

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 3611  
**COMPANY NAME** : PARAGON GLOBE BERHAD  
**FINANCIAL YEAR** : March 31, 2022

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("Board") has established clear roles and responsibilities in discharging its functions. The roles and responsibilities of the Board are set out in the Board Charter, which is available on the Company's website at <a href="http://www.pgbgroup.com.my">www.pgbgroup.com.my</a>.</p> <p>The Board has delegated specified matters to Board Members and the Board Committees to oversee critical or major functional areas and to address matters which require detailed review or in-depth consideration. The Board Committees' roles and responsibilities in its functions which had been delegated by the Board are set out in each respective Board Committees' Terms of Reference which available on the Company's website.</p> <p>The Board and employees are committed to adhere to the Code of Conduct.</p> <p>The Board has overall responsibility to set strategies for promoting the sustainable growth and financial soundness of the Company and its subsidiaries. The Independent Non-Executive Directors would ensure corporate accountability by providing unbiased and independent views, advice and judgement and challenging the Management's assumptions and projections in safeguarding the interests of the shareholders.</p> <p>The Board is aware of the importance of ethical conduct and business sustainability and ensures that sustainability is embedded in the development of the Group's strategies, taking into account the economic environmental, social and governance ("ESG") aspects of business operations. As such, the Sustainability Business Committee oversees the implementation of business sustainability practices within the Group. Details of the Group's related strategies are disclosed in the Sustainability Report of the Group's Annual Report 2022.</p>

	<p>The Board, via the Risk Management Committee, has put in place the Enterprise Risk Management (“ERM”) Framework and Policy for Management to identify, analyse, evaluate, manage, report and monitor key risks that may impact the Group. Details of the Group’s ERM Framework and Policy and its related internal control system are set out in the Statement on Risk Management and Internal Control of the Group’s Annual Report 2022.</p> <p>The Board has also ensured that the Group has in place procedures to enable effective communication with stakeholders. Primary communication with shareholders was via the Annual General Meeting, where the Chairman would invite shareholders who were present to engage in the resolutions being tabled for voting. In addition, the Group has a corporate website <a href="https://pgbgroup.com.my/contact-us/">https://pgbgroup.com.my/contact-us/</a> to provide a platform for investors and shareholders the opportunity to stay abreast of the Group’s development, including financial and other announcements made to Bursa Malaysia Securities Berhad.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The role and responsibilities of the Chairman of the Board is clearly set out in the Board Charter, which is available on the Company's website at <a href="http://www.pgbgroup.com.my">www.pgbgroup.com.my</a>.</p> <p>The Chairman is primarily responsible for:</p> <ul style="list-style-type: none"><li>- Leadership and management of the Board;</li><li>- Ensure the integrity and effectiveness of the governance process of the Board and Board Committees function effectively;</li><li>- Oversee and evaluate the conduct and performance of the Group; and</li><li>- Undertakes to ensure efficient functioning of the Board and that procedural rules are followed and quality information to facilitate decision-making is delivered to Board members on a timely basis;</li><li>- Holds the primary executive responsibility for the Group's business performance and manages the Group in accordance with the strategies and policies approved by the Board.</li><li>- Leads the Executive Directors ("ED") in making and implementing the day-to-day decisions on the business operations, managing resources and risks in pursuing the corporate objectives of the Group.</li><li>- Brings material and other relevant matters to the Board, motivates employees and drives change/innovation and growth within the Group.</li></ul> <p>The Chairman acts as facilitator at meetings of the Board by giving to other Board Members ample time to deliberate during the stipulated meeting time and ensures that no Board Member, whether executive or non-executive, dominates the discussion.</p> <p>The Chairman also ensures that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board, and that Directors receive the relevant information on a timely basis.</p>

	<p>Dato' Sri Edwin Tan Pei Seng has been appointed as the Executive Chairman of the Board on 1 August 2020. As can be seen from his profile set out on in the Annual Report 2022, Dato' Sri Edwin Tan Pei Seng has leverage on his competencies and experience in property development and construction for over 10 years.</p> <p>The Board believes that the Executive Chairman is competent to provide effective leadership to the Group and to make independent judgment to the aspects of the Group's performance while maintaining his highest standards of conduct and integrity. The Executive Chairman will ensure that high standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The position of Chairman was being held by Dato' Sri Edwin Tan Pei Seng while the position of CEO was remained vacant after the resignation of Mr. Gary Goh Soon Liang on 1 August 2021.</p> <p>Currently, the Board is led by an Executive Chairman and supported by one (1) Executive Director, One (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors.</p> <p>The roles of the Executive Chairman and CEO are clearly defined and set out in the Board Charter. The Executive Chairman is responsible for providing strong leadership to the Board and ensuring the integrity and effectiveness of the governance process of the Board and Board Committees function effectively while CEO held responsibilities in providing executive leadership and are accountable for the Board for implementation of strategies, objectives and decisions of the Board within the framework of delegated authorities, values and policies.</p> <p>Dato' Sri Godwin Tan Pei Poh holds the role of Group Executive Director. He is responsible for overseeing the administration and strategic plan that guides the direction of the organisation including marketing management, operational planning, financial planning and management. For the time being, Dato' Sri Godwin Tan Pei Poh, the Group Executive Director is also responsible to lead the management team on day-to-day operations within his specific area of expertise and responsible to drive the Group forward.</p> <p>The Board is of the opinion that there is no issue with regards to the balance of power and authority on the Board as the roles of Executive Chairman and the Executive Directors are clearly set out and established while the decision-making process of the Board is based on collective decisions without any individual exercising any considerable concentration of power or influence and well balanced by the presence of strong elements of independence in the Board.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	Dato' Sri Edwin Tan Pei Seng is not a member of the Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC"). These Committees are chaired by different Independent Non-Executive Director and the composition of these Board Committees comprise a majority of Independent Non-Executive Directors except for AC, which comprise wholly independent Non-Executive Director.  In addition, the Chairman of the Board was not invited to any of the AC, NC and RC's board meeting.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	



### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by qualified Company Secretaries who are members of Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and are qualified to act as company secretary under Section 235(2)(a) of the Companies Act, 2016.</p> <p>The Company Secretaries are external company secretary from Boardroom Corporate Services Sdn. Bhd. with vast knowledge and experience from being in public practice and are supported by a dedicated team of company secretarial personnel.</p> <p>Besides attending meetings and discharging their basic duties such as maintaining of statutory books, the Company Secretaries always kept themselves abreast with regulatory changes and corporate governance development. The Company Secretaries play an advisory role to the Board, particularly with regard to the Company's Constitution and Board policies and procedures as well as compliance with relevant rules and regulations. The Company Secretaries also highlight all issues which they feel ought to be brought to the Board's attention.</p> <p>The agenda for the Board and Board Committee meeting is prepared by the Company Secretaries. They will ensure that deliberations at the Board and Board Committees meetings are clearly and comprehensively recorded as source documents. The Directors may comment or request clarification before the minutes are tabled for confirmation and signed by the Chairman of the meeting as a correct record of the proceedings of the meeting.</p> <p>They also guide the Directors and Management of the application of the Malaysian Code on Corporate Governance.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In order to facilitate the Directors' scheduling and to encourage attendance of the Board, the annual meeting schedule for the Board, Board Committees and Annual General Meeting ("AGM") of the Company is prepared and circulated to the Directors and Management in advance. This is also to ensure that the Management is given sufficient time for preparation of meeting materials for each meeting so as to achieve meeting effectiveness.</p> <p>All the Directors are provided with a set of comprehensive Board papers consisting of the agenda and all other relevant materials prior to each Board Meetings or Board Committees Meetings to be convened. Board papers are required to be given in advance prior to the meeting(s) or any other time frame agreed with the Board, when necessary, to ensure the Directors receive sufficient relevant information and to allow sufficient time for their detailed review and consideration so as to enable them to participate effectively in the Board's decisions.</p> <p>The Board has access to all information within the Group and is supplied in a timely basis with information and reports through Board papers for informed decision making. Board papers are comprehensively prepared covering aspects such as Group financial performance, quarterly result announcements, proposed policies and procedures, operational issues and updates on statutory regulations and requirements affecting the Group if any. Other matters highlighted for the Board's decision include the approval of corporate exercise, budgets, acquisitions and disposal of assets. Meeting agendas are scheduled according to the complexity of the agenda items and purpose. This could enhance the effectiveness of the meetings and enable in-depth deliberation for each matter.</p>

