

# **Business Ethics Policy and Code of Conduct**

## **PY-CG-001-V2.2**

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## **Preface**

We believe that every employee should embody the values of Guan Chong Berhad (GCB) and represent the company in all business activities. Each employee is a part of the GCB family and thus should treat the reputation of GCB like their own.

This Code of Conduct presents a set of guidance for the behaviour of all GCB employees and contractors worldwide. All employees are expected to uphold this Code and demonstrate responsibility and professional behaviour in all business dealings. Through this Code of Conduct, we hold ourselves to the highest standards in order to deliver only the best service and products to all our customers and stakeholders. However, this is only possible with the cooperation and contribution of all GCB employees holding themselves to the same high standards.

Therefore, we encourage all employees to promptly seek clarifications or advice if there are any uncertainties pertaining to this Code of Conduct with their managers, Human Resource (HR) department, or the Corporate Governance Committee.

## **Policy Statement**

Guan Chong Berhad (GCB) is committed to responsible production and business principles. We shall supply our cocoa products in an ethical manner and in accordance with internationally recognized minimum standards on human rights, labour and the environment. We integrate these criteria, i.e. good business practises, labour standards, ethical trading criteria, non-discrimination / equal opportunities, anticorruption criteria, etc, into our **CODE OF CONDUCT** stipulated in the following pages.

## **Employee Acknowledgement**

Acknowledgement of this code shall be assumed upon the attendance of the annual refresher training conducted by HR department for all employees.

**Responsibility and Authority**

In order to ensure compliance to the Code of Conduct, the following responsibilities shall be implemented:

Authority	Responsibility
Chief Executive Officer	Ultimate responsibility to ensure compliance of code of conduct, including: <ul style="list-style-type: none"> <li>- Ensure requirement of the labour standards and ethical trading policy are met</li> <li>- Responsible and accountable for ethical and professional business practises</li> <li>- Responsible for environmental Management</li> <li>- Responsible for Health and Safety</li> </ul>
Corporate Governance Committee	Responsible to: <ul style="list-style-type: none"> <li>- Create and enforce the Code of Conduct</li> <li>- Ensure compliance to and regular reviews of the Code of Conduct</li> </ul>
Audit Committee	Responsible to ensure compliance to the Code of Conduct by: <ul style="list-style-type: none"> <li>- Conducting internal audits</li> <li>- Investigating and reporting on any non-compliance or corruption and bribery issues or concerns raised</li> </ul>
Human Resource (HR) Department	Responsible to ensure compliance to the Code of Conduct by: <ul style="list-style-type: none"> <li>- Conducting annual refresher trainings for all employees to ensure all employees are aware of and understand this Code</li> </ul> Address any concerns and non-compliance reported to the HR department by employees
Supervisors/ Managers/ Head of Departments	Responsible to address concerns reported to them by their subordinates, and escalate the issue to the next level of management if necessary.

Brandon Tay Hoe Lian  
 Chief Executive Officer  
 Guan Chong Berhad  
 05-04-2023

## **Ethical & Professional Behaviour**

All employees acting on behalf of GCB shall treat all suppliers, customers, business partners and competitors in an ethical, respectful and professional manner. We will abide by all signed agreements and contract terms unless there are changes which have been agreed on by all parties involved.

### **Conflict of Interest**

We avoid any situations where an employee's private interests may conflict with the interests of GCB unless approved by our related party transaction policy. We do not enter and avoid any situations which may impair the objective and fair judgement of an employee in their work on behalf of GCB, which may include but not limited to forming personal relationships with customers, suppliers, or competitors.

During their employment under GCB, an employee may not work for, or provide services to, directly or indirectly to a competing business, customer or supplier of GCB.

### **Fair Competition**

We will apply fair business practices in all our relationships and dealings with customers, suppliers, and competitors, to ensure there is fair and vigorous competition.

We will conduct our business in compliance with all applicable anti-trust laws, where our employees shall not engage in bid rigging, sharing markets or sources of supply, secret agreements to set prices with competitors or other parties which may restrict fair competition and the fair market.

### **Corruption and Bribery**

We do not condone any form of corruption or bribery in order to further the interests of the company. We do not offer, solicit, encourage or accept gifts, commissions or favours that may facilitate business relationships or knowingly benefit from any form of bribes.

