MAN Enterprise Group

Environmental, Social, and Governance Policy

Issued October 2023
Updated August 2025

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Version Control

Version	Approved by	Signature	Date	Next Review
1.0				

Introduction

MAN Enterprise Group (MAN) places Environmental, Social, and Governance (ESG) standards at the heart of its business practices. These ESG principles are deeply embedded in MAN's daily operations, which in turn enhances the company's brand equity, elevates stakeholder value, and promotes sustainable investments.

By placing ESG at the heart of its business values, MAN reaffirms its commitment to staying at the forefront of ESG and achieve the following objectives:

- Identifying and managing risks within the Group and within the supply chain
- Reducing costs and boosting productivity
- Unlocking future opportunities
- Enhancing brand equity
- Increasing profitability and elevating shareholder value
- Access and exposure to global markets
- Attracting and retaining talented employees
- Building sustainable value chains and supply chains

This ESG policy underscores a comprehensive approach across MAN, and reinforces the company's commitment to the following:

- Developing pertinent policies and procedures
- Identifying and managing risks
- Building management programs
- Conducting training, spreading awareness, and boosting organizational competency
- Putting in place emergency preparedness and response plans
- Engaging and empowering stakeholders
- Establishing internal and external communication channels
- Embracing comprehensive reporting
- Implementing robust monitoring with clear measurable targets

A. Policy Scope and Application

MAN recognizes the importance of transitioning towards sustainable environmental and social practices. The Group's objective is to promote sustainable investments in the construction industry.

Through the adoption of a robust ESG program, MAN goes beyond the requirements of the national laws and adheres to best international standards. Furthermore, MAN underscores its commitment to the United Nations' Business Human Rights Guiding Principles (BHR), the United Nations Global Compact (UNGC), and the fundamental Sustainable Development Goals (SDGs) of the United Nations.

B. Roles and Responsibilities

The Board of Directors bears the responsibility of overseeing, approving, and regularly reviewing and revising the company's ESG policy along with related ESG strategies embraced by the Group.

The management is tasked with devising ESG strategies subject to approval of the Board to be subsequently executed by the management. These ESG strategies go beyond pursuing financial performance by giving environmental and social impacts the utmost importance they deserve.

The ESG policy shall be communicated to all employees throughout the company. Every member of the group is accountable to adhering to policies and implement procedures with utmost professionalism and efficiency. Every employee plays a pivotal role in the annual review process, suggesting valuable and pertinent improvements and innovations in an effort to address ESG-related impacts.

C. Regulatory Framework

MAN is dedicated to adhering to applicable domestic laws and regulations and sector-specific requirements, as well as ensuring compliance with internationally recognized best regulatory requirements relevant to the countries where it conducts operations. MAN upholds the legal mandates of the jurisdictions in which the Group operates. Within its fiduciary duties, the Board of Directors is entrusted with overseeing the company's adherence to all the mandatory regulatory directives and risk management protocols.

D. MAN's Environmental, Social and Governance Standards

To integrate robust ESG principles within its business operations, MAN has chosen to adopt Capital Concept's ESG methodology, developed in collaboration with United Nations agencies (https://unicbeirut.org/index.php/node/997) and principles of IFC and EBRD. Capital Concept's ESG Methodology is complete alignment with UN Sustainable Development Goals (SDGs), Business Human Rights Guiding Principles, and the expectations of international development financial institutions.

The Methodology undergo regular updates through collaborative efforts with UNDP, the International Labor Organization (ILO), the Food and Agriculture Organization (FAO) and the UN Industrial Development Organization (UNIDO), as well as with World Bank's International Finance Corporation (IFC), and European Bank for Reconstruction and Development (EBRD).

