



Sustainability Policy

4/15/23

1.0 Purpose and Scope

1.1 Purpose:

At LUXCHEM, we understand that sustainable practices are critical to protecting our planet and promoting the well-being of our employees, customers, and stakeholders. We also recognize that achieving profitable financial performance is a key enabler for supporting sustainability policy and initiatives.

As a responsible business, we are committed to minimizing our environmental impact and prioritizing the health and safety of those affected by our operations. Our purpose is to establish a strong commitment to sustainability and provide clear guidance on our approach to managing environmental, health and safety, energy, waste, and water-related risks and opportunities, while supporting our profitable financial performance.

We believe that by incorporating sustainability in all aspects of our operations, we can reduce our environmental impact and promote the health and safety of our employees and stakeholders. Furthermore, we aim to drive sustainable growth and innovation by implementing sustainable practices, technologies, and strategies that support our profitable financial performance.

Overall, our commitment to sustainability is rooted in our belief that responsible business practices are not only good for the environment and our communities, but also essential for achieving long-term success and creating a better future for all. We will continue to integrate sustainability into our decision-making processes and continuously improve our sustainability policies and practices to ensure that they support our profitable financial performance and contribute to a more sustainable future.

1.2 Scope:

The scope of this policy is comprehensive and applies to all aspects of LUXCHEM's operations, including but not limited to production, transportation, and administrative functions. All employees, contractors, suppliers, and stakeholders of LUXCHEM, regardless of their geographic location or role, are encouraged to abide by the principles of sustainability outlined in this policy.

We believe that our commitment to sustainability is only effective when shared and upheld by all those associated with our business. Therefore, we encourage individuals and organizations to embrace sustainable practices in their work and business processes, and to report any sustainability-related issues to LUXCHEM to ensure timely and effective management.

By engaging with our stakeholders and encouraging a culture of sustainability, we strive to achieve our shared goals of protecting the environment, promoting health and safety, and driving sustainable growth and innovation.

2.0 Economic

We recognize that sustainability is essential for the long-term viability and success of our business. We believe that sustainable practices not only benefit the environment and society but also contribute to our financial performance. Therefore, we are committed to integrating sustainability into all aspects of our business operations, including our financial performance, with a particular focus on economics. Achieving profitable financial performance is a key enabler for supporting all sustainability policy implementation.

2.1 Financial Performance

Our commitment to sustainability means that we will strive to achieve financial success while minimizing negative impacts on the environment and society. We recognize that sustainable financial practices can contribute to long-term economic growth and stability, while unsustainable practices can have negative economic consequences.

We acknowledge that profitable financial performance is essential for supporting all sustainability policy implementation. Therefore, in line with our commitment to sustainability, we will:

- I. Incorporate sustainability considerations into our financial decision-making processes, including investments, procurement, and budgeting. We will ensure that our financial decisions align with our sustainability goals and support our profitable financial performance.
- II. Monitor and report on our financial performance, including our environmental and social impacts, to ensure transparency and accountability. We will analyze the economic implications of our sustainability efforts to identify opportunities for cost savings, revenue growth, and risk management.
- III. Seek to reduce our environmental footprint and promote sustainable practices through our financial activities, such as investing in energy-efficient technologies and implementing sustainable supply chain practices. We will also consider the economic benefits of sustainability, such as reduced operating costs, increased customer loyalty, and improved brand reputation.
- IV. Collaborate with stakeholders, including investors and suppliers, to share best practices and encourage sustainable financial practices. We will seek to build partnerships with organizations that share our commitment to sustainability and profitable financial performance.
- V. Continuously review and improve our financial policies and practices to ensure that they align with our sustainability goals and contribute to our long-term economic success. We will also engage in research and development activities to identify new opportunities for sustainable growth and innovation, which support our profitable financial performance.

We believe that sustainability and economics are intertwined, and that achieving profitable financial performance is a key enabler for supporting all sustainability policy implementation. Therefore, we will continue to integrate sustainability into our financial decision-making processes, monitor and report on our financial performance, and seek to reduce our environmental footprint while promoting sustainable practices. We will also collaborate with stakeholders and continuously review and improve our financial policies and practices to ensure that they align with our sustainability goals and contribute to our long-term economic success.

3.0 Environmental Sustainability

Our commitment to sustainability includes a strong focus on minimizing our environmental impact. We aim to achieve this by implementing sustainable practices that reduce waste, conserve resources, and prevent pollution. This will involve utilizing renewable energy sources, adopting environmentally-friendly production methods, and responsibly managing waste. Our approach to environmental sustainability will prioritize minimizing harm to the environment while supporting economic development and social well-being. By prioritizing environmental sustainability, we believe that we can contribute to a healthier planet and help build a more sustainable future.