All our employees or agents acting for or on behalf of GCB are prohibited from, directly or indirectly, receiving or providing benefits such as gifts, commissions, kickbacks or any benefits in similar nature

from / to any persons or entities who deal with us (3rd parties), where the benefits would reasonably be expected to influence the performance of employees' or agents' duties in any aspects.

**Adherence to sanctions**

We will not have any direct monetary transactions in Sanctioned Countries and there shall be no shipment to countries sanctioned by the United States, Malaysia and United Nation.

In all our dealings with new transactions, our employees shall strictly commit to the Anti-Money Laundering Policy and Procedure to ensure that there will be no direct transactions with Sanctioned Countries.

**Non-discrimination / Equal opportunities**

We strongly believe that all our employees deserve to be and will be treated fairly, with dignity and respect.

We provide equal employment and promotion opportunities for all employees or potential employees. We do not discriminate based on race, 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. No potential or existing employees will be subjected to undergo mandatory pregnancy or HIV/AIDS testing before or during the course of their employment.

It is also our practice to ensure that hiring, remuneration, benefits, training, advancement, promotion, discipline, termination, retirement or any other employment-related decisions are based solely on relevant and objective criteria.

**No harsh or inhumane treatment is allowed**

All our employees are strictly prohibited from engaging in or tolerating the use of corporal punishment, mental or physical coercion or other forms of abuse of personnel. Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation are also strictly prohibited and will not be tolerated.

## **Confidentiality and Data Privacy**

We treat all confidential information entrusted to us by suppliers, customers and employees with great care. All relevant personal and customer information will be safeguarded and processed in a data privacy and cyber security system in accordance with data privacy regulations.

Confidential information can apply to commercial, technical or operational processes in GCB. This can include but is not limited to documents, data or knowledge about business figures, new products and recipes, R&D ideas or projects, commercial or marketing strategies, investments, manufacturing processes and internal policies and procedures.

Unless written consent is obtained, all confidential information must remain confidential. All employees should exercise discretion to avoid revealing any confidential information to unintended parties or individuals.

## **Employee Labour Rights**

### **Freedom of Association and Collective Bargaining**

We respect the rights of all employees to establish, join, or not to join labour unions or organisations to bargain collectively to further and defend their mutual interests in the workforce without fear of intimidation, harassment or termination of employment. This should be done in accordance to local laws.

### **Workplace Health and Safety**

We are committed to ensuring a safe workplace environment for all our employees. We shall ensure that all employees work in a safe and healthy working environment that includes but is not limited to protection from fire, accidents and toxic substances. We ensure that our employees work in an environment that is in compliance to applicable laws, regulations and industry standards.

We shall establish and adhere to health and safety policies and procedures to prevent accidents and injuries to employees arising out of, associated with, or occurring in the course of work. We will minimise, so far as is reasonably practicable, the causes of hazards inherent in the working environment, and ensure that all employees are provided with the necessary protective equipment to do their tasks safely. All employees, including new and reassigned employees, will receive regular and recorded health and safety training to ensure they are familiar with all safety procedures.

In ensuring a safe and healthy working environment for all employees, access to clean toilet facilities, potable water, and if appropriate, sanitary facilities for food storage and accommodation shall be provided.

### **Talent Development**

We believe that our employees are our best assets and have the potential to excel. We strive to constantly provide training and development opportunities for employees wherever possible to further develop their skills and improve themselves.



### **Forced Labour and Freedom of Movement**

We do not participate in, or benefit from, any form of forced labour including bonded labour, forced prison labour, slavery, servitude, or human trafficking. All our employees will be treated fairly, and we will not withhold any part of any employee's salary, benefits, property or documents (e.g., travel documents, identity cards) in order to force employees to continue working for us. All our employees have the freedom of movement during the course of their employment and are free to leave the company once reasonable notice has been given.

### **Remuneration**

We will ensure that all employees at GCB will be fairly compensated in wages and benefits, in compliance with legal minimum standards or industry benchmark standards. We will communicate all employment conditions in a clear and written manner, in a language they can understand, to each employee before they begin their employment with GCB.

We will never use wage deductions as a disciplinary measure for employees, no matter the situation. All disciplinary measures taken will be recorded.

