



SUSTAINABILITY POLICY

(VERSION 3.0)

APPROVED BY THE BOARD OF DIRECTORS OF THE COMPANY ON 29 MAY 2025

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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.

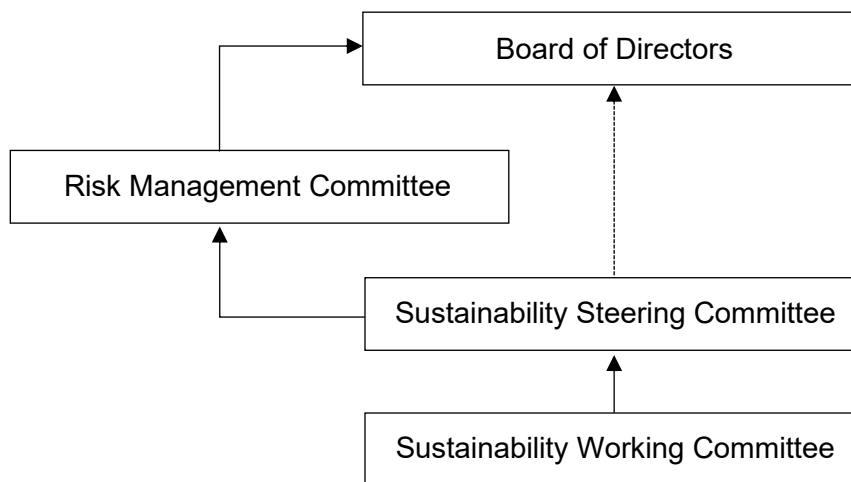
The Group’s Sustainability Policy lays down the general principles governing the sustainability strategy of the Group to ensure that all its corporate activities and businesses are aligned to long-term sustainable value for shareholders and taking into account the expectations of other stakeholders related 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) Integrate sustainability into business operations by seeking sustainable growth, profitability and long-term economic resilience;
- (b) Promote environmental conservation and minimise the organisation’s environmental impact;
- (c) Uphold ethical business practices by respecting human rights, ensuring fair labour practices and fostering social well-being in the communities we serve;
- (d) Strengthen governance and accountability by formalising sustainability governance, performance management and risk oversight mechanism; and
- (e) Align with global sustainable development goals to guide responsible business practices and ensure long term corporate responsibility.

3. SUSTAINABILITY GOVERNANCE STRUCTURE



The sustainability governance structure is led by the Board of Directors (“the Board”), supported by the Risk Management Committee (“RMC”) and Sustainability Steering Committee (“SSC”).

The RMC oversees the organisation’s sustainability strategies, ensures effective risk management and provides recommendations to the Board. The SSC, chaired by Sustainability Officer (“SO”) and composed of various Heads of Departments (“HOD”), is responsible for implementing sustainability strategies as directed by the Board. Further, sustainability initiatives are executed through Sustainability Working Committee (“SWC”), which supports management in implementing and monitoring sustainability efforts across the Group.

This structure ensures that sustainability is integrated into the organisation’s culture, promoting accountability and continuous improvement in sustainability performance. The table below provides an overview of the committee members, key roles and responsibilities.

Board and Committee	Roles and Responsibilities
The Board	<ul style="list-style-type: none"> ▪ Hold ultimate responsibility for the Group’s sustainability direction and foster a strong sustainability culture (“tone from top”); ▪ Provide strategic oversight of material sustainability matters, including but not limited to: <ul style="list-style-type: none"> - approve and endorse sustainability strategies, policies and targets for implementation; and - approve and endorse materiality assessment outcomes. ▪ Ensure that sustainability-related issues are incorporates into the Board’s agenda, including during business strategies formulation; and ▪ Approve the Group’s Sustainability Statement as part of annual reporting.

