

SUSTAINABILITY STATEMENT

OUR SUSTAINABILITY

The Board of Directors (“Board”) of PGF Capital Berhad (“PGF” or the “Group”) presents this Sustainability Statement 2023 (“Statement”) which reports on the Group’s sustainability progress, management and performance of economic, environmental, and social (“EES”) risks and opportunities. This Statement focuses on, amongst others, disclosing the Group’s foundations and actions towards improving sustainability performance through setting up systems and enhancing the monitoring and tracking of key indicators. The scope of this Statement mainly encompasses the Manufacturing segment of PGF and its subsidiaries within the geographic scope of Malaysia, for the financial year ended 28 February 2023 (“FY2023”).

This Statement has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) in relation to sustainability disclosures. This Statement has also considered alignment with internationally recognised goals, frameworks or standards such as the United Nations Sustainable Development Goals (“SDGs”). We have also begun to undertake internal exercises and preparation to enable the alignment of our climate-related disclosure with the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”).

The Statement has been reviewed internally by the Management and approved by the Board of PGF.

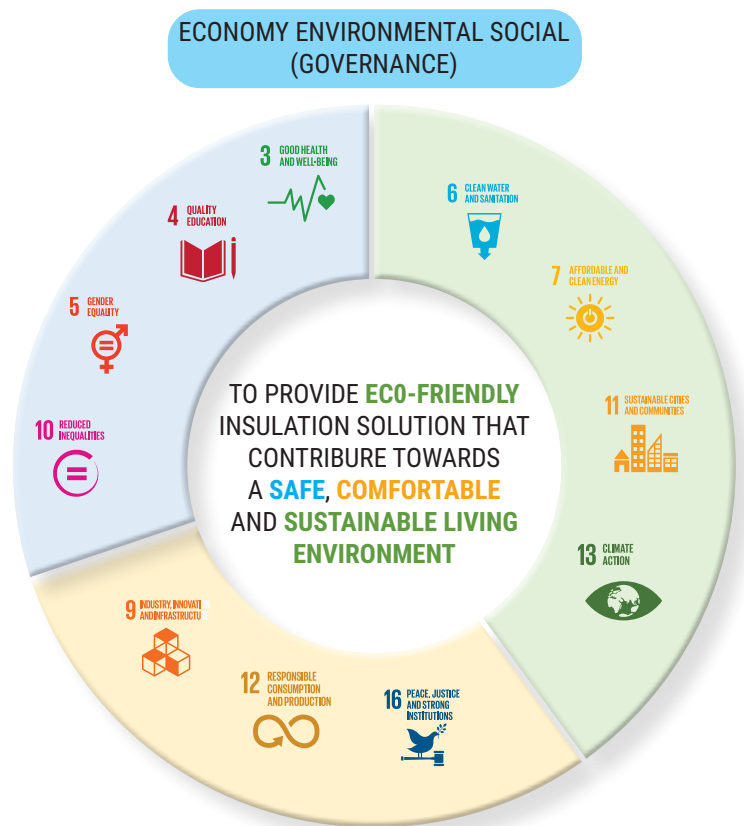
We also have ambitions to progress our sustainability efforts strategically and have begun the process of engaging with an external consultant to review and assess our EES risks and opportunities, as well as developing a guiding framework for sustainability. This will enhance our ability to make meaningful impacts through our initiatives and efforts, and to create sustainable value together with shared success.

OUR SUSTAINABLE GOALS

In September 2015, Malaysia, together with other members states of the United Nations (“UN”), adopted **The United Nations’ Sustainable Development Goals (“UN SDGs”)** which is a set of goals towards achieving the 2030 Agenda. In creating shared values for all, PGF acknowledges its responsibilities in contributing to the country and the word in progressing towards the UN SDGs.

For the Group’s FY2023 Statement, PGF strengthened its reporting against the **UN SDGs** by identifying key contributions in line with the specific targets of the SDGs relevant to the nature of our businesses.

Our Environmental, Economic and Social focus outlines our goal, key initiatives and strategic action plans encompassing factors which are associated with our business. Such approach enables us to focus on sustainability matters that are most relevant and material to us, and allows us to manage our business sustainably while contributing to progress towards the **UN SDGs**.



SUSTAINABILITY STATEMENT (CONT'D)

OUR GOVERNANCE STRUCTURE

The Group has established an effective governance structure to oversee and manage the Group's sustainability management, including clear definitions of accountability, roles, and responsibilities of those involved, and this is important for PGF to ensure that progress is made in line with our sustainability goal to support the Group's long-term value creation. Our sustainability governance structure is summarised as follows:



Board Of Directors

The Board is ultimately responsible for incorporating sustainability considerations, including climate change, in the Company's business strategies. The Board is responsible for the Group's sustainability strategy and performances, including financial and non-financial reporting. Amongst others, this comprises identifying and ensuring compliance and managing matters pertaining to ESG matters, particularly where ESG risks may affect the company's performance. The Board's responsibilities include setting the Group's aspirations in relation to its sustainability matters and performing regular reviews of the Group's sustainability progress.



Senior Management (Executive Committee)

The Senior Management ("SM") is responsible for the execution of the Group's sustainability strategy, which includes the handling of mandatory reporting obligations, overseeing the management of ESG risks and developing action plans to achieve aspirations set by the Board. The SM is assisted by the Sustainability Committee.

Some of the SM's key responsibilities include managing the planning and integration of sustainability initiatives into the Group's business strategies and operations to ensure key sustainability decisions are made in accordance with the Group's business strategies and to ensure the availability of adequate resources for the successful implementation of sustainability strategies and initiatives.



Operation Management (Sustainability Committee)

The Operation Management ("OM") is comprised of key working-level representatives from each division and department, and they also include members of the Sustainability Committee. The Sustainability Committee is responsible for implementing action plans and pursuing sustainability targets set by the SM. In addition, the OM also collects and reports relevant data for the Group's non-financial reporting, monitoring of sustainability performance, and complying with the non-financial reporting obligations.








The OM provides execution support and oversees the daily management of sustainability matters in their respective division and functions, towards effective integration of sustainability throughout the Group.

SUSTAINABILITY STATEMENT (CONT'D)

OUR STAKEHOLDER ENGAGEMENT

Towards creating long-term shared value, we aim to maintain a balance of our stakeholder's interests through continuous engagement and understanding. We aim to generate sustainable revenue through the quality projects we deliver whilst creating opportunities for rewarding and meaningful employment. We also create value for our businesses and stakeholders via our relationships with local suppliers, contractors and vendors.

