


Supplier Code of Conduct

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Prepared by:	Corporate Governance Committee

	Signature	Position	Date
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GUAN CHONG BERHAD

Supplier Code of Conduct (Version 2023-1)

Introduction

Guan Chong Berhad (GCB), includes all the subsidiaries, Supplier Code of Conduct (the Code) encourages all Suppliers and Vendors to create and promote commitment to responsible production and business principles.

The purpose of the Code is to ensure that the Suppliers and their subcontractors of GCB supply services and products in an ethical manner and in accordance with internationally recognized minimum standards on human rights, labour and the environment.

Acceptance of and compliance with the Code form an essential part of doing business with GCB. The aim of the Code is to **promote and help** our Suppliers improve social and environmental standards.

GCB will review this Code on a regular basis and will amend it when necessary. The Suppliers will be informed on any important changes.

Application

By signing the Code, the Suppliers are, within their sphere of influence, committed to acknowledge the social and environmental standards laid down in this Code and to take appropriate measures by securing relevant corporate policies and management systems to ensure that the requirements of the Code can be met.

The Suppliers shall be responsible for establishing a system to ensure that their agents, subcontractors and Suppliers comply with the requirements of this Code.

To report any grievance or suspected non-compliance of business practices, Suppliers can express concern to GCB via whistleblower@favorich.com anonymously.

Legal Compliance

The Suppliers must in all matters comply with all applicable national and international laws, regulations and industry standards. International Labour standards is use as a guideline in this Code.

1. Forced Labour and Freedom of Movement

- 1.1 The Suppliers must not participate in, or benefit from, any form of forced labour including bonded labour, forced prison labour, slavery, servitude, or human trafficking. Workers must have freedom of movement during the course of their employment.
- 1.2 The Suppliers must not withhold any part of any personnel's salary, benefits, property or documents (e.g., travel documents, identity cards) in order to force such personnel to continue working for them.
- 1.3 Employees are free to leave their employer after reasonable notice.
- 1.4 Employees shall not be required to pay any agent's or employer's recruitment fees or any other related fees for their recruitment. If there is any breaching of this code been found, supplier will be requested to pay the full amount back to employee.

2 Quality and Product Safety

- 2.1 The suppliers shall ensure the quality and safety of the products, materials and services that are supplied to GCB comply with all legal requirements and agreed agreement.
- 2.2 The suppliers are also responsible to notify GCB immediately if there is any concern of food and/or quality issue with the product(s), materials and services that are supplied to GCB.

3 Fair Competition

- 3.1 The Supplier shall conduct its business in compliance with all applicable anti-trust laws and consistent with fair and vigorous competition.
- 3.2 The Supplier shall apply fair business practices and shall not participate in any unlawful practices such as agreement (cartel) with competitors or other parties that purposely restricting or deferring the fair competition and free market.

4 Objective and Transparency in Operations

- 4.1 Whenever a Trade agreement is established, the agreement must be written based on objective and transparent criteria that ensure both suppliers' and customers' creditworthiness in ethical and economical terms.
- 4.2 All agreed services and conditions shall have properly written document with the consent of both parties.

5 Ethical and Professional Behaviour

- 5.1 The Supplier shall ensure staff in the business treat both suppliers and customers in an ethical, respectful and professional manner.
- 5.2 Supplier shall follow the signed agreement or contract terms unless there is any change that is agreed by both parties.
- 5.3 Any activities such as receive or offer gifts, commissions or favours that may facilitate business relationship are prohibited.

6 Confidentiality and Data Privacy

- 6.1 Any commercial, technical or operational information that related to GCB shall be remain confidential unless prior written consent of GCB.
- 6.2 Supplier shall have in place and implement system that ensure all relevant personal and customer information are kept and processed in a safeguard data privacy and cyber security system in accordance with data privacy regulation.

7 Adherence to sanctions

- 7.1 The Supplier shall run its business, including sourcing of materials, in a manner that will not result in GCB or Supplier in breaching of any applicable trade sanctions and embargoes.

8 Conflict of Interest

- 8.1 Any situations might impair objective and fair judgement that may conflict individual's private interest with supplier's interests and/or GCB shall be avoided.