3. SUSTAINABILITY GOVERNANCE STRUCTURE (continued)

Board and Committee	Roles and Responsibilities
Risk Management Committee (“RMC”)	<ul style="list-style-type: none"> ▪ Oversee the management of principal business risks, including material Economic, Environmental, Social and Governance (“ESG”) risks; ▪ Advise and recommend sustainability-related business strategies and policies; ▪ Monitor the implementation of the Group’s sustainability strategies, policies and performance against targets; ▪ Ensure material sustainability risks and opportunities are integrated into business operations and the Group’s risk management framework; ▪ Ensure adequate resources and processes are in place to achieve sustainability commitments and targets; and ▪ Oversee the preparation of sustainability disclosures as required by laws and regulations, and recommending them for Board’s approval.
Sustainability Steering Committee (“SSC”)	<ul style="list-style-type: none"> ▪ Comprises Sustainability Officer (“SO”) as chair and various heads of departments (“HOD”); ▪ Work with HOD to set sustainability strategies and targets based on material sustainability matters and report to the RMC; ▪ Lead the integration of sustainability into the Group’s culture and operations; ▪ Review the Group’s Sustainability Statement before obtaining Board’s approval/endorsement; and ▪ Manage the strategic implementation of the Group’s material sustainability matters including but not limited to: <ul style="list-style-type: none"> - formulate sustainability-related strategies, policies and targets for Board’s approval; - oversee the conduct of materiality assessment stakeholder engagement process; - review the identification, prioritisation and outcome of materiality assessment; - ensure the integration of sustainability risks and opportunities into business operation and Group’s risk management frameworks; and - drive sustainability performance and track progress towards sustainability targets.

3. SUSTAINABILITY GOVERNANCE STRUCTURE (continued)

Board and Committee	Roles and Responsibilities
Sustainability Working Committee (“SWC”)	<ul style="list-style-type: none"> ▪ Comprise representatives from various departments; ▪ Implement sustainability related initiatives across the Group; ▪ Track and report progress on sustainability related initiatives; and ▪ Facilitate sustainability management processes such as stakeholder engagement, materiality assessment and data collection to support annual sustainability disclosure.

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 to ensure effective oversight and strategic alignment. The SSC will deliberate on material sustainability matters, including ESG risks and new opportunities, on a quarterly basis and will keep the RMC and the Board updated on these issues. In addition, SWC will meet monthly to update and track the progress of the 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

Our commitment to sustainability is reflected in the following key policies, which guide our business decisions and operations:

(i) SUSTAINABLE ECONOMIC POLICY

- Ensure long term business growth while safeguarding shareholders' interests through responsible and sustainable business strategies;
- Build brand name by delivering high quality, innovative products and services that drive marketability and sustainable of returns;
- Embed sustainability into corporate culture, business activities and strategic decisions to promote responsible economic growth;
- Support economic development by integrating sustainable management practices into the value chain;
- Promote research and innovation to enhance sustainability in product development, operations and market practices;
- Integrate environmental and social factors into financial and investment decisions, such as sustainable financing and responsible investment practices; and
- Continuously access internal and external risks, challenges and opportunities related to sustainability to strengthen business resilience.

(ii) SUSTAINABLE ENVIRONMENTAL POLICY

- Identify, assess and manage environmental impacts by continuously improving resources efficiency, adopting of energy-efficient technologies and promoting water-efficient equipment in our developments and throughout the organisation;
- Assess and monitor external value chain partners direction are consistent with the Group's environment objectives and ethical goals;
- Uphold environmental ethics through green efforts that focus on climate change mitigation and adaptation, environmental conservation, waste minimisation, pollution control and carbon footprint minimisation;
- Strive for sustainable long-term balance between nature and business by minimising negative impacts on biodiversity and climate;
- Comply with relevant environmental laws, regulations and permits to uphold national and local environmental standards;
- Cultivate a culture of environmental responsibility by promoting environmental awareness, training and encouraging external value chain partners to adopt sustainable practices, where applicable; and
- Implement waste management strategies, including the "Reuse, Reduce and Recycle" ("3R") principle across the Group and external value chain partners.

4. PILLARS OF OUR SUSTAINABILITY POLICY (continued)

(iii) SUSTAINABLE SOCIAL POLICY

- Create a safe, healthy and inclusive workplace by focusing employees welfare and a positive work environment;
- Invest in human capital development by offering continuous learning, upskilling and leadership training opportunities;
- Promote workplace diversity, equity and inclusion, ensuring fair treatment and opportunity regardless of gender, marital status, race, nationality, ethnicity, age or etc;
- Uphold fair labour practices by complying minimum wages policy, child labour regulations and internationally recognised human rights standard as relevant to the business and operations;
- Engage in corporate social responsibility initiatives by supporting charitable activities, community development programs and humanitarian efforts; and
- Maintain transparency in performance reporting to foster accountability and stakeholder trust.

