



**Climate Change Policy
Ancom Nylex Berhad Group**

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**Change Log
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Ancom Nylex Berhad Group**

Version	Responsible Department	Description	Reviewer	Approver	Date of approval
1	Environmental Social and Governance				
2					

Notification: This page is meant for internal use exclusively.

Climate Change Policy

1. Introduction

Ancom Nylex Berhad (“**the Company**”) and our subsidiaries (collectively “**ANB**” or “**the Group**”) understand that climate change brings with it risks and opportunities that impact the Group and our business operations. These include the risks and impacts that would affect business operations within the direct control of the Group.

As such, adopting this Climate Change Policy (“**the Policy**”) enhances both regulatory disclosure compliance and also reflects our efforts to mitigate the various physical and transitional risks posed by climate change. ANB is committed to integrating climate change mitigation measures into our business strategies to achieve optimal risk management of the Group’s upstream and downstream operations. This, in turn, yields economic benefits through proactive risk mitigation while capitalising on potential opportunities arising from climate change.

This Policy clearly expresses the commitment of the Group’s Board of Directors (“Board”) and Senior Management based on the following:

- i. To acknowledge climate change as a material topic;
- ii. To establish the necessary oversight and governance structures to enable effective implementation of climate change-related frameworks, such as the National Sustainability Reporting Framework (“NSRF”), International Financial Reporting Standards (“IFRS”) S2 Climate-related Disclosures, and Taskforce for Climate-related Financial Disclosures (“TCFD”); and
- iii. To guide the development and implementation of appropriate management strategies to mitigate the impacts of climate change on ANB’s business operations.

The Board and Senior Management of ANB also recognise that, in the interim, carbon emissions and related environmental impacts from ANB’s operations cannot be entirely removed. However, the Group remains committed to progressively reducing its carbon footprint.

This Policy serves as a structured set of guidelines applicable to all Group subsidiaries. If required, the Policy is to be adapted by each subsidiary to adhere to its exact nature of business.

This Policy shall be read together with the Group’s Sustainability Policy & Framework. This and all other existing Group policies can be referred to at https://www.ancomnylex.com/corporate_governance.php

1.1 Scope

- 1.1.1 The Policy applies to ANB’s entire business operations, covering the eight core business segments: Agricultural Chemicals, Public Health & Hygiene, Animal Health, Industrial Chemicals/ Polymers, Logistics & Warehousing, Information Technology, Media & Advertising, and Health Care. The Policy also extends to international subsidiaries and encompasses all operations within Malaysia and in other countries where the Group operates.

1.2 Objectives

The main objectives of this Policy are to ensure:

- i. The Group's climate change commitments and expectations retain adequate focus and allocation of sufficient resources;
- ii. The alignment of all climate change-related initiatives with the main pillars of IFRS S2, which are:
 - a. **Governance**
To understand the governance processes, controls, and procedures used to monitor, manage, and oversee climate-related risks and opportunities
 - b. **Strategy**
To understand the Group's strategies for managing climate-related risks and opportunities
 - c. **Risk Management**
To understand the processes used to identify, assess, prioritise, and monitor climate-related risks and opportunities, including if and how those processes are integrated into and inform the Group's overall risk management process
 - d. **Metrics and Targets**
To understand ANB's performance concerning our climate-related risks and opportunities, including our progress towards any climate-related targets we have set or are required to meet by law or regulation
- iii. Compliance with all applicable climate change-related laws and regulations in the countries where the Group operates;
- iv. Continuous ongoing improvement of climate change monitoring, management, and oversight across the Group's operations;
- v. Effective identification, mitigation, and management of physical and transitional climate risks;
- vi. Identification of new opportunities brought forth by climate change in terms of business/products/services;
- vii. Development of a comprehensive, periodic reporting mechanism for regular monitoring of performance data and information relevant to climate change from the Group's operations;
- viii. Comprehensive greenhouse gas ("GHG") inventory, including Scope 1, Scope 2, and selected Scope 3 emissions, with a commitment to progressively reducing carbon footprint and GHG emissions;
- ix. Implementation of scenario planning and progressively developing calculation of embodied carbon measurements for the Group's products and services; and
- x. Development of a comprehensive strategic roadmap showcasing defined milestones to achieve optimal decarbonisation.