	<p>To enable the Board to discharge their duties and responsibilities effectively, the Board members have complete and unhindered access to the Senior Management and Company Secretaries to seek clarification and understanding of the Group's business affairs. Whenever necessary, external auditors and external advisers are invited to attend Board meetings on specific items on the agenda to provide additional insights and professional views, advice and explanations within their competencies in order for the Board to make informed decisions. Senior management team from different departments will also be invited to participate in the Board meetings to enable all Board members have equal access to the latest updates and developments of business operations of the Group.</p> <p>The minutes of each Board and Committee Meeting(s) are circulated to all Directors within a reasonable timeframe after the meeting for their review to be confirmed and adopted at the next meeting.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

### Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

### Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter acts as a source of reference and primary guide to the Board members in the performance of their duties, roles and responsibilities. The Board Charter ensures that all Board members are aware of their fiduciary duties and responsibilities, various legislations and regulations affecting their conduct, the need for safeguarding the interests of the shareholders and other stakeholders and that the highest standards of corporate governance are applied in all their dealings in respect and on behalf of the Company.</p> <p>The roles and responsibilities of the Executive Chairman, Executive Directors and Non-Executive Directors as well as board committee are clearly outlined in the Company's Board Charter.</p> <p>The Board Charter is publicly made available on the Company's website at <a href="http://www.pgbgroup.com.my">www.pgbgroup.com.my</a>. The Board Charter is kept under review and updated as practices on Corporate Governance and regulatory requirements develop and further guidelines on Corporate Governance are issued by the relevant regulatory authorities.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has in place a Code of Conduct and Ethics ("Code of Conduct") to set the tone for proper and ethical behaviour expected of the Board members and the employees. The Code of Conduct serves as a reference to help guide actions and behaviours while working for and/or dealing with the Company to maintain high standards of businesses ethics and encourage performance with integrity.</p> <p>The Code of Conduct has described the following measures put in place to:</p> <ul style="list-style-type: none"><li>- ensure compliance with laws, rules and regulations;</li><li>- handle actual or potential conflict of interest;</li><li>- protect and ensure the proper use of the Group's assets and information; and</li><li>- encouraging the reporting of unlawful or unethical behaviour.</li></ul> <p>All Directors and employees of the Group are required to read, understand, accept and abide by the terms of Code of Conduct and all new staff are briefed on the requirements of the Code of Conduct as part of the Company's induction programme.</p> <p>The Code is subject to regularly reviewed and updated by the Board as and when required and is available on the Company's website at <a href="http://www.pgbgroup.com.my">www.pgbgroup.com.my</a>.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has in place a Whistle Blowing Policy which aims to commit to the highest standard of integrity, openness and accountability in the conduct of its business activities and operations.</p> <p>The Whistle Blowing Policy facilitates the whistle-blower to report or disclose through established channels about any violations or wrongdoings they may observe in the Group without fear of retaliation and in doing so they should act in good faith when reporting such concerns. The Whistle Blowing Policy not only facilitate but also assure the whistle-blowers that they will be protected from reprisals, discrimination or victimization.</p> <p>Only genuine concerns should be reported under the whistleblowing procedures. The report should be made in good faith with a reasonable belief that the information and any allegations made are substantially true and the report is not made for personal gain.</p> <p>The Whistle Blowing Policy will be reviewed by the Board on ad hoc basis to ensure its relevancy and alignment with the prescribed requirements and best corporate governance practices. The Whistle Blowing Policy is available for access on the Company’s website at <a href="http://www.pgbgroup.com.my">www.pgbgroup.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, together with the Management, recognises the importance of ensuring sustainability risks and opportunities are considered in the development of our business strategies and plans.</p> <p>The Board has first adopted the Group's Sustainability Policy during the current financial year. Concurrently, objectives and strategies with regards to sustainability matters, including the governance structure, commitments and focus areas were also sets out and approved by the Board.</p> <p>The Board remains the ultimate body in delivering the sustainability goals, in keeping with the Group's business strategy and action plans. In carrying out its responsibilities, the Board is supported by the RMC and SBC as stated in the Group's latest Sustainability Report 2022.</p> <p>As a continuous effort to enhance the sustainability management within the Group, sustainability matters will be discussed as half yearly agenda during the RMC meetings and Board meetings starting next financial year to ensure the matters are communicated and managed timely.</p> <p>The roles and responsibilities of the respective parties are enumerated in Practice 4.5 of this report. The Sustainability Policy is available on the Company's website at <a href="http://www.pqbgroup.com.my">www.pqbgroup.com.my</a>.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.2**

