

SOCIAL COMPLIANCE POLICY

1.0 PURPOSE

In recognition of the economic, environment, social and governance impact of Hartalega Holdings Berhad and its subsidiaries ("the Group") has to the environment and on human lives, this policy is established to ensure that the Group, as a responsible corporate entity, is constantly promoting and protecting human rights and the environment.

2.0 SCOPE

This policy is applicable to Hartalega Holdings Berhad and its subsidiaries ("the Group"). The scope of this policy covers the Group's social compliance practices and human right practices concerning all new and existing employees. This policy should be read in tandem with the Sustainability Policy, Environmental Policy, Code of Conduct and Ethics for Employees, Supplier Code of Conduct, Anti-Bribery and Anti-Corruption Policy, Whistleblowing Policy and Procedure and Gender Diversity Policy.

Social Pillar

2.1 Child Labour & Employment of Young Persons

- 2.1.1 The Group does not employ or use child labour. "Child" is defined as a person who has not completed his or her fifteenth year of age or as defined by the local law, in which case the stipulated lower age applies in that locality.
- 2.1.2 The Group also does not employ Young Workers. "Young Worker" is defined as a person who is not a Child but has not completed his or her eighteenth year of age or as defined by the local law, in which case the stipulated lower age applies in that locality.
- 2.1.3 The Group will not allow suppliers/ subcontractors to use child labour within Hartalega premises. If a child worker is found within Hartalega premises, the child will be removed from any hazardous or unsafe areas and be appointed a guardian until the supplier/ subcontractor is able to remove the child from Hartalega premises. Hartalega will require the said supplier/ subcontractor to implement a corrective and preventive action plan, including education and training. If corrective action is not made within an agreed timeframe, or if further violations occur, Hartalega will terminate all business with the supplier/ subcontractor.

2.2 Forced or Compulsory Labour

- 2.2.1 The Group does not engage or support the use of forced or compulsory labour including prison labour and will not require personnel to pay "deposits" to the Group upon commencing employment.
- 2.2.2 Forced labour is defined as any work or service a person has not offered to do voluntarily but made to do under the threat of punishment or retaliation.
- 2.2.3 Personnel shall have the right to leave the workplace premises after completing the standard workday and be free to terminate their employment provided that they give reasonable notice to the Group.

2.3 Modern Slavery and Human Trafficking

- 2.3.1 The Group does not engage in or support any modern slavery or human trafficking activities.
- 2.3.2 Trafficking in persons is defined as the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs.
- 2.3.3 This includes, but is not limited to, the following trafficking-related activities:
- Engaging in any form of trafficking in persons in the performance of any work;
 - Procuring commercial sex acts in the performance of any work;
 - Using forced labour in the performance of any work;
 - Using misleading or fraudulent practices during the recruitment of candidates/ employees or offering of employment;
 - Using recruiters that do not comply with local labour laws of the country in which the recruiting takes place; and
 - If required by law or contracts, failing to provide an employment contract, recruitment agreement, or other required work document in writing and in a language the employee understands.

2.4 Recruitment Fees

- 2.4.1 The Group has a Zero Recruitment Cost Policy in place which will take effect for new workers selected for employment from 1st April 2019 onwards as a control measure to reduce the potential of employees falling into debt bondage.
- 2.4.2 If the Group discovers any contractors or agents wrongfully charging employees or have engaged with third parties who, with or without their consent, have wrongfully charged employees, the Group will suspend any relationship with the related recruitment agency until the agency repays the employees. The Group will terminate all contract or partnership with any recruitment agency that is found to be non-compliant with the Group's policies after the necessary investigations and warnings.

2.5 Discrimination

- 2.5.1 The Group shall not engage in or support discrimination or harassment on the basis of legally-protected characteristics accorded by the local law such as union membership, gender or social background in all aspects of employment such as in hiring, remuneration, access to training, promotion, disciplinary action or retirement.
- 2.5.2 The Group shall not allow any behaviour that is threatening, abusive, exploitative or sexually coercive including gestures, language and physical contact whether in the workplace or in all residences and property provided by the Group whether it owns, leases or contracts the residences or property from a service provider.

2.6 Corporal Punishment/ Bullying

- 2.6.1 The Group and all employees, regardless of position, shall treat all parties with dignity and respect. No harsh or inhumane treatment will be tolerated. The Group will not tolerate any use of corporal punishment (disciplinary action that is physical in nature), mental or physical coercion or verbal abuse (bullying) against any party.

