

# **Sustainability Policy**

**OSKH-GCC-POL-002-6**

**30 May 2024**

**OSK**

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## Revision History Log

Ver. No	Section	Section Name	Page	Details of Amendments	Effective Date	e-Circular No.
1	-	-	-	Document published	Feb 2013	N/A
2	All	All	All	Document revised	30 Nov 2016	CS/GCC/CIR/001
3	All	All	All	Document revised	19 Nov 2021	CS/GCC/CIR/005
4	All	All	All	Complete revision	22 Nov 2023	OSKH/GCC/CIR/007
5	A.6	Sustainability Governance	11	Update of Sustainability Governance following inclusion of Sustainability Committee	16 Jan 2024	OSKH/GCC/CIR/008
6	All	All	All	Refer Summary of Change	30 May 2024	OSKH/GCC/CIR/009

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## Glossary

<b>Term</b>	<b>Description</b>
“Board”	Board of Directors of OSK Holdings Berhad
“CSO”	Chief Sustainability Officer
“Directors”	Executive Directors and Non-Executive Directors (includes independent and non-independent Directors)
“Employees”	Includes permanent, temporary, contract, part time employees of OSK Holdings and its subsidiaries
“E+ESG”	Economic, Environment, Social and Governance
“GMRC”	Group Management Risk Committee
“Head of Business Units”	Chief Executive Officers or Head of a business unit
“Head of Functional Groups”	Head of a support function
“The Group”	OSK Holdings Berhad and its subsidiaries
“Policy”	Sustainability Policy
“RMC”	Board Risk Management Committee
“SC”	Sustainability Committee
“Sustainability Champion”	Representatives of a Business Unit or Functional Group, appointed to lead the integration of sustainable practices into the overall business strategy and drive divisional sustainability initiatives and practices.
“SWG”	Sustainability Working Group, consisting of Chief Sustainability Officer, Heads of Business Units and Functional Groups

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## A. POLICY

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- 1. Introduction**
- The Group is deeply committed to be a long-term business builder that delivers superior value to the Group's stakeholders, including shareholders, employees, customers, suppliers, business partners, and the wider community, living in harmony with nature and creating a better future.
  - In addressing the challenges ahead, the Group views sustainability as a mean to build greater resilience in the Group's business model and recognise the significance of integrating E+ESG aspects into business operations. This involves enhancing business resilience, competitiveness, maintaining high standards of compliance and ethics, and strengthening our capacity to contribute to meaningful change in society.
  - Guided by the Group's sustainability vision and mission as set out below, the Group is committed to continuous advancement and innovation, fostering resilience and being future-ready.
    - **Sustainability Vision:**  
Building sustainable businesses of tomorrow
    - **Sustainability Mission:**  
A responsible organisation that creates significant value for the Group's stakeholders – for today and tomorrow
- 2. Objectives**
- The objective of this Policy are as follows:
    - Formalise the Group's fundamental approach, principles, and governance structure to provide clear directions relating to the incorporation of ESG values across the Group's operational agendas and decision-making processes;
    - Guide the management on E+ESG material matters, measure performance progress, ensure regulatory compliance, manage risks, and secure long-term viability and competitiveness of the Group;
    - Ensure adherence to relevant internal policies guidelines as well as statutory regulations by external authorities pertaining to sustainability.
- 3. Intended Audience and Stakeholders**
- This Policy is applicable to the Group's Directors and Employees, including permanent, temporary, contract and part-time employees as well as interns, who are accountable for the adherence, implementation, and monitoring of the Policy.
  - The Group will endeavour to ensure that external stakeholders involved in business dealings with the Group are informed, and where practical, adhere to this Policy.

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**4. Reference**

- This Policy shall be read in conjunction with:
  - Bursa Malaysia’s Main Market Listing Requirements
  - Malaysian Code on Corporate Governance 2021
  - Malaysian Employment Act 1955
  - Occupational Health and Safety Act 1994
  - National Environmental and Social Laws and Regulations
  - United Nations’ Sustainability Development Goals
  - Any other regulations relevant to the Group

**5. Approach and Principles**

- The Group’s principles towards sustainability are:
  - To contribute towards the realisation of national and international sustainability aspirations and agenda;
  - To comply with, and exceed where practical, all applicable legislation, regulations, and adopted codes of practice;
  - To consider sustainability risks and opportunities in business strategy and operational decision-making.
  