3.1 Environmental Management

LUXCHEM will manage our environmental impact by adopting a systematic and integrated approach to environmental management, including measuring, monitoring, and reporting our environmental performance. To achieve this, we will:

- I. Identify and minimize our environmental impact: We will conduct regular environmental assessments to identify our environmental impact and develop action plans to minimize our footprint. This includes reducing greenhouse gas emissions, conserving energy and water, minimizing waste, and preventing pollution.
- II. Promote sustainable practices in our supply chain: We will work with our suppliers to promote sustainable practices and reduce the environmental impact of our supply chain. This includes encouraging the use of environmentally-friendly materials and processes, promoting sustainable transportation, and ensuring that our suppliers comply with our environmental standards.
- III. Set environmental targets: We will set ambitious environmental targets to drive continuous improvement in our sustainability performance. These targets will be based on best practices, regulatory requirements, and stakeholder expectations.
- IV. Measure and report our progress: We will measure our progress towards achieving our environmental targets and report our performance publicly. This includes tracking key performance indicators such as greenhouse gas emissions, energy and water consumption, and waste generation.
- V. Support the transition to a low-carbon economy: We will support the transition to a low-carbon economy by investing in renewable energy and low-carbon technologies, and by working with stakeholders to advocate for policies that support the transition to a sustainable future.
- VI. Mitigate the risks and opportunities associated with climate change: We will assess the risks and opportunities associated with climate change and develop strategies to mitigate these risks and capitalize on these opportunities. This includes incorporating climate risk assessments into our decision-making processes and developing adaptation plans to ensure our operations are resilient to the impacts of climate change.

3.2 Climate Change

LUXCHEM will assess and manage our climate-related risks and opportunities, including reducing greenhouse gas emissions and transitioning to a low-carbon economy. To address these challenges, we will:

- I. Assess and manage our climate-related risks and opportunities: We will conduct regular assessments of our climate-related risks and opportunities, taking into account the latest scientific research and regulatory developments. This includes assessing the physical risks of climate change, such as extreme weather events, as well as the transition risks associated with the shift towards a low-carbon economy.
- II. Reduce greenhouse gas emissions: We will reduce our greenhouse gas emissions in line with best practices and regulatory requirements. This includes implementing energy efficiency measures, using renewable energy sources, and reducing emissions from our supply chain.
- III. Transition to a low-carbon economy: We will support the transition to a low-carbon economy by investing in renewable energy and low-carbon technologies, and by working with stakeholders to advocate for policies that support the shift to a sustainable future.
- IV. Monitor and report our progress: We will monitor and report our progress towards achieving our climate-related goals and targets, including tracking our greenhouse gas emissions and energy consumption.
- V. Collaborate with stakeholders: We will collaborate with our stakeholders, including employees, customers, suppliers, and investors, to address climate change and build a more sustainable future.

3.3 Biodiversity Conservation

LUXCHEM will promote the conservation of biodiversity, including the protection of endangered species and ecosystems. To promote the conservation of biodiversity, we will:

- I. Identify and protect important biodiversity areas: We aim to identify and prioritize important biodiversity areas in our operations and supply chain, and consider implementing measures to protect and restore them.
- II. Manage our impacts on biodiversity: We aim to assess and manage our impacts on biodiversity, including efforts to reduce habitat loss, prevent pollution, and minimize the use of harmful chemicals and materials.
- III. Support research and conservation efforts: We intend to support research and conservation efforts by considering opportunities to partner with conservation organizations, explore options to fund research, and sharing our expertise and data where possible.
- IV. Engage with stakeholders: We aim to engage with our stakeholders, including local communities, indigenous peoples, and other relevant groups, to understand their perspectives on biodiversity and align our actions with their needs and values.

Through the implementation of sustainability practices, we aim to prioritize sustainability in our operations, reduce climate-related risks, and capitalize on opportunities in the transition to a low-carbon economy. We believe that taking a proactive approach to climate change will create value for our stakeholders and contribute to a more sustainable future. By promoting resource efficiency, the circular economy, and conservation of biodiversity, we strive to create a resilient and prosperous future for all, in collaboration with our stakeholders.

