

PAVILION

REAL ESTATE INVESTMENT TRUST

*Managed by
Pavilion REIT Management Sdn Bhd*

SUSTAINABILITY POLICY

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1 Introduction

Pavilion REIT Management Sdn Bhd (“**PRMSB**” or the “**Company**” or “**Manager**”), the management company of Pavilion Real Estate Investment Trust (“**Pavilion REIT**”) is committed to delivering long-term values to its unitholders and is dedicated to integrating sustainability into all aspects of its business.

This Policy outlines Pavilion REIT’s framework for responsible environmental, social and governance (“**ESG**”) practices as well as covering climate-related aspects, ensuring long-term value for stakeholders and communities.

The Sustainability Committee (“**SC**”) is a committee of the Board of Directors (“**Board**”) established to assist the Board in fulfilling its oversight responsibilities in relation to Pavilion REIT’s sustainability strategy and initiatives covering environmental, social and economic aspect as well as embedding sustainability practices into Pavilion REIT properties.

2 Purpose

This Policy serves as a roadmap for integrating sustainability into all aspect of Pavilion REIT’s business. It aims to:

- Provide clear direction for employees and stakeholders about Pavilion REIT’s commitment to sustainability and its strategic direction.
- Embed sustainability principles into all aspects of Pavilion REIT’s operations.
- Create Pavilions that bring communities together and contribute to a vibrant and inclusive society.

3 Applicability

This Policy applies to all directors, employees and activities in all assets owned by Pavilion REIT. This shall also apply all business partners and relevant stakeholders when transacting with or for and on behalf of Pavilion REIT.

4 Policy Statement

Pavilion REIT is committed to ESG principles and is dedicated to integrating sustainability into all aspects of its business. This sustainability framework outlines the Manager's approach to ESG and sets out its goals and objectives for sustainable development.

Pavilion REIT's sustainability framework is underpinned by Pavilion REIT's Core Values:

- **EXCELLENCE**
Strive to achieve Vision, Mission and Investment Strategies
- **INTEGRITY & COMPLIANCE**
Uphold high levels of personal and professional value, with compliance to laws, policies and procedures.
- **RESPECT & RESPONSIBILITY**
Respect all individuals and stakeholders, both internally and externally, through responsibility stewardship.
- **HEALTH AND SAFETY**
Prioritise the health and safety of employees, tenants and customers by adhering to the best environmental, safety & health standards.
- **EQUITY & INCLUSION**
All individuals including employees to be treated fairly with equal opportunity.

Pavilion REIT's sustainability framework is based on the following six key pillars:

- **INVESTING STRATEGICALLY**
Grow Pavilion REIT's portfolio with long-term value creation and future-proofed solutions.
- **MAINTAINING GOOD GOVERNANCE**
Maintain strong corporate governance practices that uphold transparency and accountability.
- **PRACTICING RESPONSIBLE ENVIRONMENT STEWARDSHIP**
Minimise environmental footprint through responsible resource management, carbon reduction, and biodiversity protection.
- **ACCLAIMING TRUSTED BRAND REPUTATION**
Cultivate a positive brand image through ethical sourcing, responsible supply chains, and community engagement.

- **CARING FOR LOCAL COMMUNITY**

Actively contribute to the well-being of surrounding communities through social responsibility initiatives and employee volunteerism.

- **TRANSFORMING TALENT MANAGEMENT**

Invest in people, fostering a diverse and inclusive workplace that empowers personal and professional growth.

Long-Term Growth and Responsible Business

Pavilion REIT is committed to sustainable and responsible growth. The Manager aims to continuously expand its portfolio while maintaining a long-term perspective. This means conducting profitable and sound business today without sacrificing future opportunities. The Manager strive to be a responsible corporate citizen, taking ownership not only of its asset management activities but also of their broader impact on people, the environment, and society.

Stakeholder Engagement and Risk Management

To understand how Pavilion REIT's operations influence the business environment and stakeholder expectations, Pavilion REIT actively engages with stakeholders through structured channels. This engagement allows us to identify, analyse, and manage their expectations while recognizing opportunities and potential risks inherent in its operations. The findings from these engagements are presented to the Sustainability Committees for informed decision-making.

Protecting and Enhancing Biodiversity

Pavilion REIT is committed to protecting and enhancing biodiversity throughout its portfolio. The Manager recognise the intrinsic value of biodiversity and its critical role in supporting healthy ecosystems and communities. Pavilion REIT aspires to minimise harm on the local natural environment, where possible together with its stakeholders.

5 Focus Areas

ECONOMIC

- Strive to generate shared prosperity for communities and stakeholders.

