



**Sustainable Supply Chain Policy
Ancom Nylex Berhad Group**

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Change Log
Sustainable Supply Chain Policy
Ancom Nylex Berhad Group

Version	Responsible Department	Description	Reviewer	Approver	Date of approval
1	Environmental Social and Governance (ESG)	This Policy ensures the integration of ANB's ESG goals and ambitions within procurement and supply chain management processes.	Kathleen Teh	RMC, Board of Directors	16 January 2025
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Notification: This page is meant for internal use exclusively.

Sustainable Supply Chain Policy

1. Introduction

Ancom Nylex Berhad (“**the Company**”) and our subsidiaries (collectively “**ANB**” or “**the Group**”) recognise that a sustainable supply chain is an essential component in a responsible and sustainable business ecosystem. Promoting a sustainable supply chain not only meets regulatory compliance and social obligations but is also a strategic approach to reducing business and operational risks. ANB is committed to integrating sustainability into our supply chain management to achieve more comprehensive assessments of environmental and social impacts across the Group’s upstream and downstream operations. This, in turn, yields economic benefits through enhanced efficiency and proactive risk management while simultaneously mitigating negative impacts on the environment and communities where we operate.

This Sustainable Supply Chain Policy (“**the Policy**”) serves as a structured set of guidelines applicable to all Group subsidiaries. The Policy is to be customised and adopted by each subsidiary to match its exact nature of business. The Policy is designed to be implemented across our diverse supply chain network to instil a culture of accountability and sustainability.

This Policy complements all existing Group policies (which can be referred to at: https://www.ancomnylex.com/corporate_governance.php) and should be read in conjunction with them, particularly the following:

- i. Code of Conduct and Ethics
- ii. Anti-Bribery & Anti-Corruption Policy
- iii. Conflict of Interest Policy
- iv. Diversity Policy
- v. Climate Change Policy
- vi. Human Rights & Labour Practices Policy

1.1 Scope

1.1.1 This Policy was developed per the overarching requirements of Bursa Malaysia Main Market Listing Requirements Practice Note 9. The specific contents of the Policy were guided by the Bursa Malaysia Sustainability Reporting Guide (3rd Edition) in addition to other relevant frameworks and guidelines, including the United Nations Sustainable Development Goals (“UNSGDs”), FTSE Bursa Malaysia, and the Taskforce on Climate-Related Financial Disclosures (“TCFD”), among others.

1.1.2 The Policy applies to ANB’s entire supply chain network, 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.

- 1.1.3 Similarly, the Policy applies to all suppliers, both domestic and international, who contribute to the Group's supply chain. Suppliers are defined as any entity, be it a supplier, vendor, contractor, consultant, business partner, associate, distributor, agent, licensee, manufacturer, sub-contractor, or other third party, that the Group has engaged to provide a product or service for ANB or its subsidiaries. All suppliers, as well as their employees and supply chain, are expected to adhere to the commitments outlined in this Policy.

1.2 Objectives

The main objectives of this Policy are to ensure:

- i. The Group's supplier and sourcing commitments and expectations, as well as other environmental, social, and governance ("ESG") considerations are effectively communicated to the entire supply chain;
- ii. Sustainable and ethical practices are upheld during the procurement of goods and services throughout our operations. These align with the Group's main pillars:
 - a. Innovating for a Greener Future
To assess and manage the direct and indirect environmental impact of the Group's supply chain by promoting responsible resource and energy use that conserves natural resources and supports climate resilience.
 - b. Fostering Community with Chemistry
To promote fair and ethical treatment of all individuals within the Group's supply chain by upholding high social standards, including enforcing safe and equitable working conditions per local employment laws.
 - c. Chemical Stewards for Good Governance
To strengthen accountability and transparency throughout the Group's supply chain by maintaining ethical and fair corporate governance practices that form relationships based on trust and integrity.
- iii. Compliance with all applicable laws and regulations in the countries where the Group operates;
- iv. Continuous ongoing improvement of ESG adoption in our supply chain;
- v. Availability of a safe channel for reporting Policy violations; and
- vi. Transparency and accountability among suppliers

2. Roles & Responsibilities

The Group is committed to ensuring effective supply chain 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 Evaluate instances of non-compliance and decide on the appropriate corrective action.