Engagement with key stakeholders plays a vital role in our sustainability journey. We believe that stakeholder engagement is crucial for identifying room for improvement, setting our sustainability expectations, and communicating our sustainability priorities, targets, and performance. We continue to form, strengthen and maintain valuable connections with stakeholders through various engagement channels. Our key engagement mechanisms for each stakeholder group during FY2023 are summarised in the table below.

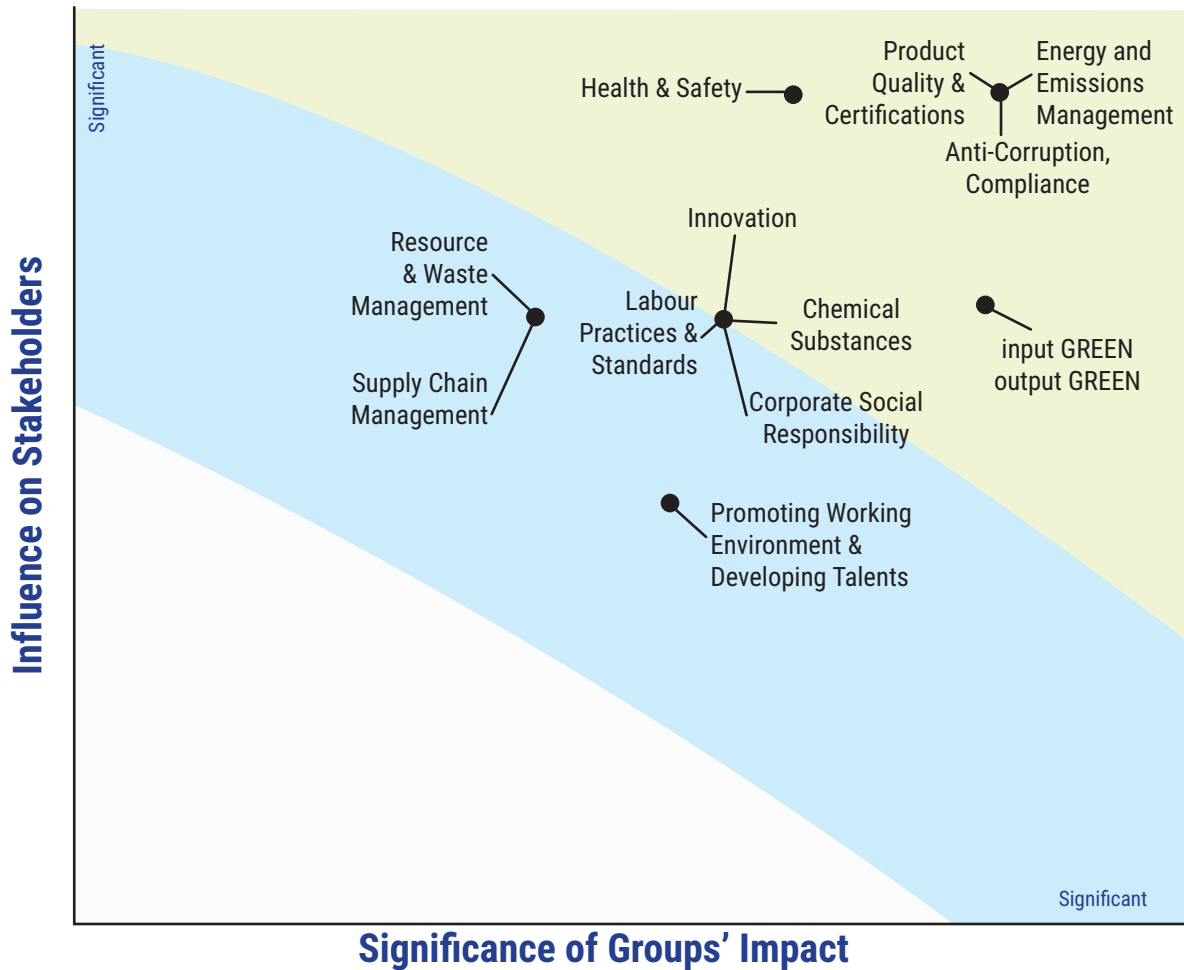
Stakeholder	Engagement	Frequency	Areas of Expectations
EMPLOYEE 	<ul style="list-style-type: none"> • Performance reviews • Educational/ Training programmes • Conferences/Seminars/ Workshops • Safety inspections • Code of Ethics • Community development programmes • Interviews • Face-to-face meetings • PGF's Library 	<ul style="list-style-type: none"> • Annual • As needed 	<ul style="list-style-type: none"> • Knowledge and skill enhancement • Career development • Occupational Health & safety • Environment, Health & Safety Health (EHS) practices • Fair & competitive remuneration benefit • Employee wellbeing and a conducive work environment • Employee engagement • Job security • Equal opportunity
CUSTOMER 	<ul style="list-style-type: none"> • Customer satisfaction survey • Suggestion box • Social media 	<ul style="list-style-type: none"> • Quarterly • As needed 	<ul style="list-style-type: none"> • Pricing • Quality, Green & Sustainable products and services • Timely project delivery • Customer service and experience • Property design • Defect rectification • EHS practices
VENDOR 	<ul style="list-style-type: none"> • Supplier assessment • Surveys • Face-to-face meetings 	<ul style="list-style-type: none"> • As needed 	<ul style="list-style-type: none"> • Supply chain management • Legal compliance and contractual commitments • Product, service quality and delivery • Fair and transparent procurement process • Cost effectiveness • ESH practices • Payment schedule
MEDIA 	<ul style="list-style-type: none"> • Interviews • Press releases • Advertising 	<ul style="list-style-type: none"> • As needed 	<ul style="list-style-type: none"> • Corporate news • Industry outlook • Brand image • Reputation
REGULATOR BODIES 	<ul style="list-style-type: none"> • Audit • Presentations • Site visit • Survey 	<ul style="list-style-type: none"> • As needed 	<ul style="list-style-type: none"> • Certifications • Corporate governance • Regulatory compliance • Anti Bribery & Corruption compliance • Environmental management and compliance
SHAREHOLDER 	<ul style="list-style-type: none"> • Investor Relations website • Annual report • Annual General Meeting • Fund/analyst briefing • Press releases • Face-to-face meetings • Site visits • Survey 	<ul style="list-style-type: none"> • Annual • As needed 	<ul style="list-style-type: none"> • Financial performance • Corporate developments • Growth plans • ESG practices • Risk management • Corporate governance • Transparent disclosure • Dividend policy
COMMUNITY 	<ul style="list-style-type: none"> • Community charity events • Internships • Press releases • Social media 	<ul style="list-style-type: none"> • As needed 	<ul style="list-style-type: none"> • Community investment and community engagement • Job creation and internship opportunities • Local welfare

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIALITY MATRIX

The Management assesses the Group's material sustainability matters considering how they reflect the Group's significant EES matters, as well as if they substantively affect stakeholders' assessment and decisions.