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	: Applied								
<b>Explanation on application of the practice</b>	<p>The Board engaging with all of the stakeholders to gather a wider perspective relating to their interests, needs, concern and expectation for continual improvement as well as assist the Group to focus and prioritise matters efficiently and appropriately. It is fundamental for the Group to build the trust and confidence of stakeholders, and forms the foundation of good governance in the Group.</p> <p>We engage with our stakeholders through multifaceted platforms which are appended below:</p> <table border="1" data-bbox="560 1003 1407 1917"> <thead> <tr> <th data-bbox="560 1003 903 1037">Stakeholders</th> <th data-bbox="903 1003 1407 1037">Channel of Engagement</th> </tr> </thead> <tbody> <tr> <td data-bbox="560 1037 903 1339">Shareholders and Investors</td> <td data-bbox="903 1037 1407 1339"> <ul style="list-style-type: none"> <li>▪ Annual general meetings</li> <li>▪ Annual reports</li> <li>▪ Corporate website</li> <li>▪ Corporate announcements</li> <li>▪ Media announcement</li> <li>▪ Meetings</li> <li>▪ Quarterly financial results announcements</li> </ul> </td> </tr> <tr> <td data-bbox="560 1339 903 1615">Employees</td> <td data-bbox="903 1339 1407 1615"> <ul style="list-style-type: none"> <li>▪ Corporate activities</li> <li>▪ Engagement contract</li> <li>▪ Employee handbook</li> <li>▪ Learning and development trainings and workshops</li> <li>▪ Meetings</li> <li>▪ Performance appraisals</li> </ul> </td> </tr> <tr> <td data-bbox="560 1615 903 1917">Customers</td> <td data-bbox="903 1615 1407 1917"> <ul style="list-style-type: none"> <li>▪ Corporate and product brochures</li> <li>▪ Corporate website</li> <li>▪ Corporate announcements</li> <li>▪ Customer feedback and service platforms</li> <li>▪ Public events</li> <li>▪ Project launches</li> <li>▪ Social media</li> </ul> </td> </tr> </tbody> </table>	Stakeholders	Channel of Engagement	Shareholders and Investors	<ul style="list-style-type: none"> <li>▪ Annual general meetings</li> <li>▪ Annual reports</li> <li>▪ Corporate website</li> <li>▪ Corporate announcements</li> <li>▪ Media announcement</li> <li>▪ Meetings</li> <li>▪ Quarterly financial results announcements</li> </ul>	Employees	<ul style="list-style-type: none"> <li>▪ Corporate activities</li> <li>▪ Engagement contract</li> <li>▪ Employee handbook</li> <li>▪ Learning and development trainings and workshops</li> <li>▪ Meetings</li> <li>▪ Performance appraisals</li> </ul>	Customers	<ul style="list-style-type: none"> <li>▪ Corporate and product brochures</li> <li>▪ Corporate website</li> <li>▪ Corporate announcements</li> <li>▪ Customer feedback and service platforms</li> <li>▪ Public events</li> <li>▪ Project launches</li> <li>▪ Social media</li> </ul>
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	<b>Stakeholders</b>	<b>Channel of Engagement</b>
	Suppliers and Contractors	<ul style="list-style-type: none"> <li>▪ Contract and legal discussions</li> <li>▪ Emails and letters</li> <li>▪ Letter of awards</li> <li>▪ Project briefings, updates and meetings</li> <li>▪ Sites visiting and inspection</li> <li>▪ Tender sessions</li> </ul>
	Government and Regulators	<ul style="list-style-type: none"> <li>▪ Audit and inspection</li> <li>▪ Compliance reporting</li> <li>▪ Emails and letters</li> <li>▪ Industry associations and consultants</li> <li>▪ Meetings</li> <li>▪ Regulatory requirements reporting</li> </ul>
	Local communities and non-governmental organisations	<ul style="list-style-type: none"> <li>▪ Corporate website</li> <li>▪ Community development programmes</li> <li>▪ Contribution</li> <li>▪ Corporate announcements</li> <li>▪ Public events</li> <li>▪ Social media</li> </ul>
	<p>Details pertaining to how the Group engages its stakeholders are available in the “Stakeholders Engagement” section of our Sustainability Report 2022.</p> <p>In FY2022, Board members and representatives from different department participated in related training to understand the importance of sustainability practices within the organisation and facilitate the implementation of strategies, priorities and targets.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board keeps abreast of sustainability issues that are relevant to the Company and its business. The Board, through the NC, assesses the training programmes attended by each Director during the financial year to ensure they are kept abreast of the latest developments in industry, as well as emerging sustainability issues that are relevant to the Group.</p> <p>In the FY2022, the Company has organised a Sustainability Management Training for the Directors and the management of the Group. The list of training programmes and seminars attended by each Director are disclosed in the “Corporate Governance Overview Statement” section of the Company’s Annual Report 2022.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>With amendments to the MCCG taking effect in April 2021, the Board has reviewed the new MCCG 2021 recommendation to include a review of the performance of the Board and Senior Management in addressing the Company's material sustainability risks and opportunities during the meeting.</p> <p>Performance evaluations of the Board and Senior Management have been implemented and undertaken annually.</p> <p>However, currently, the Senior Management performance evaluations does not include their performance in addressing sustainability risks and opportunities. Moving forward, more alignment with sustainability related issues will be incorporated into senior management performance evaluation.</p> <p>These elements will be incorporated and implemented at the performance evaluation of the Senior Management.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

<i>Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.</i>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	: <p>The Group has established a sustainability governance structure with the Board of Directors as its apex. The Board assumes full accountability and authority of the Company's sustainability approach and direction.</p> <p>The Board are supported by both Risk Management Committee ("RMC") and Sustainability Business Committee ("SBC"). The RMC oversees the sustainability practices and approach in the Group and assisted by the SBC.</p> <p>The newly set up SBC with the Executive Chairman, Dato' Sri Edwin Tan Pei Seng playing the role as the sustainability officer which supported by the respective head of departments. Sustainability officer will report the group's sustainability initiatives and efforts to the RMC while the remaining members of the SBC will hold key roles and responsibilities to achieve the sustainability goals set and approved by the Board. Upon the appointment of new Executive Director, she was assumed the role of sustainability officer.</p>

**Explanation on adoption of the practice**

: The details roles and responsibilities of the respective parties within the Group’s sustainability governance structure are as follows:

Parties	Roles and responsibilities
Board of Directors	<ul style="list-style-type: none"> <li>▪ Supervises and is ultimately responsible for sustainability direction of the Group</li> <li>▪ Directs the overall sustainability strategy and other related matters for the Group presented by the RMC</li> <li>▪ Ensures business strategy considers sustainability related material matters</li> <li>▪ Endorses the Group’s Sustainability Statement as part of the annual reporting initiative</li> </ul>
Risk Management Committee	<ul style="list-style-type: none"> <li>▪ Report the overall sustainability progress of carried out by SBC</li> <li>▪ Provides recommendation on sustainability strategy, initiatives and development related matters</li> <li>▪ Engages leadership across the Group and provides oversight and strategic guidance</li> <li>▪ Reviews and approves policies, targets and market disclosures on sustainability matters</li> </ul>
Sustainability Officer	<ul style="list-style-type: none"> <li>▪ Monitors overall sustainability progress and efforts carried out by members of the SBC</li> <li>▪ Provides regular reports to the RMC on the overall sustainability progress of the SBC</li> <li>▪ Lead and oversees the implementation of approved sustainability measures in the business strategy across the operations</li> <li>▪ Review the changes or new sustainability matters reported by respective head of departments</li> <li>▪ Lead the sustainability education programmes and regularly sharing insights into sustainability trends with different group of departments</li> </ul>



**Explanation on adoption of the practice**

: The details roles and responsibilities of the respective parties within the Group's sustainability governance structure are as follows: (continued)

<b>Parties</b>	<b>Roles and responsibilities</b>
SBC Members	<ul style="list-style-type: none"><li>▪ Facilitate the sustainability management processes such as data collection to generate a Sustainability Statement as part of our annual disclosure</li><li>▪ Identifies material sustainability matters relevant to the Group and its stakeholders</li><li>▪ Recommends sustainability strategies for implementation across the Group</li><li>▪ Supports sustainability related strategy and goals implementation</li><li>▪ Track and reports to sustainability officer on the overall progress of the sustainability initiatives</li></ul>

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board through the NC to oversees the overall composition of the Board in terms of size, mix of skills, experience, competencies and the balance between Executive Directors, Non-Executive Directors and Independent Directors to ensure that the composition of the Board is refreshed periodically for it to operate in an effective manner.</p> <p>The effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board and the contribution of the Board's various committees, tenure profile of each Director will be assessed on an annual basis.</p> <p>NC will recommend to the Board for approval, to seek shareholder's approval for the annual re-election of retiring Directors based on satisfactory evaluation of the Director's performance and contribution to the Board.</p> <p>The Board is always mindful of its composition and is keen to refresh its composition subject to the meritocracy of potential candidates.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board currently comprises of six (6) members of which three (3) of whom are Independent Non-Executive Directors (“INEDs”). The Board’s composition complies with Paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Securities which requires a minimum of 2 Directors or 1/3 of the Board, whichever is higher to be Independent Directors. Subsequent to the financial year ended, the Board has appointed a female Director as an Executive Director on 16 June 2022. Hence, this Statement does not reflect her appointment.</p> <p>The present of half INEDs allow the Board’s deliberations and decisions to be made objectively to facilitate a balanced leadership in the Group as well as providing effective check and balance to safeguard the interest of the minority shareholders and other stakeholders, and ensuring high standards of conduct and integrity are maintained.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.3**

