



SKYWORLD DEVELOPMENT BERHAD

**GROUP SUSTAINABILITY
& CLIMATE CHANGE POLICY**

18 July 2024

1.0 INTRODUCTION

SkyWorld Development Berhad's ("**SkyWorld**" or the "**Group**") Sustainability and Climate Change Policy ("**Policy**") reflects our steadfast dedication to conducting our operations responsibly. This is based on the principle of mutually shared value creation that contributes positive impacts to the society and environment, while simultaneously enhancing SkyWorld's operational and financial sustainability as a property developer.

This Policy aims to comprehensively integrate economic, environmental, social and governance ("**EESG**") considerations together with a continued focus on achieving our business objectives. We comply with all applicable laws across our operations and strive to minimise risks and impacts through the development and implementation of robust systems, processes and abilities in ensuring that our commitments are kept.

As our sustainability journey progresses, we recognise the growing importance of identifying and addressing EESG concerns on a broader scale, particularly climate change risks. We aim to align our EESG strategies and goals with both national and global commitments to ensure impactful contributions towards holistic sustainability.

2.0 OBJECTIVES OF POLICY

This Policy aims to achieve the following objectives:

- a. To serve as the foundation for the development of a Group-wide sustainability framework, as well as the scope and boundary for sustainability within SkyWorld.
- b. To integrate sustainability principles and responsibilities into the governance agenda and framework of SkyWorld, including the incorporation of EESG considerations into SkyWorld's operations in the property and construction sectors and investment decisions.
- c. To facilitate the involvement, cooperation and oversight of SkyWorld's Board of Directors, Sustainability Management Committee and Sustainability Working Committee in implementing the Policy, managing all identified material EESG topics, as well as setting and monitoring EESG key performance indicators ("**KPIs**") performance targets.
- d. To lay the foundation for the development and enhancement of other sustainability-related policies such as Occupational Health and Safety, Supply Chain and Human Rights policies.

- e. To communicate our expectations and commitments for the identified material EESG topics to all internal and external stakeholders and cascade the Group's sustainability commitments to our supply chain.
- f. To ensure effective monitoring and mitigation of adverse EESG risks and impacts arising directly and indirectly from the Group's operations.
- g. To demonstrate support for the Sustainable Development Agenda 2030 established by the United Nations ("UN") through the adoption of applicable United Nations Sustainable Development Goals ("UNSDGs").
- h. To support the Malaysian government's target of achieving net zero carbon emissions by the year 2050 as outlined in the National Policy on Climate Change, the Twelfth Malaysia Plan and the National Energy Transition Roadmap.

3.0 SCOPE OF POLICY

- 3.1 This Policy is applicable to SkyWorld's businesses in all countries in which the Group has business activities.
- 3.2 This Policy applies to:
 - a. SkyWorld's Directors and employees, including permanent, temporary, full-time, part-time, probationary, and contract staff, as well as trainees and interns.
 - b. Business entities, including subsidiaries, joint ventures and other companies, that fall under the Group's management purview or equitization control.
 - c. Third parties engaged to provide a product or service for or on behalf of the Group or its subsidiaries, including suppliers, vendors, contractors, consultants, business partners, distributors, agents, licensees, manufacturers, and sub-contractors.
- 3.3 Other external stakeholders who do not fall within the scope of Paragraph 3.2 above, such as customers, regulators, financiers, investors, shareholders, media, special interest groups, NGOs, and local communities, are advised to adhere to this Policy for all activities involving the Group.
- 3.4 This Policy should be read in conjunction with other policies, codes, charters, terms of reference, and other governance instruments enacted by the Group, which can be found at <https://www.skyworldgroup.com.my/investor-relations>.