- In line with the above, the Group commits to four core sustainability pillars as illustrated below:



**5.1 Pillar 1: Driving Value Creation**

**5.1.1 Approach**

- To pursue operational excellence and organisational efficiency, prioritising sustainable returns in alignment with stakeholders’ expectations.

**5.1.2 Principles**

- **Business Sustainability:** Safeguard the long-term viability of the business by ensuring business agility, reinforcement of business integrity, and enhancement of new revenue streams through innovation.

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- **Advancing Innovation:** Leverage on technology to improve the Group's operational capabilities.
- **Quality Products and Services:** Maintain a track record of consistently providing quality products and value-added services through continuous improvement and innovation.
- **Customer Satisfaction Enhancement:** Prioritise serving customers with the utmost integrity, ensuring customer satisfaction through continuous improvements in the reliable and timely delivery of products and services, backed by outstanding customer service support.
- **Responsible Supply Chain:** Advocate for local and responsible sourcing of materials and services, actively mitigating risks, as well as promoting diversity and inclusivity across the supply chain.

## **5.2 Pillar 2: Caring for the Environment**

### **5.2.1 Approach**

- To transition toward environmentally responsible business operations by reducing environmental and climate-related impacts through prioritising sustainable practices and mitigation measures, including the deployment of renewable energy, resource efficiency, and waste management measures.

### **5.2.2 Principles**

- **Climate Change Adaptation:** Consider climate risks and opportunities, as well as develop strategies to adapt to and mitigate the business impacts associated with climate change.
- **Carbon Management and Reduction:** Commit to reducing greenhouse gas emissions through energy-efficient practices and renewable energy sources.
- **Resource Efficiency:** Prioritise the efficient use of natural resources, focusing on reducing, reusing, and recycling materials.
- **Environmental Stewardship:** Emphasise the protection and preservation of natural habitats and biodiversity.

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- **Pollution Prevention:** Aim to minimise and prevent pollution in all forms, including air, water, and soil pollution.
- **Environmental Consciousness Promotion:** Foster a strong environmental consciousness and promote green practices among the employees and educate communities in environmental conservation efforts.
- **Green Innovation in Business:** Cultivate sustainable business innovation by expanding the Group's range of environmentally responsible products and services.
- **Sustainable Procurement:** Increased integration of environmentally friendly products and services into business operations, fostering a culture of environmental consciousness throughout OSK's supply chain.
- **Circular Economy Principles:** Optimise lifespan of products, promote recycling and reusability, and minimise waste generation, including in industrial business processes.
- **Continuous Improvement:** Regularly assess and improve environmental performance and practices

### **5.3 Pillar 3: Elevating Societal Well-being**

#### 5.3.1 Approach

- To work towards a balanced focus on safeguarding and enhancing the well-being of the Group's employees, stakeholders across the value chain, and contribute to the welfare of the wider society.

#### 5.3.2 Principles

- **Ethics and Integrity Enhancement:** Cultivate a thriving culture of ethics and integrity within the Group, elevating employee morale and a sense of ownership over their daily conduct and decision-making, while ensuring the company acts responsibly towards employees, customers, stakeholders, and the broader community.
- **Diversity and Inclusion:** Foster a diverse and inclusive workplace that respects and values the unique contributions of all individuals.
- **Employee Development and Empowerment:** Prioritise personal and professional growth by providing relevant training and opportunities for the staff to



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enhance and improve their knowledge and skills development.

- **Harmony Advocacy in the Workplace:** Establish a workplace environment free from harassment and uphold a strict zero-tolerance policy against any threats or acts of violence.
- **Workplace Safety and Health:** Prioritise the health, safety by advocating best work practices specific to each business operation, in addition to providing the workforce and business ecosystem with the necessary resources and training.
- **Human Rights and Labour Standards:** Uphold and advocate for human rights in all aspects of business operations and supply chain management, with a strong emphasis on opposing child labour and forced labour.
- **Stakeholder Engagement:** Actively engage with stakeholders, including investors, customers, suppliers, and local communities, to understand and address their concerns and expectations.
- **Community Investment:** Invest in community development initiatives and contribute to the social and economic well-being of the communities in which the group operates.