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 sustainability and corporate governance risks; and
- 2.2.3 Provide regular updates to the Board on the effectiveness of the Policy and any identified gaps in implementation
- 2.2.4 Evaluate instances of non-compliance and recommend to the Board for appropriate corrective action.

2.3 Risk Management Working Committee (“RMWC”)

- 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; and
- 2.3.3 Evaluate instances of non-compliance and work with the RMC and Board for appropriate corrective action.

2.4 Management

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;
- 2.4.3 Provide guidance and reference to suppliers and subsidiaries on enquires related to the administration and content of the Policy
- 2.4.4 Evaluate instances of non-compliance and report to the RMWC for appropriate corrective action.

Subsidiary-level

- 2.4.5 Track supply chain performance against subsidiary-level and overall Group-level sustainability strategies and targets; and
- 2.4.6 Investigate and report instances of observed or suspected non-compliance within the supply chain to Company-level management for further evaluation and corrective action.

2.5 Procurement Department

Subsidiary-level

- 2.5.1 Communicate Policy expectations among relevant internal employees and suppliers;
- 2.5.2 Include Policy requirements into procurement contracts for new suppliers;
- 2.5.3 Conduct training or communication sessions with existing suppliers to ensure alignment with the Group's expectations;
- 2.5.4 Monitor and evaluate supply chain compliance with the Policy; and
- 2.5.5 Investigate and report instances of suspected or observed non-compliance within the supply chain to the subsidiary-level Management.

At the same time, the Group expects all suppliers to:

- i. Acknowledge and adhere to the Policy;
- ii. Cascade Policy to their own supply chain and ensure adherence;
- iii. Provide environmental and social performance data of their operations for tracking and reporting by the Group; and
- iv. Facilitate audit and assessment requests by the Group, if required.

3. Supplier & Sourcing Commitments

The Policy outlines the Group's expectations on our supply chain concerning the material ESG matters prioritised as part of ANB's general sustainability strategy, as well as key recommendations from Bursa Malaysia and FTSE4Good Malaysia.

3.1 Innovating for a Green Future

Environmental Commitments

This section outlines ANB's commitment to establishing a sustainable and environmentally responsible supply chain. We encourage all suppliers to meet the highest standards in matters concerning energy and emissions management, consumption of water and resources (with particular emphasis on chemical management given its critical role in our business), waste management and pollution prevention, as well as biodiversity conservation.

3.1.1 Energy Use:

Optimise energy efficiency and promote the use of renewable energy sources to reduce overall energy consumption.

3.1.2 Climate Change & Emission Management:

Establish a comprehensive greenhouse gas ("GHG") inventory, including Scope 1, Scope 2, and selected Scope 3 emissions, and commit to reducing carbon footprint and GHG emissions over time.

3.1.3 Clean Energy Investments:

Support the Group's transition to a greener industry by seeking opportunities to invest in renewable energy and energy optimisation of operations in line with national and international climate ambitions.

- 3.1.4 **Water Use:**
Prioritise water conservation, particularly in water-stressed regions, by actively managing water consumption and adopting alternative or optimised water sources.
- 3.1.5 **Environmental Issues:**
Stay informed on environmental issues, maintain compliance with relevant environmental regulations, and support Group and government policies on key environmental issues local to the country in which the supplier operates.
- 3.1.6 **Pollution Management:**
Implement stringent operational controls to prevent pollution and ensure proper treatment and release of waste, emissions, and effluents in compliance with regulatory standards local to the country in which the supplier operates.
- 3.1.7 **Resource Consumption:**
Adopt mindful and sustainable resource use practices, including exploring alternative materials and incorporating circular economy principles wherever feasible.
- 3.1.8 **Chemical Management:**
Support responsible production and distribution of chemicals as the Group's main business activity. Encourage a responsible chemical supply chain that prevents harm to the environment and society.
- 3.1.9 **Waste Reduction:**
Implement principles of reducing, reusing, and recycling to minimise landfill waste and responsibly manage hazardous or toxic waste to prevent harm to the environment and society.
- 3.1.10 **Biodiversity Impacts:**
Ensure practices do not harm natural ecosystems or biodiversity and support conservation initiatives/ commitments led by the Group.

3.2 Fostering Community with Chemistry *Social Commitments*

This section highlights the Group's commitments to upholding ethical human rights and labour practices, promoting safe and equitable work environments, as well as advancing community development throughout our supply chain. We expect our suppliers to meet the following to the best of their abilities.