- 2.6.2 This will apply to all activities taking place within the Group's premises (including interpersonal and electronic communications) or which are directly connected to the workplace and during any employment-related duties or activities, including conferences, training sessions, travel and social functions.
- 2.6.3 Examples of unacceptable behaviour include, but is not limited to:
- Yelling, using abusive, insulting, or offensive language towards others;
 - Regularly threatening use physical violence or to reprimand or fire others;
 - Pushing, shoving, tripping or grabbing others, however light; and
 - Hitting others with the hand or with an implement, however light.
- 2.6.4 Corporal punishment and bullying does not include:
- The normal exercise of supervisory responsibilities such as performance reviews, direction, counselling and disciplinary action where necessary provided they are conducted in a respectful and professional manner in accordance with the Group's policies and procedures;
 - Social interactions, jokes and bantering which are mutually acceptable, provided the interactions are respectful and there is no negative impact for others in the work environment; and
 - Disagreements, misunderstandings, miscommunication and/ or conflict situations, provided the behaviour of the individuals involved remain professional and respectful.
- 2.6.5 All employees are expected to support the implementation of this policy by:
- Conducting themselves in a manner which demonstrates professional conduct, mutual respect for others and which honours diversity in the workplace;
 - Not engaging in the bullying and harassment of others;
 - Participating fully and in good faith in any resolution process or formal complaint and investigation process where they have been identified as having potentially relevant information;
 - Reporting any bullying and harassing behaviours which they experience or observe in the workplace which may be in violation of this Policy; and
 - Respecting the rights to personal dignity, privacy and confidentiality pertaining to this Policy.
- 2.6.6 While every employee is responsible for maintaining and contributing to an environment which is free from bullying, those in positions of authority over staff carry more responsibility than other employees within the Group's organization. Management personnel have additional obligations to make every reasonable effort to establish and maintain a workplace free of bullying or harassment. Related to this Policy, their responsibilities include but are not limited to:
- Ensuring that employees have full access to information regarding employer policies and standards;
 - Respecting the rights of all parties to a fair, equitable and confidential process for responding to complaints;
 - Providing support to all those who participate in a problem-solving process; and
 - Enforcement of corrective and/or disciplinary measures, where applicable.
- 2.6.7 Any grievances/ reports on corporal punishment/ bullying may be channelled to the Human Resource Department (e.g. HRBP or Security) or any higher-level superior. Grievances/ reports are not restricted to an employee's immediate superior.
- 2.6.8 Any and all reported cases will be investigated, and any employee found involved in such action may face disciplinary action up to immediate termination after due inquiry and, if necessary and with consent of the victim, be reported to the police.

2.7 Coercion and Harassment

- 2.7.1 Suppliers, contractors and service providers will treat each worker with dignity and respect and will not use corporal punishment, threats of violence or other forms of physical, sexual, psychological or verbal harassment or abuse.

2.8 Working Hours

- 2.8.1 The Group shall comply with applicable local laws on working hours, breaks and public holidays.
- 2.8.2 Overtime work shall be carried out solely on voluntary basis. The amount of overtime hours performed by day, week or month shall comply with local regulation.

2.9 Remuneration

- 2.9.1 The Group shall ensure that wages for a normal work month not including overtime as well as reimbursement rates for overtime shall always meet at least legal minimum standards set by the local law.
- 2.9.2 Employees with similar educational background, work experiences, qualified skills and competencies who carries the same job will have equal pay disregards of gender, race, religion or belief, age, marital status, pregnancy and maternity, sexual orientation, gender reassignment or disability.

2.10 Freedom of Association & Collective Bargaining

- 2.10.1 The Group acknowledges and respects the right of all employees in regards to their participation in the formation, membership & lawful activities of a trade union such as the right to bargain collectively as accorded by the Industrial Relations Act 1967 and the Trade Unions Act 1959.
- 2.10.2 Employees need not fear negative repercussions from the Group if all actions are lawful.

