

ADVANCECON HOLDINGS BERHAD
(Registration No. 199701011469 (426965-M))
(Incorporated In Malaysia)

SUSTAINABILITY POLICY

1. SUSTAINABILITY PURPOSE/ OBJECTIVE

The purpose of the Sustainability Policy (“the Policy”) is to establish the guidelines for Advancecon Holdings Berhad (“the Company”) and its subsidiaries (collectively referred to as “ADVANCECON”) to conduct business responsibly through the integration of sustainability principles and considerations of Economic, Environmental, Social (“EES”) into its existing governance framework and business processes to create long-term value for our shareholders and stakeholders with resilience and sustainable performance.

2. SUSTAINABILITY POLICY

The Policy sets out ADVANCECON’s sustainability core principles and commitment in embedding sustainable practices in its business operations and value chain for continuous performance enhancement specifically in Economic, Environmental, Social and Governance. In line with this, ADVANCECON conducts itself and its business operations in a manner which is consistent with applicable sustainable practices to ensure the following: -

- Creation of trust and optimising long-term value generation for its shareholders and stakeholders.
- Conducting and governing business operations and strategies to address the EES risks and opportunities in an effective manner.
- Compliance with all applicable laws and regulations in all jurisdictions where it operates.

The Policy makes reference to, and shall be read in conjunction with, ADVANCECON’s other internal codes and policies adopted in governing and managing the business-related sustainability matters emphasizing on Economic, Environmental, Social and Governance. In the event of any inconsistency, the codes and policies with the most stringent requirements shall be applied to the extent of such inconsistency until it is put forward for deliberation and amendments at the next Risk Management and Sustainability Committee (“RMSC”) Meeting. The RMSC Meeting shall be conducted in accordance with the Risk Management and Sustainability Committee Terms of Reference.

The Policy is subject to review and amendments from time-to-time by the RMSC and approved by the Board of Directors ("the Board"). The Board and the Group Chief Executive Officer ("GCEO") are responsible for overall implementation, management and maintenance of the Group's Sustainability Management System.

3. Sustainability Scope

The Policy covers Advancecon Holdings Berhads and its subsidiaries except for Advancecon (Sarawak) Sdn Bhd which is the Company's thirty percent (30%) owned associated company.

All directors and employees of ADVANCECON are required to adhere to the Policy which serves to integrate sustainability and long-term economic viability of our business leading to value creation and a positive impact on our economy, environment, society and stakeholders.

4. Sustainability Guidelines, Standards & Principles

The Policy covers the compliance of ADVANCECON to relevant industry recognised regulatory laws, reporting standards and codes including:

- Bursa Securities' Main Market Listing Requirements in Relation to Sustainability Reporting Framework;
- Bursa Securities' Sustainability Reporting Guide (3rd Edition);
- Malaysia Code on Corporate Governance 2021;
- Global Reporting Initiative ("GRI") Standards;
- United Nation's Sustainability Development Goals ("UNSDG") and
- Relevant Company's Policies and Procedures, as applicable

The Policy reinforces ADVANCECON's commitments towards achieving a balanced growth in business and sustainability by adopting the following six (6) key Sustainability Principles: -

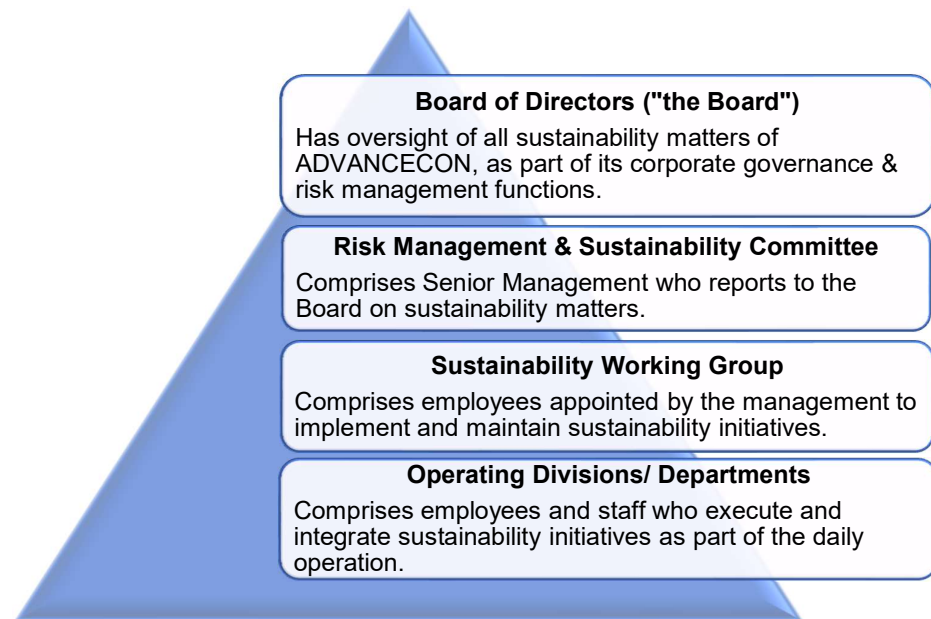
- Embrace an integrated approach encompassing economic, environmental and social needs into the Group's business strategy planning, business decision and work practices across the Group's operations.
- Continually assessing, adopting and practising effective measures for the creation of positive impact to our environment and emphasizing social equality and equity within the Group's business operation.
- Proactively engaging with the Stakeholders in the management of the Group's risks and opportunities as well as promoting sustainability practices.