In FY2023, we perform our Materiality Assessment based on our ESS framework. In the materiality assessment **Energy & Emissions Management, Compliance and Anti-Corruption, Product Quality & Certifications**, were identified as the topics of highest importance.



Environmental

- Input GREEN Output GREEN
- Managing & Reducing Chemical Substances in Packaging
- Energy & Emission Management
- Resource & Waste Management

Economic

- Innovation
- Product Quality & Certifications
- Supply Chain Management

Governance

- Compliance, Anti Bribery & Corruption

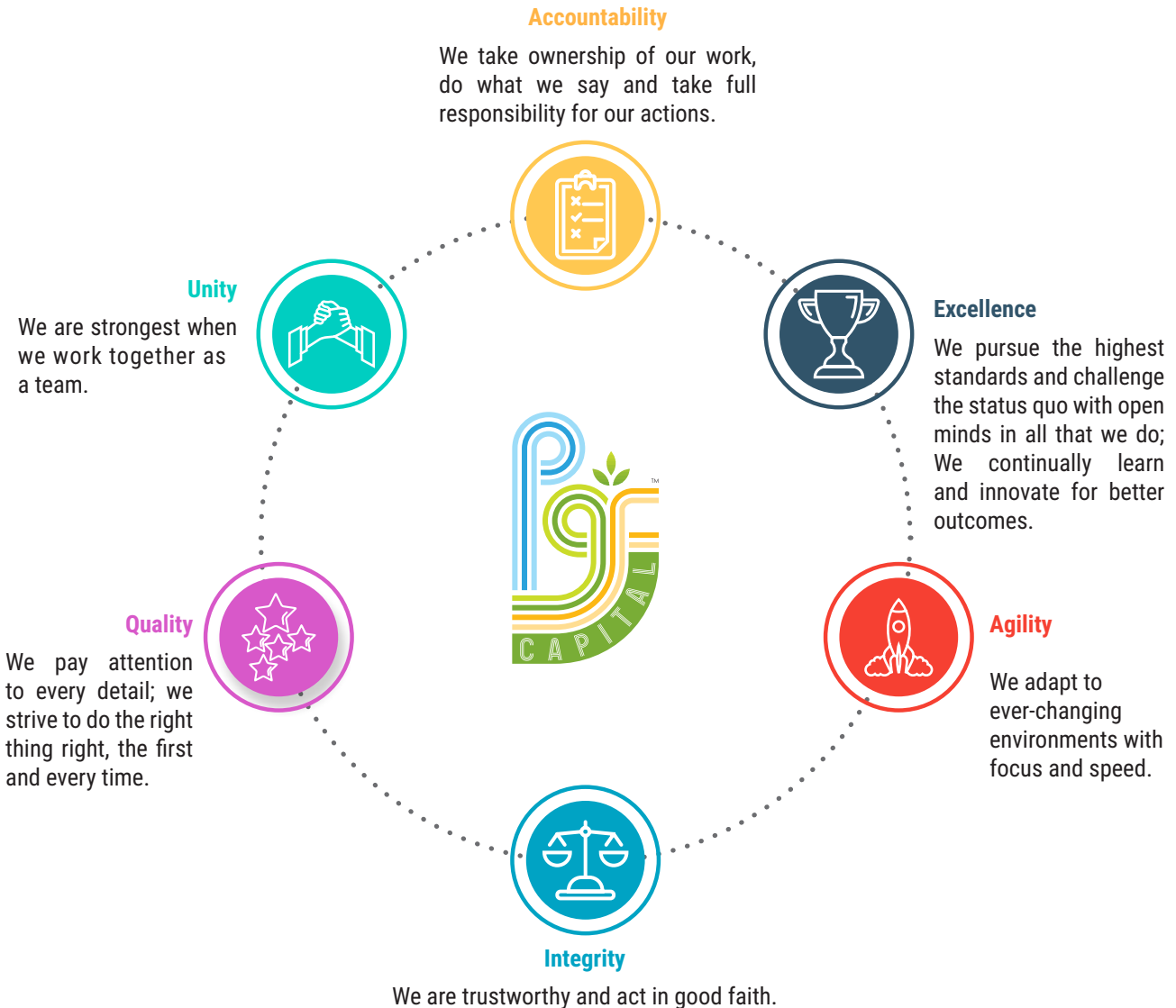
Social

- Workplace Diversity, Labour Practise and Standards
- Promoting Conducive Working Environment and Development Talent
- Health & Safety
- Corporate Social Responsibility

SUSTAINABILITY STATEMENT (CONT'D)

ETHICAL BUSINESS PRACTICES

Business ethics is one of the most important foundations of our business. PGF upholds ethical practices in its business and operations, as well as towards all stakeholders. All PGF operations and people, including directors and employees, are guided by our Core Values, as follows.



PGF's core values are the characteristics that define what the company stands for. It is these values that form the basis for our operations and the decisions that are made at our company.

Our core values set the foundation for the Group's Code of Conduct, which is applicable for all employees, including Directors. It recognises the Company's roles in contributing towards the social and environmental growth of the surroundings in which PGF operates. The Code of Conduct was adopted by the Board and addresses matters including conflict of interest, compliance, anti-corruption and anti-bribery, safe and healthy work environment, and protection of the environment. Violations of the Code of Conduct can be reported via the Whistle Blowing Policy which available on PGF's website at www.pgfcapital.com.my

SUSTAINABILITY STATEMENT (CONT'D)

ETHICAL BUSINESS PRACTICES (CONT'D)

Anti-corruption

PGF has adopted a zero-tolerance policy against all forms of bribery and corruption, which is formalised via the Code of Conduct and communicated to internal and external stakeholders as appropriate. The Group includes corruption risk assessment and management as part of its annual risk assessment to enable a systematic mitigation and management of potential corruption risks in the Group's operations.

All new employees are briefed on the Group's zero-tolerance policy against bribery and corruption, together with the Code of Conduct which is provided during employee orientation. External parties such as key suppliers and business partners are also communicated on these ethical business expectations, as necessary. We endeavour to promote ethical business practice within our business environment as well as our value chain through raising awareness among our employees and business associates.