(iv) SUSTAINABLE GOVERNANCE POLICY

- Uphold the highest ethical standards in business conduct, with zero-tolerance approach to all forms of bribery, corruption and unethical practices;
- Ensure compliance with relevant laws, regulations and corporate governance requirements applicable to the operations of the Group;
- Establish proper communication channels for stakeholders to provide feedbacks, raise concerns and resolve complaints and grievances through an open, transparent and consultative process;
- Continuously enhance sustainability strategies, policies and corporate governance frameworks ensuring they relevant and effective;
- Strengthen risk management, reporting structure, internal policies and procedures to ensure accountability and sustainability performance;
- Conduct regular sustainability risks and opportunities assessments, integrating them into enterprise risk management; and
- Provide transparent and comprehensive sustainability disclosure, ensuring stakeholders have access to accurate and meaningful information about our sustainability practices, performance and impacts.

5. INTEGRATION WITH RISK MANAGEMENT FRAMEWORK

Effective sustainability management requires a structured approach that aligns with the Group's risk management framework to ensure proactive identification, assessment and mitigation of sustainability-related risks and opportunities. The integration of sustainability into the risk management system enhances the Group's ability to monitor, manage and respond to material sustainability matters that may impact business resilience and long-term value creation.

To strengthen this integration, the Group adopts the following key measures:

(i) Integration with Risk Management System

- Top Management (defined as Senior Management made up of Executive Directors) and HOD are responsible for incorporating sustainability risks and opportunities into the Group's Risk Management Framework ("GRMF") to ensure comprehensive risk monitoring.
- Sustainability issues, along with their assessment results, current standing and mitigation responses, are systematically evaluated and tracked under the GRMF.
- Sustainability risks identified through stakeholder engagements, regulatory developments and market trends are assessed, prioritised and escalated as part of the risk management process.
- The RMC oversees the alignment of sustainability risks with the GRMF, ensuring appropriate mitigation strategies and governance controls are in place.

(Refer to Appendix A for an illustration of the process flow for integration with the risk management framework.)

(ii) Escalation Mechanism

- A structured escalation process ensures timely communication and resolution of sustainability-related concerns.
- Issues such as stakeholder feedback, changes in internal and external business environments and sustainability-related incidents are systematically escalated through defined organisational levels.
- The escalation mechanism ensures that material sustainability issues reach the appropriate governance bodies (e.g., RMC and Board) for review, action and decision-making.

(Refer to Appendix B for details on the escalation mechanism.)

5. INTEGRATION WITH RISK MANAGEMENT FRAMEWORK (continued)

(iii) Continuous Improvement

- The Group is committed to continuous improvement in sustainability management, ensuring that sustainability practices evolve to meet emerging challenges and best practices.
- Regular reviews, updates and enhancements of sustainability policies, procedures and performance indicators are undertaken.
- Continuous improvement activities may include stakeholder engagement reviews, benchmarking against industry standards, internal training programs and process enhancements to strengthen sustainability governance.

(Refer to Appendix C for examples of continuous improvement measures.)

6. 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 SO whereas other employees may refer to their immediate superiors or HOD.