- Meeting the requirements of all applicable legislations, code of practices, guidelines and standards in running the Group's businesses.
- Make a positive impact to strive for improved sustainability performance and commitment through an inclusive approach.
- Be guided and aligned with highest standards of Corporate Governance, Ethics and Integrity as well as fundamental principles of Human Rights.

5. Sustainability Governance Structure, Roles & Responsibilities

5.1 Governance Structure

ADVANCECON's Sustainability Governance Structure and Roles and Responsibilities are shown as follows: -



5.2 Roles and Responsibilities

5.2.1 Board of Directors ("the Board")

- Provide oversight for all ADVANCECON's sustainability operations and strategies.
- Review and approve the Company's disclosures and strategic direction in relation to sustainability matters.
- Periodically evaluate the efficacy of governance over sustainability matters and continuously work towards creating a more robust structure.

- Deliver sustainable value to shareholders and stakeholders through ADVANCECON's sustainability principles, frameworks, policies, objectives and strategies.
- Attend sustainability-related trainings as part of the requirement under the Mandatory Accreditation Program.

5.2.2 Risk Management and Sustainability Committee

- Accountable for overall governance of ADVANCECON's sustainability strategies and performances.
- Oversee and monitor the execution and progress of sustainability processes and activities across ADVANCECON.
- Identify key sustainability risks and opportunities encountered by ADVANCECON and ensure the implementation of appropriate internal controls and mitigating measures to manage such risks and opportunities.
- Review, discuss and provide advice to the Board for approval on ADVANCECON's sustainability strategies and affairs.
- Report the progress and performance of sustainability matter to the Board on a periodical basis.

5.2.3 Sustainability Working Group

- Coordinate and implement sustainability activities that are in line with the strategic direction of ADVANCECON and its policies.
- Direct monitoring of the sustainability performances of ADVANCECON at all levels.
- Prepare the reports for material sustainability matters, sustainability progress, performance indicators and targets, the performance and annual sustainability disclosure.
- Ensure sustainability matters are effectively communicated to all shareholders and stakeholders and maintain stakeholder engagement.

5.2.4 Operating Divisions/ Departments

- Execute and integrate sustainability initiatives of the Company as part of its daily operations.
- Implement the stakeholder engagement effort.

6. Sustainability Focus

The four (4) key sustainability focus of ADVANCECON in respect of implementing and managing sustainability matters are detailed as follows: -

6.1 Economic

In achieving long-term business sustainability by continuously striving for consistent and strong financial performance in generating positive economic value for its shareholders and stakeholders, ADVANCECON is committed to:

- Conduct business in an ethical, reliable and transparent manner as well as in compliance with all applicable laws and regulations;
- Provide enhanced and value-added works and services with quality through continuous improvement in achieving total customer satisfaction;
- Incorporate EES information for consideration in making business decisions and management;
- Leverage key resources to mainstream sustainable products, solutions and initiatives;
- Continuously review its operations and practices to allow for continuous improvement and effectiveness in management systems and service delivery; and
- Engage actively with all shareholders and stakeholders to manage their expectations by providing adequate information in appropriate platforms for effective communication.

6.2 Environmental

In protecting the environment and for biodiversity conservation, apart from complying with all applicable environmental laws and regulations, ADVANCECON is committed to: -

- Minimising the environmental impact arising from our business operations and activities through responsible resources management, pollution control as well as inculcating organisation-wide awareness on environmental responsibility and accountability;
- Take appropriate measure to reduce, reuse, recycle and dispose of waste in an environmentally responsible way;
- Ensure responsible water usage and mindful energy consumption;
- Reduce carbon emission in minimizing the environmental impact through monitoring and conserving the use of energy and other resources; and

- Promote environmental awareness within ADVANCECON among its employees and stakeholders through environmental and sustainable initiatives.

6.3 Social

In upholding its social responsibility, apart from complying with human rights and all applicable labour laws and regulations, ADVANCECON is committed to:

- Provide and maintain a safe and healthy work environment for our employees;
- Support and practice workplace equal opportunity, fair treatment and gender and cultural diversity for both local and foreign employees;
- Respect fundamental human rights and employee rights by eliminating the use of child or forced labour of all forms;
- To equip our employees and provide an environment for them to be more innovative and able to realize their full potential; and
- Continue community initiatives and deliver commitment towards community development through volunteerism programmes, philanthropic activities, collaborative programmes and job creation.

6.4 Governance

In recognizing the importance of governance sustainability for incorporation into all its functions and processes, subsequently, maintaining the confidence of our shareholders and stakeholders, ADVANCECON is committed to:

- Uphold the highest standards to corporate governance, business ethics and transparency in all our dealings, taking into consideration of all applicable laws and regulations;
- Establish and continue to improve appropriate governance structures and processes;
- Resolves verifiable complaints, grievances (if any) and conflicts through an open, transparent and consultative process; and
- Establish, maintain and fortify the Company's corporate governance and internal control measures and ensure its adherence.

7. Disclosure

ADVANCECON will report on its sustainability efforts in its Sustainability Report which is contained in its latest Annual Report and available on the corporate website at <https://www.advancecon.com.my/>.