



PARAGON GLOBE BERHAD

百丽环球

194801000095 (1713-A)

SUSTAINABLE PROCUREMENT POLICY

(VERSION 2.0)

APPROVED BY THE BOARD OF DIRECTORS OF THE COMPANY ON 22 MAY 2026

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1. INTRODUCTION

Paragon Globe Berhad (“the Company” or “PGB”) and its subsidiaries (collectively, “the Group”) are committed to practicing sustainable procurement principles through incorporating economic, environmental, social and governance aspects in all our procurement activities across all relevant departments aligning with the global sustainability standards.

As part of this commitment, the Group has formulated the Sustainable Procurement Policy (“Policy”), which outlines the Group’s approach to sustainable procurement and sets guidelines for all employees and supply chain partners (including but not limited to suppliers, contractors and service providers) to adhere to responsible and sustainable procurement practices.

The Group aims to minimise the environmental impact of procurement activities as part of its contribution to sustainability.

2. OBJECTIVES

The objectives of this Policy are to:

- (a) minimise the environmental impact of procurement activities by selecting suppliers with environmentally responsible practices;
- (b) support social responsibility by engaging with suppliers who uphold fair labour practices, promote diversity and inclusion, and respect human rights;
- (c) promote economic sustainability by prioritising local suppliers, supporting local communities and encouraging responsible economic practices; and
- (d) ensure transparency, accountability, and continuous improvement in procurement processes.

3. GUIDING PRINCIPLES

Our principles of sustainable procurement are as follows:

(a) **Supporting the local economy**

Where practical and appropriate, the Group prioritises locally sourced materials and local supply chain partners in the interest of promoting domestic economic growth, creating employment opportunities, and mitigating adverse environmental impacts in the Group’s operational areas.

Local suppliers are expected to meet the Group’s quality standards, pricing requirements, and delivery timelines within the general acceptable sustainable practices.

(b) Environmental consideration

PGB recognises the environmental impacts arising from the Group's activities and complying with all applicable environmental laws and regulations at all times.

As part of the Group's commitment, PGB will actively work towards minimising our environmental footprint, including but not limited to climate change, energy use, water use and biodiversity, throughout the product life cycle. To achieve this, the Group will consider eco-friendly alternatives, promote the sustainable utilization of resource, and implement climate change mitigation strategies.

The Group expects its supply chain partners to minimise their environmental impact through best practices and adherence to all applicable environmental legislation.

Where practical and financially feasible, preference shall be given to suppliers whose products and services are designed, sourced and manufactured with due consideration to resource (i.e. energy, water, raw materials) efficiency, climate change impacts and biodiversity conservation.

(c) Social responsibility

(i) Human rights and labour

The Group places significant importance on upholding and respecting the human rights of all individuals. The Group is committed to promoting good labour practices and expects its supply chain partners to comply with all applicable employment and labour laws and regulations.

The Group expects its supply chain partners to demonstrate similar principles by practicing good governance, treating employees with dignity, and supporting for the community at large. The Group supports employees' rights to collective bargaining and freedom of association, as well as their right to a safe, fair and non-discriminatory workplace environment. Furthermore, in the event of a dispute, a grievance mechanism shall be provided to ensure confidentiality and support conflict resolution.

(ii) Health and safety

The Group is committed to providing safe and healthy working conditions across its operations. It prioritises employee well-being and endeavours to provide appropriate training, information and facilities to promote accountability and participation at all levels.

PGB expects its supply chain partners to comply with applicable occupational health and safety standards as well as to have the necessary health and safety measures in place to minimise the risk of accidents and occupational illnesses.

(d) Ethical business practices

PGB values integrity in conducting all business interactions in an open and transparent manner. The Group is dedicated to promoting transparency, fair and equitable competition, and actively incorporating anti-bribery and anti-corruption practices in all procurement decisions and activities. In the process of selecting our suppliers, the Group adheres to the Code of Conduct, ensuring business ethics are not compromised.

PGB expects its supply chain partners to conduct their business with integrity, transparency and ethical practices. They should have policies in place to prevent bribery, corruption and conflicts of interest.

The Group encourages collaborative, transparent and mutually beneficial relationships with supply chain partners, where both parties engage in ethical business transactions, embrace opportunities to learn from each other, and promote innovation and continuous improvement.

4. MONITORING AND EVALUATION

PGB reserves the right to conduct periodic assessments of supply chain partners' performance across relevant aspects, which may include product and service quality, safety and environmental awareness, financial capability, responsiveness, and other criteria considered relevant by the Group from time to time. Opportunities for improvement will be communicated and discussed in a respectful manner with the relevant supply chain partners.

5. ENFORCEMENT

All employees and supply chain partners are expected to comply with this Policy.

Non-compliance by employees may result in disciplinary action in accordance with the Group's disciplinary procedures. Breaches by supply chain partners may lead to termination of the supplier relationship or other contractual remedies.

Any revisions to this Policy shall be communicated to employees and, where applicable, to supply chain partners through appropriate channels. This Policy will also be made available for public viewing via the Group's corporate website at <https://pgbgroup.com.my/>.

All employees and supply chain partners are expected to comply with this Policy.

6. POLICY GOVERNANCE

This Policy shall be reviewed at least once every three (3) years, or as and when necessary, to ensure its continued relevance and effectiveness in supporting the Group's sustainability practices, in line with the Group's vision and mission, as well as applicable best practices.

Feedback from employees, suppliers, and other stakeholders will be considered to support continuous improvement and innovation in our procurement processes.

Any changes to this Policy shall be reviewed by the Sustainability Steering Committee and recommended to the Board of Directors for approval in writing.



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