As of 28 February 2023, all of our employees and Directors have provided their written acknowledgement and commitment to adhere to the Group's Code of Conduct. In addition, we also provide anti-corruption awareness during orientation to new employees considering their risk exposures such as nature of work and the parties they are required to deal with.

Compliance

PGF Group is committed to comply with all applicable laws and regulations, including environmental and social compliance. During the financial year under review, there were no significant fines or penalties arising from non-compliance with laws and regulations, including in relation to environmental and social laws and regulations. There were also no incidents of corruption reported.

QUALITY PRODUCT AND EFFICIENT OPERATIONS

Innovation

The principal products of the Group's Manufacturing segment are insulation products made from glass mineral wool. They provide thermal and acoustic insulation benefits. In Malaysia, over 30% of the energy consumption of buildings is used to cool down human-occupied spaces. Glasswool can retard heat flow when installed on building envelopes and thereby reducing the use of energy. Glasswool, which is a key material for our products, is also a sustainable material.

Another common application of glasswool is with air-conditioning ducts commonly seen in commercial buildings, such as shopping malls, offices and hospitals. In hot tropical countries like Malaysia, cool air is generated to cool down spaces for thermal comfort. Air-conditioning ductwork is used as a medium to transfer cool air from chillers or compressors to the intended destination. Along the ductwork, heat gain happens and if not properly insulated, more energy is required for cooling. Effective thermal insulation of the ductwork reduces the heat gain and helps to minimise energy usage.

Through sustainable manufacturing practices, the Company strives to develop and bring to the market products and solutions in supporting the construction sector to deliver a low-energy and sustainable built environment. A sustainable built environment is designed for longevity, flexibility, adaptability, reuse and recoverability, and considers future climate risks. It uses low-carbon, low-impact, non-toxic materials and it recovers used resources.

We offer a wide product range with different specifications to suit the different requirements of our customers. We also continuously monitor the market needs and develop new products, such as **Vapour Permeable Membrane (CLIMAWRAP)**-Durable, 3-layer and a highly vapour permeable membrane designed to minimise condensation risk in buildings. Protected on both faces by non-woven structures against corrosive environment and engineered to meet the demands of the Australian climate conditions

SUSTAINABILITY STATEMENT (CONT'D)

QUALITY PRODUCT AND EFFICIENT OPERATIONS (CONT'D)

Product Quality & Certifications

At PGF, our fibre glass is made primarily of silica, an inorganic substance that is not combustible. Furthermore, no fire-retardant chemical is added to our product. The product is made according to BS 476: Part 4 (Non-combustibility test for materials), a widely used fire testing standard for building materials. This is crucial as the use of insulation materials that do not pass fire safety standards can lead to unfortunate fire incidents.

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 a holder of local product certifications of Malaysia (MS1020), Australia (AS/NZS 4859.1) and New Zealand (AS/NZS 4859.1). 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 assure customers of our product quality and performance.



ELIMENT & BROWNIE Certification

Fibre glass insulation materials 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 ultra-low formaldehyde 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.

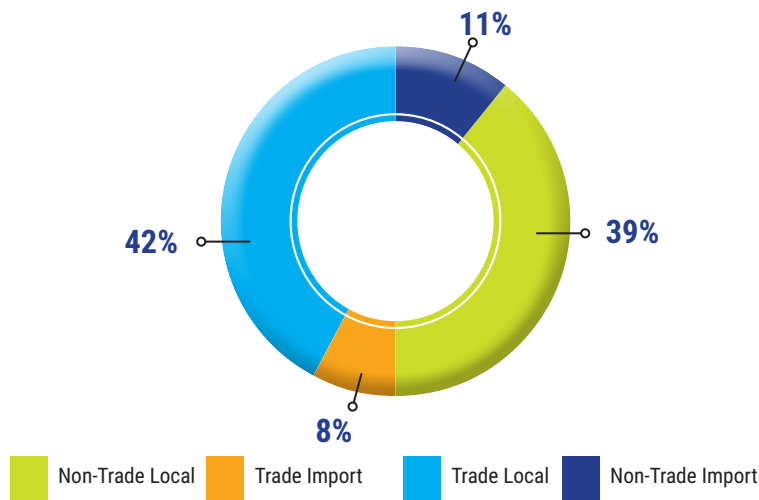
The quality of our products is safeguarded by regular quality control processes at our manufacturing operations. Our quality control ("QC") and quality assurance ("QA") teams play an important role in ensuring our products meet customers' requirements and consistently reflect the value we bring to our customers and consumers.

SUSTAINABILITY STATEMENT (CONT'D)

QUALITY PRODUCT AND EFFICIENT OPERATIONS (CONT'D)

Supply chain management

One of the key measures to safeguard our product quality is ensuring the quality of our input materials. We use uncontaminated, non-tinted glass as input materials, and we work together with selected suppliers to provide consistent supplies which meet our specifications. These supplies are largely industrial glass waste and through our purchases, we also play a part in enabling circular economy. As most of these purchases are from local industries, approximately 84% of our trade expenses are from local suppliers in FY2023. Overall, approximately 81% of our trade and non-trade expenses are procured from local suppliers.



PROTECTING THE ENVIRONMENT

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.

Every year, millions of tonnes of glass are thrown away. But with our eco-friendly insulation, we're turning that waste into something valuable. Reducing waste, saving energy, protecting the planet - that's what our insulation product is all about - Transforming waste into impact. We believe that this approach not only helps our business better reflect the world at large but that it is a powerful unifying force that can help us to accelerate a regenerative product system.

