

SUSTAINABILITY STATEMENT



Poly Glass Fibre (M) Bhd (“the Company” or “PGF”) and its subsidiaries (“the Group”) recognize the importance of sustainability and its increasing impact on the business and is committed to creating a culture of sustainability with an emphasis on integrating the Economic, Environment and Social (“EES”) considerations in decision making. “Building sustainable communities” is the Group’s purpose.

The Group has committed to contribute toward achieving United Nation Sustainable Goals (“UN SDGs”) by 2030. With our strong commitment towards sustainable development, we have performed a review and evaluation on how our diverse businesses can contribute to UN SDGs and have since prioritized 6 UN SDGs that are considered most relevant to the Group and incorporated them into our Sustainability Framework.

- Economic** : UN SDGs -9 Industry, Innovation And Infrastructure;
UN SDGs -12 Responsible Consumption And Production
- Environmental** : UN SDGs -11 Sustainable Cities And Communities;
UN SDGs -13 Climate Action
- Social** : UN SDGs -3 Good Health And Well-Being;
UN SDGs -10 Reduced Inequalities

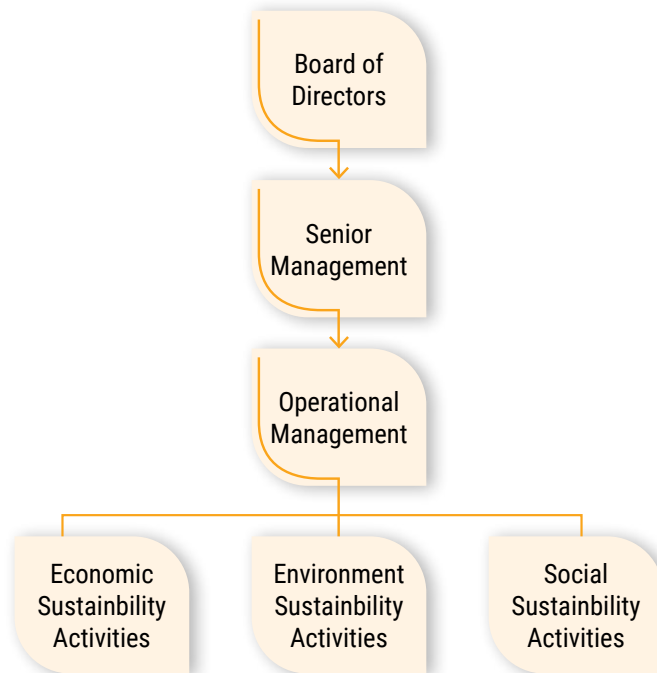


Source: United Nation Sustainable Development Goals (UNSDG) 17 goals

Board of Directors (“the Board”) is responsible for the Group’s sustainability agenda, practices, strategies and performance, supported by the Senior Management (“SM”), whose member’s compositions includes the Executive Chairman, the Chief Operation 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 monitoring the sustainability initiatives. The OM executes and implements the strategies on a day-to-day basis and reports their operational activities through several means such as monthly reports, project status reports, safety and health reports and others.

SUSTAINABILITY STATEMENT (CONT'D)



The scope of this Sustainability Statement encompasses the Company and its subsidiaries, mainly on glass wool manufacturing segment which contributed 97.16% of our Group revenue from 1 March 2020 to 28 February 2021. In the financial year ended 28 February 2021, SM and OM facilitated the identification of key sustainability matters that were deemed material. These sustainability matters were then assessed based on their relevance, importance to our business and stakeholders. All those matters were then compiled and mapped into a materiality matrix. A total of 10 key sustainability matters were identified and assessed based on its impact to our stakeholders and to the business are as shown below:

Influence on Stakeholders Assessment & Decisions	Significant			9	2, 7	
	Moderate		8	1, 4, 6	3, 5	
	Low		10			
		Insignificant	Minor	Moderate	Major	Significant
		Significant of EES Impact to Business				

- 1 Innovation
- 2 Products quality and responsibility
- 3 Economic Performance
- 4 Economic Contribution to Society
- 5 Environmental Compliance

