

# **JOHAN HOLDINGS BERHAD**

*Registration No. 192001000038 (314-K)*

## **JOHAN SUSTAINABILITY POLICY**

Johan Holdings Berhad (“Johan”) Sustainability Policy (“JSP” or “Policy”) demonstrates our commitment to embody sustainable business practices wholeheartedly. The vision of Johan Group (“Group”) is for this Policy to benefit all stakeholders and empower them to achieve their own goals. Johan intends to accomplish this by collaborating with our trusted employees, suppliers and vendors, and business and community partners, i.e., our stakeholders in order to create shared value that satisfies the current generation’s needs without compromising that of the future.

The Group JSP is a guidance for all our stakeholders, and they are required to abide by the Policy and are provided with opportunities and tools for actively enacting the Policy. The JSP can be accessed on the Johan’s website and disseminated in languages understood by our stakeholders.

### **OUR COMMITMENTS**

The JSP consists of 4 Economic, Environment, Social and Governance (“ESG”) pillars that address the impacts of our business operations. The Group maintains an uncompromising stance that allows us to deliver shared ESG practices and values. Enumerated below are the initiatives we have implemented to realise our commitment to sustainable development.

#### **Compliance**

- Aspire for a more significant impact beyond regulatory compliance with all Environmental, Health and Safety, Human Rights, and Labour laws and regulations.
- Commit to the international standards and guidelines, applicable to our business and organisation.
- Allocate tools for monitoring our stakeholders’ compliance with the JSP and other pertinent laws and regulations.

#### **Environmental Commitment**

Our environmental commitment encompasses the protection of all aspects of the earth’s environment: air, soil, water and the atmosphere. In this light, we deliver on our commitment by:

- Establishing an effective environmental management system and continually implementing improvement initiatives.
- Setting environmental performance targets and conducting periodic reviews.
- Ensuring the participation of interested and impacted stakeholders through frequent collaborations and training.
- Supporting the government’s national policies on climate change, biodiversity and other agenda relating to environmental protection.
- Adopting international principles in protecting the ecosystem.
- Putting in place initiatives that will adapt our operations and mitigate any negative impacts associated with climate change, biodiversity, water and natural resources.
- Allocating resources and creating collaborative opportunities to improve efficiencies, such as practicing 3Rs (reduce, reuse and recycle) and making eco-friendly products, to reduce our consumption of energy, water and natural resources.
- Managing and assessing our risks and opportunities to minimise or even completely eliminate water, ground and air pollution.

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#### **Social Commitments**

Our operations are conducted in a manner that is consistent with the international best sustainability practices. In this regard, we proactively engage with and support our stakeholders. We harness our strengths and resources for the benefit of our employees, customers, supply chain and the community. We intend to accomplish this by:

#### **Human Rights, Inclusion and Diversity:**

- Preventing and disallowing all practices of child labour, forced labour or modern slavery, excessive working hours, bullying or sexual and power harassment.
- Not tolerating any form of discrimination and respecting everyone's diversity in race, religion, gender, age, disabilities, nationality and ethnicity.
- Supporting freedom of association and the right to collective bargaining.
- Supporting equal opportunity and equal work as well as applying merit-based employment, skills development and promotion.
- Engaging with the stakeholders regarding human rights issues.
- Inculcating awareness and providing training to employees, business partners and the community.
- Establishing risk assessment on human rights impacts on an on-going basis, as part of business processes.

#### **Health and Safety ("H&S")**

Our highest priority is the health and safety of our workforce, business partners and the communities where we operate. We demonstrate this commitment through the following initiatives:

- Performing a sound and sufficient assessment of risks and opportunities to prevent work-related injuries and ill health amongst our workers, including current and future operations, new facilities and equipment.
- Setting performance targets against the national standards and establishing a framework to achieve occupational H&S objectives.
- Eliminating hazards and reducing occupational H&S risks to inculcate a safe and healthy work culture.
- Implementing a H&S management system and other programmes to ensure the continual improvement of work practices.
- Ensuring the participation of stakeholders through frequent consultations and monitoring tools.