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	None of the Independent Non-Executive Directors of the Company have exceeded the cumulative terms of nine years.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

*Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.*

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The composition of the Board fulfils the prescribed requirement for a minimum of 2 Directors or at 1/3 of the Board to be independent as stated in Paragraph 15.02 of the Listing Requirements. The profiles of the Directors are set out in the Section “How We Are Governed” of the Annual Report 2022.</p> <p>The Board has adopted a formal policy on diversity of the Company by taking into consideration a range of difference professional experience, business experience, skills, knowledge, age and educational background as the Board acknowledge the importance of diversity to ensure robust decision-making processes with a diversified viewpoint and the effective governance of the Company.</p> <p>Recruitment and appointment process for Directors, Senior Management and staff are based on a candidate’s background, qualifications, experience and competency per the requirements of the job function taking into consideration workforce diversity and any applicable regulatory requirements. The Company practices equal employment opportunities for all qualified individual to create a workforce that is fair and inclusive and seeks to retain and attract the most suitable person to do the job.</p> <p>The Directors remain fully committed in discharging their statutory duties and responsibilities, as reflected by their attendance at Board and Board Committee meetings held during the FY2022. Details of the attendances of the Directors to meetings during FY2022 can be found in the “Corporate Governance Overview Statement” of the Company’s Annual Report 2022.</p> <p>There was also engagement between the Board members and Management, both formally and informally throughout the year. Although some Directors hold multiple directorships, they managed to commit and devote their time to the Board/ Board Committee meetings. The Board is satisfied that each Director has devoted sufficient time to effectively discharge their responsibilities.</p>

	<p>The Company also adopted a Fit and Proper Policy for Directors in ensuring that they are of high calibre, possess sound judgement, high integrity and credibility on a continuing basis.</p> <p>The Board Diversity Policy and Fit and Proper Policy for Directors are available on the Company's website at <a href="http://www.pgbgroup.com.my">www.pgbgroup.com.my</a>.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The appointment of directors to the Board are conducted formally and transparently through assessment by the NC. Searching for suitable candidates generally take into account recommendations from the existing Board members, Management and major shareholders. NC is open to referrals from external source available, such as industry data base and professional association, as well as independent search firms to source for potential candidates for appointment of directors.</p> <p>The NC assists the Board in ensuring the existence of the right mixture of skills, knowledge, experience, qualities, gender, personal attributes and etc. that are relevant and contributing to the effective functioning of the Board. The NC will perform initial process of review and selection of candidates identified for appointment to the Board.</p> <p>The candidates available will be assessed to determine whether they possess the appropriate skills, competencies, experience, integrity, time, etc. to effectively discharge the role as director before potential candidate is recommended to the Board for consideration and approval. Besides, the diversity of the Board's composition which include, interalia, gender, ethnicity, age, cultural background will also be taken into consideration in the board appointment process.</p> <p>Shortlisted candidates would be required to furnish their curriculum vitae containing information on their academic/professional qualification, working experience, employment history and experience (if any) as directors of other companies.</p>



	<p>The NC will assess directorship suitability based on the following criteria:</p> <ul style="list-style-type: none"> <li>▪ qualification / knowledge;</li> <li>▪ character / integrity;</li> <li>▪ skills / expertise / competence;</li> <li>▪ experience;</li> <li>▪ professionalism;</li> <li>▪ time commitment; and</li> <li>▪ board diversity.</li> </ul> <p>Accordance to the Practice 5.9, since financial year 2020, the NC, through internal and external sources, had strive to seek for suitable female candidates to fill the position of Independent Non-Executive Director. The Company shall continue to look for suitable candidate in order to comply with the requirement.</p>	
<p><b>Explanation for departure</b></p>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	:	
<p><b>Timeframe</b></p>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC is responsible to evaluate and recommend to the Board the re-appointment of any non-executive director at the conclusion of his or her specified term of office, re-election of any director under the retirement by rotation provision in the Company's Constitution having regard to their performance and contributions to the Board before tabling the same for the shareholders' approval.</p> <p>Prior to recommending a Director for re-election, the Board, facilitated by the NC carries out an evaluation of the Director's contribution and performance and an assessment of the independency of Independent Non-Executive Directors. Only upon a satisfactory outcome the Board would make the recommendations.</p> <p>During the year 2022, the NC has carried out annual assessment of all the Directors of the Company. The assessment parameters included their attendance record, contributions to interaction, the quality of their input, and their understanding of their roles and responsibilities. The NC collectively viewed that the retiring Directors met the criteria as prescribed by Paragraph 2.20A of the MMLR of Bursa Malaysia. Upon the recommendation by the NC, the Board supported the re-election of Dato' Haji Ismail bin Karim and Dato' Jeffrey Lai Jiun Jye who are seeking for re-election as Directors under the Constitution of the Company, and reasonably believed that with their vast experience, ability and exposure, they will be able to carry out their position effectively and to act in the best interests of the Company.</p> <p>The profile of the Directors who subject for re-election, which included the nature of interest with the Company, whichever applicable, were set out in the "Board of Directors' Profile" section of the Company's Annual Report 2022.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.8**

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board believes that the roles of the Chair of the NC can be effectively carried out by an Independent Director in ensuring objectivity and independence in the deliberations of the NC including the evaluation of the Board, Board Committees and Individual Directors as well as the selection and appointment process.</p> <p>Currently Dato' Haji Ismail Bin Karim, an Independent Non-Executive Director chairs the NC.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.9

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board recognises the benefit for having gender diversity and values the different perspectives from women Director as an important element of a well-functioning board. The Board endeavours to appoint female director with due regard to the candidate's background, experience, and competency so that an appointment could be value added to the Board and the Company.</p> <p>Subsequent to the financial year, pursuant to the Paragraph 15.02(1)(b) of the MMLR, the Group has identified and recruited a suitable female executive director to join which is a 14% representation on the Board. The Board acknowledges the importance of gender diversity in the Board. However, the selection and appointment of a new Board member will be based on merits and effective blend of skills, experience and knowledge in areas identified, the size of the Board and the needs of the Company.</p> <p>The Company does not set any specific target for boardroom diversity and female representative will be considered when suitable candidates are identified. During employee recruitment process, the Company ensures diversity in its management level by having female representative at the management level which could potentially be a pipeline for future candidates to be appointed as Director or Senior Management.</p> <p>The Board will, from time to time, review its composition and size to ensure it fairly reflects the investments of the shareholders of the Company while at the same time having due regard for diversity in skills, experience, cultural background, gender and age.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.10**