4.0 SUSTAINABILITY FRAMEWORK



VISION

Always Best City Developer (ABCD)

We aim to further strengthen our positioning in the property industry and lead the Group to be at the forefront

PURPOSE

Making Living Better

Staying true to our brand promise 'You Can Now Own a Quality Home and Living' by nurturing a lifelong commitment to excellence in a sustainable ecosystem for current and future generations

CORE VALUES

Let's Talk

We value open and honest dialogue to foster collaboration, understanding and effective problem-solving





Dare To Lead

We embrace innovation, empower people to take initiative and cultivate a culture that encourages creative thinking and decision-making

Get It Done

We value a proactive mindset, accountability and strong work ethic

MATERIAL MATTERS

| | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p>ECONOMIC</p> <ul style="list-style-type: none"> Product Quality and Customer Satisfaction Economic Performance Innovation and Technology Local Procurement |  <p>ENVIRONMENTAL</p> <ul style="list-style-type: none"> Climate Change Energy & Emissions Management Water Consumption Waste Management Resource Consumption Biodiversity Landbank |  <p>SOCIAL</p> <ul style="list-style-type: none"> Occupational Health and Safety Human and Labour Rights Diversity and Equality Talent Management Local Communities |  <p>GOVERNANCE</p> <ul style="list-style-type: none"> Corporate Governance and Anti-Corruption Risk Management Regulatory Compliance Supply Chain Governance Data Privacy and Security |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

STRATEGIC ENABLERS

| | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| <p>LEADERSHIP AND GOVERNANCE</p> <p>Foster ethical management practices to enhance effective governance within the organisation</p> | <p>ORGANISATIONAL CULTURE</p> <p>Encourage responsibility, accountability and sustainability across all business operations</p> | <p>PERFORMANCE-DRIVEN KPIS AND TARGETS</p> <p>Improve performance, compliance and business achievements via data-supported performance goals and targets</p> | <p>STAKEHOLDER ENGAGEMENT</p> <p>Promote collaboration between the company with pertinent stakeholders and local communities</p> |
|--------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|



VALUED STAKEHOLDERS

Customers | Shareowners | Business Associates | Employees | Communities | Media | Government & Regulatory Authorities

5.0 KEY ROLES AND RESPONSIBILITIES

5.1 Group Sustainability Structure

The Group recognises that good corporate governance and transparency are essential to driving responsible and sustainable growth. The Group has put in place a clear governance structure, with the tone set from the top, to ensure that all sustainability measures and efforts can be carried out effectively as shown below:

| Roles | Responsibilities | Composition |
|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Board of Directors | <ul style="list-style-type: none"> • Holds ultimate accountability and maintains strategic oversight on all sustainability, ESG and climate-related risks, strategies, policies, priorities, and targets. • Integrates sustainability, ESG, and climate-related risks into the company's risk management framework and evaluates its effectiveness. | Executive and Non-Executive Directors |
|  | | |
| Sustainability Management Committee | <ul style="list-style-type: none"> • Supports the CEO in its risk and sustainability management function • Driving ESG implementation in the respective departments. • Developing ESG related strategies and targets. • Allocating the necessary resources to achieve the desired outcomes. • Evaluates progress on the implementation of ESG goals, targets and initiatives. | CEO and Head of Function relevant to ESG matter (i.e. Product, Operation, Finance, Talent, Brand Communication and Customer Advocacy) |
|  | | |
| Sustainability Working Committee | <ul style="list-style-type: none"> • Day-to-day operationalisation of ESG initiatives. • Drive ESG implementation in their respective functions. • Gathers ESG performance data. | Managers and Executive Staff of Functions relevant to ESG matter |

6.0 SUSTAINABILITY PRIORITIES

In pursuit of sustainability, SkyWorld is committed to the following:

6.1 Economic

SkyWorld's economic sustainability emphasises responsible financial management of our capitals and assets to generate positive values, both directly and indirectly, for the organisation and our stakeholders. This entails careful consideration of the economic impacts, risks and opportunities associated with the Group's business

activities and operations to ensure business continuity. Our sustainability commitments in the economic sphere includes:

- a. **Product Quality and Customer Satisfaction:** Deliver high-quality products that meet and exceed customer expectations and build long-lasting relationships with our customers based on trust, reliability, and excellence to ensure customer satisfaction.
- b. **Economic Performance:** Achieve robust economic performance that supports business growth and deliver economic value for all stakeholders through prudent management, strategic investments, and operational efficiency.
- c. **Innovation and Technology:** Foster a culture of innovation, invest in cutting-edge technologies, and improve processes and products to enhance the Group's competitive edge and drive business success.
- d. **Local Procurement and Supply Chain:** Support local economies through fair and ethical procurement practices that prioritise sourcing from local suppliers.

6.2 Environmental

SkyWorld takes very seriously our commitment to minimising our carbon footprint at all our construction sites and facilities. We aim to incorporate mindful business strategies and green practices through various measures Groupwide, with emphasis on the commitments listed below.