9 Freedom of Association and Collective Bargaining

- 9.1 Unless prevented by governmental policies or norms, the Suppliers should grant their workers the right to Freedom of Association and Collective Bargaining.

10 Workplace Health and Safety

- 10.1 The Suppliers shall ensure that its workers are offered a safe and healthy working environment in compliance with applicable laws, regulations and industry standards, including, but not limited to, protection from fire, accidents and toxic substances.
- 10.2 Adequate health and safety policies and procedures must be established and followed to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.
- 10.3 Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
- 10.4 The Suppliers shall ensure the workers are provided with protective equipment necessary for them to perform their tasks safely.
- 10.5 Access to clean toilet facilities and to potable water, and if appropriate, sanitary facilities for food storage shall be provided.
- 10.6 Accommodation, if provided by the Suppliers, shall conform to the same requirements.

11 Child Labour and Young Workers

- 11.1 The Suppliers must not engage, nor benefit from, the use of child labour.
- 11.2 Young persons under 18 shall not be employed at night or in hazardous conditions that may jeopardise the physical, mental or emotional development of young worker.

12 Remuneration

- 12.1 The Suppliers shall comply with legal minimum standards or industry benchmark standards concerning wages and benefits.
- 12.2 Written and understandable information shall be provided by the Suppliers to all workers regarding their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
- 12.3 Deductions from wages must never be used as a disciplinary measure. All disciplinary measures shall be recorded.
- 12.4 The Supplier also has responsible to provide different understood language version of written information/ documents to the workers to ensure they fully understand the contents such as employment conditions.

13 Working Hours

- 13.1 The Suppliers shall ensure that the work-week is limited to 48 hours, unless otherwise stated in applicable laws, regulations or industry standards.
- 13.2 Overtime shall be voluntary, infrequent, and shall always be compensated at a premium rate.
- 13.3 Employees are entitled to at least one day off per week, and shall be given reasonable breaks while working and sufficient rest periods between shifts.

14 Non-discrimination / Equal opportunities

- 14.1 The Suppliers shall not engage in or support discrimination on the basis of race, colour, sex, language, religion, political or other opinion, caste, national or social origin, property, birth, union affiliation, sexual orientation, health status, family responsibilities, age, and disability or other distinguishing characteristics.
- 14.2 Hiring, remuneration, benefits, training, advancement, promotion, discipline, termination, retirement or any other employment-related decisions shall be based on relevant and objective criteria.
- 14.3 The Suppliers shall treat all personnel with dignity and respect. The Suppliers shall not engage in or tolerate the use of corporal punishment, mental or physical coercion or other forms of abuse of personnel.
- 14.4 It must not be required that female employees are subjected to mandatory pregnancy tests.
- 14.5 It must not be required that employees are subjected to mandatory HIV/AIDS tests.

15 Environment

- 15.1 The Suppliers must operate with care for the environment and ensure compliance with all applicable laws and regulations in the country where products and services are manufactured or delivered.
- 15.2 The Supplier shall strive to minimise the environment burden and implement actions that will provide continuous improvement on the environment. This includes increase the efficiency of resources usage such as water, air, raw materials and energy.

16 Deforestation and Biodiversity

- 16.1 The Supplier's operation and supply chain shall not directly contribute to deforestation or conversion of natural ecosystems. Supplier is encouraged to implement its own management system to continuous improvement in this sector.

17 Supply Chain

- 17.1 The Supplier is responsible to communicate this code with its suppliers and also initiate, maintain and verify a continuous improvement process.

18 Traceability

- 18.1 The Supplier is required to record and maintain the adequate records internally and externally. The traceability activity must be able to trace back to the supplying sites; this includes being able to demonstrate the origin of cocoa beans to farm level (bean supplier only).

19 Implementation Guidance

- 19.1 The Supplier shall include the topics below in order to comply the Supplier Code
- Allocates roles and responsibilities
 - Develop policies
 - Initiate procedures
 - Communicate internally and externally
 - Provide sufficient training
 - Review in timely manner
 - Corrective actions
 - Progress reporting of relevant topics

20 Reporting Concerns

- 20.1 The Supplier shall provide a portal that employees are able to report concerns anonymously
- 20.2 The Supplier has grievance procedure in place and ensure workers understand the procedure

21 Notification on Breaches of the Supplier Code

- 21.1 The Supplier has rights to react if there is any possibility to believe that GCB's employees or subcontractors or agents involve in any wrongful behaviour.