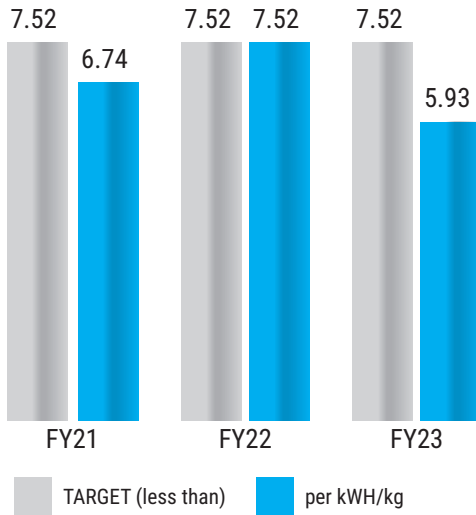


SUSTAINABILITY STATEMENT (CONT'D)

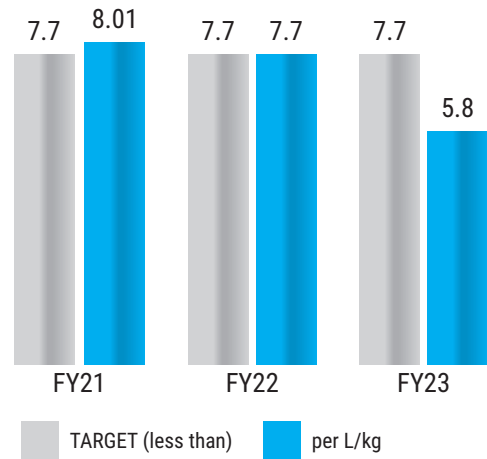
PROTECTING THE ENVIRONMENT (CONT'D)

PGF has also set itself a few environment-related goals which are linked to the sustainability and efficiency of our operations, driving operational efficiency, resource efficiency, and cost management. These efforts are in addition to environmental compliance which we view as fundamental and basic for our business. Our environment-related goals and their performance for FY2023 are as follows:

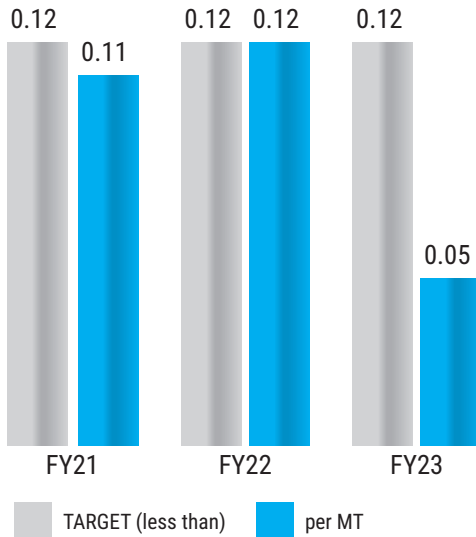
UNIT CONSUMPTION OF ENERGY



UNIT CONSUMPTION OF PORTABLE WATER



QUANTITY OF WASTE PRODUCT SEND TO LANDFILL



DESCRIPTION	TARGET	FY23
Compliance to emission of Sulphur Oxides (SOX)	< 800 mg/m ³	COMPLIED
Compliance to emission of Nitrous Oxides (NOX)	< 800 mg/m ³	COMPLIED
Compliance to emission of Total Particulate Matter (PM)	< 50 mg/m ³	COMPLIED

Resource and waste management

PGF's Manufacturing operations generate both hazards and non-hazardous waste. We have strict processes to ensure hazardous waste is managed and handled in accordance with the applicable environmental laws and regulations, including ensuring that they are managed by licensed contractors. On the other hand, hazardous waste mainly comprises reject fibres which cannot be further re-used.

We use water in our operations and offices. During the financial year under review, we consumed approximately 90,310m³ of water in our operations. Processes are currently being developed to further analyse water consumption in our operations.

SUSTAINABILITY STATEMENT (CONT'D)

PROTECTING THE ENVIRONMENT (CONT'D)

Input GREEN Output GREEN

Our manufacturing process uses industrial glass waste that would otherwise be disposed of at landfills as raw material, instead of silica sand. That also translates to lower use of energy for the melting process. Used glass wool can potentially be reused and it is an innovative practice to melt glass wool and turn it into new insulation products, reducing the need for virgin materials and the energy required to produce new insulation products.

Our insulation products are used in walls, roofs, and floors to prevent heat transfer between the interior and exterior of buildings. Insulation is installed to prevent heat loss or gain through these surfaces, in cold weather, insulation keeps the warmth inside the building, while in hot weather it prevents heat from entering. The reduced heat loss can lower energy bills and carbon emissions, reducing the likelihood of condensation, and can lead to a healthier indoor environment as well as preventing damage to building materials.

Managing and Reducing Chemical Substances in Packaging

Apart from our insulation products which are environmentally sustainable, we also place efforts in achieving sustainable packaging, in addition to their function to protect our products. Packaging waste management is an area of major concern for society. We are working toward a future where none of our packagings ends up in landfill or as litter in the environment.

Traditional packaging printing processes involve using a wide range of colours to create vibrant designs. However, this can lead to excessive waste of ink, as well as more energy consumption during the printing process. By minimizing the number of colours used in our packaging, we significantly reduce our environmental impact. Our insulation packaging only consists of two colours which will make it easier and more efficient to recycle, on top of reducing the amount of waste that ends up in landfills.



Energy and Emissions Management

Recognising the potential significance of effective energy management in business, whether for business cost management or to contribute towards responsible energy consumption and lower carbon emissions, we have begun to analyse our energy usage across our operations in the Manufacturing segment. Natural gas in our production, diesel used in our vehicles, and electricity purchased from TNB are the identified key sources of energy for the Manufacturing segment.

During the financial year under review, we consumed an estimated 334,935 GJ or 93,037,494 kWh of energy in our operations.

As we propel our sustainability efforts forward, we will continue to analyse our energy consumption and utilisation patterns to identify areas where we can make our energy use more efficient.

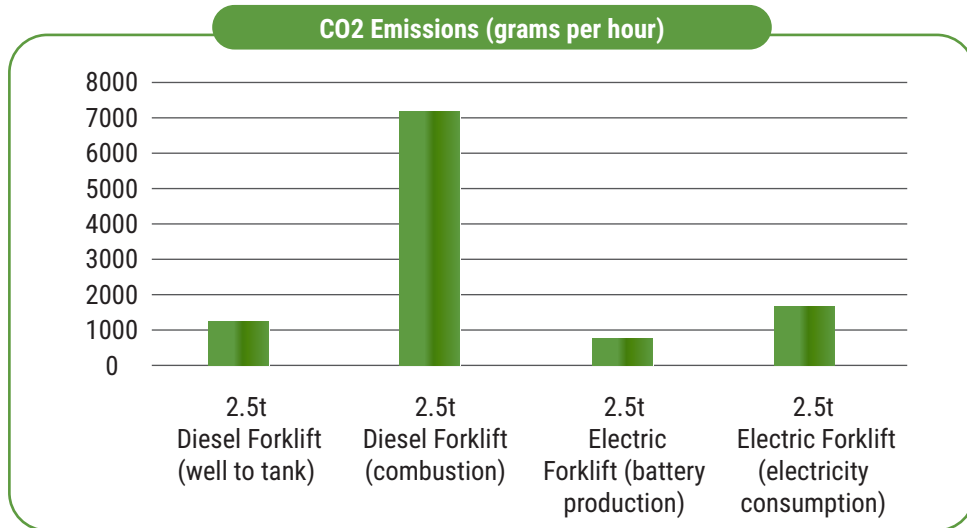
Emissions are usually higher in the production phase, GHG emissions of electric vehicles were about 17-30% lower than the emissions of petrol and diesel cars, pure electric cars produce no carbon dioxide emissions. With empowering our sustainable footprint, PGF is switching from gasoline-fuelled to electric-powered forklift which can reduce local levels of air pollution have less energy consumption and more environmentally friendly. Other key factors also include direct cost saving of around 80% per annum including lower maintenance cost reduced down times as well increased productivity.

