



**PARAGON GLOBE BERHAD**

**百丽环球**

194801000095 (1713-A)

## **SUSTAINABILITY POLICY**

**(VERSION 2.0)**

**APPROVED BY THE BOARD OF DIRECTORS OF THE COMPANY ON 18 JULY 2023**

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## **1. INTRODUCTION**

Paragon Globe Berhad (“PGB” or “the Company”) and its subsidiaries (collectively referred to “the Group”) are committed towards achieving sustainability through the integration of sustainability principles and considerations into our business strategies, processes and decisions.

We strive for excellence in all aspects of our operations. To propel us forward in our sustainability journey we are committed to integrating sustainability and corporate responsibility into our business strategy that contributes to the economic, environment and the social in which we operate and in the communities we serve. We pledge to continuously work towards enhancing our efforts both short and long term to grow our business sustainably and creating value for our stakeholders while minimising the impact to the environment.

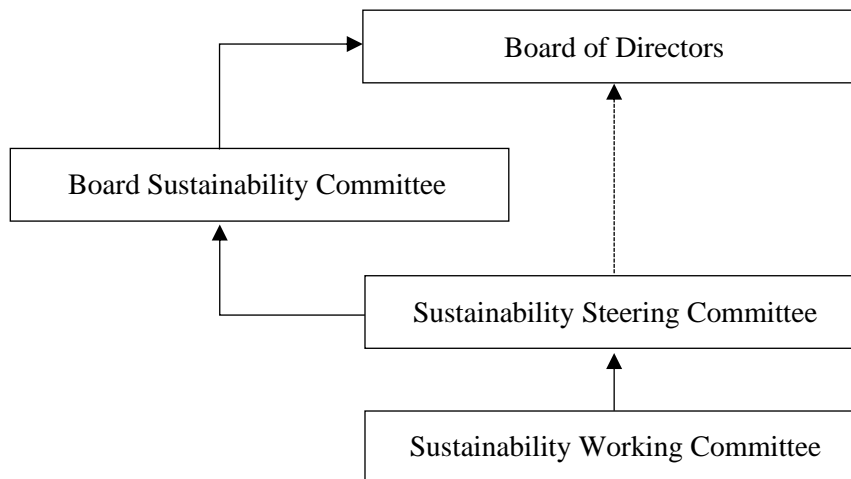
The Group’s Sustainability Policy lays down the general principles governing the sustainability strategy of the Group to ensure that all its corporate activities and businesses are aligned to long-term sustainable value for shareholders and taking into account the expectations of other stakeholders related to its business activities. The general principles set forth in this Policy are further developed and specified in four main pillars: Economic, Environment, Social and Governance.

## **2. OBJECTIVES**

The objectives of the sustainability policy are to:

- (a) To integrate sustainability into the organisation’s economic activities and seeking sustainable growth and profitability;
- (b) To promote environmental conservation and minimise the organisation's environmental impact;
- (c) To ensure that the Group operates ethically, upholds human rights, and engages in responsible business practices;
- (d) To ensure proper governance of the sustainability matters and formalise performance management based on sustainability goals of the Group; and
- (e) To provide guidance to conduct business responsibly in line with the global sustainable development goals.

### 3. SUSTAINABILITY GOVERNANCE STRUCTURE



The structure has been established with the Board of Directors (“the Board”) as its apex, supported by the Board Sustainability Committee (“BSC”) and Sustainability Steering Committee (“SSC”). The BSC consists of members from the Risk Management Committee and Audit Committee, who are responsible for overseeing the organisation’s sustainability strategies and making recommendation to the Board. The SSC, chaired by Sustainability Officer (“SO”) and comprising various Head of Departments (“HOD”), is responsible for implementing the approved sustainability as directed by the Board. Subsequently, sustainability is then cascaded to Sustainability Working Committee (“SWC”), which supports the management and execution of daily sustainability initiatives.

This structure allows sustainability to permeate the organisation’s culture, supporting the development of a desired mindset as the norm for the Group. The table below provides an overview of the committee members, key roles and responsibilities.