- 3.2.1 **Child Labour:**
Strictly prohibit child labour and the exploitation of children in all operations, ensuring compliance with both international and local laws in the country where the supplier operates.

- 3.2.2 **Forced Labour:**
Strictly prohibit forced labour and labour exploitation in all operations, ensuring compliance with both international and local laws in the country where the supplier operates.
- 3.2.3 **Non-Discrimination & Equal Opportunities:**
Maintain a zero-tolerance approach to workplace discrimination and ensure equal opportunities for all employees regardless of race, gender, nationality, or other individual characteristics.
- 3.2.4 **Freedom of Association & Collective Bargaining:**
Respect employees' rights to freedom of association and collective bargaining per their terms of employment and relevant regulations local to the country where the supplier operates.
- 3.2.5 **Working Hours:**
Adhere to reasonable working hours and fair compensation for overtime work in line with regulations local to the country where the supplier operates.
- 3.2.6 **Minimum/ Living Wage:**
Ensure all employees receive a fair living wage that meets or exceeds the minimum wage requirements local to the country where the supplier operates.
- 3.2.7 **Occupational Health & Safety Standards:**
Provide a safe and healthy work environment that prioritises the well-being and safety of all employees.
- 3.2.8 **Community Development:**
Positively contribute to the welfare and development of local communities through direct or indirect support.

3.3 Chemical Stewards for Good Governance *Governance Commitments*

ANB's dedication to the highest standards of governance, integrity, and ethics is outlined in this section. All suppliers are expected to uphold these values and comply with the relevant laws and regulations that govern their respective operations.

- 3.3.1 **Risk Management:**
Implement effective risk management practices to identify, assess, and mitigate risks within operations to ensure resilience and accountability.
- 3.3.2 **Anti-Corruption & Anti-Bribery:**
Suppliers shall not offer, give, promise, receive, or request any bribe, gift, reward, favour, or other undue advantage, whether financial or non-financial, directly or indirectly, to influence the actions or decisions of any Group employee in the performance of their duty.

3.3.3 Regulatory Compliance

Ensure full compliance with all relevant local and international laws, regulations, and policies that govern business operations and fully cooperate with lawful audits or investigations relating to non-compliance.

4. Communication and Training

4.1 The parties (as outlined in **Section 2**) shall ensure that this Policy is effectively communicated to all suppliers at the beginning of each new engagement. For existing suppliers, the Policy shall be shared at the next suitable engagement opportunity.

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 relevant subsidiaries and included as part of the procurement process for new suppliers. If required, the Policy shall be integrated into their contracts to ensure clear understanding and compliance.

4.3 Where necessary, translations of the Policy will be provided to accommodate the language needs of the Group's suppliers or subsidiaries. In cases of discrepancy, the English version shall prevail.

4.4 To reinforce the Policy, the Group shall deliver training programmes, conduct information-sharing sessions, and utilise other relevant channels to inform and update suppliers and internal employees on the details and updates to the Policy. 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.

4.5 Suppliers 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 ESG practices and compliance with the Policy.

5. Policy Non-Compliance

5.1 Non-compliance with this Policy includes any actions or behaviours by suppliers that violate the commitments outlined in **Section 3**. This may include breaches in ESG standards, unethical practices, or failure to adhere to regulatory requirements.

5.2 In the event of a suspected or observed non-compliance, a formal report can be submitted by both internal and external stakeholders per the Group's **Whistleblowing Policy and Guidelines**. The confidentiality of the whistleblower will be safeguarded, with the information kept strictly confidential throughout and after the investigation process.

The report can be submitted through the Group's online whistle-blowing form (at http://www.ancomnylex.com/whistle_form.php) or the following channels:

Chief Integrity Officer (“CIO”)

Email : cio.integrity@ancomnylex.com

Tel : 603-749 55080

AC Chairman

Email : mytinafoo@gmail.com

Tel : 6012-887 1661

- 5.3 All suppliers are asked to fully cooperate with any internal or external investigation in cases of suspected or observed non-compliance. For suppliers found in violation, corrective actions may include review and improvement of practices, additional compliance requirements, or, in serious cases, termination of the business relationship.

6. Policy Review

- 6.1 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.
- 6.2 This Policy has been reviewed and approved for adoption by the Board on 16-January-2025.

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