



SUSTAINABILITY STATEMENT







PGF Capital Berhad (“PGF” or “the Company”) recognises the importance of understanding stakeholder concerns and incorporating principles of sustainability in our business strategies for shared value creation. As a responsible business entity, sustainability has always been an integral part of PGF’s corporate culture with “Building sustainable communities” as the Group’s purpose.

We remain committed in ensuring our business activities are performed with high standards of social and environmental conduct including ensuring our operating assets and businesses are carried out in a manner that generates positive outcomes in creating a sustainable manufacturing environment, impact sourcing, best business practices and supporting our local communities.

As the COVID-19 pandemic had caused major disruptions throughout the globe, PGF has implemented strict protocols and work adjustments to protect our stakeholders. Despite the challenges brought about by the pandemic, we remain committed in driving sustainable business practices throughout the Group.

UNITED NATION SUSTAINABLE GOALS

In 2015, members of the United Nations (“UN”) unanimously adopted the Sustainable Development Goals (“SDGs”) which are a collection of 17 global goals designed to be a blueprint to build a more sustainable, safer and more prosperous planet for all humanity by 2030. The goals balance the economic, social and environmental pillars of development. As a responsible corporate citizen, we have a key role to play in achieving the SDGs. To that end, we are aligning our business and sustainability strategies to meet the relevant SDGs. We have identified and prioritized 6 UN SDGs that are considered most relevant to the Group and incorporated them into our Sustainability Framework. These contributions to the SDGs will help us to create a more sustainable business, whilst improving the world we live in.

Economic	 
Environmental	 
Social	 



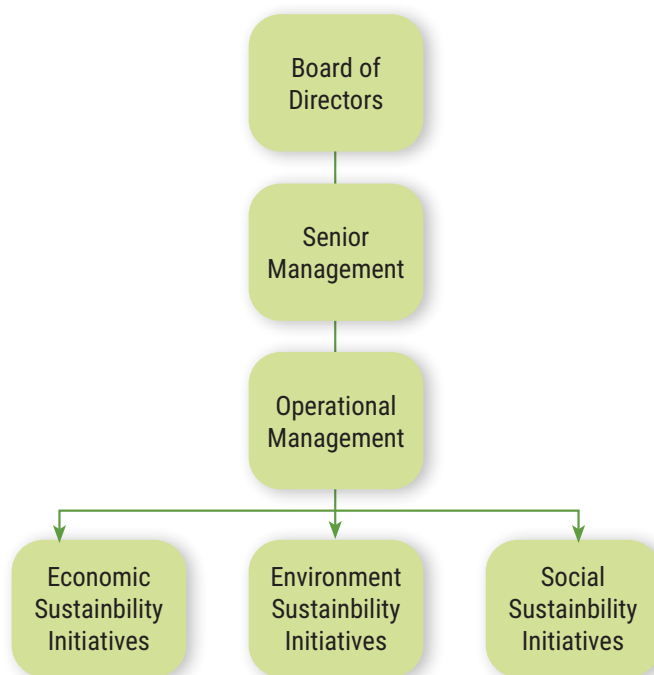


SUSTAINABILITY STATEMENT (CONT'D)

REPORTING FRAMEWORK

We have prepared our report in accordance with Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Main Market Listing Requirements and with guidance from its Sustainability Reporting Guidelines (2nd edition) which encourages companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle. The reporting guide navigates the management of our material sustainability matters through the Economic, Environmental and Social ("EES") pillars, governed by a robust corporate governance system. We are constantly enhancing our sustainability strategy which will contribute to the enhancement of the framework over the years.

SUSTAINABILITY GOVERNANCE STRUCTURE



The Board of Directors ("the Board") is responsible for the Group's sustainability agenda, practices, strategies and performance. The Board is supported by the Senior Management ("SM"), whose member composition includes the Executive Chairman, the Chief Operating Officer ("COO") and the Chief Financial Officer ("CFO"). The SM oversees the policies, initiatives, targets and the performance of the Group to ensure that the Group's business is conducted in a sustainable manner. The SM is assisted by the Operational Management ("OM"), who are appointed representatives of various divisions to identify, manage, assess the EES risks, coordinate, implement and monitor the sustainability initiatives. The OM executes and implements the strategies on a day-to-day basis and reports their operational activities through several channels such as monthly reports, project status reports, safety and health reports and others.