7. DISCLOSURE

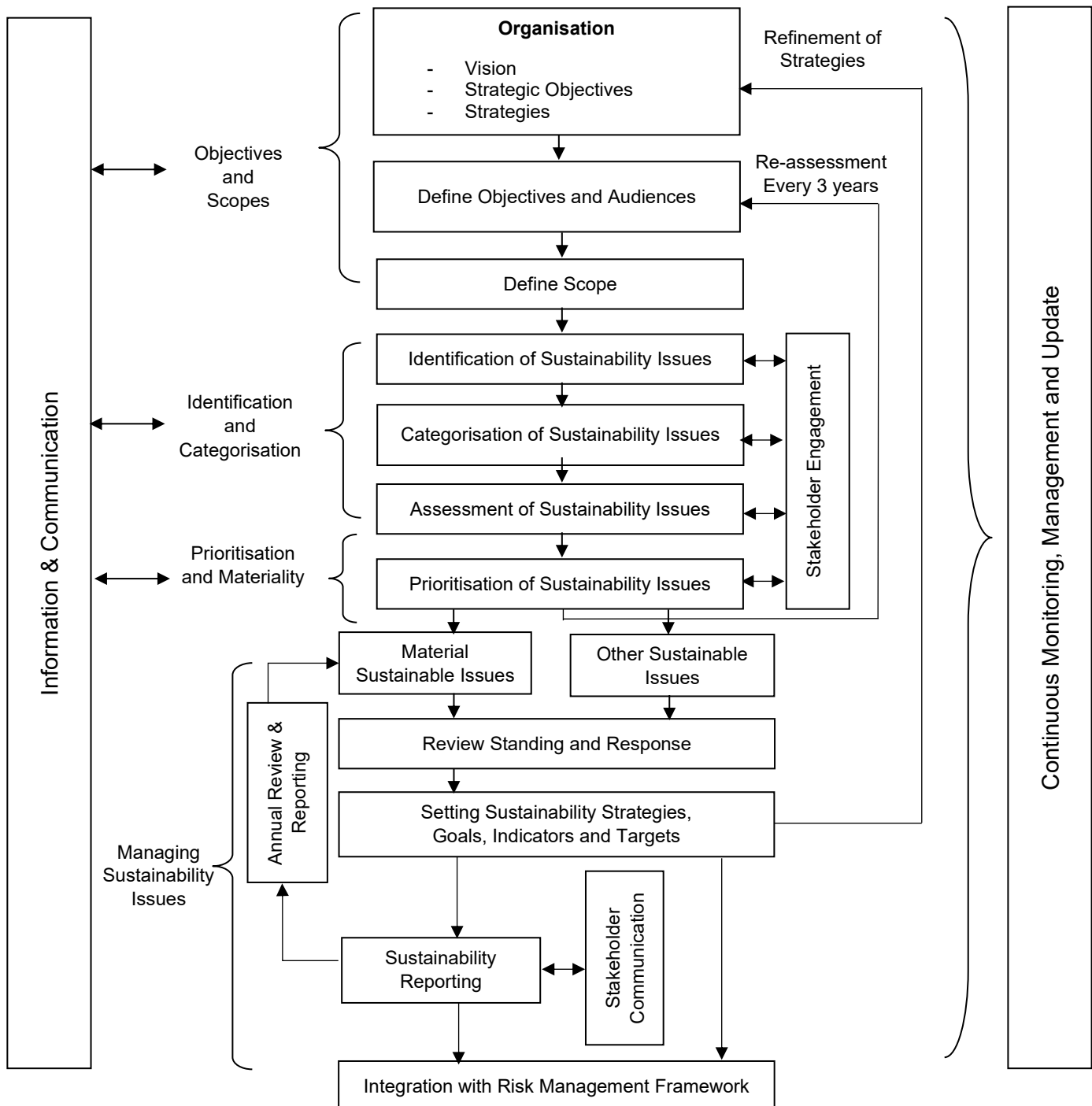
This policy is published on the Company's website at <https://pgbgroup.com.my/> and is to be disseminated to all Directors and employees to ensure awareness and compliance with this policy. The HOD shall brief the policy to all relevant stakeholders. The policy is included in the onboarding process for new employee. The Directors and employees will be made aware of any revised version of the policy should there be any significant changes.

8. 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. Any changes to the policy, if any, shall be submitted to the RMC for review and be recommended to the Board for approval in writing.

