0% of our total workforce.

Number of Contract Employee Over Total Workforce (%)

FYE 2024 : 1.0

FYE 2023 : 3.0

FYE 2022 : 1.1

Sustainability Statement

SOCIAL SUSTAINABILITY (CONT'D)

COMMUNITY INVESTMENT: COMMUNITY WELFARE ACTIVITIES

Our community investment principles focus on building communities through education assistance, donations and social support.

In FYE 2024, we invested RM243,010 in the community in which the recipients were students, general public and hospitals.

EDUCATION

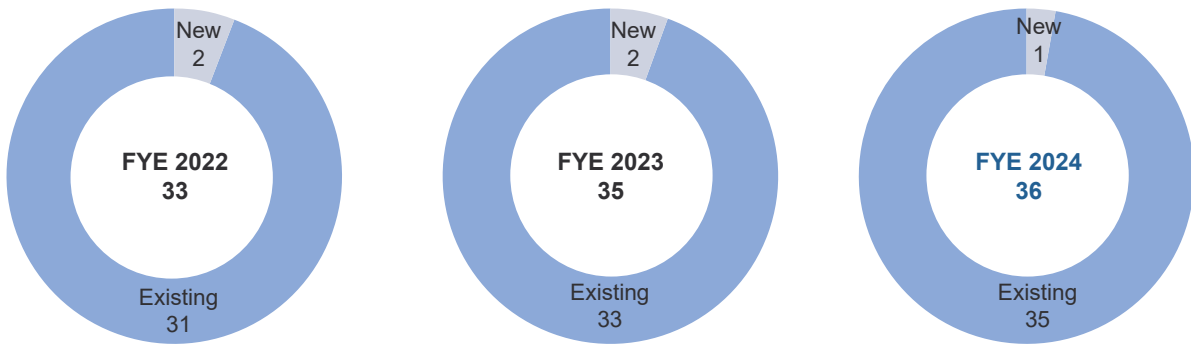
We recognise the power of education in shaping the future of individuals and communities. Our collaboration with YAH provide access to help the needy in education. YAH was established on 5 January 1991 by Tan Sri Azman Hashim, the Chairman of RCE's intermediate holding company, Amcorp Group Berhad.

ABOUT YAH

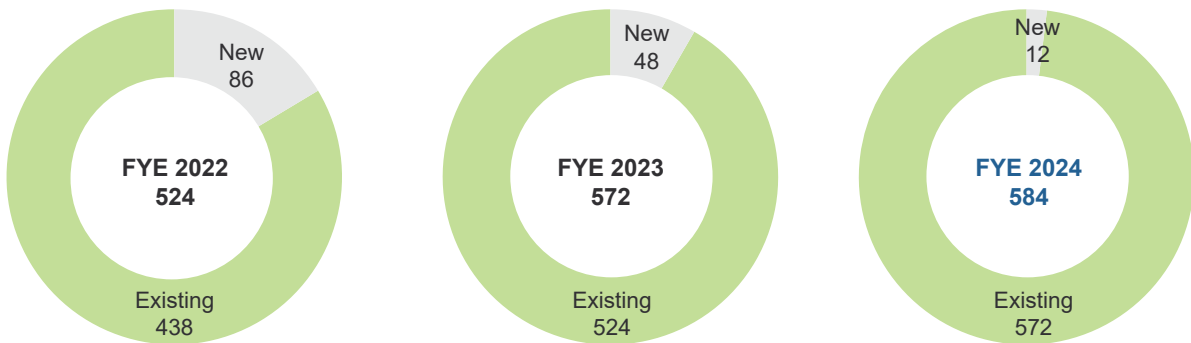
YAH operates with a mission to uplift the disadvantaged by focusing on education to nurture the potential of underprivileged youth, including those from deprived backgrounds or lacking social status or formal education. RCE shares YAH's policy of supporting these communities and turning their dreams into realities and breaking the poverty cycle by providing access to quality education.



Accumulated Number of Study Grants Awarded (Pax)



Accumulated Study Grants Awarded (RM'000)



Sustainability Statement

SOCIAL SUSTAINABILITY (CONT'D)

COMMUNITY INVESTMENT: COMMUNITY WELFARE ACTIVITIES (CONT'D)

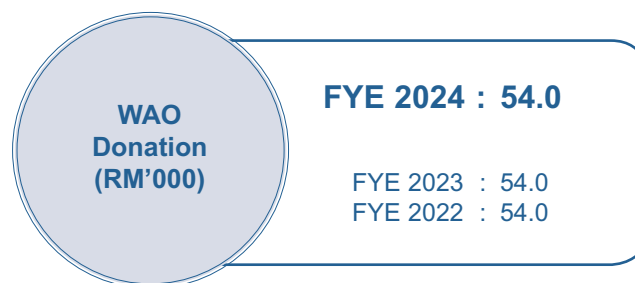
EDUCATION (CONT'D)

Providing aspiring individuals with the necessary resources help them embark on a path towards academic and professional success.

In addition to supporting their academic pursuits, RCE facilitates meaningful employment opportunities for students upon completion of their studies. Job placements and career development initiatives empower graduates to contribute meaningfully to the workforce and make valuable contributions to community.