ENVIRONMENTAL

- Minimize environmental impact through resource efficiency, carbon footprint reduction, and biodiversity conservation.
- Comply with environmental regulations and promote responsible sourcing.
- Consider the potential impact to natural ecosystems and biodiversity through ongoing assessments and management of Pavilion REIT's properties.

SOCIAL

- Foster a safe, inclusive, and equitable workplace for all employees.
- Contribute to the well-being of surrounding communities through social responsibility programs.
- Empower workforce by supporting their personal and professional growth.

GOVERNANCE

- Maintain the highest standards of ethical conduct and corporate governance.
- Ensure compliance with all applicable laws and regulations.
- Engage in open, transparent, and accountable communication with stakeholders.

6 Sustainability Governance Structure

BOARD OF DIRECTORS (BOARD)

- Provides robust oversight and sets strategic direction for ESG initiatives.
- Ensures Pavilion REIT establishes effective ESG management and internal monitoring systems.
- Take appropriate action to stay abreast with and understand sustainability issues relevant to Pavilion REIT, including climate-related risks and opportunities.

BOARD COMMITTEE

ESG responsibilities are integrated into the roles of Board Committee e.g., Audit Committee, Risk Management Committee and Sustainability Committee to ensure integration of ESG in risk management framework, setting up of ESG management and internal monitoring, as well as assurance of ESG data.

A. Audit Committee (AC)

- Seek assurance and ensure integrity of ESG-related information/ disclosures.
- Oversee internal control to ensure implementation of ESG initiatives is in compliant to laws and regulations and Pavilion REIT's code of conduct and ethics.

B. Risk Management Committee (RMC)

- Review and recommend Pavilion REIT's risk tolerance level, actively identify, assess and monitor key business risks, including material ESG and climate-related risks to safeguard unitholders' investment and Pavilion REIT's assets.
- Regularly assess the effectiveness of the Risk Management Working Committee's structure, processes and support systems for identifying, assessing and managing Pavilion REIT's key risks, including material ESG and climate-related risks. Ensure continuous improvement in line with evolving business and sustainability requirements.
- Engage management in an ongoing risk appetite dialogue as conditions and circumstance change and new opportunities arise, including ESG and climate related considerations.
- Set out risk management strategies, plans and controls to manage sustainability risks including climate-related risks.
- Ensure risk management practices are anchored in ESG-integrated risk parameters, leveraging both risks and opportunities arising from sustainability considerations.

C. Sustainability Committee (SC)

- Oversee and review Pavilion REIT’s sustainability strategy with climate-related consideration, all its policies and performance of Sustainability Working Committee.
- Responsible to advise the Board on the adequacy and effectiveness of sustainability strategy and initiatives framework.
- Provide leadership to respective functions and support the Chief Executive Officer (“CEO”) of the Manager in driving Pavilion REIT’s sustainability management.
- Ensure smooth integration of sustainability initiatives with business operations.
- Ensure alignment of the corporate initiatives and ESG strategy.
- Provide oversight on risks and opportunities of ESG initiatives and plans at a strategic level.
- Review and approve Pavilion REIT’s policies required to drive ESG strategy forward.
- Review periodic sustainability key performance indicators.

SUSTAINABILITY WORKING COMMITTEE (SWC)

SWC is chaired by the CEO of the Manager and includes its management team. The CEO communicate the Board’s vision, strategy, policy and responsibility to SWC.

The CEO leads sustainability strategy, oversee sustainability management, escalate progress and key ESG development to and obtain approval from the Board, including ESG priorities and commitments.

The principal roles and responsibilities of the SWC are as follows:

- Comprise of representatives from each operating properties / assets to support the ESG agenda which cuts across different functions.
- Provide advisory support on sustainability matters to their respective divisions.
- Integrate sustainability and climate-related considerations into day-to-day operations in line with Pavilion REIT sustainability strategy and targets.
- Track and monitor progress of sustainability programmes and initiatives.
- Facilitate communications with each function and promote knowledge sharing for better sustainability integration and performance monitoring.
- Oversee key sustainability risk and opportunities, stakeholder engagement and materiality assessment.

7 Communication and Training

The policy is readily available on the Pavilion REIT's website at <https://www.pavilion-reit.com/> and is to be disseminated to all directors and employees to ensure awareness and compliance with this Policy. The head of department shall brief the Policy to all relevant stakeholders and new employees shall be briefed during their orientation. The directors and employees will be made aware of any revised version of the Policy should there be any significant changes.

8 Review of this Policy

This Sustainability Policy shall be reviewed at least once every 2 years by the Sustainability Committees to ensure its effectiveness and alignment with evolving ESG best practices. Any amendment herein must be approved by the Board.