Health & Safety

2.11 Health and Safety

- 2.11.1 The Group shall provide a safe and healthy workplace environment and shall take effective steps to prevent potential health and safety incidents and occupational injury or illness arising out of, associated with or occurring in the course of work. It shall minimise or eliminate, so far as is reasonably practicable, the causes of all hazards in the workplace environment based upon the prevailing safety and health knowledge of the industry sector and of any specific hazards.
- 2.11.2 Where hazards remain after effective minimisation or elimination of the causes of all hazards in the workplace environment, the Group shall provide personnel with appropriate personal protective equipment as needed at its own expense. In the event of a work-related injury, the Group shall provide first aid and assist the personnel in obtaining follow-up medical treatment.
- 2.11.3 The Group shall provide effective health and safety training to its personnel on a regular basis including on-site training and, where needed, job-specific training. Such training shall also be repeated for new and reassigned personnel, where incidents have

occurred and when changes in technology and/ or the introduction of new machinery present new risks to the health and safety of personnel.

- 2.11.4 The Group shall establish documented procedures to detect, prevent, minimise, eliminate or otherwise respond to potential risks to the health and safety of personnel. The Company shall maintain written records of all health and safety incidents that occur in the workplace.
- 2.11.5 The Group shall provide, for use by all personnel, free access to clean toilet facilities, potable water, suitable spaces for meal breaks, and where applicable, sanitary facilities for food storage.
- 2.11.6 All personnel shall have the right to remove themselves from imminent serious danger without seeking permission from the Group.

Governance and Ethics

2.12 Ethical Business Behaviour

- 2.12.1 The Group does not tolerate any act of corruption, extortion, embezzlement, bribery, fraud or falsification of information initiated or knowingly participated by any employee.
- 2.12.2 If any employee has been offered to perform any such unethical acts by contractor, supplier, vendor or other party, the said employee is to strongly decline such offer and report the incident to his/ her superior or to the Chief Human Resource Officer as soon as possible.
- 2.12.3 If any employee comes into knowledge or suspicion that such unethical actions have taken/ may take place, the said employee is to report the incident to his/ her superior or to the Chief Human Resource Officer as soon as possible.
- 2.12.4 All concerns or irregularities raised will be treated with confidence and every effort will be made to ensure that confidentiality and protection of the reporter is maintained throughout the process.

2.13 Integrity and Anti-Corruption

- 2.13.1 The Group displays the highest level of ethical integrity when dealing with workers, suppliers and other business partner.
- 2.13.2 The Group complies with privacy and information security laws and regulatory requirements when collecting, using, and processing personal information.
- 2.13.3 Hartalega adopts a zero-tolerance policy against bribery and other forms of corruption. The Group encourages any supplier, contractor or service provider who have reason to believe such malpractice is occurring or has occurred to report it through the Whistleblowing Policy and Procedure. The Whistleblowing Policy and Procedure are accessible in the corporate website.

2.14 Conflict Minerals

- 2.14.1 Conflict Minerals are defined as minerals originating from the Democratic Republic Congo or surrounding countries (Central Africa Republic, South Sudan, Zambia, Angola, Tanzania, Burundi, Rwanda and Uganda).

2.14.2 The Group requires suppliers, contractors, and service providers to undertake reasonable steps to identify whether Conflict Mineral are contained in the products they manufactured (or contracted to be manufactured by it), including determining the country of origin of raw minerals used in production.

2.14.3 If these minerals are contained in their products, The Group requires suppliers to take reasonable steps in a timely manner to eliminate the use of Conflict Minerals in products supplied.

2.15 Supply Chain / Vendor Management

2.15.1 All suppliers are expected to be transparent in their reporting aligning to the Supplier Code of Conduct.

2.15.2 The Group reserves the right to conduct audits at supplier's facilities as and when deemed necessary.

2.15.3 The Group undertakes continuous effort to engage with suppliers and vendors through the supply chain on capacity building for development and to increase compliance level with regards to ESG.

Fundamental Framework

2.16 Fundamental Framework

The above policy is drafted with below frameworks and references:

2.16.1 Conflict Universal Declaration on Human Rights

2.16.2 United Nations Global Compact

2.16.3 United Nations Guiding Principles on Business and Human Rights

2.16.4 United Nations Convention on Discrimination Against Women

2.16.5 United Nations Covenant on Civil and Political Rights

2.16.6 United Nations Convention on the Rights of the Child

2.16.7 United Nations Convention against Corruptions

2.16.8 International Labour Organization Declaration on Fundamental Principles and Rights at Work

2.16.9 International Labour Standards on Occupational Safety and Health

2.16.10 OECD Guidelines for Multinational Enterprises

2.17 REVIEW

The Group reserves the right to update and amend this policy from time to time.

Revision of this policy was adopted by the Board on 7 May 2024.