Knowing and understanding the expectations and concerns of our Group. The SM identifies the Group's key stakeholders based on the Group's impacts on them both directly and indirectly, and their importance to the success and continuity of our business. The SM reviews its approach from time to time to ensure that the Group is up to date with its stakeholders and its method of engagement.





SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC SUSTAINABILITY (CONT'D)

Product Quality & Certifications (cont'd)

Our products are well received in several countries in the Asia-Pacific region. We are committed to ensuring that our products comply with the local product standards and building codes of the countries that we export to. The Group is holder of local product certifications of Malaysia (MS1020), Australia (AS/NZS 4859.1) and New Zealand (AS/NZS 4859.1) as these countries have adopted local fibre glass product standards. Where fibre glass product standards do not exist locally, the Group strives to obtain industry recognized standards or test reports, mainly in compliance with British and American standards, to demonstrate the product quality and performance.

Fibre glass can last as long as the life of a property when installed according to the recommended method and is maintained well. The Group offers a product warranty of 70 years as we take our product quality seriously.

We are also providing sustainable products with a formaldehyde free range under our own brand product, Brownie. With this product offerings, the Group is on par with other leading fibre glass manufacturers around the world in embracing the growing demand for sustainable insulation solutions.

Corporate Social Responsibility

Heavy non-stop rainfall in December 2021 saw parts of Malaysia experiencing what experts deem the Tropical Depression 29W. It's unlike the regular end-year monsoon which had resulted in shocking and detrimental floods in Selangor, KL, Pahang, Kelantan, Negeri Sembilan, Terengganu, Perak, and Melaka. To provide much needed relief to the victims of the flood-hit states, PGF had made cash donations to the funds raised by Malaysian Investment Development Authority ("MIDA").

PGF fully supports the nation's energy efficiency agenda. Together with the Malaysian Insulation Manufacturers Group under the Federation of Malaysian Manufacturers ("FMM"), we contribute actively towards educating policy makers and the general public on the need for better passive insulation of our buildings. The Group has an annual budget of RM100,000 to be utilised to this end.

The Group also provides free insulation to non-profit organizations to improve occupants' comfort and raise awareness of energy efficiency. PGF had supplied and installed glasswool panels for Jit Sin High School's hall refurbishment. Another recipient of our sponsorship is Rotrade Resources Sdn. Bhd. for their new office construction. Together with Penang Island City Council ("MBPP"), we had also sponsored the insulation for Kimberly Street Heritage Building Restoration project. The row of buildings were originally built more than 100 years ago. The shophouses are listed as Category 2 heritage buildings and the architecture are of the Early Transitional Style. As a member of the Federation of Malaysian Manufacturers' Malaysian Insulation Manufacturers Group ("FMM-MIMG"), we had supplied glasswool for the Building Sector Energy Efficiency Project ("BSEEP") in support of the project. BSEEP is a national project to reduce the annual growth rate of greenhouse gas emission from the building sector in Malaysia.

ENVIRONMENTAL SUSTAINABILITY

**UN SDGs -11 Sustainable Cities And Communities;
UN SDGs -13 Climate Action**

As a manufacturer, we recognise the impacts the Group's day-to-day operations have on the environment. In the field of environmental stewardship, we continue to demonstrate commitment to proactively manage the Group's environmental footprints which has been embedded within our corporate culture.

Renewable Power Generation

To enhance the use of more renewable energy in the manufacturing process of our products, we had identified solar photovoltaic (PV) systems as the most suitable mode for us to reduce our consumption of non-renewable energy as Penang has one of the highest solar irradiances in Malaysia. The installation of solar panels will be done in two phases.





SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL SUSTAINABILITY (CONT'D)

Renewable Power Generation (cont'd)

Phase 1 was completed in October 2020 with a cost of RM1.78 million. The Group has successfully commissioned the installation of a solar PV system on our buildings in Perai, Penang under the Net-Energy Metering (“NEM”) program, which is under the purview of Sustainable Energy Development Authority (“SEDA”). The system has a 574kWp capacity. As a result, we managed to save over RM300,000 worth in electricity consumption in FYE2022. Phase 2 of the solar power project is expected to be completed by end of Q4 FYE2023.

In addition to reduction of electricity costs, our manufacturing process will be relying more on green energy which releases far less greenhouse gases than fossil fuels, as well as few or low levels of air pollutants. With this, a portion of our product is produced with green energy.

Recycled Raw Materials

One of our most significant initiatives to conserve the environment is our increased use of alternative materials as raw material. We demonstrate our recycling effort by collecting industrial glass waste that would have otherwise been sent to landfills, to use as our raw material. The use of recycled glass instead of silica sand also translates to lower use of energy for the melting process. We did not use silica sand in FYE2022. Therefore, in FYE2022, 100% of silica content is drawn out of recycled glass.

Environmental Compliance

The following table summarizes the metrics that the Group monitors in relation to environmental sustainability:

Metrics	INDEX				
	FY18	FY19	FY20	FY21	FY22
Quantity of waste products send to landfill per Metric Tonne of Good Product Output (MT/MT)	100	71	121	72	77
Unit Consumption of Energy per kg Good Product Output (kWH/kg)	100	84	95	87	97
Unit Consumption of potable water in Liter per kg of Good Product Output (L/kg)	100	111	132	153	147

The metrics are presented in index form with reference to FY18 as a baseline to protect sensitive information. The goal is to record a reduction in the index from year to year.

The increase in waste products send to landfill per Metric Tonne of Good Product Output and Unit Consumption of Energy per kg Good Product Output metrics were mainly due to a reduction of good product output produced in FY22.

There is an 18% reduction of good product output in FY22 compared to FY21 which is due to the production stoppage for 1.5 months for the installation of new hybrid furnace and another one month for stabilisation of the production lines with new furnace.

During the time of shutdown, energy was still consumed for the construction, testing and commissioning of the furnace eventhough there is no good product output. After commissioning, the plant had to undergo line stabilisation to familiarize with the new furnace during which many rejects were produced against good product that satisfies our quality requirement.

The Group monitors the emission of our manufacturing process as per requirements by Malaysian Department of Environment (“DOE”):

Emission	Limit Set by DOE	FY20	FY21	FY22
Sulphur Oxides	< 800 mg/m ³	Met	Met	Met
Nitrous Oxides	< 800 mg/m ³	Met	Met	Met
Total Particulate Matters (PM)	< 50 mg/m ³	Met	Met	Met





SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL SUSTAINABILITY

UN SDGs -3 Good Health And Well-Being;
UN SDGs -10 Reduced Inequalities

Workplace Diversity

Promoting diversity and inclusiveness among our employees is in line with the Group's values and commitment. This is exemplified in our hiring and promotion process, where candidates are selected based solely on their job performance and competency level. We strive to empower all employees regardless of their age, gender, race or religion.

Workforce by Gender

Indicator	Number	%
Male	185	88.10
Female	25	11.90
Total	210	100.00

Workforce by Age Group

Indicator	Number	%
<20	0	0.00
21 - 30	97	46.20
31 - 40	67	31.90
41 - 50	23	10.95
51 - 60	23	10.95
>60	0	0.00
Total	210	100.00

Workforce by Nationality

Indicator	Number	%
Malaysian	125	59.52
Foreigner	85	44.48
Total	210	100.00

Workforce by Contract Type

Indicator	Number	%
Permanent	210	100.00
Contract	0	0.00
Total	210	100.00

The Group acquiesce that it is particularly a challenge to achieve a satisfactory gender balance in all fields of business activity due to the nature of our industry. However, we continue to actively build on diversity with a focus on gender by taking steps to ensure that women candidates are sought as part of our recruitment exercise.





SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL SUSTAINABILITY (CONT'D)

Health & Safety

We prioritize the health and safety of our employees. As a manufacturer, we conduct high-risk and high-skilled work with machineries. Therefore, it is important for us to ensure the safety of our employees by equipping them with specific knowledge and safety awareness in operating within our facilities.