4.0 Energy Management

We acknowledge the significance of reducing energy usage and greenhouse gas emissions, and therefore commit to adopting energy-efficient practices and technologies. Additionally, we will explore opportunities to leverage renewable energy sources. Energy management constitutes a critical element of our sustainability policy, centered on diminishing energy consumption, increasing energy efficiency, and promoting the adoption of renewable energy sources. This involves implementing energy-saving practices, carefully monitoring and analyzing energy utilization, and investing in energy-efficient technologies. By prioritizing energy management, we aim to reduce our environmental footprint, lower expenses, and contribute to a more sustainable future.

4.1 Energy Efficiency

LUXCHEM will promote energy efficiency by implementing energy-saving technologies and practices, and optimizing energy use in our operations. To achieve this, we will:

- I. Implement energy-saving technologies and practices: We will implement energy-saving technologies and practices across our operations to reduce our energy consumption and greenhouse gas emissions. This includes upgrading equipment and lighting to more energy-efficient alternatives, optimizing building design for energy efficiency, and adopting smart building technologies.
- II. Optimize energy use: We will optimize our energy use by carefully managing our energy consumption and monitoring our energy usage patterns. This includes setting energy efficiency targets and regularly reviewing our energy performance to identify areas for improvement.
- III. Reduce our carbon footprint: We will take steps to reduce our carbon footprint by transitioning to renewable energy sources, such as solar or wind power, and exploring opportunities to generate energy from waste materials.
- IV. Engage and educate our employees: We will engage and educate our employees on the importance of energy efficiency and encourage them to adopt energy-saving practices both in the workplace and at home.
- V. Monitor and report on our performance: We will monitor and report on our energy performance to track our progress in reducing energy consumption and greenhouse gas emissions.

4.2 Renewable Energy

LUXCHEM will promote the use of renewable energy sources, including solar, wind, and hydro power, in our operations, and consider opportunities for off-site renewable energy procurement. To achieve this, we are committed to promoting the use of renewable energy sources in our operations. We will:

- I. Implement renewable energy solutions on-site: We will explore opportunities to implement renewable energy solutions on-site, such as solar or wind to power our operations and reduce our dependence on fossil fuels.
- II. Procure off-site renewable energy: We will consider opportunities for off-site renewable energy procurement, such as purchasing renewable energy credits or entering into power purchase agreements with renewable energy providers.
- III. Set renewable energy targets: We will set targets for the percentage of our energy consumption that comes from renewable sources and work towards achieving these targets over time.
- IV. Monitor and report on our renewable energy usage: We will monitor and report on our renewable energy usage to track our progress in reducing our carbon footprint.

We are committed to reducing our environmental impact and contributing to the transition to a low-carbon economy by promoting energy efficiency and the use of renewable energy sources. Energy efficiency and the use of renewable energy sources are critical components of our commitment to sustainability and responsible business practices. By promoting energy efficiency and the use of renewable energy sources, we are striving to minimize our environmental impact, reduce our carbon footprint, and contribute to a more sustainable future for all.

5.0 Water Management

We are aware of the significance of responsible water management practices and we are committed to conserving water resources and minimizing our water consumption in our production processes. Water management is an essential aspect of sustainability policy that emphasizes the need to conserve water resources and reduce water-related risks. Our approach includes the implementation of water-saving practices, careful monitoring and analysis of water usage, and promotion of responsible water use. By prioritizing water management, we aim to reduce our environmental impact, conserve a valuable resource, and contribute to a more sustainable future.

5.1 Water Efficiency

LUXCHEM will promote water efficiency by implementing water-saving technologies and practices and optimizing water use in our operations. To achieve this, we are committed to promoting water efficiency in our operations. We will:

- I. Implement water-saving technologies and practices: We will explore opportunities to implement water-saving technologies and practices, such as water-efficient fixtures, rainwater harvesting systems, and greywater reuse systems.
- II. Optimize water use in our operations: We will optimize water use in our operations by reducing unnecessary water consumption, such as through process improvements, leak detection and repair, and water recycling and reuse.
- III. Set water efficiency targets: We will set targets for reducing our water consumption and work towards achieving these targets over time.
- IV. Monitor and report on our water usage: We will monitor and report on our water usage to track our progress in reducing our water footprint and identify opportunities for further water savings.

5.2 Water Quality

LUXCHEM will protect water quality by managing our wastewater and stormwater discharges, complying with all relevant laws and regulations, and implementing best practices for water treatment and monitoring. To achieve this, we are committed to managing our wastewater and stormwater discharges responsibly. We will:

- I. Comply with relevant laws and regulations: We will comply with all relevant laws and regulations governing water quality and discharge, including obtaining permits as required.
- II. Implement best practices for water treatment and monitoring: We will implement best practices for water treatment and monitoring to ensure that our wastewater and stormwater discharges meet or exceed regulatory standards. We will also

explore opportunities to use innovative treatment technologies that minimize the use of chemicals and energy.