MAN is committed to governing its environmental capital, social capital and financial capital in a sustainable way. Prior to any investment, the ESG components to be considered include, but are not limited to, the following:

Environmental Considerations	Social Considerations	Corporate Governance Considerations
• Greenhouse gas emissions • Air pollution • Waste management • Land contamination	• Child labor • Forced labor	• Commitment to corporate governance • Board of Directors structure • Minority shareholders

• Resource efficiency • Water (clean, sufficient, and safe water) • Biodiversity and deforestation • Digital carbon footprint & GHG emissions • Cultural heritage • Environmental factors within the Supply chain	• Diversity, equity, and inclusion (including non-discrimination) • Women's rights, rights of vulnerable groups, and protection against violence and harassment • Employee well-being • Measures covering working conditions and terms of engagement • Occupational health and safety • Community health and safety • Indigenous Peoples • Data privacy & security and ethical use • Social factors within the Supply chain	• Disclosure and transparency • Anti-bribery and anti-corruption • Whistleblower management • Data Governance • Financial & Fraud • Business Continuity and Crisis Management • Compliance, Operational, and Reputational Risks

a. ESG Measurable KPIs

MAN recognizes the importance of assessing various environmental and social factors, comparing the outcomes to predefined targets, and subsequently implementing improvements as needed. These environmental and social factors are represented by key performance indicators (KPIs) that can be monitored and measured using internationally recognized metrics and standards. Among the various international indicators monitored by MAN, the following ESG KPIs stand out:

i. Environmental KPIs

- Carbon Emissions:
  - A measure of the direct and indirect greenhouse gas emissions (scopes 1 and 2) according to IFC's tool. The measurement necessitates collecting information from each country regarding electricity consumption in KW/hour, fuel consumption by generators for business operations, and fuel consumption by vehicles.
  - The total calculated emissions in each country are then compared to the local country consumption.
  - Targets can include reducing carbon emissions by a certain percentage where emissions are more than those of local consumption, thus reducing environmental and financial costs.

- Waste Management and Quantification:
  - A measure of the proportion of wastes that result from construction. The two primary kinds of wastes which result from construction are steel and wood and are sold for reuse or sent for recycling. It is important to quantify the amounts of these wastes to reduce them across time, and hence reduce costs as these are materials initially used in the construction, so they are part of the incurred expenditures.
  - Targets can include decreasing the wastes generated over time as this has environmental and financial implications aiming to reach zero waste.

- Wastewater:
    - A measure of the wastewater resulting from personal use and business operations within construction.
    - Targets can include reducing wastewater by a certain percentage or aligning with industry benchmarks. ERP systems can be implemented to integrate all the data related to wastewater across time, thus facilitating reporting and comparison of results to targets.

- Ambient Noise:
    - A measure of the background noise present in a given environment.
    - Targets can include reducing noise pollution resulting from business operations by a certain percentage or aligning with sector or industry benchmarks.

- Energy Consumption:
    - A measure of the energy used per unit of production in each of the 5 different countries.
    - Targets can include reducing energy consumption by a certain percentage or aligning with sector or industry benchmarks.

- Protection of Cultural Heritage:
    - Measure of initiatives taken to protect archaeological sites, artifacts and others.
    - Targets may include safeguarding a minimum number of cultural heritage sites.

- Supply Chain Due Diligence:
    - Measure of the commitment of suppliers or contractors to best environmental practices.
    - Targets may include reducing the number of breaches within the supply chain by reinforcing a culture of sustainable practices. This culture can mainly be reinforced through supplier codes of conduct signed by suppliers who commit to embracing sustainable reporting.

ii. Social KPIs

- Ethnic, gender or racial diversity within the workplace:
    - Measures of the diversity of the workforce, management, or the board.
    - Targets can include achieving a certain level of diversity, or aligning with industry benchmarks.

- Lost time occupational injury rate:
    - A measure of the number of occupational injuries that necessitate workers to take a sick leave and stay away from work for a certain period of time.
    - Calculated by dividing the total number of lost time injuries during a certain period of time by the total number of hours worked during that period, then multiplying it by a specific multiplier.
    - Targets can include reducing the lost time occupational injury rate by a certain percentage or achieving zero injuries.

- Employee turnover rate:
    - A measure of the proportion of employees who leave a company during a given period of time.
    - Calculated by dividing the number of employees who left the company by the average number of employees during a specific period of time.

    - Targets can include reducing the employee turnover rate by a certain percentage or aligning with industry benchmarks. A low employee turnover rate signals retention of talented employees, satisfaction of existing employees, and efficiency of the management practices.

- Incident rate:
    - A measure of the number of health and safety incidents occurring during business operations.
    - Calculated by multiplying the number of incidents or the injuries and illnesses by a multiplier and then dividing it by the total number of employee hours worked.
    - Targets can include reducing the incident rate by a certain percentage or aligning it to the sector or industry benchmarks. Ideally, MAN seeks to achieve zero incidents.
    - Another target is to have a health and safety director for the entire group through which all countries report incidents to him/her, and these incidents shall be integrated into one system for accurate reporting and monitoring.