DONATION TO WOMEN'S AID ORGANISATION ("WAO")

The Group has been supporting WAO since August 2019. For FYE 2024, the Group has donated a further RM54,000 to support WAO's pro bono counselling and other initiatives to support women and children who are victims of child abuse.



ABOUT WAO

WAO is a Malaysian non-governmental, non-profit organisation founded in 1982, dedicated to advocating for women's rights and combating violence against women. WAO is committed to promoting, protecting and empowering women to attain gender equality. It was accredited with first phase certification under the Core Humanitarian Standard on Quality and Accountability in September 2019. WAO operates a 24-hour hotline, a shelter for survivors of domestic violence, counselling services, legal aid, and advocacy programs.



SUPPLY OF MEDICAL EQUIPMENT TO HOSPITAL

We support the healthcare system by contributing medical equipment to hospitals to:

- Increase the public healthcare system's capacity in handling of medical cases; and
- Ensure the availability of essential equipment for patient care.

No.	Beneficiaries	Equipment Donated	Value RM
1.	Hospital Umum Sarawak	• One ultrasound system	80,000
2.	Hospital Putrajaya	• One Humecca Masher Set • Two ECG machines	80,025
		• Five baby CPR manikins • One training manikin	
Total			160,025

Sustainability Statement

SOCIAL SUSTAINABILITY (CONT'D)

COMMUNITY INVESTMENT: COMMUNITY WELFARE ACTIVITIES (CONT'D)

SUPPLY OF MEDICAL EQUIPMENT TO HOSPITAL (CONT'D)



Medical Equipment Donation to Hospital Umum Sarawak



Medical Equipment Donation to Hospital Putrajaya

CSR ACTIVITIES

We have undertaken a series of CSR activities in educating communities about the importance of proactive healthcare practices.

In FYE 2024, we have partnered with NKF and BCWA to conduct free health screenings.

Sustainability Statement

PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2024
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	100.00
Middle Management	Percentage	100.00
Junior Management	Percentage	100.00
Executive	Percentage	100.00
Support	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	243,010.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	381
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management more than or equal to 60	Percentage	8.00 *
Senior Management more than or equal to 50 to less than 60	Percentage	17.00 *
Senior Management more than or equal to 40 to less than 50	Percentage	42.00 *
Senior Management more than or equal to 30 to less than 40	Percentage	33.00 *
Senior Management less than 30	Percentage	0.00
Middle Management more than or equal to 60	Percentage	0.00
Middle Management more than or equal to 50 to less than 60	Percentage	5.00 *
Middle Management more than or equal to 40 to less than 50	Percentage	47.00 *
Middle Management more than or equal to 30 to less than 40	Percentage	43.00 *
Middle Management less than 30	Percentage	5.00 *
Junior Management more than or equal to 60	Percentage	0.00
Junior Management more than or equal to 50 to less than 60	Percentage	13.00 *
Junior Management more than or equal to 40 to less than 50	Percentage	30.00 *
Junior Management more than or equal to 30 to less than 40	Percentage	41.00 *
Junior Management less than 30	Percentage	16.00 *
Executive more than or equal to 60	Percentage	0.00
Executive more than or equal to 50 to less than 60	Percentage	3.00 *
Executive more than or equal to 40 to less than 50	Percentage	12.00 *
Executive more than or equal to 30 to less than 40	Percentage	41.00 *
Executive less than 30	Percentage	44.00 *
Support more than or equal to 60	Percentage	0.00
Support more than or equal to 50 to less than 60	Percentage	5.00 *
Support more than or equal to 40 to less than 50	Percentage	29.00 *
Support more than or equal to 30 to less than 40	Percentage	33.00 *
Support less than 30	Percentage	33.00 *
Gender Group by Employee Category		
Senior Management Male	Percentage	50.00
Senior Management Female	Percentage	50.00
Middle Management Male	Percentage	33.00
Middle Management Female	Percentage	67.00
Junior Management Male	Percentage	24.00
Junior Management Female	Percentage	76.00
Executive Male	Percentage	21.00
Executive Female	Percentage	79.00
Support Male	Percentage	33.00
Support Female	Percentage	67.00

Internal assurance External assurance No assurance

(*)Restated

Sustainability Statement

PERFORMANCE DATA TABLE (CONT'D)

Indicator	Measurement Unit	2024
Bursa (Diversity)		
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	75.00
Female	Percentage	25.00
more than or equal to 60	Percentage	62.00 *
between 50 to 59	Percentage	25.00 *
between 40 to 49	Percentage	13.00 *
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	372.20
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	33
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	609
Middle Management	Hours	691
Junior Management	Hours	1,087
Executive	Hours	2,207
Support	Hours	289
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	1.00
Bursa C6(c) Total number of employee turnover by employee category		
Senior management	Number	1
Middle management	Number	1
Junior management	Number	11
Executive	Number	12
Support	Number	1
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	99.20
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	0.266900

Internal assurance External assurance No assurance (*)Restated

STATEMENT OF ASSURANCE

In strengthening the credibility of the Sustainability Statement, the Performance Data Table for FYE 2024 accompanying this Sustainability Statement from page 67 to 68 has been subjected to an internal review by RCE's Internal Auditors.

The review concluded that the controls for the preparation of the data in the Performance Data Table are adequate, appropriate, and effective. The internal audit report has been reviewed by the AC.