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Group have in place a formal policy on gender diversity for Board but not for Senior Management.</p> <p>Despite of this, the Board practices non-gender discrimination and endeavours to promote workplace diversity and supports the representation of women in the composition of Board and Senior Management positions of the Company. The Group has about 50% of female Senior Management in the workplace.</p> <p>Statistics on Senior Management gender diversity profile is disclosed in the section "Sustainability Report" of the Company's Annual Report 2022.</p> <p>Notwithstanding that there is no formal written gender diversity policy for Senior Management, the Board is mindful of and will be guided by the applicable regulations and other provisions on gender diversity, and ensure that steps are taken to include women candidates in any board or senior management recruitment exercise. We shall update the Board Diversity Policy to have include the Senior Management component.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

## Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

## Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>In line with the Board Charter of the Company and Terms of Reference of NC ("NC"), a detailed assessment is undertaken annually to review the effectiveness of the Board, Board Committee, the contribution of each individual Director and independence assessment of Independent Directors.</p> <p>The forms and criteria are reviewed by the NC and approved by the Board. The objective of the assessment is to track the Directors' discharge of their roles and responsibilities, areas for improvement, areas that need more attention, and to overall assess the effectiveness of the Board, Committee and Directors. The Chairman of the NC oversees this process and results are reported the Board. The NC reviewed the results and reported the outcome of the Assessment to the Board.</p> <p>During the year, the Board through the NC conducted annual evaluation exercise internally, consisted of the following:</p> <ul style="list-style-type: none"><li>(i) Board and Board Committees Evaluation;</li><li>(ii) Board Skills Matrix Self-Assessment;</li><li>(iii) Independent Non-Executive Director Self Evaluation;</li></ul> <p>The above assessments and evaluations were conducted by the NC during the financial year under review without engaging the services of independent third party.</p> <p>The criteria of the evaluation for the Board and Board Committee, is based on its size and structure, mix of skills, experience and qualities, effectiveness of Board meetings, frequency of Board meetings and other considerations. In addition to the criteria above, other criteria such as nature and extent of function performed as well as quality of information and decision making are also taken into consideration in assessing the effectiveness of the Board Committees.</p>

The criteria of the evaluation for the performance of individual directors are based on their character, experience, level of integrity, core competencies, contributions towards Board deliberations and various meetings held and whether they have contributed sufficient time to effectively discharge their duties and responsibilities. The Executive Directors, particularly, are assessed further on their contribution towards the Group's business development and growth, their leadership and management skills, and results on any specific areas which the Executive Directors are expected to achieve.

With regards to the assessment on the independence of the Independent Non-Executive Director, self-evaluation had been performed by each Independent Non-Executive Director based on the criteria of independence as defined under paragraph 1.01 of the MMLR of Bursa Securities. In addition, each Independent Non-Executive Director performed self-assessment on their ability to advise the Board on matters relating to any existing transactions where conflict of interests exist and on matters requiring deliberation by Directors such as related party transactions. Each Independent Non-Executive Director also verified their tenure of service as Independent Non-Executive Director in the Company.

Each Director is given sufficient time to complete in advance the evaluations and assessments forms before the meeting of the NC and the Board in order for the Company to collate the evaluations and assessments results for the Nominating Committee to review and report to the Board.

Based on the above assessments of the Board and Board Committee, the overall average ratings for the areas of assessments were above 3, based on a 4-scale rating. The results of the assessment indicated that the performance of the Board, the Board Committees, the individual Directors and members of the Board Committees during the assessment period had been satisfactory ( $3.00 < \text{average rating} \leq 4.00$ ) on a 4-scale rating, and therefore, they had been effective in their overall discharge of functions, roles and duties. The Board was satisfied with each of the Directors' level of performance, and that they had also met the performance criteria in the prescribed areas of assessments. The results of these assessments form the basis of the NC's recommendations to the Board for the re-election of Directors at the 75th Annual General Meeting.

In addition, the NC also highlighted the observations which include key strengths of the Board and Board Committee in accordance with Guidance 6.1 of the MCCG. The Board works functionally as a team a mutually and dynamic working relationship that foster trust and esteem. The board meetings were carried out in an "open communication" setting with directors contributing in a timely and positive manner for each resolution of concerns.



	<p>In line with Guidance 5.8 of the MCCG and the terms of reference of the NC, the NC Chairman led the annual review of Board effectiveness, ensuring that the performance of each individual director and Chairman of the Board are independently assessed. The NC deliberated at length on each comment/feedback given through the assessment and noted that there was no item with the rating of 2 [Needs Improvement] or below, and therefore there was no key weakness area which required any specific step/enhancement to be undertaken in relation to the functioning of the Board and its committees.</p> <p>With the view to raise the bar on the Board’s governance practices and overall effectiveness, the enhancement areas were considered based on items with rating below 3.5 and the Board members’ comments/feedback. In this respect, the NC had derived from the assessment results, the areas requiring ongoing attention for continuous improvement which were categorised as below: -</p> <ul style="list-style-type: none"> <li>(a) Board mix and composition;</li> <li>(b) Succession plan for Executive Directors and Senior Management;</li> <li>(c) Time commitment of Directors serve on multiple boards;</li> <li>(d) Preparation of the Board to deal with unforeseen corporate crisis; and</li> <li>(e) Retirement and replacement of Board Members.</li> </ul> <p>As part of the conclusion from the previous assessment performed on financial year 2021, the Board had already complied with the requirements of the MCCG to have female Directors on Board. A new female Executive Director was appointed on 16 June 2022.</p> <p>In addition to the Board Skills Matrix Self-Assessment, each Director have completed assessment and will look into the areas that required further enhancement.</p> <p>Based on the Independence Directors’ Performance assessment, all the Directors have complied with the MCCG requirements where none of them have held more than 5 directorships in listed issuers companies. They have exercised their independent judgment during the financial year under review and have properly carried out their duties as Independent Director. They also do not hold any shares in PGB and do not act as director for more than 9 years.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Remuneration Committee is entrusted with the role of determining and recommending to the Board the remuneration framework as well as remuneration packages of the Board and Senior Management staff necessary to attract, retain and motivate Directors.</p> <p>The Company has formalised and adopted the Remuneration Policy which is designed to determine the level of remuneration package of Directors; attract, develop and retain high performing and motivated Directors; provide remuneration to Directors that commensurate with their responsibilities and competitive with the relevant market and industry practice; and align the incentive plans, performance measures and targets for Directors with the long-term interest of the shareholders.</p> <p>The Directors' fees and benefits payable to each Non-Executive Directors are reviewed and tabled individually to the shareholders for approval on an annual basis via Annual General Meeting of the Company.</p> <p>The Company's Remuneration Policy is publicly available on the Company's website at <a href="http://www.pgbgroup.com.my">www.pgbgroup.com.my</a>.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has in place the Remuneration Committee ("RC") to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Directors in accordance with the Company's Remuneration Policy.</p> <p>The RC comprises entirely of non-executive directors, a majority of whom are independent. The duties of the RC of the Company are disclosed in the Terms of Reference of RC, a copy of which is made available for public on Company's website at <a href="http://www.pgbgroup.com.my">www.pgbgroup.com.my</a>.</p> <p>The Executive Directors do not participate in the decision with regard to their own remuneration. The remuneration package for all Directors is determined by the Board as a whole following the relevant recommendations made by the NC, with the Directors concerned abstaining from deliberations and voting on their own remuneration. The respective directors who are also shareholders of the Company abstain from voting at the AGM to approve their fees.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board collectively determined the remuneration for the individual directors based on the recommendation of the Remuneration Committee. Each of the Directors has abstained from deliberating and voting on their own remuneration.</p> <p>The Board ensures that information relating to Directors' remuneration is made transparent to all shareholders in line with good corporate governance practice and the Main Market Listing Requirements of Bursa Securities. The detailed disclosure on Directors' remuneration for the financial year ended 31 March 2022 is disclosed on named basis for Directors of PGB in the Annual Report.</p> <p>The individual directors' remuneration package including fees, salaries, bonuses and estimated value of benefits-in-kind (if any) are set out as per table below as well as under the section of "Corporate Governance Overview Statement" of the Company's Annual Report 2022.</p>