- Significant incidents:
    - A measure of the number of major incidents which shall be reported as soon as possible including details about possible reasons of occurrence, how they occurred, who was in charge ...

- Community health and safety:
    - A measure of the number of incidents within the community and the number of affected persons as a result of occurring incidents.
    - Targets can include reducing the number of incidents and affected persons by a certain percentage or achieving zero incidents within a specific period of time.

iii. Governance KPIs

- Board Diversity:
    - A measure of the board members' diversity in terms of skills, gender, and composition.
    - Targets can include achieving a certain level of diversity or aligning with industry benchmarks.

- Composition of the Board of Directors:
    - A measure of the combination of executive to non-executive (and, in particular, independent non-executive) directors.
    - Targets can include achieving a certain level of composition of executive to non-executive directors or aligning with industry benchmarks.
- Skill matrix of the Board of Directors:
    - A measure of the skills of different board members when it comes to having ample knowledge and expertise in environmental and social related matters.
    - It can be assessed through different evaluations undertaken by board members.
    - Targets can include achieving a minimum level of E and S expertise within the board or aligning with industry benchmarks.

- Remuneration of Board members:
    - A measure of the compensation for serving on the Board with a clear documented set of criteria.

    - Can be calculated by monitoring the number of meetings attended annually and the number of committees the Board member is part of.
    - Targets can include achieving a certain reasonable level of remuneration or aligning with industry benchmarks.

- Whistleblowing incidents:
    - A measure of cases of violations of bribery and corruption and other corporate wrongdoing.
    - Calculated using number of whistleblowing incidents.
    - Targets can include reducing the number of incidents or aligning with industry benchmarks.

The above KPIs, among other international KPIs, are integrated into the ESG monitoring framework of MAN to better assess results and performance. Regular and comprehensive reporting and monitoring are key to highlight areas of progress and improve ESG performance.

E. ESG Framework

a. Key Corporate Governance Considerations

Corporate governance stands as the foundation of holistic ESG (Environmental, Social, and Governance) management, exemplifying the company's commitment to ethical and transparent operational structure. A strong commitment to corporate governance is essential to uphold ethical practices, transparency, and principled decision-making.

i. General Commitment to Corporate Governance

MAN is committed to adopting a board structure that respects an appropriate balance between executive and non-executive directors, with a particular emphasis on independent non-executive directors. This ensures that no single individual or small group wields undue influence over the Board's decision-making process.

This commitment is vital to enable board members to fulfill their fiduciary duties, which encompass the duty of care and the obligation to safeguard the company's well-being.

There shall be a clearly defined separation of responsibilities between the leadership of the Board and the executive management of the company's business. The composition of the Board, specifically the mix of executives and non-executive directors, will be disclosed. MAN will establish a Board Charter that outlines roles and responsibilities explicitly. Each board member's professional background will encompass a diverse range of skills, forming a dynamic team responsible for overseeing Environmental and Social (ES) issues, shaping business strategy, mitigating risks, evaluating senior management performance, and other critical functions.

ii. ES Committee Structure and Functioning

MAN has established an ES Committee tasked with overseeing environmental and social matters, as well as the governance of the Environmental and Social Management System

(ESMS). The ES Committee comprises members representing the various countries in which the Group operates. Additionally, an ES Officer has been appointed to serve as an intermediary and provide reports to the Board. This Committee's performance will undergo an annual evaluation.
The ESG Committee is committed to delivering regular and comprehensive reports to the Board in a timely manner. Furthermore, it is dedicated to monitoring performance by comparing results against measurable key performance indicators (KPIs). The competency matrix of this Committee is crucial, necessitating that its members possess expertise in environmental and social issues. Regular, relevant training sessions will be conducted to enhance their ES skills.
The ES Committee is scheduled to convene at least quarterly to discuss ES-related matters. Meeting minutes will be diligently prepared and approved, and the meeting agenda will be disseminated at least two weeks in advance of each meeting.

iii. ESG Disclosure and Transparency

Transparency and disclosure are vital for managing ESG risks and impacts effectively. They provide stakeholders with accurate insights into ESG performance, thus empowering informed decision-making and holding companies accountable.

