



## SUPPLY CHAIN POLICY

### 1.0 Introduction

This Policy aims to introduce a set of comprehensive guidelines for a sustainable supply chain approach undertaken by **QL Resources Berhad** (“**QL**” or “**the Company**”) and its subsidiaries (“**the Group**”) in line with agro-based industry best practices. This policy should be read in conjunction with the Company’s Code of Business Ethics (Suppliers and Business Associates), Sustainability Policy, Environmental Policy, Human Rights and Labour Standards Policy, Occupational Safety and Health Policy and Anti-Bribery Policy.

As a leading integrated agro-based enterprise in Malaysia and South-East Asia, QL believes that proper environmental, social and governance (ESG) management is crucial in practising sustainable supply chain operations that have a positive long-term impact not only on the Company’s business value and growth, but also on the environment and society at large.

As such, QL strives to practise a responsible supply chain management process that minimises direct and indirect environmental impact while also fostering socially responsible management of related activities, suppliers and initiatives that contribute positively to national economic growth and the quality of life of local communities.

### 2.0 Scope

This policy encompasses the Company’s four principal business segments in Malaysia, namely marine products manufacturing, integrated livestock farming, palm oil and clean energy, and convenience store chain.

This policy also applies to all of the Company’s suppliers, both local and overseas, with whom agreements are established as part of the supply chain process.

### 3.0 Our Commitment to Sustainable Supply Chain Management

**a) Ensuring Legal Compliance:** QL pledges to comply with relevant local, national, and international laws and regulations pertaining to supply chain activities, including but not limited to:

- Customs Act 1967
- Consumer Protection Act 1999
- Carriage of Goods by Sea Act 1950
- Port Authorities Act 1963
- Road Transport Act 1987

**b) Implementing Sound Supplier Management:** The Company conducts supplier pre-qualification and evaluation processes based on various requirements when selecting suppliers. The requirements include but not limited to suppliers’ quality, reliability, pricing and ESG practices.



Suppliers are required to sign and comply with QL's Code of Business Ethics (Suppliers And Business Associates) which specifically stipulates the consideration of sound ESG practices.

Suppliers shall observe the following ESG practices that are outlined in the Code of Business Ethics:

- Comply with all applicable laws, regulations, and standards pertaining to the environment, labour and human rights, and business ethics.
- Operate in a manner that is protective of the environment. This may include sustainably manage the use of energy, water and other resources. Additionally, proactively reduce environmental issues that include but not limited to pollution, waste, climate change and biodiversity impacts.
- Prohibit of child, forced and involuntary labour.
- Respect to minimum wage, work hours, overtime and benefits and freedom of association and collective bargaining.
- Ensure workplace security, safety and health.
- Demonstrate good corporate governance practices such as anti-money laundering, anti-bribery and corruption.

**c) Safeguarding Ethics and Corporate Governance:** QL firmly emphasises the importance of ethical business practices and social responsibility throughout the supply chain. In line with our core value of integrity, we strive to always uphold our commitments to social aspects such as fair labour practices, talent management and food safety. Our supply chain activities and partnerships are also guided by our Suppliers and Business Associates Code of Business Ethics, supported by strong corporate governance practices that allow us to strengthen the trust of our stakeholders and contribute to shared value creation.

**d) Ensuring Consistent Quality Standards:** The Company enforces strict protocols and procedures at all stages of the supply chain to ensure high quality consistency in the delivered products or services, with emphasis on areas such as food safety, security and nutrition, as well as biosecurity. A Health and Nutrition Committee has been set up to oversee such matters, along with a Health and Nutrition Statement.

**e) Monitoring Risk Management:** QL regularly monitors and evaluates potential risks to the supply chain such as changes in market conditions or demand, supply chain disruptions, natural disasters or geopolitical events. The Company has solution strategies in place to mitigate and manage such risks, which are overseen by the Risk Management Committee.

**f) Conducting Thorough Inventory Management:** The Company enforces strict and comprehensive inventory management protocols and procedures to optimise stock levels, reduce carrying costs, and ensure product availability at all times.

**g) Promoting Transparent Communication and Engagement:** QL values the importance of effective communication and collaboration with our suppliers, logistics partners, and internal stakeholders. Accordingly, we have established proper communication channels, protocols,



and review meetings to ensure that pertinent supply chain-related information is communicated clearly and effectively.

**h) Adopting Technological Integration and Innovation:** With innovation among QL's core values, the Company keeps abreast of the latest advancements in technology that may help to improve the visibility, traceability, and efficiency of our supply chain. Our technological initiatives to date have included clean and renewable energy, waste conversion, palm biomass, and information technology systems.

**i) Integrating Sustainability Practices:** The Company is dedicated to incorporating ESG goals and initiatives in all business aspects in the long term. In line with our goal of reducing our carbon footprint, we have established key targets and strategies aimed at minimising and managing waste and effluents, reducing greenhouse gas emissions, ensuring water security and cultivating biodiversity. We strive to encourage our suppliers to adopt sustainable and environmentally responsible practices.

**j) Supporting Local Economy:** In supporting local businesses and boosting national economic growth, QL makes it a point to source materials, supplies and services from local suppliers and vendors wherever possible.

**k) Adopting A Continuous Improvement Approach:** QL is committed to fostering a culture of continuous improvement. Besides regular feedback and assessments of our supply chain processes and performance, we frequently monitor and review the latest industry best practices which can help boost our performance further.

#### **4.0 Policy Review and Revision**

This policy is endorsed by the Board of Directors on 29 February 2024. It will undergo periodic reviews and revisions annually as part of our commitment to continuous improvement. The updated policy will be communicated to all relevant stakeholders to ensure its effective implementation by the Sustainability Working Group.