### **Working Hours**

We believe that it is our employees' right to have sufficient rest and work-life balance. All employees will be limited to a 45-hours work week, unless otherwise stated in applicable laws, regulations or industry standards. We will also ensure that employees are entitled to at least one day of rest per week, and are given reasonable breaks while working and sufficient rest periods between shifts. Any overtime work done by employees will be voluntary, infrequent, and compensated at a premium rate.

## **Product and Operation**

### **Quality and Products Safety and Liability**

As a cocoa ingredient supplier, we take pride and responsibility in ensuring that our customers can trust and be assured of the safety and quality of our products. We exercise due diligence when designing, manufacturing, and testing our products. This protects against product defects which could harm the life, safety or health of people who consume and use our products.

Through our Food Safety and Quality programme, we ensure that the quality and safety of all products, materials and services that are supplied by us comply with all legal requirements and agreed agreements.

We treat any lapses in safety and quality seriously. We will immediately take all necessary actions and correct, or report to a manager, any threat to product safety or quality.

### **Objectivity and Transparency in Operations**

In all our relationships with suppliers and customers, we will ensure transparency and objectivity in establishing our agreements with all parties. Whenever a Trade agreement is established, the agreement shall be objective and transparent, and should also ensure the creditworthiness of all parties involved. All agreed services and conditions will be properly documented with the consent of both parties.

### **Traceable Supply Chain**

Across our supply chain, we will communicate this code to our suppliers. We will initiate, maintain and verify our suppliers' compliance to this code of conduct, and ensure a continuous improvement process. We will strive toward implementing a comprehensive internal traceability system across our operations and supply chain together with our suppliers to ensure that our cocoa beans can be traced to the farm level.

## **Corporate Social Responsibility & Sustainability**

### **Environment**

We are committed to safeguarding our natural environment, putting our environmental objectives on equal standing with our primary business objectives. We will operate with care for the environment and comply to all applicable laws and regulations in the countries we operate in.

In our activities, we will strive to minimize the resulting environmental burden and implement actions that will provide continuous improvement to the environment. This includes the reduction of waste, recycling, and increasing the efficiency of resource usage such as water, air, raw materials and energy.

### **Cocoa Sustainability**

We are committed to making a conscious and concerted effort to embrace cocoa sustainability. We will integrate sustainable developments into all our subsidiaries, partnering with stakeholders in the whole supply chain and establish our own program activities such that it improves farmer income, protects the environment and does not contribute to child labour.

This includes ensuring that all our operational and supply chain activities do not directly contribute to deforestation or the loss of biodiversity. We also strictly prohibit any form of child labour and will not engage, nor benefit from, the use of child labour in all our activities.

## Reporting Non-Compliance

### Notification on Breaches of the Code of Conduct

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 Code of Conduct.

### Reporting Grievances and Non-compliance to this Code of Conduct

To report any grievances or suspected cases of non-compliance to this code of conduct, employees can raise their concerns to their supervisors/managers or local HR department following the Grievance Procedure.

If employees wish to remain anonymous, they can use the discreet whistleblowing channel: [whistleblower@favorich.com](mailto: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 different languages to ensure that all our employees fully understand the grievance procedure and are able to report or seek help when necessary.

### Monitoring and Evaluation

We reserve the right to verify our compliance to this Code. In the event that any actions or conditions are found to be not in compliance with this code, we reserve the right to demand corrective measures against all related parties.

**References**

The following references are not intended to create additional obligations or compliances in the GCB Group Code. However, we encourage employees to refer to the below detailed references for more information.

- Employee Handbook
- Anti-corruption and Whistleblowing Policy
- Grievance Procedure
- Sustainability Policy & Procedure
- Anti-Money Laundering Policy and Procedure
- Related Party Transaction Policy

**VERSION HISTORY**

Version	Author	Date	Changes
V1.0	Human Resource Department	14/09/2020	Reformatted and reworded the Code of conduct
V2.1	Corporate Governance	19/2/2021	Edited whistleblower email and policy code
V2.2	Corporate Governance	05/4/2023	Reviewed and adjust some format; 48 hours work week changed to 45 hours due to Malaysia regulation

APPENDIX

Appendix 1: List of all GCB's subsidiaries