MAN commits to disclosing its ESG policy and ESG report on its website, and the ESG policy will be regularly reviewed and revised. Similarly, the annual report shall also include ESG sections.

iv. Control Environment and Processes

Robust ESG management requires robust risk management, internal controls, and audit processes. These processes are critical in identifying and mitigating potential ESG risks, ensuring regulatory compliance, and promoting accountability and transparency. They include regulatory frameworks, control design, assurance, authority of the internal auditors and the audit committee, responsibility of the internal auditors and external auditors, risk management, compliance programs and reporting.

MAN is fully committed to upholding sound corporate governance principles, maintaining a responsible Board of Directors, safeguarding Shareholders' Rights, and promoting a robust Environmental and Social (ES) control environment.

b. Environmental and Social Considerations include, but are not limited to:

MAN recognizes that environmental and social factors serve as a cornerstone to shape ESG performance and sustainable practices. MAN will continuously identify environmental and social risks resulting from its business operations and proactively aim to eliminate, or if not possible, mitigate these risks. Below are some environmental and social factors spread over different performance standards.

i. Labor and Working Conditions

1.Child Labor

As part of its code of conduct and ethics, MAN commits to the protection of children’s rights and refrains from employing individuals under the age of 18 and will take measures to prevent their neglect, exploitation, and abuse.

2.Forced Labor

MAN recognizes that forced labor is a human right violation and is committed to counteract the risks of forced labor across its operations and within its supply chain.

3.Diversity, Equity, and Inclusion (DEI)

MAN has anti-discrimination and anti-harassment policies that demonstrate equal opportunities in all aspects of employment. MAN does not tolerate any illegal discrimination or harassment of any kind. MAN, also recognizes the significance of promoting diversity within the workplace and fosters an inclusive culture by protecting the rights of individuals including minorities and migrant workers.

4.Women’s Rights and protection against Gender Based Violence and Harassment (GBVH)

MAN acknowledges the importance of promoting women's rights and representation within the workplace. MAN commits to providing all employees, including women, with a safe and respectful work environment, devoid of gender-based violence and harassment (GBVH).

5.Measures covering Working Conditions and Terms of Engagement

MAN established procedures and assigned responsibilities to address and mitigate the risks related to working conditions and terms of engagement across all key activities and departments. MAN commits to providing a supportive and inclusive workplace that prioritizes fair and equitable working conditions.

6.Occupational Health & Safety

MAN has occupational health and safety manuals and programs to eliminate, or if not possible, mitigate the health and safety risks and impacts, especially that it operates in the construction industry. Ensuring the safety and well-being of the workforce is a top priority at MAN. Training programs will be regularly conducted to spread awareness among employees and stakeholders. This commitment encompasses protecting the health and safety of all employees, partners, and stakeholders.

7.Workers' Organizations

MAN commits to granting its employees the right to self-organize through forming, joining, or assisting labor unions and organizations as long as this is a requirement by the national law where it operates.

ii. Resource Efficiency and Pollution Prevention:

1. Waste Management and Resource Use

MAN has a detailed environmental management system manual, including the mechanisms and tools to measure its waste generation. MAN also follows best international practices for the handling and storage of all waste materials on the construction site, including wood and steel. MAN is committed to reduce the generated waste and mitigate environmental and financial implications resulting from the generated wastes during construction. By implementing effective waste management practices, MAN can contribute to the preservation of natural resources.

2. Pollution Prevention and Resource Use

Increased industrial or construction activity generates increased levels of pollution to natural resources such as air, water, and land. MAN, as part of its environmental management system (EMS) manual, follows mechanisms to mitigate the risks of pollution. MAN is dedicated to incorporating the principle of cleaner production into its construction processes, aiming to conserve both raw materials and energy resources.

