



PARAGON GLOBE BERHAD

百丽环球

194801000095 (1713-A)

SUSTAINABLE PROCUREMENT POLICY

(VERSION 1.0)

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

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1. INTRODUCTION

Paragon Globe Berhad ("the Company" or "PGB") and its subsidiaries ("PGB Group" or "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.

The Group aligns its sustainability initiatives with the 17 Sustainable Development Goals ("SDGs") established by the United Nations, which serve as a comprehensive framework for creating a better and more sustainable future. Our commitment lies in actively pursuing the goals most relevant to our operations, aiming to contribute to the overall global progress of the SDGs.

As part of our commitment, the Group has formulated the Sustainable Procurement Policy ("Policy") which outlines our approach to sustainable procurement and sets guidelines for all of our employees and supply chain partners (including but not limited to suppliers, contractors and service providers) to adhere to sustainable practices. We aim to minimise the environmental impact of our operations, support social responsibility, and contribute to the long-term sustainability of Malaysia.

2. OBJECTIVES

The objectives of the Sustainable Procurement Policy are to:

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

3. GUIDING PRINCIPLES

3.1 Our principles of sustainable procurement are:

(a) Supporting the local economy

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

Local suppliers are expected to meet our quality standards, pricing requirements, and delivery schedules. However, this commitment to local sourcing should not compromise our dedication to sustainable practices.

(b) Environmental consideration

PGB is mindful of the environmental impact of the Group's activities and maintains compliance with all relevant environmental regulations at all times. As part of the Group's commitment, PGB will actively work towards minimising our environmental footprint (includes but is not limited to climate change, energy use, water use and biodiversity) throughout the product's life cycle. To achieve this, the Group will consider eco-friendly alternatives, promote sustainable resource utilisation, and implement climate change mitigation strategies.

The Group expects its supply chain partners to be respectful of their interactions with the environment by minimising their environmental impact through best practices and adherence to all applicable environmental legislation.

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

3. GUIDING PRINCIPLES (continued)

(c) Social responsibility

(i) Human rights and labour

The Group places significant importance on upholding the value and respecting for human rights of all individuals. We are committed to promoting good labour practices and ensuring compliance with relevant law and regulations. It includes but is not limited to the right to minimum wage, accommodation standards, equal employment opportunities, no forced/child labour, no discrimination in the workplace.

We expect our supply chain partners to demonstrate similar principles by practicing good governance, treating employees with dignity, and caring for the community at large. We fully support employee rights to collective bargaining and freedom of association, as well as their rights to a decent and non-discriminatory workplace environment. Furthermore, in the event of a dispute, a grievance mechanism shall be provided to ensure anonymity and conflict resolution.

(ii) Health and safety

The Group is committed to ensuring the provision of safe and healthy working conditions across all of our operations. We prioritise the well-being of our employees and strive to provide adequate training, information, and facilities to enhance accountability and participation at all levels.

PGB expects our supply chain partners also adhere to both local and international occupational health and safety standards as well as having the necessary health and safety measures in place to reduce the risk of any accidents and occupational illness.

3. GUIDING PRINCIPLES (continued)

(d) Ethical business practices

PGB values integrity in conducting all business interactions in an open and honest 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.

We firmly believe in fostering collaborative and mutually beneficial relationships with our 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 on supply chain partners' performance across various aspects, including but not limited to sustainability practices, product and service quality, adherence to PGB's procurement criteria, compliance with rules and regulations, ethics, and financial stability. Opportunities for improvement will be communicated and deliberated 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. Failure to comply may result in disciplinary actions or termination of the supplier relationship.

Any revision to this Policy will be made known to all employees and supply chain partners in accordance with the foregoing methods of information dissemination on significant changes made. This Policy will also be made available for viewing by the public via the PGB's corporate website <https://pgbgroup.com.my/>.

6. 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 in line with the Group's vision and mission and complies with best practices prescribed. Feedback from employees, suppliers, and stakeholders will be actively sought to drive improvement and innovation in our procurement processes.

Any changes to the Policy, if any, shall be submitted to the Sustainability Committee for review and be recommended to the Board of Directors for approval in writing.



PARAGON GLOBE BERHAD

百丽环球

194801000095 (1713-A)

Headquarter Address:

No.10-02, Level 10, Grand Paragon Hotel, No.18, Jalan Harimau, Taman Century,
80250 Johor Bahru, Johor

Tel: (+607) 278 6668 Fax: (+607) 278 6666

Email: enquiry@pgbgroup.com.my

Website: www.pgbgroup.com.my

KL Branch Address:

No. 9, Lorong Gurney, Off Jalan Semarak, 54100 Kuala Lumpur.

Tel: (+603) 2691 2288 Fax: (+603) 2691 2228