

GCB Human Rights & Labour Policy and Procedure

PP-CG-004-V1.2

1.0 PURPOSE

We believe that all companies have an influence on the livelihoods of people from across the world and have the responsibility to respect and uphold international human rights standards. Guan Chong Berhad's ("GCB") business is grounded in our strong commitment to being a socially responsible company, which commits our business to operate in a manner that empowers and deeply cares for all our stakeholders where we operate – our employees, suppliers, consumers and partners. In line with this commitment, we act responsibly towards the community and planet where we operate. We also believe that each employee is a part of the GCB family and are of great value and the key to our success. Our company must maintain the strong commitment to high standards to ensure a fair, respectable, and safe workplace for all employees.

The purpose of this Policy and Procedure is to define the human rights and labour standards to which all employees in GCB and its subsidiaries are expected to adhere to.

2.0 SCOPE

This Policy and Procedure applies to all directors, senior managers, employees and contractors of GCB and its subsidiaries. Refer to Appendix 1 for the list of the company's subsidiaries.

This Policy and Procedure will be reviewed on an annual basis and updated as necessary.

3.0 RESPONSIBILITY AND AUTHORITY

3.1 Human Resource and Administration ("HRA") Department

The HRA department of each subsidiary has responsibility under this Policy and Procedure to:

- Oversee the execution of this Policy and Procedure; and
- Ensure that all employees adhere to this Policy and Procedure.

3.2 Corporate Governance Committee

The Corporate Governance Committee has responsibility under this Policy and Procedure to:

- Oversee the implementation of this Policy and Procedure;
- Ensure that any breaches of the human rights and labour clauses stated in this Policy and Procedure are rectified; and
- Regularly review and validate the risks associated with Human Rights & Labour.

3.3 Risk Management Committee

The Risk Management Committee has responsibility under this Policy and Procedure to:

- Regularly monitor and constantly identify any violations of human and labour rights in the operations of the company;
- Identify, assess and review the risks associated with Human Rights & Labour; and
- Ensure that identified risks are accounted for.

4.0 POLICY STATEMENT

GCB is committed to developing an organizational culture that supports internationally recognised human rights and seeks to avoid complicity in human rights abuses. We respect and support international human rights principles aimed at protecting and promoting human rights contained within the Universal Declaration of Human Rights, the International Labour Organization (“ILO”) Declaration on Fundamental Principles and Rights at Work and the United Nations Guiding Principles on Business and Human Rights.

We operate across vast geographic locations, including areas where social, economic and political factors contribute to the risk of violation of human rights and working conditions. In accordance with this Policy and Procedure, GCB expects all employees, subsidiaries and other parties who directly or indirectly contributes to GCB’s operations, products or services to respect and ensure there is no infringement of human rights. All parties are also expected to respond appropriately where there is an infringement of human rights present.

5.0 COMMITMENT

5.1 Our Business Ethics Policy and Code of Conduct

GCB’s Human Rights & Labour Policy and Procedure and its implementation forms an integral part of our core business policies and practices, which is integrated into our Business Ethics Policy and Code of Conduct.

This Policy and Procedure defines and presents a set of guidance for the behaviour that is expected of all GCB employees and contractors worldwide. It outlines the principles GCB upholds in our production and business practices as well as our commitment to comply with internationally recognised minimum standards on human rights, labour and the environment. The Code stipulates the provisions on human rights that GCB is committed to, inclusive of the following:

- Non-discrimination/Equal Opportunities
- No harsh or inhumane treatment
- Labour rights and standards
- Freedom of Association and Collective Bargaining
- Workplace Health and Safety
- Forced Labour and Freedom of Movement
- Remuneration
- Working Hours

GCB believes responsible supply chains must respect human and labour rights, promote good agricultural practices and promote viable livelihoods. GCB’s Supplier Code of Conduct extends the above provisions into the supply chain, and sets the expectation for our supplier partners. It is essential that all parties in the supply chain cooperate and work together to ensure adherence and deliver on these commitments.

5.2 Specific Provisions

Within our supply chain, our immediate intentions lie in the following critical areas:

5.2.1 Child Labour

GCB adheres to and strictly complies with international child labour conventions and child labour laws and regulations in the countries in which we operate. Child labour as defined by the ILO refers to unacceptable forms of labour, which is work that is harmful to children mentally, physically, socially and morally.

GCB must not engage, nor benefit from, the use of child labour. The minimum age of the GCB employee shall not be less than 18 years old where the work concerned is by its nature or circumstances in which it is carried out, deemed to be “harzardous” that may jeopardise the physical, mental or emotional development of a young worker.

In its origin sourcing operations, GCB commits to carrying out relevant due diligence activities to ensure that human rights laws are upheld and there is no exploitation of child labour. In particular, GCB promotes the implementation of Child Labour Monitoring and Remediation Systems (“CLMRS”) which aims to monitor and eliminate child labour whenever possible, especially the worst forms, as stipulated by ILO recommendations.

GCB has a zero-tolerance approach to child labour, and encourages all employees and stakeholders to raise concerns or issues pertaining to these practices through the anonymous whistleblowing channel available.