3.Water Use

MAN has, as part of its EMS manual, measures covering the evaluation of wastewater releases and pollutants in bodies of water due to its business activities. The manual also includes a plan limiting the overuse, pollution or wastage of water. In addition, the manual covers mitigation and corrective measures to compensate for the adverse impacts on the quantity of water due to the company's activities and comply with project-specific targets during construction.
MAN is committed to enhancing water efficiency through the reduction of water wastage and the implementation of water reuse practices whenever viable.

iii. Community Health, Safety and Security

1.Community Health & Safety

Community Health and Safety refer to the safeguarding of local communities from hazards occurring due to business activities. MAN has a policy on community health, safety and security which includes procedures to evaluate the potential risks, the mitigation and possible compensation measures for local communities, and the precautions taken. This policy also depicts the prevention methods and procedures to follow when any type of hazard occurs.
MAN is committed to reduce any possible adverse impacts on the well-being of the communities through collaborative initiatives, open lines of communication, and effective grievance mechanisms.

2.Security Personnel

Security personnel, whether armed or not, can create adverse impacts on internal and external stakeholders. MAN commits to embracing measures that address risks related to security personnel within its premises and even within its supply chain. Regular training shall be conducted to acknowledge security personnel of ways to deal with stakeholders under different circumstances.

iv. Land Acquisition and Involuntary Resettlement

Lands are acquired to implement projects, and this might lead to restrictions on land use and adverse impacts on communities and persons who initially inhabited this land. Consequently, a resettlement plan shall be implemented to mitigate risks on these communities. Given that MAN does not acquire lands, and it just executes projects on lands owned by clients, this risk indirectly applies to its business operations. However, MAN commits to covering this risk within its supply chain through which its suppliers and contractors shall have a framework for land acquisition including resettlement planning and implementation.

v. Biodiversity Conservation and Sustainable Management of Living Natural Resources

The conservation of biodiversity is the protection and management of biodiversity to ensure sustainable benefits. This risk applies to MAN as its business activities might have an impact on biodiversity and resources. MAN has, as part of its environmental policy, measures to mitigate risks and safeguard and conserve biodiversity and resources. MAN also commits to ensure that biodiversity and resources are protected within its supply chain.

vi. Indigenous Peoples

MAN upholds the rights of indigenous peoples and is committed to protect them within its business operations and engagement with local communities. MAN, through its business activities and where it operates, does not have an impact on indigenous peoples, but it commits to covering this risk within its supply chain.

vii. Cultural Heritage

Communities have the right to their culture and heritage. MAN's business activities should not create adverse impacts on communities' use of cultural heritage. The protection of cultural heritage entails having the right measures in place to ensure no damage or destruction happens to cultural heritage due to business activities. MAN commits to protecting cultural heritage and implementing "a Chance Find Procedure" to address any unexpected discoveries of cultural heritage during construction. MAN also commits to covering this risk within its supply chain.

viii. Supply Chain and Third-Party Management

MAN is committed to work with suppliers or contractors who follow stringent standards and requirements in executing sustainable construction projects. MAN expects its suppliers and third parties to protect labor rights, protect children's rights, and protect the environment by following rigorous environmental practices. This will be emphasized in MAN's supplier code of conduct which will be signed by all its suppliers and contractors.

F. External Communication Mechanism

MAN commits to establishing an external communication system, including procedures for receiving, recording, evaluating, tracking, addressing, and taking action on external inquiries, concerns, and complaints from external stakeholders related to business operations. This communication system shall encompass an open and easily accessible channel through which stakeholders, publicly or anonymously, voice any ESG-related concerns or complaints. The system shall also be designed to screen and assess inquiries and grievances, track them, and have a proper response planning. A designated person shall be responsible for receiving, assessing, and responding to all grievances.

G. Reporting and Disclosure

MAN commits to embracing an ESG strategy with the ambition to mitigate risks and adverse impacts across time. MAN also commits to meeting the set ESG objectives and reporting any deficiencies.
Cases of non-compliance shall be supported with reasonable clarifications according to reliable indicators.
Furthermore, MAN commits to promoting transparency among its stakeholders regarding its ESG objectives and practices. In the case of any ESG incidents, MAN promises to report material events to concerned stakeholders at the earliest possibility and take prompt corrective actions accordingly.

H. ESMS Monitoring

MAN is currently measuring its carbon emissions, generated wastes including steel and wood, wastewater resulting from personal use and business operations within construction, energy consumption, and others. By setting objectives, MAN compares its measurements or results to the set targets and takes actions accordingly. This is also reported to the Board for oversight and further review. Through stringent monitoring and reporting procedures, MAN demonstrates its commitment to transparent and responsible practices.