



MGB BERHAD

Registration No.: 200201021504 (589167-W)

GROUP SUSTAINABLE PROCUREMENT POLICY

1. INTRODUCTION

MGB Berhad ("**MGB**" or "**Company**") and its subsidiaries ("**MGB Group**") recognises the importance of Sustainable Procurement Policy and its increasing relevance to the Company's businesses. The purpose of this Policy is to support the MGB Group's overarching strategy and ensure that employees involved in the procurement of goods, services, and works throughout the MGB Group consider appropriate environmental, social, and economic factors in the procurement practices.

Procurement plays an important and wide scope in role from the daily administrative needs to the completion of the developments. This Policy serves as a guide for the MGB Group's procurement activities as well as the procurement practices of MGB Group's supply chain partners conducting business with and on behalf of MGB Group.

Sustainability can be incorporated into the whole procurement practices by assessing and defining the need, evaluating options, design and specification, supplier selection, tender evaluation, post-contract management and supplier development.

In line with the 17 United Nations Sustainable Development Goals ("**UN SDGs**") and MGB Group's commitment to reduce the environmental and social impact and promotion of local suppliers, MGB Group has established this Policy to guide the businesses and strive for sustainability across every function, including sourcing goods and services.

2. OBJECTIVE

The objectives of this Policy are amongst others, to ensure that MGB Group's operations are more sustainable and ethically and financially sound by:

- a) Complying the laws and regulations in Malaysia;
- b) Endorsing highest standards of economic, social, ethical, and environmental practices into the sustainable procurement process;
- c) Identifying and moderating risks associated with the procurement practices;
- d) Communicating this Policy with internal and external stakeholders and raising awareness among the employees and suppliers; and
- e) Prioritising suppliers and/or business partners that are committed to similar cause.

3. SCOPE

This Policy is applicable to MGB Group's employees and external stakeholders such as supplier, vendors and business partners. Supplier is the upstream entity from the organisation (i.e. in the organisation's supply chain), which provides a product or service that is used in the development of the organisation's products or services such as consultants, contractors, distributors, independent contractors, licensees, manufacturers, primary producers and sub-contractors.

In accordance with MGB Group's commitment to the best practice on sustainable procurement, MGB Group also expects its external stakeholders to aspire to the same standards in their business operations, including but not limited to MGB Group's commitments.

MGB Group favours/prioritises suppliers which observe this Policy or who are in the process of adopting the same.

This Policy makes reference to, and shall be read together with the following policy:

- a) Human Rights Policy
- b) Health, Safety & Environmental Policy

4. COMMITMENTS

In the pursuit of the objectives, MGB Group undertakes the following:

a) Environmental

- i. Compliance and adherence to all the applicable environmental laws and regulations.
- ii. Commitment to the reduction of greenhouse gases and other emissions harmful to the environment.
- iii. Conservation of non-renewable natural resources.
- iv. Initiatives to promote greater environmental responsibility such as:
 - Responsible waste management and disposal
 - Resources and material management
 - Pollution management
 - Climate change
 - Water security
 - Biodiversity

b) Social

- i. Business Ethics:
 - Compliance and adherence to all the applicable laws, regulations, and ethical business practices
 - Prohibition of fraud, bribery and/or corruption
 - Prohibition of money laundering
 - Prevention of conflicts of interest
 - Prevention of data security theft, misuses and/or mismanagement
- ii. Labour Standards and Human Rights:

- Compliance and adherence to all applicable laws and regulations
- Prohibition of unlawful discrimination and harassment, to provide a safe and inclusive work environment
- Prohibition of slavery and the use of forced, compulsory and child labour across the supply chain
- Commitment to comply with the local statutory on minimum wages

c) Governance

Committed to good corporate and sustainability governance across all level of MGB Group’s business operations and is consistently demonstrated by its compliance with local laws, regulations, industry best practices, and recommended corporate governance practices of Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance (MCCG) 2021.

5. REVIEW OF THE POLICY

This Policy has been approved by the Board and is available for reference in the MGB ’s corporate website and internal computer networking system.

This Policy shall be reviewed by the Board once in every two years and updated whenever necessary to ensure its effective implementation. Any subsequent amendments to the Policy shall be approved by the Board upon recommendation of the Sustainability Committee.

This version:	Version No. 1
File Name:	Group Sustainable Procurement Policy
Prepared by:	Group Sustainability
Approved by:	Board of Directors upon recommended by Sustainability Committee
Committee Meeting held:	
Board Meeting held:	
Supersedes:	N/A
Last Version approved on:	N/A