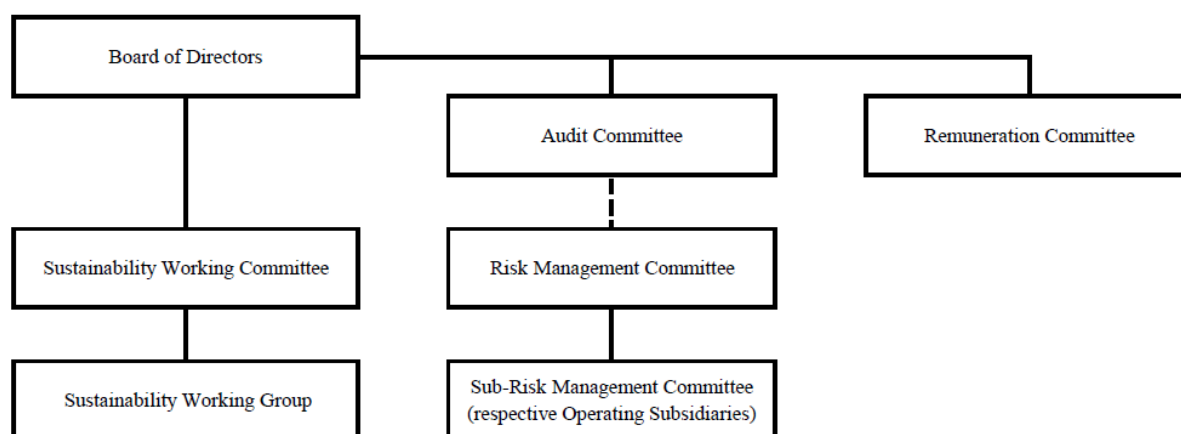
#### **Community**

Our operations play a crucial part in the economic development and in raising the quality of life of the community. As community partners, we foster meaningful long-term relationships that respect diversity and create lasting benefits through the following:

- Prioritising local sourcing and hiring
- Designing programmes that will improve the quality of life of the communities
- Creating a framework that will facilitate employee engagement with the communities

- Performing proper due diligence before the implementation of any programme in a community.
- Maintaining an open dialogue with the community and impacted stakeholders of our current or new operations and taking their views into account during the decision-making process.

**SUSTAINABILITY GOVERNANCE STRUCTURE**



**Board of Directors**

The Board under the leadership and direction of the Chief Executive Chairman is responsible for driving sustainability in the Group, with direct oversight over Economic, Environmental, Social and Governance (“EESG”) material sustainability matters.

The Board integrate sustainability factors when exercising its duties, including the development and implementation of the Group’s strategies and business plans.

Scope of responsibilities:

- Oversees the conduct of assurance activities pertaining to the Group’s sustainability reporting processes.
- Approves sustainability strategy and targets, policies, materiality assessment process and outcome; and sustainability statement.
- Oversees management of material sustainability matters.
- Monitors implementation of sustainability strategies and policies and performance against targets.

The Board is assisted by the Sustainability Working Committee in carrying out its sustainability responsibilities.

**Sustainability Working Committee (“SWC”)**

The SWC comprises the Head Office’s Key Senior Management and the Head of the respective operating subsidiaries. The SWC reviews all sustainability commitments, including setting important initiatives and sustainability growth plans, subject to the Board’s approval.

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SWC meets at least half yearly to discuss on relevant sustainability matters and issues. The Head Office General Manager – Operation normally chairs the meetings. He is the designated person within the SWC to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of Johan Group.

Scope of responsibilities:

- Develops sustainability strategy and policies and recommends revisions to the Board.
- Ensures the implementation of sustainability strategy is aligned across Johan Group.
- Reviews the materiality assessment process and outcome.
- Reviews the sustainability statement prior to approval by the Board.
- Recommends and develops the sustainability-linked KPIs as part of Board's and senior management's performance evaluation scorecard.

The SWC report to the Chief Executive Chairman on the sustainability matters that could impact on Johan Group. All the relevant matters will be reported to the Board for deliberation and approval.

#### **Sustainability Working Group**

Sustainability Working Group are set up at the respective operating unit. It comprises the Departmental Head of respective operating unit.

Scope of responsibilities:

- Consolidates sustainability report and data.
- Undertake materiality assessment process.
- Aligns practices on the ground with the organisation-wide sustainability agenda and strategy.
- Executes and monitors sustainability activities and performance against targets.

The respective Sustainability Working Group reports to the SWC half yearly on the relevant sustainability matters.

#### **Audit Committee ("AC")**

The AC is a Board Committee comprises solely of Non-Executive Directors with a majority of Independent Directors. The AC reviews the adequacy and integrity of the Group's internal control systems and processes. The AC scrutinizes the links between the sustainability matters and financial performance. The AC ensures the integration of sustainability and climate-related risks and opportunities within the Risk Management Framework.

#### **Risk Management Committee ("RMC")**

The RMC is currently comprises the Chief Executive Chairman, Group Managing Director, Senior Manager – Finance and the Group Accountant. The RMC is supported by the sub-RMCs established at the respective operating subsidiaries. The RMC identifies and reviews relevant material risks including sustainability-related risks and ensures appropriate actions are taken. The RMC evaluates overall sustainability-related risks and opportunities, including a focus on climate-related issues.

**Remuneration Committee (“RC”)**

The RC is a Board Committee primarily responsible for reviewing the remuneration of Directors and Senior Management. The RC reviews the Directors and Senior Management performance including evaluation against agreed sustainability-linked KPIs.

**GRIEVANCE MECHANISM**

The General Manager - Operations shall oversee the communication, implementation and compliance of this Policy. All stakeholders are notified that non-compliance with the JSP will result in appropriate disciplinary action.

**PERIODIC REVIEW**

The Board approved and will review this Policy periodically and communicate the changes to all stakeholders.

Date: 12 December 2023