All suppliers are also required to comply with the GCB’s Supplier Code of Conduct and hence must not engage, nor benefit from, the use of child labour.

5.2.2 Modern Slavery/ Forced Labour

GCB does not accept nor condone any form of modern slavery, forced labour and human trafficking (refer to Appendix 2 for the ILO definition), and will ensure that our operations are free from these practices. No employee will be compelled to work through force or intimidation of any forms and all GCB employees shall serve their employment to the company on an entirely voluntary basis.

GCB has a zero-tolerance approach to forced labour, modern slavery and human trafficking, and encourages all employees and stakeholders to raise concerns or issues pertaining to these practices through the anonymous whistleblowing channel available.

All suppliers are also required to comply with the GCB’s Supplier Code of Conduct and hence must not participate in, or benefit from, any form of forced labour including bonded labour, forced prison labour, slavery, servitude, or human trafficking.

6.0 Policy and Procedure Implementation

GCB will comply with the laws and regulations of countries and regions where we operate. We will actively seek ways to respect international human rights and labour standards to the maximum extent possible in situations of conflict between national laws/regulations and internationally recognized standards.

Training and education of GCB’s employees of the expectations related to GCB’s Human Rights & Labour Policy and Procedure, Code of Conduct, and other related procedures for full integration and effective implementation of this Policy and Procedure is an ongoing activity, which will be conducted under the Human Resource Annual Refresher Training.

GCB will develop and implement an ongoing human rights due diligence process. Through the due diligence process, we will proactively assess and identify adverse or potential human rights and labour impacts within our company’s operations; implement appropriate preventive or remedy measures; regularly track and communicate progress and results. We will monitor and follow up closely with our suppliers to ensure that human and labour rights are respected across the supply chain. Where adverse human rights and labour impacts are detected, GCB is committed to taking prompt and transparent action to remediate the problem in a fair and equitable manner.

Within our supply chain, GCB is committed to communicating this Policy and Procedure and the Code of Conduct to all our suppliers and expects them to comply with the guidelines stated in these policies. Through consistent communication, we ensure that all our suppliers are made aware of GCB's Human Rights & Labour Policy and Procedure and its related codes and guidelines. Suppliers are also expected to communicate these requirements to their suppliers to ensure compliance throughout the entire supply chain.

In addition, GCB utilises the Sustainable Procurement Questionnaire, a monitoring tool within our Sustainable Procurement Policy, to assess the compliance of our suppliers on the human and labour rights our company is committed to.

7.0 Reporting Non-Compliance

7.1 Notification on Breaches of the Human Rights & Labour Policy and Procedure

We strive to uphold the highest level of integrity in our business. All our employees, suppliers and customers have the right to raise their concerns if they believe that there is any possibility of wrongful acts that violate our Human Rights & Labour Policy and Procedure.

7.2 Reporting Grievances and Non-Compliance to this Human Rights & Labour Policy and Procedure

7.2.1 Employees

To report any grievances or suspected cases of non-compliance to this Policy and Procedure affecting themselves, employees can raise their concerns to their supervisors or local HR department following the Grievance Procedure.

If employees wish to remain anonymous, they can use the discreet whistleblowing channel: whistleblower@favorich.com to report grievances or concerns about business practices or suspected violations. We will ensure that the identities of all whistle-blowers be kept as confidential as possible.

We also ensure that the grievance procedure is available in various languages to ensure that all our employees fully understand the grievance procedure and are able to report or seek help when necessary.

7.2.2 Along the Supply Chain

To report any grievances or suspected cases of non-compliance to this Policy and Procedure, anyone along our supply chain can raise and report grievances or concerns about business practices or suspected violations via the email whistleblower@favorich.com, or following the steps outlined in the Grievance Procedure (External).

7.3 Non-Compliance

Suppliers who are unable to meet the standards shall be reviewed for further engagement. Corrective action shall be taken by the supplier should they fall below the criteria set.

In the event the supplier persistently underperforms even after corrective actions are given, the following actions may be taken:

- Further monitoring
- Unannounced audits of the supplier
- Stop purchase from the supplier until proof of proper corrective actions being taken are provided

- Remove supplier from the Approved Supplier List and stop purchase from supplier indefinitely

GCB shall have the right to disqualify suppliers whose practices, policies and procedures do not conform to this Policy and Procedure, the Supplier Code of Conduct, and relevant international standards.