No	Name	Directorate	Company							Group						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Sri Edwin Tan Pei Seng	Executive Director	-	-	900,000	-	35,200	108,923	1,044,123	-	-	900,000	-	35,200	108,923	1,044,123
2	Dato' Sri Godwin Tan Pei Poh	Executive Director	-	18,000	480,000	-	7,200	60,684	565,884	-	18,000	480,000	-	7,200	60,684	565,884
3	Mr. Tee Boon Hin	Independent Director	60,000	3,000	-	-	-	-	63,000	60,000	3,000	-	-	-	-	63,000
4	Dato' Haji Ismail Bin Karim	Independent Director	60,000	3,000	-	-	-	-	63,000	60,000	3,000	-	-	-	-	63,000
5	Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar	Independent Director	60,000	3,000	-	-	-	-	63,000	60,000	3,000	-	-	-	-	63,000
6	Dato' Jeffrey Lai Jiun Jye	Non-Executive Non-Independent Director	60,000	2,500	-	-	-	-	62,500	60,000	2,500	-	-	-	-	62,500



### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Applied – the company discloses the remuneration of members senior management who are not members of the board	
<b>Explanation on application of the practice</b>	:	The Company has only three senior management during the financial year ended 31 March 2022, which consists of Chief Executive Officer, Finance Director and Senior General Manager.  The details of the remuneration for the members of senior management who are not members of the board for financial year ended 31 March 2022 in bands of RM50,000 has been disclosed below as well as set out in the section of "Corporate Governance Overview Statement" of Annual Report 2022.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Mr. Tan Hui Boon	Senior General Manager & Director of PGBG Construction Sdn. Bhd.	200,001-250,000	0-50,000	0-50,000	Choose an item.	Choose an item.	200,001-250,000
2	Ms. Eileen Tey Yee Lin	Finance Director	200,001-250,000	0-50,000	0-50,000	Choose an item.	Choose an item.	200,001-250,000
3	Mr. Gary Goh Soo Liang (Resigned wef 1 Oct 2022)	Chief Executive Officer	350,001-400,000	0-50,000	0-50,000	0-50,000	0-50,000	450,001-500,000
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 9.1**

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee ("AC") comprises three (3) Independent Non-Executive Directors. The AC is chaired by Mr. Tee Boon Hin while the Board is chaired by Dato' Sri Edwin Tan Pei Seng.</p> <p>Mr. Tee Boon Hin, Senior Independent Non- Executive Director of the Company was appointed as the Chairman of the AC on 27 November 2017 and he is also a member of the Malaysian Institute of Accountants.</p> <p>The Chairman of the Company's AC is not the Chairman of the Board as the Board acknowledges that the AC should function as an independent and objective body to ensure the integrity of financial reporting process and accounting records of the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Since the formation of the Audit Committee ("AC"), the Board has never appointed any former key audit partner as the AC member.</p> <p>In line with the recent MCCG 2021 updates on 28 April 2021, the AC has also updated its Terms of Reference to reflect the requirement that the Board will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member to the AC was a key audit partner. This is to ensure that the objectivity, effectiveness and independence of the External Auditors are preserved.</p> <p>The Terms of Reference of the AC is available on the Company's website at <a href="http://www.pgbgroup.com.my">www.pgbgroup.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

**Practice 9.3**

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee (“AC”) is responsible for assessing the capabilities and independence of the external auditors, BDO PLT (BDO) and to make adequate recommendations to the Board on the appointment and re-appointment of the external auditors.</p> <p>The AC reviews the suitability, objectivity and independence of the external auditors on an annual basis. The review process covers the assessment of the independence of the external auditors, the evaluation of the performance, quality of work, audit fee and the adequacy of resources.</p> <p>Summary of the results of the completed questionnaires were tabled to the AC for review and deliberation at the AC meeting. The evaluation of the external auditors covered the areas of:</p> <ul style="list-style-type: none"> <li>▪ quality of services and sufficiency of resources in respect of the firm, processes, technical knowledge and competency of the audit team;</li> <li>▪ governance and independence;</li> <li>▪ audit fee; and</li> <li>▪ communication and interaction with the AC with focus on their audit planning/audit strategy, audit findings/audit finalisation and completion.</li> </ul> <p>In the evaluation, the AC also takes into account the relevant professional and regulatory requirements, the effectiveness of the audit process and the relationship with the external auditors as a whole, including the provision of any non-audit services.</p> <p>The AC has met with the external auditors twice per year without the presence of Executive Directors and the Management to allow the AC members and the external auditors to exchange independent views on matters which required the AC’s attention.</p>

	<p>The external auditors had through its presentation on the Audit Planning Memorandum to the AC, declared its independence in relation to its engagement as External Auditors of Paragon Globe Group. Having considered all the above criteria, the Board had upon recommendation by the AC, approved the recommendation for the re-appointment of BDO as external auditors of the Group for the ensuing year subject to the shareholders' approval at the forthcoming AGM.</p> <p>The non-audit services conducted during FY2022 by BDO PLT (BDO) comprised mainly tax services for the subsidiaries of the Company. The Management is obliged to obtain confirmation from the external auditors on their independence. All engagements of the external auditors to provide non-audit services are subject to the approval of the AC.</p> <p>The provision of non-audit services during FY2022 did not compromise BDO's independence and objectivity as the non-audit services were conducted by different teams from the statutory audit team of BDO. The AC concluded that it continued to be satisfied with the performance of BDO and that throughout the year the objectivity and independence of BDO in relation to the audit was not in any way impaired by either the nature of the non-audit related services, the level of non-audit fees charged, or any other facts or circumstances.</p> <p>The Board on the recommendation of the AC, is satisfied that BDO remains effective, objective and independent in carrying out its role as external auditors of the Company. The Board has approved the AC's recommendation for the re-appointment of BDO for the ensuing year to be tabled at the 75<sup>th</sup> Annual General Meeting of the Company for shareholders' approval.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	



**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Audit Committee ("AC") comprises of the following Non-Executive Directors, all of whom are independent: -</p> <ul style="list-style-type: none"><li>▪ Mr. Tee Boon Hin (Chairman);</li><li>▪ Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar (Member); and</li><li>▪ Dato' Haji Ismail Bin Karim (Member).</li></ul> <p>This enables the Committee to exercise its independent judgement objectively in the best interest of the Company and communicate with external auditors independently regarding the matters that require AC attention. The terms of reference of the AC is available for reference on the Company's website at <a href="http://www.pqbggroup.com.my">www.pqbggroup.com.my</a></p>