Board and Committee	Roles and Responsibilities
<p><b>The Board</b></p>	<ul style="list-style-type: none"> <li>▪ Having ultimate responsibility for sustainability direction of the Group and inculcation of a strong sustainability culture throughout the Group (“tone from top”);</li> <li>▪ Providing oversight of strategic management of material sustainability including but not limited to:               <ul style="list-style-type: none"> <li>- approving sustainability related strategies, policies, priorities, targets for adoption and monitoring for subsequent implementation; and</li> <li>- approving/endorsing the outcome of materiality assessment undertaken.</li> </ul> </li> <li>▪ Ensuring that sustainability-related issues are included in Board’s agenda and taken into consideration in Board deliberations including when devising business strategies; and</li> <li>▪ Approving/endorsing the Group’s Sustainability Statement as part of annual reporting initiatives.</li> </ul>

**3. SUSTAINABILITY GOVERNANCE STRUCTURE (continued)**

Board and Committee	Roles and Responsibilities
<b>Board Sustainability Committee (“BSC”)</b>	<ul style="list-style-type: none"> <li>▪ Comprises Risk Management Committee (RMC”) and Audit Committee (“AC”)</li> <li>▪ RMC is responsible in overseeing the management of principal business risks and significant/material EES risks;</li> <li>▪ AC is responsible in overseeing the audit matters in relation to the significant/material EES risks which will impacting the Group’s financial position and performance as well as audit/assurance activities pertaining to the Group’s sustainability reporting processes (if any); and</li> <li>▪ Both committees are also responsible in:               <ul style="list-style-type: none"> <li>- Advising and recommending the sustainability-related business strategies and policies for adoption to the Board;</li> <li>- Monitoring the implementation of sustainability strategies as approved by the Board;</li> <li>- Monitoring the performance or effectiveness of management of material matters including progress towards targets set;</li> <li>- Monitoring the integration of material sustainability risks and opportunities into business, processes including the Group’s risk management framework;</li> <li>- Recommending to the Board for its approval sustainability matters identified as material;</li> <li>- Ensuring resources and processes are in place to enable the Group to achieve its sustainability commitments or targets; and</li> <li>- Overseeing the preparation of sustainability disclosures as required by laws and/or rules, and recommending it for the Board’s approval.</li> </ul> </li> </ul>

**3. SUSTAINABILITY GOVERNANCE STRUCTURE (continued)**

<b>Board and Committee</b>	<b>Roles and Responsibilities</b>
<b>Sustainability Steering Committee (“SSC”)</b>	<ul style="list-style-type: none"> <li>▪ Comprises Sustainability Officer (“SO”) and various department heads (“HOD”) within the Group;</li> <li>▪ The responsibility entrusted upon on SO, whom chairs the SSC, work together with HOD in setting sustainability strategies and priorities based on identified sustainability matters, as well as reporting to the BSC;</li> <li>▪ Leading the inculcation of a strong sustainability culture throughout the Group;</li> <li>▪ Reviewing the Group’s Sustainability Statement before obtaining Board’s approval/endorsement; and</li> <li>▪ Responsible for the strategic management of the Group’s material sustainability matters including but not limited to:               <ul style="list-style-type: none"> <li>- formulating sustainability-related strategies, policies, priorities for Board’s approval and monitoring day-to-day implementation;</li> <li>- overseeing the conduct of materiality assessment process including ensuring that robust processes are in place for stakeholder engagement as well as identification and prioritisation of material sustainability matters;</li> <li>- reviewing the process and outcome of materiality assessment undertaken;</li> <li>- ensuring the integration of material sustainability risks and opportunities into business processes including the Group’s risk management frameworks; and</li> <li>- driving the performance and ensuring effectiveness of management of material matters including setting performance targets, reporting the progress towards targets set to the relevant oversight bodies.</li> </ul> </li> </ul>
<b>Sustainability Working Committee (“SWC”)</b>	<ul style="list-style-type: none"> <li>▪ Comprises the representatives from different departments;</li> <li>▪ Responsible in carry out the implementation of sustainability related initiatives;</li> <li>▪ Tracks and reports on the progress of the sustainability related initiatives; and</li> <li>▪ Facilitates the sustainability management processes such as stakeholder engagement, materiality assessment, data collection to generate a Sustainability Statement as part of our annual disclosure.</li> </ul>

### **3. SUSTAINABILITY GOVERNANCE STRUCTURE (continued)**

As a continuous effort to enhance the sustainability management within the Group, sustainability matters will be discussed as an agenda during the RMC meetings and Board meetings twice a year, however, will include as an AC's meeting agenda starting from next financial year to ensure the matters are communicated and managed timely. The SSC deliberates on material sustainability matters relating to ESG risks as well as new opportunities on a quarterly basis and keeps the RMC, AC and Board updated on these issues. In addition, SWC meets up monthly to update and track the progress for the implementation of Group's sustainability initiatives. As the Group grows and develops, the Board will ensure allocation of adequate resources to manage sustainability related risks and opportunities while upholding good corporate governance across the Group's operation to achieve our corporate objectives.