8.0 RELEVANT DOCUMENTATION

- GCB Business Ethics Policy and Code of Conduct
- GCB Internal Grievance Procedure
- Non-Compliance and Grievance Procedure (External)
- GCB Supplier Code of Conduct
- Sustainable Procurement Policy

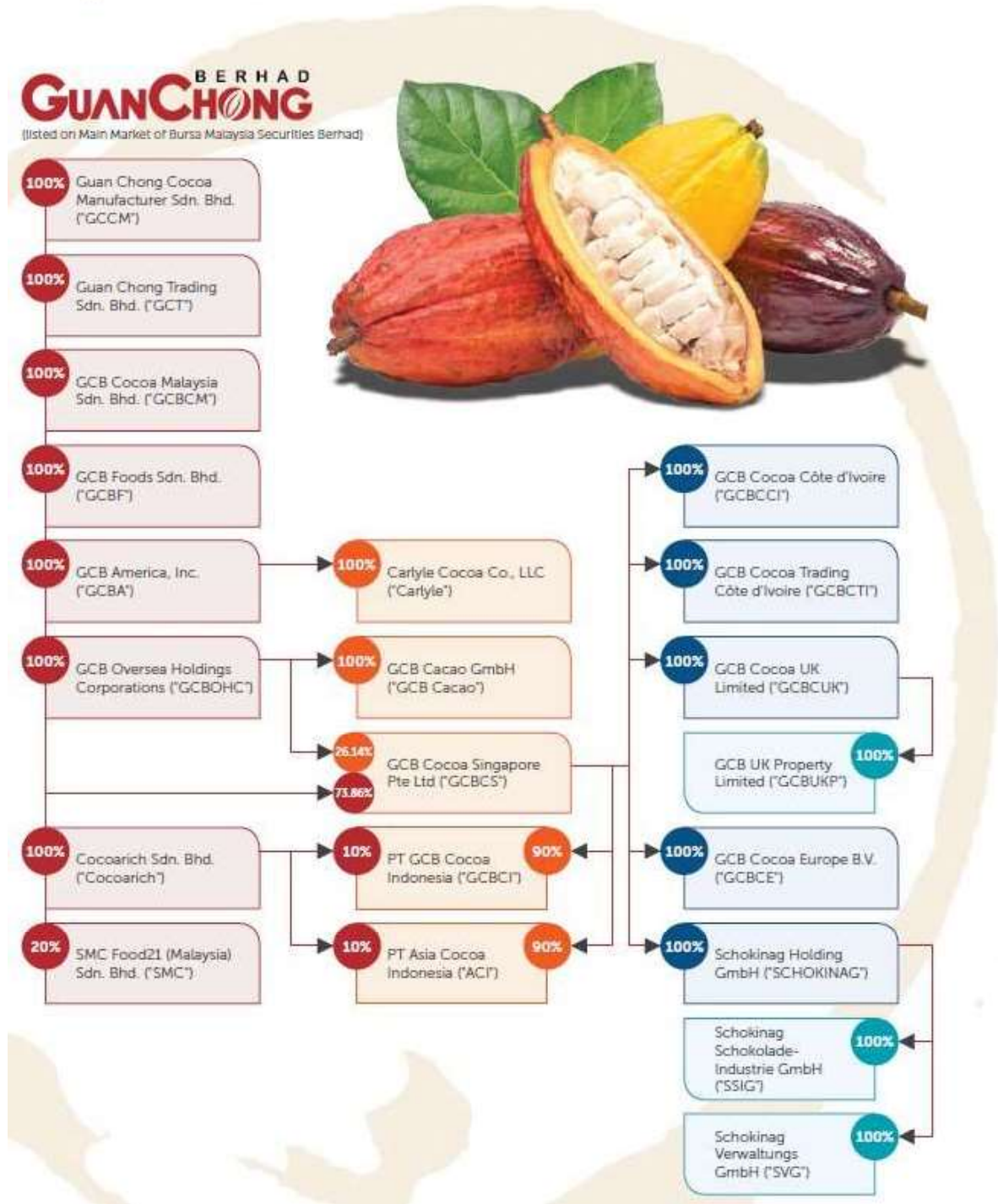
9.0 VERSION HISTORY

Version	Author	Date	Changes
V1.0	Corporate Governance Committee	15/10/2021	Creation of GCB Human Rights & Labour Policy and Procedure
V1.1	Corporate Governance Committee	12/01/2023	Minor updates of the contents
V1.2	Corporate Governance Committee and Cocoa Sustainability Team	15/12/2023	Enhancement in the approach to handle child labour and Modern Slavery/ Forced Labour

10.0 APPENDICES

Appendix 1: List of all GCB's subsidiaries

Corporate Structure



Appendix 2: ILO Forced Labour Convention

According to the ILO [Forced Labour Convention, 1930 \(No. 29\)](#), **forced or compulsory labour is:** *“all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily.”*

The forced labour definition encompasses:

“traditional practices of forced labour, such as vestiges of slavery or slave-like practices, and various forms of debt bondage, as well as new forms of forced labour that have emerged in recent decades, such as human trafficking. Also called “modern slavery” to shed light on working and living conditions contrary to human dignity.”

The Forced Labour Protocol (Article 1(3)) explicitly reaffirms this definition.

This definition consists of three elements:

1. **Work or service** refers to all types of work occurring in any activity, industry or sector including in the informal economy.
2. **Menace of any penalty** refers to a wide range of penalties used to compel someone to work.
3. **Involuntariness:** The terms “offered voluntarily” refer to the free and informed consent of a worker to take a job and his or her freedom to leave at any time. This is not the case for example when an employer or recruiter makes false promises so that a worker take a job he or she would not otherwise have accepted.