The Group has in place a Safety, Health & Environment Committee ("SHEC") with dedicated officers in charge of health, safety and environment. The SHEC is chaired by the General Manager and supported by employer and employee representatives. The committee evaluates and analyses the risks that can affect our employees and manage them responsibly.

Multiple safety trainings were conducted throughout the year in FYE2022 such as Safety Awareness, Safety Induction and Hazards Training. The Group clocked in a total of 25 hours of internal training and 25 hours of external training during the year. New employees are provided with induction training on safety procedures while experienced personnel are required to attend refresher trainings. Topics covered during induction includes safety and health awareness at workplace, general duties of employees Under OSHA 1994 PART VI as well as hazards. Our employees were also provided with an emergency response exercise and briefing by the local Fire and Rescue Department of Malaysia ("FRDM").

Aside from the trainings, all personnel on the Group's production lines are provided with adequate protective equipment such as safety helmet, ear plugs and muffs, safety shoes, safety glass, masks, gloves.

As a result of this, we are able to report that in the year under review, only 7 work-related injuries were reported with no fatalities. We firmly believe that consistent injury reporting and the timely sharing of preventive actions to all operations will provide the support required to reduce injury rates in the future. The Group will continue to put the necessary measures in place to achieve our target of zero safety incident in the plant

In June 2019, the Minister of Human Resource Malaysia introduced the Occupational Safety and Health (Noise Exposure) Regulations 2019. Since the introduction of this regulation, the Group had conducted two internal noise risk briefing together with a noise hearing loss prevention training.

Benefits for Employees

At PGF, we ensure our employees are compensated fairly and we adhere to the Minimum Wage Act. In addition to fair remuneration, all full-time employees receive competitive work benefits that promote health and well-being while appreciating the workforce as part of our ecosystem.

COVID-19 Response

The world was shaken up by the COVID-19 pandemic which had disrupted daily routines and lives of individuals as well as businesses. In recognising the COVID-19 pandemic that has brought the world to uncharted and challenging times, we continue to engage our valued stakeholders closely to help support the business value chain and maintain key priorities such as our employees' well-being and keeping the worksites safe.

The Group has adopted all necessary COVID-19 mitigation measures as prescribed by government-mandated SOPs and more. These include requirements for social distancing, staggered working hours, division of manpower into separate teams, instituting work from home procedures, reducing physical engagements in favour of virtual communication channels and more. All meetings with more than 2 persons were held via virtual platforms such as Microsoft Teams and Google Meet. Broader investor communication also took place via our corporate website where all announcements made to Bursa Malaysia are updated.

Several key safety measures were also initiated at our offices and facilities such as daily temperature recordings of employees and visitors, as well as enforcing the usage of face masks within the organisation. Infection prevention initiatives have also been taken by disinfection of the workplace and ensuring good ventilation in the work premises.





SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL SUSTAINABILITY (CONT'D)

COVID-19 Response (cont'd)

In keeping with the social distance measures, the Group had installed partitions in the canteen and limit the number of pax at a table to facilitate physical distancing. We had also expended the canteen area and created isolation rooms to facilitate quarantine measures.

Maintaining the safety of our team is vital to us, and we worked diligently to secure COVID-19 vaccines for our entire workforce as early as possible. 100% of the Group's workforce has been fully vaccinated against COVID-19. To foster a safe working environment, we also conduct regular testing on all staff. In FYE 2022, the Group invested over RM230,000 on COVID-19 preventive measures.

CONCLUSION

In FYE2022, the COVID-19 pandemic continued to highlight the importance of wellness, resilience, and community spirit. Despite all the challenges to our business, the Group continues to strive to perform better in terms of our role as a corporate citizen. As the threat of global warming and climate change looms over the global community, we will need to constantly seek long-term and sustainable solutions to minimise any negative impacts that could potentially bring harm to our environment. Moving forward, we aim to continuously improve our initiatives and continue to integrate sustainability practices in our day-to-day processes more prominently by intensifying our efforts at expanding our sustainability framework to cover all segments of the Group.