- a. **Climate Change:** Address climate change through proactive identification of risks and opportunities, and implementing strategies and initiatives that mitigate associated risks, support climate action, avoid emissions, and contribute to global climate goals.
- b. **Energy and Emissions Management:** Improve energy efficiency, reduce greenhouse gas emissions, and adopt cleaner energy source to minimise our carbon footprint while continuously exploring innovative solutions to improve our energy performance.
- c. **Water Consumption:** Promote efficient water consumption in the Group's operations and incorporate water-saving features and water management strategies at all developments to reduce water use and enhance water consumption efficiency.

- d. **Waste Management:** Manage was effectively by implementing comprehensive waste reduction strategies that encompass not only waste minimisation measures but also pre-emptive actions during the design and construction phases of developments to enhance resource consumption efficiency and minimise waste generation.
- e. **Resource Consumption:** Ensure resource efficiency starting from the design phase, emphasising green building designs that minimise the utilisation of materials and incorporate a higher proportion of sustainable and environmentally friendly building materials.
- f. **Biodiversity:** Minimise, reduce or avoid our impact on natural ecosystems by carrying out biodiversity risk assessments and integrating biodiversity considerations into our project planning and operations to preserve, protect and restore flora and fauna diversity in the areas we operate.
- g. **Landbank:** Ensure strategic selection of landbanks for future developments that takes into consideration climate-related risks and the Group's potential ecological impacts on its surroundings.
- h. **Pollution Prevention:** Enforce stringent environmental management practices to reduce and avoid the risk of environmental pollution, particularly in terms of air quality, water run-off and soil contamination.

6.3 Social

SkyWorld is firmly committed to ensuring that all our employees and workers thrive in a safe and healthy working environment. On a broader scale, the Group is also committed to contributing to the wellbeing of the society it serves through active involvement in Corporate Social Responsibility ("**CSR**") activities. In achieving these goals, the Group commits to:

- a. **Occupational Health and Safety:** Continuously improve and reduce health and safety risks for all employees, workers, contractors and other external stakeholders via efforts to prevent work-related illnesses, injuries and fatalities, provide safety training, and empower safety committees and personnel to manage health and safety risks and concerns.
- b. **Human and Labour Rights:** Uphold and promote fair labour practices beyond compliance with local laws to ensure alignment with the International Bill of

Human Rights and UN Guiding Principles on Business and Human Rights, including support for:

- Prevention of child labour and forced labour
 - Right to freedom of association and collective bargaining
 - Elimination of excessive working hours
 - Right to a minimum or living wage
 - Children’s Rights and Business Principles
 - Employment of under-privileged groups, including those from deprived backgrounds, having poor social status, and with no formal education or qualifications
 - Providing remedy to affected parties where it has been identified that SkyWorld has caused or contributed to human rights impacts
- c. **Diversity and Equality:** Creating a diverse, inclusive and harassment-free workplace, where every employee has an equal opportunity to succeed regardless of their age, gender, race, religion, disability or nationality.
- d. **Talent Management:** Foster a supportive and growth-oriented environment for our employees through continuous professional development, inclusive practices, and a commitment to personal and career advancement.
- e. **Local Communities:** Enhance the well-being of local communities by investing in infrastructure, supporting underprivileged groups, and fostering sustainable community development through active engagement and social responsibility initiatives.

6.4 Governance

SkyWorld strives to ensure that all our practices, protocols and policies uphold the values of good governance, focusing on these key commitments:

- a. **Corporate Governance and Anti-Corruption:** Uphold the highest standards of corporate governance and anti-corruption by fostering a culture of transparency, integrity, and accountability, implementing robust policies, and ensuring strict compliance with all relevant laws and regulations.
- b. **Risk Management:** Manage risks proactively through comprehensive frameworks and continuous monitoring, ensuring the identification, assessment, and

mitigation of potential risks to safeguard the company's operations and stakeholder interests.

- c. **Regulatory Compliance:** Ensure compliance with all applicable laws and regulations by implementing clear policies, rigorous monitoring, and regular audits to uphold legal and ethical standards in all aspects of its business.
- d. **Supply Chain Management:** Ensure responsible supply chain governance by promoting ethical practices, ensuring compliance with environmental and social standards, and fostering transparent relationships with suppliers to achieve sustainable procurement.
- e. **Data Privacy and Security:** Prioritise data privacy and security by implementing robust safeguards, adhering to stringent data protection regulations, and ensuring the confidentiality and integrity of all stakeholder information.