2. Roles & Responsibilities

The Group is committed to ensuring effective climate management through the implementation of this Policy. As such, the following entities will play critical roles in the Policy's administration:

2.1 Board of Directors (“Board”)

- 2.1.1 Provide strategic oversight to ensure the Policy aligns with the Group's values, commitments, and long-term business objectives;
- 2.1.2 Review and approve the Policy and any significant update, amendment, or revision to ensure it aligns with local laws, regulations, and policies, as well as corporate governance and sustainability standards; and
- 2.1.3 Guide the Group's strategic assessment of climate-related risks and opportunities as well as the corresponding management efforts

2.2 Risk Management Committee (“RMC”)

- 2.2.1 Review the Policy and any significant update, amendment, or revision before it is sent for Board approval;
- 2.2.2 Periodically review the Policy to ensure it remains up to date with relevant identified risks and frameworks;
- 2.2.3 Provide regular updates to the Board on the effectiveness of the Policy and any identified gaps in implementation; and
- 2.2.4 Work with the Board on strategic assessments of climate-related risks and opportunities as well as the corresponding management efforts

2.3 Risk Management Working Group (“RMWG”)

- 2.3.1 Periodically review the Policy to ensure it remains up to date with relevant identified sustainability and corporate governance risks;
- 2.3.2 Provide regular updates to the Board on the effectiveness of the Policy and any identified gaps in implementation
- 2.3.3 Assist the Board and RMC in the identification of key climate-related risks and opportunities throughout the Group's business operations; and
- 2.3.4 Implement the Board and RMC's management efforts and provide regular updates on their effectiveness.

2.4 Management/ Heads of Departments

Group-level

- 2.4.1 Ensure consistent implementation of the Policy across all relevant business segments and subsidiaries;
- 2.4.2 Integrate the Policy's objectives with the Group's overall sustainability strategies and targets; and
- 2.4.3 Provide periodic updates to the RMWG on climate-related risk assessments and the effectiveness of Board and RMC-recommended management measures.

Subsidiary-level

- 2.4.4 Track operational performance against subsidiary-level and overall Group-level sustainability strategies and targets; and
- 2.4.5 Provide periodic updates to the RMWG on specific climate-related risk assessments and the effectiveness of Board and RMC-recommended management measures.

3. Climate Change Commitments

The Policy outlines the Group's expectations regarding our business operations concerning the material climate change matters prioritised as part of ANB's general sustainability strategy as well as key recommendations by IFRS S2.

ANB's main strategies in addressing climate change shall include the following:

- i. Establish a comprehensive greenhouse gas ("GHG") inventory function as the Group's baseline. This shall include Scope 1, Scope 2, and relevant Scope 3 emissions.
- ii. Identify relevant Group-level targets for emission reduction with defined metrics to showcase ANB's commitment to reducing our carbon footprint. This may include the establishment of relevant KPIs and targets for driving performance.
- iii. Where relevant, incorporate climate-related risks and opportunity considerations into business and operational planning and decision-making processes.
- iv. Develop a carbon management approach that the Group's various subsidiaries can adopt based on their respective business nature. This shall mainly focus on energy saving/ efficiency approaches, including progressive adoption of renewable energy sources. If feasible, other means of carbon reduction, such as the utilisation of carbon credits or carbon capture, utilisation, and storage ("CCUS") initiatives, may be explored.
- v. Collaborate with key stakeholders to increase awareness and identify opportunities that may drive the Group's climate commitments.

4. Communication and Training

- 4.1 The parties (as outlined in **Section 2**) shall ensure that this Policy is effectively communicated to all external and internal personnel.
- 4.2 The Policy is accessible on the Group's corporate website (at: https://www.ancomnylex.com/corporate_governance.php). It will also be disseminated internally to all personnel and included as part of our personnel training process to develop climate change awareness and urgency in our organisational culture.
- 4.3 To further reinforce the Policy, the Group shall deliver training programmes, conduct information-sharing sessions, and utilise other relevant channels to inform and update internal stakeholders and employees of the details and updates to the Policy and to provide training and awareness initiatives for climate change. These training and communication initiatives will be regularly

evaluated for their effectiveness, ensuring a consistent and thorough understanding of the Policy's commitments across all relevant parties.

- 4.4 Employees and internal stakeholders are highly encouraged to document their management approaches, methodologies, and strategies, as well as results achieved on an annual basis as evidence of their commitment to climate change practices and possible alignment with the Policy.

5. Policy Review

- 5.1 This Policy shall be reviewed periodically to ensure it remains relevant and effective. The Group reserves the right to make necessary updates and amendments to the Policy without prior notice to ensure it reflects changes in regulatory requirements, industry standards, or business priorities.
- 5.2 This Policy has been reviewed and approved for adoption by the Board on 16-January-2025.

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