- 6 Emissions and Energy Management
- 7 Depleting and Recycled Resources
- 8 Employee Management
- 9 Safety, Health and Well-being
- 10 Training and Community

SUSTAINABILITY STATEMENT (CONT'D)



Economic Sustainability

**UN SGDs -9 Industry, Innovation And Infrastructure;
UN SGDs -12 Responsible Consumption And Production**

Innovation

The product that the Company manufacture provide thermal and acoustic insulation benefits. In Malaysia, over 30% of energy is consumed by buildings to cool down human occupied spaces. Ecowool, or generally known as glasswool/fibre glass, can retard heat flow when installed on building envelopes and thereby reducing the need to use energy. Through sustainable manufacturing practices, the Company strives to develop and bring to market products and solutions in supporting the construction sector to deliver a low energy and sustainable built environment.

Another common application of Ecowool is 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 are used as a medium to transfer cool air from chiller or compressors to 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 this heat gain and helps minimize energy usage.

Products quality and responsibility

Fibre glass is made of primarily silica, an inorganic substance that can only melt but does not combust/ burn. The product can pass BS 476: Part 4 (Non-combustibility test for materials), a widely used fire testing standard for building material. No fire-retardant chemical is added to the product. This is crucial in the face of increasing use of insulation materials that do not pass fire safety standards that led to unfortunate fire incidents like the Employee Provident Fund building fire in Petaling Jaya, Toh Guan Building in Singapore and Grenfell Tower in London.



On top of that, fiber glass can last as long as the life of a property when installed according to recommended method and maintained well. That is why the Company is offering a product warranty of 70 years. Please visit www.ecowool.com.my for more information.

Economic Performance

PGF sells its products in several countries in the Asia-Pacific region. The Company is committed to ensuring the compliance to local product standards and building codes of the countries that we sell to. The Company obtained and continued to renew local product certifications of Malaysia (MS1020), Australia (AS/NZS 4859.1), New Zealand (AS/NZS 4859.1), where fibre glass product standards exist. Where fibre glass product standard does not exist locally, the Company strives to obtain industry recognized standards or test reports (mainly in British and American Standards) to demonstrate the product quality and performance.

SUSTAINABILITY STATEMENT (CONT'D)

Economic Sustainability (cont'd)

Economic Performance (cont'd)

In 2013, the Company stepped up its effort in providing sustainable product by launching its formaldehyde free range of product under the model of Brownie. With that product offering, the Company stands tall together with the other leading fibre glass manufacturing plants around the world in embracing the growing demand for sustainable insulation solution. For more information on Brownie, please visit <http://www.ecowool.com.my/brownie.aspx>.

Economic Contribution to Society

On the national level, the Company supports the nation's energy efficiency agenda through educating policy makers and general public on the need for better passive insulation of Malaysian buildings. The Company, either individually or through the Malaysian Insulation Manufacturers Group under the Federation of Malaysian Manufacturers (FMM), contributes actively towards this end. An annual budget of MYR 100,000 is allocated every year to this end. The Group has also provided free insulation to non-profit organization to improve occupants comfort and raise awareness of energy efficiency. However, no application came in for current financial year due to COVID-19 pandemic. We are welcoming any application in new financial year.

Environmental Sustainability

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

Environmental Compliance; Emissions and Energy Management

The Company continues to improve on energy efficiency and invest in renewable energy. The two main sources of energy that our manufacturing plant utilize are natural gas and electricity drawn from the grid. The Company acknowledges the environmental impact in consuming energy and makes conscious effort to reduce non-renewable energy consumption.

The Company has identified that solar power is the best mode to reduce its consumption of non-renewable energy as Penang has one of the highest solar irradiance in Malaysia. Installation of solar panels will be done in two phases on our buildings in Perai, Penang. Phase 1 of the 574 kWp capacity solar power project has been successfully commissioned on the 12th October 2020 with a cost of RM1.78 million. The solar power project brought a total savings in electricity equivalent to MYR 119,000.00 in the last 4.5 month of FY2021. Phase 2 of the solar power project will commence in FY2022.