7.0 CLIMATE CHANGE COMMITMENTS

7.1 Climate Action Pledge

SkyWorld recognises climate change as a significant risk and opportunity for our business. We are committed to minimising our impact on climate change, focusing on reducing greenhouse gas (“**GHG**”) emissions generated by our operations and improving energy and other resource consumption efficiency.

Additionally, SkyWorld supports global and local climate change mitigation efforts, including the Paris Agreement, Kyoto Protocol, and Malaysia's Nationally Determined Contribution (“**NDC**”) to the United Nations Framework Convention on Climate Change (“**UNFCC**”).

In supporting Malaysia's Net Zero aspirations, SkyWorld is also committed to establishing and implementing the Group's transition plan towards a low-carbon economy in alignment with the National Energy Transition Roadmap (“**NETR**”), the Low Carbon Cities Framework (“**LCCF**”), and the National Low Carbon Cities Masterplan.

7.2 Climate Governance

The Board is responsible for the governance of climate-related risks and opportunities, ensuring the Group remains resilient and capable of delivering long-term value to its stakeholders.

The Chief Executive Officer (“**CEO**”), who also serves on the Board, is tasked with leading the strategic management of the Group’s sustainability and climate-related matters, integrating these priorities into daily operations.

The Board and Management of SkyWorld are responsible for setting the company's climate-related strategies, policies, priorities, and targets, and have committed to aligning the achievement of climate-related.

7.3 Climate Adaptation Commitments

SkyWorld is committed to enhancing our resilience to the impacts of climate change through the following adaptation measures:

- 7.3.1 Identifying and assessing the effects of short-, medium-, and long-term climate risks and opportunities on SkyWorld’s operations periodically.
- 7.3.2 Ensuring the effective integration of climate-related risks into the Company's risk management framework and risk register, including evaluating the effectiveness of the risk management framework in the governance of the identified risks.
- 7.3.3 Ensuring the necessary resources are in place for the Group to manage its sustainability and climate-related risks, opportunities, and initiatives in an effective and efficient manner.
- 7.3.4 Conducting training programmes for employees and internal stakeholders to expand knowledge and competencies in managing climate change risks and impacts.
- 7.3.5 Reporting climate disclosures in alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures (“**TCFD**”) and the International Sustainability Standards Board (“**ISSB**”)’s IFRS S2 *Climate-related Disclosure* frameworks, including disclosure of our greenhouse gas

emissions, climate action advocacy efforts and the adaptation and mitigation measures taken, in our annual sustainability report.

7.4 Climate Mitigation Commitments

SkyWorld is dedicated to mitigating our environmental impact through proactive measures to reduce greenhouse gas emissions, committing to:

- 7.4.1 Implementing energy-efficient solutions and smart resource management in our operations and property developments.
- 7.4.2 Adopting a circular economy model through efficient waste management, recycling, and reduction of waste sent to landfills.
- 7.4.3 Avoiding the utilisation of land that is rich in conservation value, including wildlife habitats, primary forest reserves, and peat land.
- 7.4.4 Supporting the development of robust public policies and regulations that drive climate change mitigation, including participating in public policy discussions and providing constructive feedback to regulators.
- 7.4.5 Ensuring consistency between our climate change policy and the positions of trade associations of which we are members, and responding appropriately in instances where the trade association position is significantly weaker than or contradicts that of the Company.

8.0 COMMUNICATION OF POLICY

SkyWorld will communicate this Policy to all relevant stakeholders, including Directors, employees, subsidiaries, and suppliers, through various channels such as townhall meetings, employee orientation sessions, internal training, and email to ensure their understanding and adherence with its requirements.

The Policy will be made available on SkyWorld's website at :

<https://skyworldgroup.com.my/investor-relations>

9.0 REVIEW AND APPROVAL

As the custodian of this Policy, the Sustainability Management Committee of SkyWorld will review this Policy once every two (2) years and update it whenever deemed necessary to ensure alignment with the latest EESG and climate-related regulatory requirements, industry standards and adopted practices.

This Policy received Board approval on 18 July 2024.

=== THE END ===