#### **5.4 Pillar 4: Championing Responsible Governance**

##### 5.4.1 Approach

- To implement robust governance mechanisms and ethical business practices in all the Group's operations and stakeholder engagement, ensuring that the Group's decision-making processes, policies, and actions consistently adhere to high standards of integrity, and transparency.

##### 5.4.2 Principles

- **Ethical Conduct:** Ensure fair business practices and uphold the highest standards of integrity and ethical behaviour in all business activities.
- **Compliance with Laws and Regulations:** Adhere strictly to all relevant laws, regulations, and guidelines.
- **Stakeholder Engagement:** Regularly engage with stakeholders to understand their perspectives and incorporate their feedback into governance practices,

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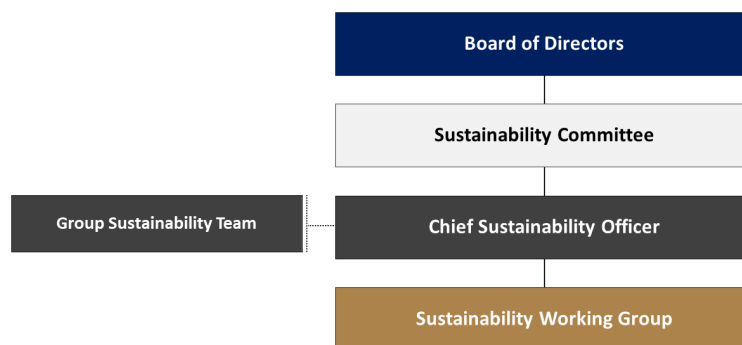
fostering a collaborative and transparent relationship with the stakeholders to ensure adherence of policies.

- **Data Protection and Cybersecurity:** Implement robust cybersecurity strategies to protect sensitive information, comply with regulations, and maintain trust with stakeholders.
- **Risk Management:** Integrate sustainability risks into the overall risk management framework, ensuring proactive identification and mitigation of potential risks.
- **Transparency and Accountability:** Ensure open, transparent communication and reporting on sustainability initiatives and performance.
- **Board and Committee Oversight and Leadership:** Ensure strong oversight from the Board of Directors as well as the Committees in guiding and monitoring sustainability initiatives.

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**6. Sustainability Governance**

- The Board assumes full responsibility over the Group’s sustainability strategy. This includes sustainability governance structure, priorities, targets, climate-related risks and opportunities as well as integration of sustainability considerations throughout the Group.
- The SC plays a pivotal role in supporting the Board to advance the Group’s direction on sustainability including actively cultivating a strong and progressive sustainability culture within the Group. This involves advising the Board on strategic directions and goals, adopting sustainability-related policies, providing advisory oversight to the SWG in developing strategies and operating sustainably across various Group operations and locations. It also includes monitoring progress of execution of sustainability strategy and initiatives, reviewing reporting and disclosures related to material sustainability matters.
- The CSO, with support from the Group Sustainability team, assists the SC in managing the overall implementation of sustainability strategy and initiatives across the Group and supports the SWG in making informed decisions regarding the integration of sustainability considerations into business operations.
- The SWG spearheads the execution of sustainability initiatives at the operational level across all business and functional divisions, ensuring alignment with the Group’s sustainability direction and strategy, supported by respective Sustainability Champions. Additionally, the SWG actively engages with both internal and external stakeholders, systematically compiling sustainability data for disclosure at the Group level.



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**7. Reviews and Notices**

- The content of this Policy shall be reviewed every three (3) years or as and when there are changes to regulatory requirements, the direction and strategies of the Group.
- This Policy shall be circulated through Policy Portal to all existing and new Directors and Employees of the Group who are provided with email access. Group Human Resources shall arrange for those without email access to acknowledge reading and understanding of this Policy. This Policy is also published on OSK Group's corporate website.

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