SUSTAINABILITY STATEMENT (CONT'D)



Environmental Sustainability (cont'd)

Depleting and Recycled Resources

The Company has started recycling effort through collection of industrial glass waste to use as raw material. These glass waste would otherwise be sent to landfill. Use of recycled glass instead of silica sand also translates to lower use of energy to melt same quantity of silica sand. In FY2020, 100% of silica content is drawn out of recycled glass.

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

Metrics	FY18 Index	FY19 Index	FY20 Index	FY21 Index
Quantity of waste products send to landfill per MT of Good Product Output (MT/MT)	100	71	67	73
Unit Consumption of Energy per kg Good Product Output (kWH/kg)	100	84	89	87
Unit Consumption of potable water in Liter per kg of Good Product Output (L/kg)	100	111	104	152

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

One of the factors that contributed to the increase of potable water unit consumption per good product output index in FYE21 was the rigorous research and development efforts conducted by the team. The R&D objectives were focusing on developing new and superior quality products. Potable water was used to clean off the binder residue on the process equipment after multiple sessions of plant trials before resume normal plant production. The Company will continue monitoring the consumption of portable water to improve this index in the new financial year.

The Company monitors the emission created by the manufacturing process every year and below are the metrics as per requirements by Malaysian Department of Environment.

Emission	Limit set by DOE	FY19 Results	FY20 Results	FY21 Results
Sulphur Oxides (SOX)	< 800 mg/m ³	Met	Met	Met
Nitrous Oxides (NOX)	< 800 mg/m ³	Met	Met	Met
Total Particulate Matters	< 50 mg/m ³	Met	Met	Met

Within the working environment, in the face of growing demand for energy and depleting natural resources, employees are encouraged to reduce the use of paper, recycle any recyclable items and reduce wastages.

Social Sustainability

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

Employee Management; Training and Community

The Group acknowledges that human capital is the most valuable asset. The Group is committed to ensuring the dignity and rights of our workers are respected in line with the Malaysian Labour Law and the United Nations' guiding principles on human rights. We are committed to ensure equal opportunity for career advancement according to performance, competency and experience. We continue to focus on recruiting and developing our talent pool to support the business sustainability and growth. As such, training programs are provided to upgrade the competency, skills sets, knowledge and technical expertise of the employees.

SUSTAINABILITY STATEMENT (CONT'D)

Social Sustainability (cont'd)

Safety, Health and Well-being

Safety is crucial in any manufacturing plant. The same applies to the Company. All personnel on production lines are provided with adequate protective equipment. New workers are given training on safety procedures in general and specifically on their workstations. Refresher trainings are also provided for experienced personnel. In FY21, a total of 19 safety trainings were conducted related to fire fighting, ergonomics and noise exposure, chemical handling and forklift driving. However, despite the effort, three safety incidents in the glass wool manufacturing plant were reported in FY21. The Company will continue to put the necessary measures in place to achieve our target of zero safety incident in the plant.



In order to fight against the COVID-19 pandemic in the work place, we have adopted various precautionary measures to protect the well-being of our employees:

- Temperature scanning is conducted for all employees and visitors at entry point of our working premises.
- Face masks are provided to the employees and hand-sanitizers are available at various locations around our work premises.
- Infection prevention initiatives have been taken to disinfect the workplace and ensure good ventilation in the work premises.
- Encourage the practice of good personal hygiene, such as washing hands frequently with soap and water, and keeping physical distancing of at least 1 meter in all daily work activities.
- All meetings more than 2 persons had been held via virtual platform such as Google Meet



One of our financial goals is to focus on delivering a sustainable performance to enhance our shareholders' value. Nevertheless, we are committed to strive for environmental and social sustainability when pursuing economic gains. Moving forward, we will continue to integrate sustainability practices in our day-to-day processes more prominently and intensify our efforts at expanding our sustainability framework and measures to cover the Group's all segments' activities.