22 Products Liability

- 22.1 The Suppliers shall exercise due diligence when designing, manufacturing, and testing products. This is to protect against product defects which could harm the life, safety or health of people likely to be affected.

23 Corruption and Bribery

- 23.1 Bribes must not be offered, given, accepted, promised, condoned, be demanded, or knowingly benefited from.

24 Monitoring and Evaluation

- 24.1 GCB reserves the right to verify the Supplier's compliance with the Code.
- 24.2 In case GCB becomes aware of any actions or conditions not in compliance with the Code. GCB reserves the right to demand corrective measures.

25 Sustainability

- 25.1 GCB supports and encourages operating practices, farming practices and agricultural production systems that are sustainable, as per internationally recognised standards such as Rainforest Alliance, Fairtrade and others.
- 25.2 GCB encourages the Supplier to continuously strive towards improving the efficiency and sustainability of its operations.

26 No harsh or inhumane treatment is allowed

- 26.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

27 Corporate Responsibility

- 27.1 GCB reserves the right to conduct background search on the Company with the consent and approval of the Supplier's authorised person. The search shall be conducted through approved credit reporting agencies registered by the Ministry of Finance under the Credit Reporting Agencies Act 2010 and Bank Negara Malaysia, or any source deemed appropriate under any applicable law, regulation, guidelines, regulatory requirement or directive in relation to our Group's transaction with the Supplier for the following purposes (but not limited to):
- Credit evaluation;
 - Credit/account review;
 - Credit/account monitoring; and
 - Debt recovery purposes;
- 27.2 GCB commits to safeguard all data collected in accordance to terms listed in our Data Privacy & Protection Policy.

Annex (Bean suppliers only)

This section is only required bean suppliers to fill in.

Bean Origin (Please list down the bean origin countries that you supply to GCB)	Current practise (Please tick the box if is apply to your company)
	<input type="checkbox"/> No Child labour and young workers (<18 years old) <input type="checkbox"/> No corruption and bribery <input type="checkbox"/> No Deforestation <input type="checkbox"/> Traceable beans ¹ <input type="checkbox"/> Sustainable beans Type : RA / FT / other : _____
	<input type="checkbox"/> No Child labour and young workers (<18 years old) <input type="checkbox"/> No corruption and bribery <input type="checkbox"/> No Deforestation <input type="checkbox"/> Traceable beans ¹ <input type="checkbox"/> Sustainable beans Type : RA / FT / other : _____
	<input type="checkbox"/> No Child labour and young workers (<18 years old) <input type="checkbox"/> No corruption and bribery <input type="checkbox"/> No Deforestation <input type="checkbox"/> Traceable beans ¹ <input type="checkbox"/> Sustainable beans Type : RA / FT / Other : _____
	<input type="checkbox"/> No Child labour and young workers (<18 years old) <input type="checkbox"/> No corruption and bribery <input type="checkbox"/> No Deforestation <input type="checkbox"/> Traceable beans ¹ <input type="checkbox"/> Sustainable beans Type : RA / FT / Other : _____

¹ Beans that can be traced from farm to first purchase point, with relevant supporting documentation.

Supplier Compliance Declaration

We, the undersigned, hereby confirm:

1. That we have received and taken due note of the version 2021-2 of the Guan Chong Berhad (GCB) Supplier Code of Conduct (the Code) and commit ourselves to fully comply with its principles and requirements.
2. That we effectively communicate the content of the Code to our employees, agents, subcontractors and suppliers and ensure all measures required are implemented accordingly.

The compliance declaration must be signed by a duly authorized representative of the company and returned to the assigned GCB contact within 14 working days of receipt.

Signature : _____

Name : _____

Position : _____

Date : _____

Company Name : _____

Company Address : _____

VERSION HISTORY

Version	Author	Date	Changes
V1.0	Corporate Governance Committee	10/08/2020	Creation of Supplier Code of Conduct
V2.0	Corporate Governance Committee	11/08/2021	Addition of cover page
V2.1	Corporate Governance Committee	17/09/2021	Amendment of document code
V3.0	Corporate Governance Committee	04/01/2023	Addition of point 27