SUSTAINABILITY STATEMENT (CONT'D)

PROTECTING THE ENVIRONMENT (CONT'D)

Energy and Emissions Management (cont'd)

Electric forklifts also bring other benefits including improved safety as they eliminate the risk of fuel leakage and the hazards associated with storing and handling flammable fuel, noise reduction and enabling a more comfortable indoor work environments and consistent power delivery throughout the operating cycle resulting in improved efficiency and productivity.

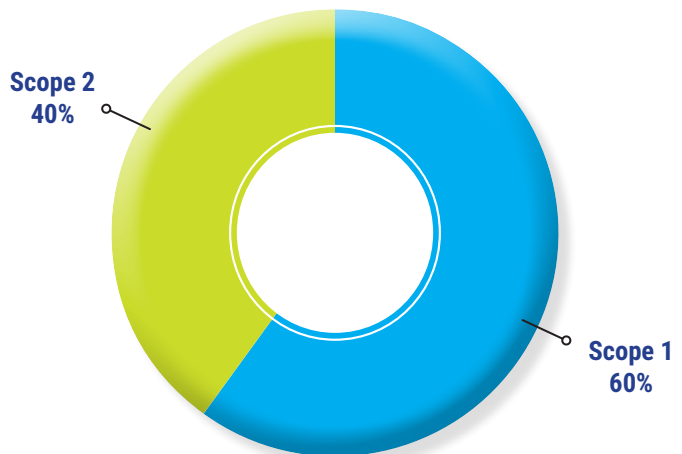


Source from Lithium Forklift



In our efforts to minimise our environmental footprint, we also estimate our impact in relation to greenhouse gas (“GHG”) emissions. For FY2023, we estimate our GHG emissions based on our energy sources, i.e. natural gas, diesel, and purchased electricity, which are also sources of our Scope 1 (Direct) and Scope 2 (Indirect) emissions for the Manufacturing segment, as follows:

GHG Emissions – Manufacturing Segment FY2023 (tCO2e)



Alongside our energy management efforts, we will continue to identify ways to enhance the emissions efficiency of our operations, towards a lower carbon footprint operation in the future.

SUSTAINABILITY STATEMENT (CONT'D)

PROTECTING THE ENVIRONMENT (CONT'D)

Renewable Power Generation

To enhance the use of more renewable energy in the manufacturing process of our products, we 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.

PGF commenced its first solar photovoltaic project in 2020 to install ground-mounted and rooftop solar systems to provide for own operational needs. The installation of solar panels is carried out in two phases – Phase 1 was completed in October 2020 with a cost of RM1.78 million; Phase 2 is expected to be completed by the end of Q4 2023 with a cost of RM3.43 million.

We have 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 the Sustainable Energy Development Authority (“SEDA”). The system for the first phase has a 574kWp capacity. As a result, we managed to save over RM443,000 worth in electricity consumption in FYE2023.

The second phase of the solar project will provide an additional 1,266 kWp capacity to the site with an estimated annual savings of RM830,000 worth in electricity consumption.



Solar Phase 2

With the commissioning of this project, the Group is expected to contribute to the reduction of the greenhouse gas emission by 760 tonnes of CO₂ per year, which is equivalent to 3,800 trees. In addition to a 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.

We are currently in the process of developing a process to collect data and analyse the impact of our energy management efficiency, including the contribution of our solar panel system and its impact on our overall energy and emissions footprint, which will be disclosed in further details in the annual report for the next financial year.

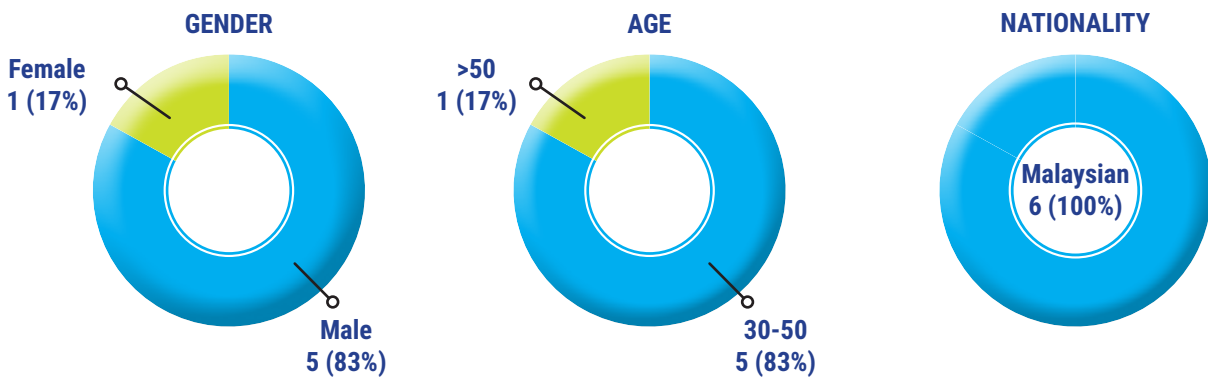
SUSTAINABILITY STATEMENT (CONT'D)