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee ("AC") comprised three Independent Non-Executive Directors who come from different professional backgrounds. The Chairman of the AC, Mr. Tee Boon Hin, is a member of the Malaysian Institute of Accountants. All other AC members are equipped with knowledge and skills from various industries and coupled with their years of experience, are able to provide advice to the Board and discharge their duties and responsibilities.</p> <p>The AC possesses a wide range of necessary skills to discharge its duties in accordance with the Terms of Reference of the AC. They are capable of providing sound advice to the Board not only in terms of financial reporting but also on internal audit and the state of the Group's risk and internal control environment. All members are financially literate and are able to understand matters under the preview of the AC including the financial reporting process.</p> <p>The qualification and experience of the AC Members are disclosed in the section of "Board of Directors' Profile" of the Annual Report.</p> <p>Based on the results of the recent AC evaluation, the Board was satisfied with the AC's performance as the Chair and its members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the AC.</p>

	During the financial year 2022, the members of the AC keep themselves abreast of relevant developments in the accounting standards and corporate governance practices. The details of the continuous professional development undertaken by each member are presented in the section of “Corporate Governance Overview Statement” of the Annual Report.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

### Practice 10.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges that risk management and internal controls are an integral part of the overall management processes which is an ongoing process to identify, evaluate, monitor and manage and mitigate the risks that may affect the achievement of its business and corporate objectives.</p> <p>The Risk Management Committee assists the Board in overseeing the risk management process within the Group, establishing and implementing a risk management framework and reviewing the effectiveness of the risk management framework.</p> <p>The Board adopted Risk Management Policy to ensure that the Group take on level of risk that is in line with its risk appetite. With a well-established and effective risk management process the Group will be able to manage business risks to safeguard shareholders’ investments and the Company’s assets.</p> <p>The Statement on Risk Management and Internal Controls which provides an overview of the state of internal controls within the Group is set out in the Annual Report.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises that having an effective risk management and system of internal controls is an essential part of good business management practice. The Board also acknowledges that all areas of the Group's activities do involve some degree of risk and is committed to ensure that the Group has an effective risk management framework which allows the Group to identify, evaluate, manage and monitor risks within defined risk parameters that affect the achievement of the Group's business objectives.</p> <p>The Management periodically performs risk review and facilitates risk identification and assessment of the Group from strategic, governance, financial and operational perspective. The Key Risk Report including the key risks identified, risk events relevant to key risks and also the management action plan are tabled to the Risk Management Committee. The Risk Profile was updated and presented to the Board.</p> <p>The features of the Group's risk management and internal control system are described in the section of "Statement on Risk Management and Internal Controls" of the Annual Report. The Board is satisfied that the risk management and internal control system in place for the year under review is adequate and effective to safeguard investment, the interest of customers, regulators, employees, and the Group's assets.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board has established the Risk Management Committee ("RMC") which comprised of wholly Independent Non-Executive Directors. The RMC comprised of the following members: -</p> <ul style="list-style-type: none"><li>▪ Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar (Chairman);</li><li>▪ Dato' Haji Ismail Bin Karim (Member); and</li><li>▪ Mr. Tee Boon Hin (Member).</li></ul> <p>The terms of reference of the RMC is available for reference on the Company's website at <a href="http://www.pgbgroup.com.my">www.pgbgroup.com.my</a>, and the details on the Group's Risk Management Framework is outlined in the section "Statement on Risk Management and Internal Control" of Company's Annual Report 2022.</p>

### Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>For an effective and independent internal audit function as an integral part of the control structure of the Group, the Company has outsourced the internal audit function to a professional external service firm, NeedsBridge Advisory Sdn Bhd which reports directly to the Audit Committee (“AC”) under the terms of the engagement letter and the Internal Audit Charter as well as per the Terms of Reference of the AC.</p> <p>The primary function of Internal Auditors is to assist AC in discharging its duties and responsibilities through carry out independent assessment on the adequacy and effectiveness of the Group’s risk management, control and governance processes.</p> <p>The Internal Auditors undertake internal audit function based on the audit plan that is reviewed and approved by the AC. The internal audit reports are presented to AC during schedule meetings to report on the outcome of the audits conducted and highlighting the effectiveness of the system of internal controls and significant risks. The AC reviews and evaluates the key concerns and ensures that appropriate and prompt remedial action is taken by Management.</p> <p>The AC performs annual evaluation of the Internal Auditor which covered the areas of:</p> <ul style="list-style-type: none"><li>▪ quality of services and sufficiency of resources in respect of the firm, processes, technical knowledge and competency of the audit team;</li><li>▪ independence and objectivity; and</li><li>▪ audit scope and planning; and</li><li>▪ communication and interaction with the AC and external auditors with focus on evaluation of internal controls of the Company</li></ul> <p>Based on the evaluation performed by the AC, the Committee is satisfied with the internal audit plan, the processes, the results of the internal audit and/or investigation undertaken.</p> <p>The details and summary of work of the IA function are further disclosed in the section of “Audit Committee Report” in the Company’s Annual Report 2021.</p>



<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has outsourced its internal audit function to external independent professional firm which personnel are free from any relationship or conflict of interest or undue influence of others to override professional and business judgment which could impair their independence and objectivity. IA reports directly to the Audit Committee (“AC”) with unrestricted access to the Group’s employees and documents in the performance of their engagement. The Internal Auditors have adequate resources to carry out their audit activities.</p> <p>The audit engagement of the outsourced internal audit function is governed by the engagement letter (which includes purpose and scope of works, accountability, independence, the outsourced internal audit function’s responsibilities, the Management’s responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, the proposed fees and engagement team) and Internal Audit Charter (which includes purpose and mission, its roles, professionalism required including adherence to the Institute of Internal Auditors’ mandatory guidance, its authorities, reporting structure, independence and objectivity required, its responsibilities, purpose of internal audit plan, reporting and monitoring and quality assurance and improvement programme) which are reviewed by the AC and approved by the Board.</p> <p>The engagement director of the outsourced internal audit function, Mr. Pang Nam Ming, is a professional member of The Institute of Internal Auditors Malaysia, member of Malaysian Institute of Accountants, fellow member of Association of Chartered Certified Accountants, Certified Internal Auditor and Licensed Goods and Services Tax Agent in Malaysia.</p> <p>The internal audit has been carried out, in material aspects, in accordance with the International Professional Practices Framework (“IPPF”) established by the Institute of Internal Auditors Global.</p>

	A brief statement on the internal audit function and summary of key activities are disclosed under section of "Audit Committee Report" and "Statement on Risk Management and Internal Control" in the Annual Report.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of an effective communication channel between the Board, shareholders and the investment community.</p> <p>Various channels are used as mean to communicate with stakeholders including:</p> <ul style="list-style-type: none"><li>▪ Annual General Meetings (“AGM”);</li><li>▪ Extraordinary General Meetings;</li><li>▪ Various disclosures and announcements made to Bursa Malaysia Securities Berhad;</li><li>▪ Publication of the Group’s Annual Report;</li><li>▪ Press release and press statements;</li><li>▪ Circular to shareholders;</li><li>▪ Company website; and</li><li>▪ Social media such as Facebook.</li></ul> <p>The Company has used the AGM as the principal forum for dialogue and interaction with shareholders where shareholders are informed of the current developments. At the AGM, the Board provides ample time for the question-and-answer session and for shareholders to give their views to the Board.</p> <p>The Company also maintains its corporate website that allows all shareholders and investors access to information about the Group as well as announcements made to Bursa Malaysia Securities Berhad at <a href="http://www.pgbgroup.com.my">www.pgbgroup.com.my</a> which is updated regularly to provide the latest information about the Group, including announcements and quarterly results of the Group. This ensure that all stakeholders enjoy equal access to the material information.</p> <p>The Board is mindful on the importance of maintaining proper corporate disclosure procedures with the aim to provide shareholders and investors with comprehensive, accurate and quality information on a timely basis. Personnel and working team for preparing the disclosure will conduct due diligence and proper verification, as well as coordinate the efficient disclosure of material information to the investing public.</p>