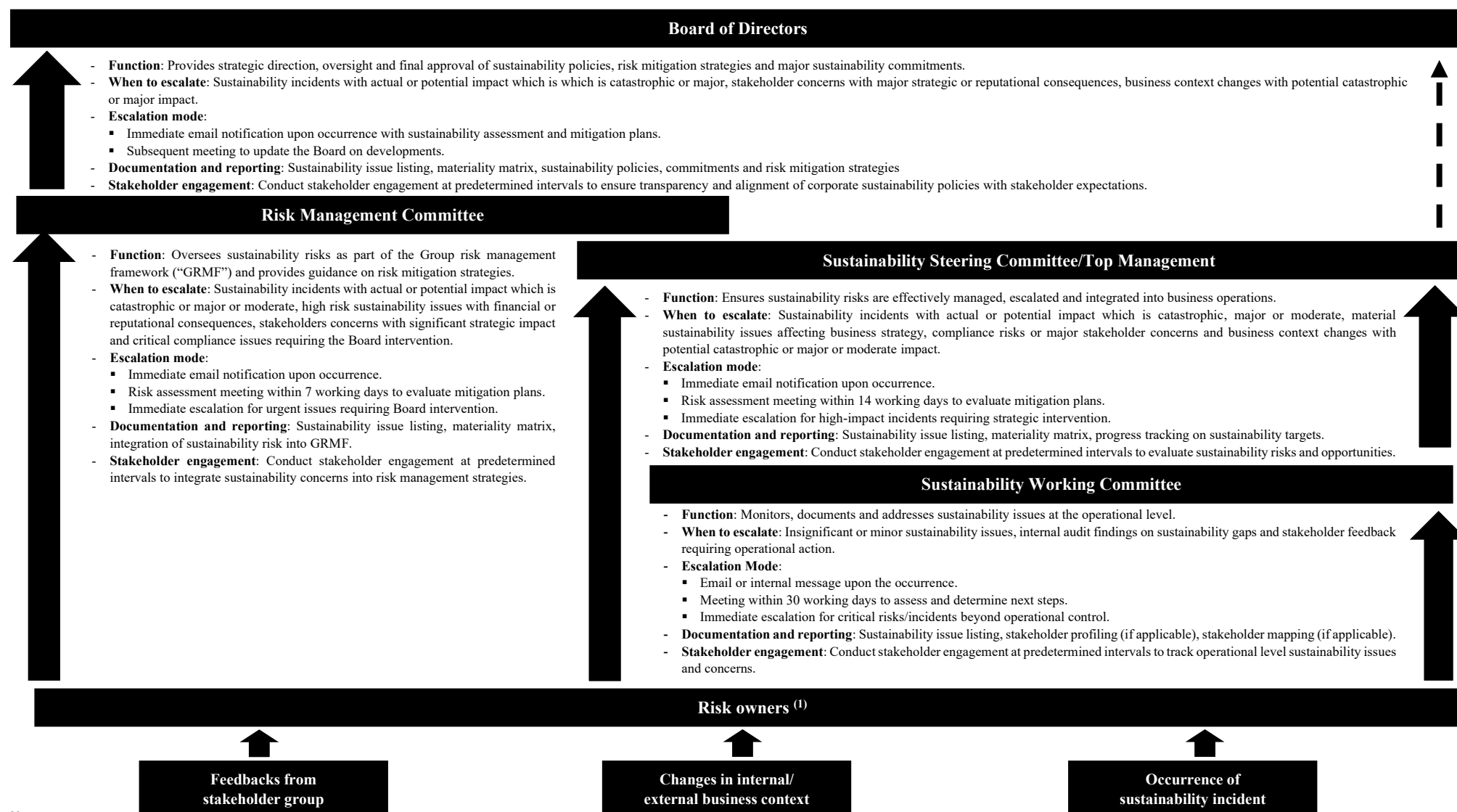
Appendix A: Illustrative Diagram of Sustainability Assessment Processes

The sustainability assessment process is illustrated by the following diagram:



Appendix B: Illustrative Diagram of Sustainability Escalation Mechanism

The sustainability escalation mechanism ensures that sustainability-related risks, stakeholder concerns and incidents are systematically identified, assessed and escalated to the appropriate governance body for decision-making and risk mitigation. The escalation mechanism is structured as follows:



Note:

1. Risk Owners are individuals or departments responsible for managing business process risks (including sustainability risks) by identifying, assessing, mitigating, reporting and monitoring risks, while ensuring compliance and staff awareness as the first line of defence.

Appendix C: Continuous Improvement

The Group is committed to continuous enhancement of sustainability management and risk governance to ensure alignment with best practices, stakeholder expectations and regulatory requirements. The following methods are implemented to drive continuous improvement:

1. Methods for continuous improvement

(i) Root Cause Analysis and Compliance Review

- The SSC conducts root cause analysis of sustainability incidents and compliance performance reviews to identify areas for improvements.
- Findings are used to strengthen stakeholder engagement strategies and sustainability risk management;

(ii) Independent Assurance and Compliance Monitoring

- Internal audit function evaluates the adequacy and effectiveness of sustainability governance, stakeholder engagement and risk management practices.
- Identified gaps are addressed through corrective action plans and governance enhancements.

(iii) Benchmarking and Best Practices

- Sustainability performance is benchmarked against industry standards and best practices.
- However, factors such as expected returns against cost incurred, criticality of areas of improvement and availability of data need to be considered prior to performing a benchmarking exercise.

(iv) Four-Way Interactive Communication and Knowledge Sharing

- Promotes open communication across all levels to help improve sustainability governance and management.
- HOD across the Group are encouraged to share insights and collaborate on sustainability strategies, stakeholder engagement activities, sustainability management process, governance improvements, and etc.

Appendix C: Continuous Improvement (continued)

2. Implementation and governance

(i) Annual Review and Reporting

The SSC collaborates with the Risk Management Function (“RMF”), as defined under GRMF, to submit an annual enterprise risk report with recommendations for sustainability, if any. This report is reviewed by the RMC and then presented to the Board for approval.

(ii) Implementation and Monitoring

Approved recommendations are implemented under SSC oversight to ensure effective execution of continuous improvement initiatives. The RMF tracks progress and reports updates to the RMC annually or as required. The Board is regularly informed on progress and makes decisions on further actions if needed.



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