### **4. PILLARS OF OUR SUSTAINABILITY POLICY**

We showcase our commitment to sustainability by formulating and implementing the following overarching policies:

#### **(i) SUSTAINABLE ECONOMIC POLICY**

- To grow our business in a sustainable manner to ensure sustainable interest of our shareholders are preserved in all significant business operations and strategic business decisions;
- To build on brand name through delivering the products and services that are innovative and of high quality and excellence in order to achieve the marketability and sustainability of returns for stakeholders' long-term values;
- To promote the economic development of the communities by integrating and embedding sustainability management into the culture, business activities and decision-making processes;
- To deliver product and service excellence by focusing on innovative business strategies, work processes, and responsible green products that have positive impacts on the environment and society;
- To promote research and innovation to drive sustainable economic development;
- To integrate environmental and social factors into financial and investment decisions, such as through sustainable finance and responsible investment practices; and
- To continuously identify needs of the customers, internal and external risks, challenges and opportunities that are relevant to the business operations.

#### **4. PILLARS OF OUR SUSTAINABILITY POLICY (continued)**

##### **(ii) SUSTAINABLE ENVIRONMENT POLICY**

- To identify and assess the environmental impacts of our operations, continuously seeking to reduce and improving our resources efficiency with adoption of energy-efficient and water-efficient equipment in our developments and throughout the organisation;
- To assess and monitor external value chain partners direction are consistent with the Group's environment objectives and procedures;
- To uphold environmental ethics through green efforts that focus on climate change mitigation and adaptation, environmental conservation, waste minimisation and pollution reduction;
- To achieve a sustainable long-term balance between meeting preserving nature and business goals by minimising negative impacts towards biodiversity and climate change;
- To comply with all relevant environmental laws and regulations, and permits applicable to our operations, ensuring compliance with national and local environmental standards;
- To educate and promote environmental awareness among the employee and supply chain partners, where applicable; and
- To implement waste management procedures and promote “Reuse, Reduce and Recycle” policy across the Group and along the value chain.

##### **(iii) SUSTAINABLE SOCIAL POLICY**

- To cultivate a conducive work environment that focuses on building relations with our employees, ensuring a safe workplace and a healthy workforce;
- To encourage and support the growth of our employees through continuous learning by providing training and development opportunities;
- To promote diversity and inclusive culture in the workplace, premised on mutual trust and respect, fair treatment and opportunity, and that avoid practices and policies that discriminates against gender, marital status, race, nationality, ethnicity or age;
- To adopt appropriate labour standards inclusive of minimum wages policy as regulated by the local authorities, international child labour regulations, where applicable, and adhere to internationally recognised human rights as relevant to the business and operations;
- To organise, participate and support charitable activities and community development programs through monetary contribution and humanitarian efforts; and
- To maintain transparent reporting on our environmental performance, sharing relevant information with stakeholders and the public to foster accountability and trust.



#### **4. PILLARS OF OUR SUSTAINABILITY POLICY (continued)**

##### **(iv) SUSTAINABLE GOVERNANCE POLICY**

- To emphasis conduct of business in an ethical manner to achieve highest standard of as well as adopt a zero-tolerance approach to all forms of bribery and corruption;
- To ensure compliance with relevant laws and regulations governing the operations of the Group;
- To establish proper communication channel to engage and respond to the enquiries from all stakeholders, as and when the need arises, resolve complaints and grievances through an open, transparent and consultative process;
- To enhance sustainability practices through regular updates of strategies, policies, procedures and provide relevant training to keep abreast with sustainability issues;
- To establish and improve the reporting structure, policies and procedures for sustainability matters;
- To conduct regular assessments of sustainability risks and opportunities, integrating them into our enterprise risk management processes; and
- To disclose sustainability reports that provide transparent and comprehensive information about our sustainability practices, performance, and impacts.

#### **5. ENFORCEMENT**

This Policy is applicable to all Directors and employees of the Group. Each Director or employee has the duty to read and understand the Policy. Any Director requires further clarification may direct to the Sustainability Officer whereas other employees may refer to their immediate superiors or head of departments.

#### **6. DISCLOSURE**

The Policy is published on the Company's website at <https://pgbgroup.com.my/> and is to be disseminated to all Directors and employees to ensure awareness and compliance with this Policy. The Head of Departments shall brief the Policy to all relevant stakeholders and new employees shall be briefed during their orientation. The Directors and employees will be made aware of any revised version of the Policy should there be any significant changes.

#### **7. POLICY GOVERNANCE**

This Policy shall be reviewed at least once for every three (3) years, as and when necessary to ensure its relevance and effectiveness in keeping the Group's sustainability practices is in line with the Group's vision and mission and complies with best practices prescribed. Any changes to the Policy, if any, shall be submitted to the Risk Management Committee for review and be recommended to the Board of Directors for approval in writing.



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