- III. Set water quality targets: We will set targets for improving the quality of our wastewater and stormwater discharges and work towards achieving these targets over time.
- IV. Monitor and report on our water quality: We will monitor and report on the quality of our wastewater and stormwater discharges to track our progress in achieving our water quality targets and identify opportunities for improvement.

By promoting water efficiency and responsible water management in our operations, we aim to conserve this valuable resource, protect water quality, preserve the natural environment, and minimize our impact on the communities where we operate. We believe that responsible water management is essential to our commitment to sustainability and responsible business practices.

6.0 Waste Management

LUXCHEM is firmly committed to implementing responsible waste management practices, which encompass the reduction, reuse, and recycling of waste whenever possible. Our overarching objective is to minimize waste generation during production processes and ensure the proper disposal of hazardous waste. Waste management constitutes a vital element of our sustainability policy, which strives to reduce waste generation, promote responsible waste disposal, and adopt effective recycling and waste reduction strategies. Our approach involves analyzing waste streams, implementing waste reduction practices, and ensuring compliance with relevant regulations and standards. By prioritizing waste management, organizations can significantly reduce their environmental impact, conserve valuable resources, and contribute to a more sustainable future.

6.1 Waste Reduction

LUXCHEM is committed to reducing waste generation and promoting sustainable waste management practices. To achieve this goal, we will implement the following waste reduction strategies:

- I. Eliminating unnecessary packaging: We will assess our product packaging and eliminate any unnecessary packaging. We will also explore the use of eco-friendly packaging alternatives, such as recycled or biodegradable materials.
- II. Reducing paper usage: We will promote paperless solutions in our operations by implementing digital solutions and encouraging employees to only print when necessary. We will also explore the use of recycled paper and sustainable paper sourcing practices.
- III. Promoting waste reduction awareness: We will raise awareness among our employees and stakeholders about the importance of waste reduction and sustainable waste management practices. We will provide training and resources to support waste reduction efforts and encourage employee engagement in waste reduction initiatives.

6.2 Waste Reuse and Recycling

LUXCHEM recognizes the importance of promoting the reuse and recycling of waste materials in achieving our sustainability goals. To this end, we will implement the following waste management strategies:

- I. We will establish a waste segregation system that enables the sorting of recyclable materials from non-recyclable waste. This will ensure that the maximum amount of waste is diverted from landfills and sent for recycling.
- II. Encouraging the reuse of waste materials within our operations or donating them to external organizations.

- III. We will explore opportunities for reusing waste materials within our operations. This includes reusing packaging materials and repurposing waste products to create new products. We will also consider donating waste materials to external organizations that can make use of them.
- IV. Partnering with certified waste management companies for responsible disposal and recycling of waste.
- V. We will partner with certified waste management companies that have a track record of responsible waste disposal and recycling. This will ensure that our waste is handled in an environmentally friendly manner and in compliance with all relevant laws and regulations.

6.3 Hazardous Waste Management

To comprehensively manage hazardous waste generated by our operations, we will:

- I. Identify and classify hazardous waste: We will identify and classify hazardous waste in accordance with local regulations and international standards. This will involve assessing the characteristics of the waste, such as its toxicity, flammability, and corrosivity, to determine its proper handling and disposal.
- II. Implement appropriate storage, labeling, and transportation procedures: We will ensure that hazardous waste is stored, labeled, and transported according to local regulations and best practices. This may include using specially designed containers and labeling them clearly to indicate the type of waste and any potential hazards.
- III. Partner with certified hazardous waste management companies: We will partner with certified hazardous waste management companies to ensure that hazardous waste is disposed of safely and responsibly. This will involve selecting companies with a proven track record of compliance with local regulations and best practices in hazardous waste management.
- IV. Comply with all relevant laws and regulations: We will comply with all relevant laws and regulations related to waste management, including hazardous waste management regulations and waste disposal guidelines. This will involve staying up-to-date with any changes to regulations and ensuring that our waste management practices remain in compliance.

LUXCHEM is committed to promoting sustainable waste management practices and contributing to a more sustainable future through the implementation of waste management strategies that reduce waste generation and promote reuse and recycling of waste materials. These measures include managing hazardous waste responsibly, minimizing environmental impact, and protecting the health and safety of employees and communities.

7.0 Policy Review

This Policy has been reviewed and approved by the Board of Directors of Luxchem Corporation Berhad on 27/07/2023.

This policy will be reviewed annually to ensure that it remains relevant and effective.