



SOUTHERN ACIDS INDUSTRIES SDN. BHD
199001015379 (207048-P)

SUSTAINABLE PROCUREMENT POLICY

Southern Acids Industries Sdn Bhd (SAISB), when carrying out its business, is committed to meeting global demand and quality standard for its products.

SAISB respects the environment, and care for the health & safety of our employees.

SAISB also commits to “**No-Deforestation & No Expansion on Peat**” and respect for FPIC in operational palm oil supply chain.

As a responsible organization, SAISB views Sustainable Procurement as a key process in supply chain and will adhere to the following Areas of Sustainable Procurement: -

- **Labour/Human Right** – ensuring the prohibition of child labour, forced labour, and human trafficking, as well as preventing all forms of discrimination and harassment. Embrace the principles of diversity, equity and inclusion. Supports fair compensation, career development opportunities, and respects employee’s rights to freedom of association and collective bargaining, while encouraging open social dialogue between employees and management.
- **Health & Safety** – comply with applicable OSH regulations.
- **Environment** – integrate environmental responsibility into sourcing and production.
- **Ethics and Business Conduct** – adhere to good business practices.
- **Management** – provide quality and safe products, complying with applicable laws and regulations.
- **Energy Management** – integrate energy efficient responsibility into sourcing of equipment and services.

SAISB shall incrementally adopt the sustainable procurement approach for procurement activities to address wider environmental and social issues by engaging with our suppliers and stakeholders.

SCOPE

This policy applies to:

- All procurement activities including raw materials, packaging materials, chemicals, mechanicals parts, logistic, contractors, services and capital expenditure.
- All local and international suppliers.
- All new supplier prior to onboarding.
- Existing suppliers subject to periodic ESG reassessment.

GOVERNANCE AND ALLOCATION OF RESPONSIBILITIES

General Manager

- Approves the Sustainable Procurement Policy.
- Review annual sustainable procurement performance.

Sustainability Manager

- Develops and maintains ESG supplier assessment framework.
- Oversees ESG risk mapping.
- Monitors sustainable procurement KPIs.

Procurement/Trading Team (Purchaser and Trader)

- Integrates ESG criteria into supplier selection and evaluation process.
- Ensures Supplier Code of Conduct is acknowledged by suppliers.
- Implements corrective action plans for non-compliant suppliers.
- Conduct supply chain risk mapping.
- Maintains updated ESG supplier database.
- Report progress to management.

Department Heads/ Budget Owners

- Ensure compliance within their purchasing scope.

MONITORING MECHANISM

- Supplier Corrective Action Request (SCAR) for non-compliance.
- ESG screening before onboarding new suppliers.
- Supplier suspension for repeated violations.
- Removed from Approved Supplier List.
- Enhanced due diligence for high-risk suppliers.
- Conduct ESG audits when necessary.
- Annual ESG supplier performance review.

KPIs monitored:

- % Spend covered by ESG assessment.
- % suppliers meeting minimum ESG score.
- Number of Supplier Corrective Action Request (SCAR) closed.

POLICY REVIEW

- Policy shall be reviewed every 3 years or earlier if required by regulatory or customer requirements.
- Continuous improvement actions shall be documented and tracked.

GENERAL SUSTAINABLE PROCUREMENT TARGETS

- Suppliers are required to achieve a minimum ESG score of 60% based on the Supplier ESG Assessment Form. Supplier ESG performance will be reviewed every three (3) years to monitor and promote continuous improvement.
- Encourage suppliers to disclose ESG data.
- Promote local sourcing where feasible to reduce transport emissions.
- Alignment with international recognized sustainability frameworks.



Khoo Chin Tee
General Manager
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