SAFEGUARDING OUR EMPLOYEES

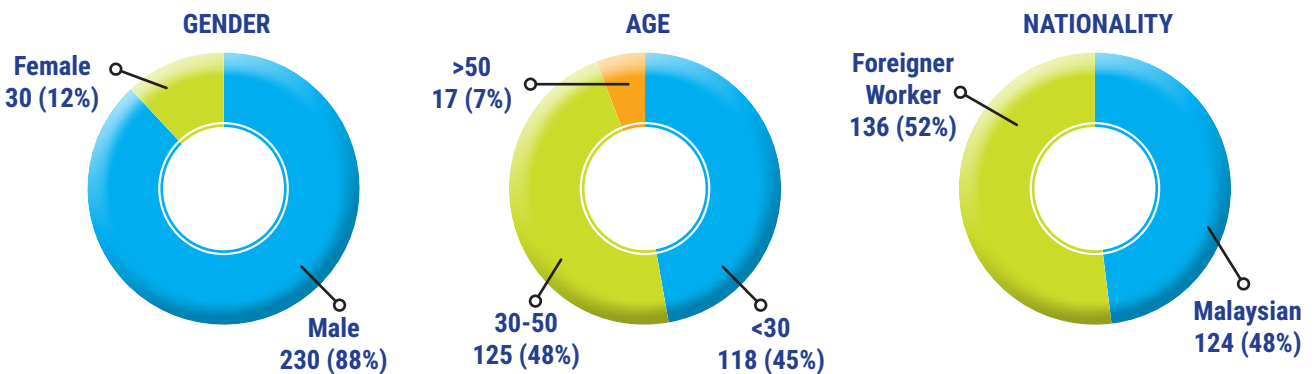
Workplace Diversity and Labour Practices and Standards

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. The breakdown of the Group’s employee demographics, including all business segments in Malaysia, is as follows.

DIRECTORS' DEMOGRAPHICS



WORKFORCE' DEMOGRAPHICS



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.

Health & Safety

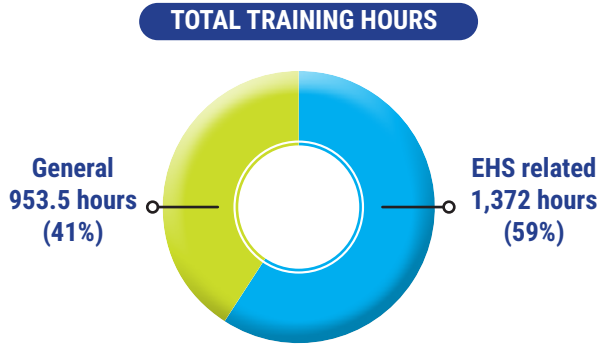
We prioritise the health and safety of our employees. As a manufacturer, we conduct high-risk and high-skilled work with machinery. Therefore, it is important for us to ensure the safety of our employees by equipping them with specific knowledge and safety awareness in operating within our facilities.

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 Manager and supported by employer and employee representatives. The committee evaluates and analyses the risks that can affect our employees and manage them responsibly.

SUSTAINABILITY STATEMENT (CONT'D)

SAFEGUARDING OUR EMPLOYEES (CONT'D)

Health & Safety (cont'd)

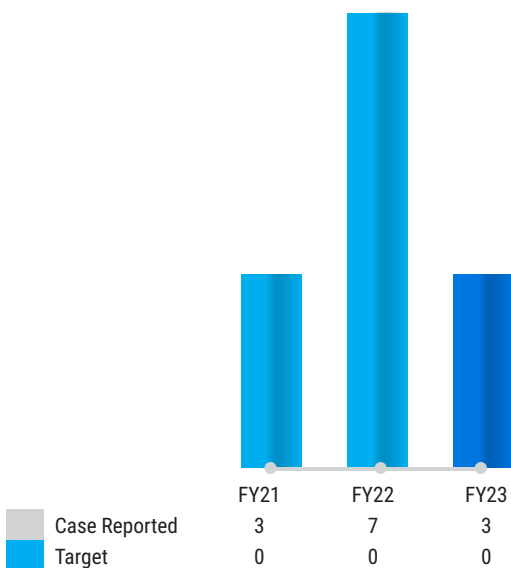


Multiple safety trainings were conducted throughout the year in FYE2023 such as **Safety Awareness, Occupational, Forklift, Safe Chemical Handling, and Fire Hazards Training**. The Group clocked in a total of 1,372 hours of EHS-related training during the year. New employees are provided with induction training on safety procedures while experienced personnel are required to attend refresher trainings. Topics covered during induction includes safety and health awareness at the 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 Plant Protective Equipment (“PPE”) such as safety helmets, ear plugs and muffs, safety shoes, safety glasses, masks, and gloves.

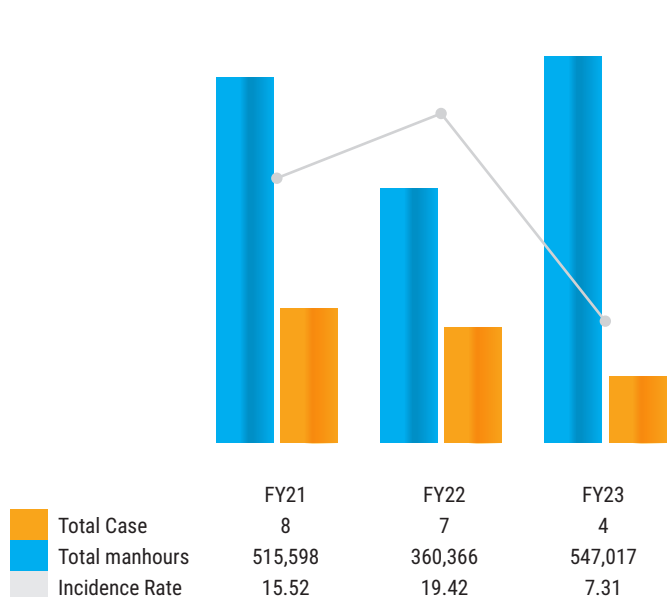
In June 2019, the Minister of Human Resource Malaysia introduced the Occupational Safety and Health (Noise Exposure) Regulations 2019. Since the introduction of this regulation, the Group had conducted two (2) internal noise risk check-up together with a noise hearing loss prevention training in FY23.

Safety data is a key indicator which we collect to monitor the safety performance of our operations. It is also part of our goals and key indicators we monitor every year. During the financial year, we reported 3 safety incidents which mainly involved mishandling of chemicals and injuries from working with machines, there were no fatalities recorded. Actions have been taken to prevent recurrence and to share the lessons learned across our operations, to raise safety and health awareness among employees.