	The Company also ensures that confidential information is handled properly by Directors, employees and relevant parties to avoid leakage and improper use of such information. The Company is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**Practice 12.2**

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Not applicable – Not a Large Company	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Notice of Annual General Meeting (“AGM”) of the Company is dispatched to the shareholders at least 28 days before the date of holding the AGM, well in advance of the 21 days requirement stipulated in the Companies Act 2016 and Bursa Malaysia Listing Requirement.</p> <p>The Company has complied with the statutory requirement with regards to timeline in sending out notice of AGM to shareholders all these years. The same practice will apply to future annual general meetings of the Company.</p> <p>The Notice of AGM is published in the corporate website at <a href="http://www.pgbgroup.com.my">www.pgbgroup.com.my</a> and also made available to public at the website of Bursa Malaysia. The Board with the assistance of the Company Secretaries has ensured the Notice of AGM contained sufficient information related to the resolutions set out in the notice. Shareholders will have sufficient preparation time to attend the AGM and information to make informed decision.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In light of the COVID-19 pandemic and for safety measure, the 74th Annual General Meeting (“AGM”) of the Company held on 29 September 2021 as well as the Extraordinary General Meeting (“EGM”) held on 15 June 2021 were convened fully virtual in line with the Securities Commission’s Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers. The Company had appointed Tricor Investor &amp; Issuing House Services Sdn. Bhd. (“Tricor”) as the Poll Administrator for both of the general meetings to facilitate the Remote Participation and Voting (“RPV”) via its TIIH Online website at <a href="https://tiih.online">https://tiih.online</a>.</p> <p>It has been the practice of the Company that all Directors be present at all general meetings held during the financial year. The Chairman of the Audit, Nomination, Remuneration and Risk Management Committee and the key personnel management were available and attended the general meetings via video conferencing to response the relevant questions that posted by shareholders.</p> <p>At the 74th AGM, a presentation on the financial performance of the Group as well as the progress updates on the projects. During the general meetings, the Chairman encourages shareholders to raise their concerns to the Company and depending on the topic asked, he will either answer the question himself or direct it to any of the Directors who present and is more suited to address the issue.</p> <p>Shareholders were invited to send questions before the meeting via Tricor’s TIIH Online website in relation to the agenda items for the general meetings to further encourage engagement between the Directors and shareholders. Besides this, Chairman also invited shareholders to use the query box facility to submit questions during live streaming of the general meetings. All relevant questions raised by shareholders were addressed during the Questions and Answers session. Suggestions and comments communicated by shareholders were taken into careful consideration and well noted by the Board and Management.</p>



<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>With the outbreak of COVID-19 and as part of the safety measures to curb its spread, the Company conducted its fully virtual 74th AGM on 29 September 2021 as well as EGM on 15 June 2021 leveraging on the Remote Participation and Voting (“RPV”) facilities that enabled remote shareholders' participation and online remote voting. Shareholders able to attend, speak (including posing questions to Board via real time submission of typed texts) and vote remotely via Tricor Investor &amp; Issuing House Services Sdn Bhd's TIIH Online website at <a href="https://tiih.online">https://tiih.online</a>. If a member is unable to attend the general meetings, he/she may appoint a proxy or the Chairman of the meeting as his/her proxy to attend the general meetings via RPV facilities.</p> <p>On the day of the general meetings, the shareholders were required to login for remote participation at the general meetings. E-voting tutorial video was played during the general meetings prior to the commencement of the e-voting session to ensure the shareholders understand the method on exercising their rights as members.</p> <p>In line with the Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions put to general meetings have been voted by e-poll with an independent scrutineer appointed to validate the votes casted at the general meetings. The outcomes of voting on the proposed resolutions have been disclosed to the market and posted on the Company's website at <a href="http://www.pgbgroup.com.my">www.pgbgroup.com.my</a> after the general meetings.</p> <p>All the virtual general meeting was in compliance with the MCCG, Company Constitution and the Companies Act 2016.</p> <p>Tricor has put in place the necessary information security measures to prevent cyber threats and data breaches, which includes hosting RPV facilities on a secured cloud platform.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The Company recognises that the general meetings are important interaction platform with shareholders. The Chairman encourages active participation by the shareholders during the general meetings.  Shareholders are given the opportunity to raise questions or seek clarification on any matters including but not limited to the financial and non-financial performance as well as the long-term strategies of the Group by posing their questions via real time submission of typed texts within the online meeting platform during the general meetings which was conducted on Fully Virtual Basis as well as, in general via email before the meeting. Answers to questions received beforehand will be answered verbally during the general meeting.  Shareholders are also encouraged to make their views known to the Board and to raise directly any matters of concern to the Chairman of the Company or to the chairman of the Board Committees. Management personnel are also present to respond to any enquiries from the shareholders. The Chairman will provide sufficient time to shareholders to raise questions and would respond to the shareholders with regards to their concern and questions raised accordingly.
<b>Explanation for departure</b>	:  

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>In view of the COVID-19 outbreak, the Company has taken an alternative arrangement to conduct the 74th AGM on 29 September 2021 and the EGM on 15 June 2021 on a fully virtual basis through live streaming and online remote voting using the Remote Participation and Voting (“RPV”) facilities provided by Tricor Investor &amp; Issuing House Services Sdn. Bhd. (“Tricor”) via its TIIH Online website at <a href="https://tiih.online">https://tiih.online</a>.</p> <p>The required infrastructure and tools to support among others, smooth broadcast of the general meetings and interactive participation by shareholders were in place. Shareholders will be able to go online, participate and vote remotely at the general meetings using the RPV facilities. They are also able to view the Company’s presentation or slides, if any, via the live web streaming.</p> <p>Shareholders or proxies may submit questions in advance prior to the meeting via Tricor’s TIIH Online website at <a href="https://tiih.online">https://tiih.online</a> or they may use the Query Box to transmit questions via RPV facilities during live streaming of the general meetings. The questions posed by shareholders would be projected on the screen and made visible to all meeting participants. The Chairman and the Board of Directors will use their best endeavours to respond to any enquiries from the shareholders.</p> <p>The Board would endeavour to hold physical meeting for the forthcoming 75th AGM depending on the pandemic situation and authorities updates or regulation. Nevertheless, should the need arise, the Board would consider changing its mode of meeting and hold fully virtual meeting. Therefore, the Board look forward to ensure smooth broadcast of the general meeting and adequate time is given during general meeting to encourage and allow the shareholders to seek clarification or ask questions on pertinent and relevant matters.</p>

	We will continue to put in place various processes and measures to provide meaningful interactions with shareholders during general meetings.	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: Pursuant to Guidance 13.6 of the MCCG 2021, minutes of the general meeting is published on the Company's corporate website <a href="http://www.pgbgroup.com.my">www.pgbgroup.com.my</a> within 30 business days upon conclusion of the general meeting.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  



**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT  
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

Not applicable
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