

Sustainable Procurement Policy

OSKH-POL-001-1

21 August 2024

OSK

OSK Holdings Berhad [199001015406 (207075-U)]	21 August 2024
Groupwide	OSKH-POL-001-1
Sustainable Procurement Policy	Page 2 of 7

Contents

Revision History Log	3
Glossary	3
A. OVERVIEW	4
B. PRINCIPLES	6

OSK Holdings Berhad [199001015406 (207075-U)]	21 August 2024
Groupwide	OSKH-POL-001-1
Sustainable Procurement Policy	Page 3 of 7

Revision History Log

Ver. No	Section	Section Name	Page	Details of Amendments	Effective Date	e-Circular No.
1	All	All	All	Document published	21-Aug-24	OSKH/CIR/001

Glossary

Term	Description
“Board”	Board of Directors of OSK Holdings Berhad
“Directors”	Executive Directors and Non-Executive Directors (includes independent and non-independent directors)
“Employees”	Permanent, temporary, contract and part time employees of OSK Holdings, its subsidiaries and related corporation
“Policy”	Refers to this Sustainable Procurement Policy
“Suppliers”	Organisation or individual that provides a product or service used in the supply chain of the Group
“the Group”	OSK Holdings Berhad and its subsidiaries, collectively

Disclaimer

Unless otherwise indicated, this document and the information contained therein are the property of OSK Holdings Berhad, its subsidiaries and / or its affiliates, collectively. This document is provided solely for the internal use of the authorised personnel. Dissemination or sale of this document, as a whole or in parts (including on the World Wide Web) is strictly prohibited. All personnel shall not modify, copy, distribute, republish, or upload the whole or parts of this document without prior written consent of OSK Holdings Berhad.

OSK Holdings Berhad [199001015406 (207075-U)]	21 August 2024
Groupwide	OSKH-POL-001-1
Sustainable Procurement Policy	Page 4 of 7

A. OVERVIEW

- 1. Introduction**
1. The Group recognises the profound impact its procurement decisions may have on the environment, the economy and society. Sustainable procurement is essential to the Group's commitment to corporate social responsibility and long-term business success.
 2. This Policy acts as guiding principle in ensuring the Group procures products and services which takes into account not only cost and quality but also the environmental, social, governance and ethical aspects.
 3. By prioritising sustainable procurement, the Group can drive positive change across its value chain, from Suppliers to end consumers, and create lasting value for all its stakeholders. It also reflects the Group's dedication to making sustainable procurement decisions that support its sustainability objectives and reinforce the Group's role as a responsible corporate citizen.
- 2. Objectives**
1. This Policy outlines the Group's approach to sustainable procurement and sets forth the expectations for its Directors, Employees and Suppliers by:
 - 1.1. Ensuring all procurement activities comply with relevant laws and regulations.
 - 1.2. Maintaining the integrity of sustainable procurement practices through well-defined governance structure.
 - 1.3. Fostering an ethical and responsible supply chain by setting clear expectations for Suppliers regarding fair labour practices and business ethics.
 - 1.4. Promoting a culture of continuous improvement by reviewing and updating the Group's sustainable procurement policies based on emerging issues, stakeholders' feedback and evolving industry standards.
- 3. Intended Audience**
1. This Policy is applicable to all that are affected by the Group's procurement activities including Directors, Employees and Suppliers.
- 4. Referencing Documents**
1. The Group's commitment to sustainable procurement practices is guided by:
 - 1.1. Employment Act 1955
 - 1.2. Children and Young Persons (Employment) Act 1966
 - 1.3. National environmental and social laws and regulations
 - 1.4. United Nations Guiding Principles on Business and Human Rights
 - 1.5. International Labour Organisation, Fundamental Principles
 2. This Policy shall also be read in conjunction with:
 - 2.1. OSKH Anti-Bribery and Anti-Corruption Handbook
 - 2.2. OSKH Whistleblowing Policy
 - 2.3. OSKH Code of Conduct and Business Ethics Policy
 - 2.4. OSKH Conflict of Interest Policy

OSK Holdings Berhad [199001015406 (207075-U)]	21 August 2024
Groupwide	OSKH-POL-001-1
Sustainable Procurement Policy	Page 5 of 7

2.5. Other relevant existing or future policies, operations manuals and / or directives or communication issued by the Group from time to time.

4. Reviews and Notices

1. The content of this Policy shall be reviewed as and when there are changes to regulatory requirements and / or the direction and strategies of the Group.
2. This Policy is to be communicated to all Directors, Employees and Suppliers in countries in which the Group operate and published on the Group's corporate website.

End

OSK Holdings Berhad [199001015406 (207075-U)]	21 August 2024
Groupwide	OSKH-POL-001-1
Sustainable Procurement Policy	Page 6 of 7

B. Principles

1. Economic Growth

1. Partnership for Growth

- 1.1. The Group promotes collaborative relationships with Suppliers where both parties engage in ethical business transactions for mutual economic benefit.
- 1.2. The Group encourages Suppliers to continuously introduce improvements to their products and services which will support the desire to innovate the Group's offerings to the customers.

2. Local Economic Enhancement

- 2.1. The Group prefers to procure from local suppliers and locally sourced materials in the interest of creating economic growth and employment opportunities domestically within the Group area of operation.

2. Environmental Considerations

1. Energy and Water Use

- 1.1. Energy Efficiency: The Group prioritises energy-efficient products and services, seeking to reduce energy consumption across operations.
- 1.2. Water Conservation: The Group encourages the use of water-saving technologies and practices, aiming to minimise water usage and protect water resources.

2. Biodiversity and Environmental Issues

- 2.1. Biodiversity Protection: The Group strives to minimise negative impacts on ecosystems and support biodiversity net gain initiatives.
- 2.2. Environmental Stewardship: The Group's procurement decisions consider the environmental impact, prioritising eco-friendly alternatives and minimising pollution.

3. Pollution and Waste Reduction

- 3.1. Pollution Control: The Group works with suppliers to reduce emissions and pollutants, ensuring compliance with environmental regulations.
- 3.2. Waste Management: The Group emphasises waste reduction through the principles of reduce, reuse, and recycle, aiming for a circular economy approach.

4. Resource Efficiency

- 4.1. The Group prioritises efficient use of natural resources, focusing on the sustainable sourcing and use of materials. Preference is given to products and services that utilise industrial side streams, demonstrate resource efficiency and have minimal environmental impact.

OSK Holdings Berhad [199001015406 (207075-U)]	21 August 2024
Groupwide	OSKH-POL-001-1
Sustainable Procurement Policy	Page 7 of 7

- 3. Supplier Social Responsibilities**
1. The Group requires Suppliers to adhere to high standards of social responsibility, ensuring fair and ethical treatment of workers. This includes:
 - 1.1. **Prevention of Child Labour:** Suppliers must not engage in or support the use of child labour.
 - 1.2. **Prevention of Forced Labour:** Suppliers must not engage in or support the use of forced or compulsory labour.
 - 1.3. **Non-Discrimination and Equal Opportunities:** Suppliers must provide equal opportunities and avoid discrimination in all aspects of employment.
 - 1.4. **Elimination of Excessive Working Hours:** Suppliers must comply with legal working hour requirements and avoid excessive working hours.
 - 1.5. **Minimum Wage:** Suppliers must ensure that employees receive at least the legal minimum wage.
 - 1.6. **Health and Safety Standards:** Suppliers must maintain safe and healthy working conditions for all Employees.

End