MAJOR SAFETY INCIDENTS IN THE WORKPLACE



INCIDENCE RATE



SUSTAINABILITY STATEMENT (CONT'D)

SAFEGUARDING OUR EMPLOYEES (CONT'D)

Health & Safety (cont'd)

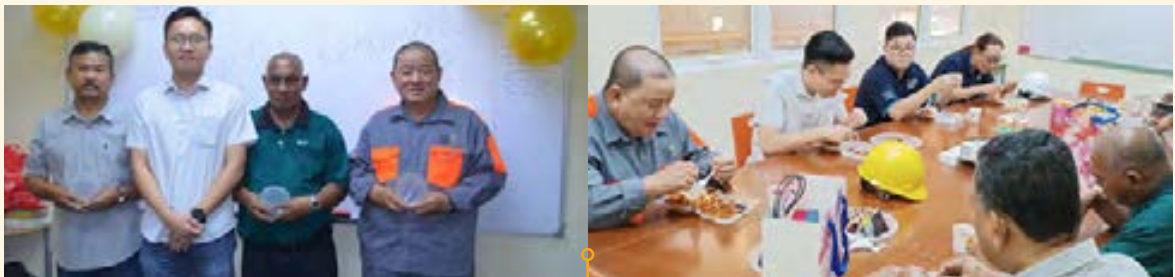
In FY2023, lost time incident rate was recorded at 7.31, which indicates and improvement from the previous year. However, there were still 3 major injuries in FY2023, and we are of the view that the occurrence of any incident is unacceptable. We believe that by executing our strategy devised to improve workplace safety, we will continue to improve our safety performance in line with our zero-harm vision.

Promoting conducive working environment and developing talents

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.

In our engagement with employees, we promote an inspiring, innovative, transparent and open work environment, where each employee is respected, has the liberty to engage, create and contribute, and always have the right to speak up. Therefore, everyone in the organization is encouraged to speak openly on any matter. Each employee is free to discuss any matter with his or her manager, and in order to ensure the continuous evolution of such work environments, can approach Human Resource with full confidentiality. There were no substantiated complaints concerning human rights violations during the financial year under review.

In FY2023, we continued to evolve and expand our employee engagement initiatives and health and well-being programs. These programs included communication campaigns aimed to address major health risks, to encourage healthy living and lifestyle among our employees. Amongst others, emphasis was placed on sufficient physical activities, active breaks, healthy eating habits, and taking care of mental health. In our day-to-day business activities, we also endeavour to provide a supportive and conducive working environment for the wellbeing of our employees.



Staff Retirement



Monthly Birthday Celebration

Raya Cookies Distribution

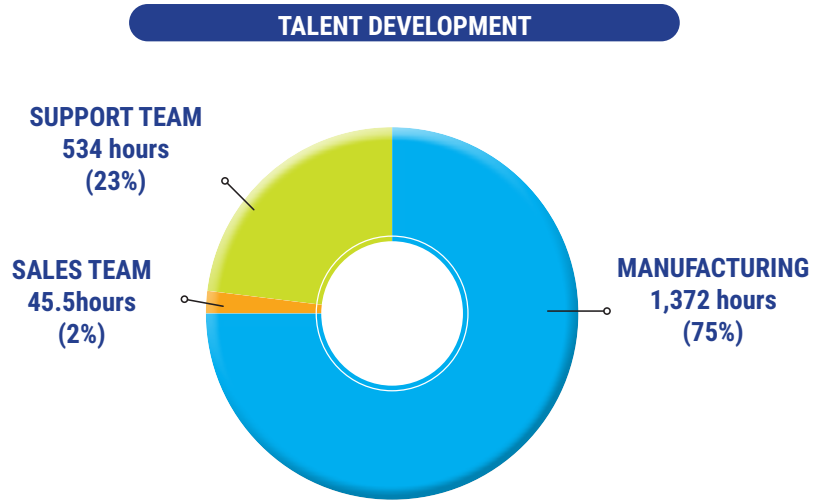
SUSTAINABILITY STATEMENT (CONT'D)

SAFEGUARDING OUR EMPLOYEES (CONT'D)

Promoting conducive working environment and developing talents (cont'd)

Talent development is also an important element to maintain the Group's human capitals and ensure there is a successive pipeline of required skills and talents to enable the ongoing leadership and sustainable management of the business. Employees are also provided with training on topics which are identified via the Group's annual employee performance appraisals, as well as the Group's training needs analysis.

During the financial year under review, the Group recorded a total of 2,325.5 training hours amongst its employees, translating to 13.7 training hours per person. The breakdown of the training hours attended based on the 3 main Division during FY2023 is as follows.



PGF also recognizes two employees each year to be the recipients of the Core Values Award that embodies the company's core values of accountability, excellence, agility, integrity, quality and unity. Employee recognition is a priority as it is through employee efforts and commitment that we are able to grow together as a leading glass mineral wool manufacturer in the South East Asia region.



Congratulations To Our Core Values Award 2022

Loganathan Nagaiah
FOR EMBODYING QUALITY, UNITY & EXCELLENCE

Shahidan Zulfika Bin Abdullah
FOR EMBODYING ACCOUNTABILITY & UNITY



SUSTAINABILITY STATEMENT (CONT'D)

CONTRIBUTING TO THE SOCIETY

Corporate Social Responsibility

PGF is committed to cultivating a healthy relationship with employees, shareholders, partners, customers, vendors, stakeholders and the communities. Community surrounding the business premises is one of the key foundations of our existence, success and survival. The community provides the market, human capital and a range of supporting services and activities crucial to our business growth and operations. Hence, we take every opportunity to build rapport with people in the communities around us. This includes developing our human capital, making a difference in the community and sustainable practices a way of life.

PGF was honoured to be a part of the initiative driven by The Housing and Local Government Ministry (“KPKT”) to implement Circular Economy Masterplan for solid waste, under the glass category. KPKT as the agency that champions the solid waste management issue in the country is looking at a comprehensive transformation solid waste management plan for the industry to transition from a linear economy to a circular economy ecosystem.

Pledging our support for a circular economy future, we proactively support the KPKT’s agenda in promoting sustainable cities and communities along with climate action through active participation in group discussions like these. This workshop allows agencies, industry players & other stakeholders like PGF Insulation to establish a common vision, understand the sector-specific pain points faced and to confirm the necessary change that will be serving as a guideline to all parties.



CONCLUSION

As the global and domestic economies emerge from the impacts of the pandemic and focus on ensuring business stability in the midst of rising global economic and geopolitical tensions, it remains to be a huge challenge for businesses to enhance all aspects of business sustainability. In many cases, businesses are required to make tough decisions and compromises in relation to the conflicting interest of stakeholders, cost versus benefits considerations, as well as the practicality and feasibility in the local business environment.

Guided by the Group’s sustainability directions, PGF will continue to relentlessly improve its business management and business sustainability, while balancing stakeholders’ interest and resource allocation, as well as the generation and offset of various capitals of our business. ongoing efforts will continue to be carried out to improve our sustainability management processes, and to enable holistic consideration of sustainability in long-term business success and value creation.