



PARAGON GLOBE BERHAD

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194801000095 (1713-A)

CONFLICT OF INTEREST AND RELATED PARTY TRANSACTION POLICY

(VERSION 1.0)

APPROVED BY THE BOARD OF DIRECTORS OF THE COMPANY ON 26 MAY 2022

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1.0 INTRODUCTION

- 1.1 The Board of Directors of PARAGON GLOBE BERHAD (“**Company**” or “**Paragon Globe**”) together with its subsidiaries, (“**Group**”) hereby adopts the following policy and procedures on **CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS** (“**Policy**”), as defined below.
- 1.2 In formulating this Policy, the Company has taken into account the requirements contained in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**MMLR**” or the “**Listing Requirement**”) to ensure compliance with the obligations imposed.

2.0 OBJECTIVE

- 2.1 This Policy aims to provide an avenue for the director and employees of the Group to understand the policies and procedures that need to be adhered to in identifying and treating related party transaction (“**RPT**”) to ensure compliance with the MMLR and other applicable laws.
- 2.2 In line with Paragon Globe’s commitment to promote good corporate governance in the conduct of business, this Policy outlines the framework and the processes for the purposes of identifying, monitoring, evaluating, reporting and approving the RPT. It also serves as a guide to the Audit Committee and Board of Directors (“**Board**”) of Paragon Globe in discharging its role which is to provide oversight over the RPT within the Group.

3.0 DEFINITION

- 3.1 Except where the context otherwise requires, the following definition shall have the following meanings:

“Chief Executive” : Means the principal executive officer of the Company for the time being, by whatever name called, and whether or not he is a director.

“Conflict of Interest” Means circumstances or relationships, where a person's own interests either influence, have the potential to influence, or are perceived to influence their decision making of the Group.

“Director” : Means a person as defined in Chapter 10.02(c) of the MMLR. It generally refers to any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon: –
(i) a director of the listed issuer, its subsidiary or holding company; and
(ii) a chief executive of the listed issuer, its subsidiary or holding company.

“Employees”	Means any person who is employed by the Company and/or its subsidiaries including but not limited to:
	(a) director, whether executive or non-executive;
	(b) senior management; and
	(c) any individual on direct hire.
“Family Member”	: Means a person as defined in Chapter 1.01 of the MMLR. It generally refers to a person means such person who falls within any one of the following categories:
	(a) spouse;
	(b) parent;
	(c) child including an adopted child and step-child;
	(d) brother or sister; and
	(e) spouse of the person referred to in subparagraphs (c) and (d) above.
“Major Shareholder”	: Means a person as defined in Chapter 1.01 of the MMLR. It generally refers to a person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is –
	(a) 10% or more of the total number of voting shares in the corporation; or
	(b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.
“Related Party”	: Means a related person as defined in Chapter 1.01 of the MMLR. It generally refers to a Director, Major Shareholder or Person Connected with any such Director or Major Shareholder, who are interested in the Related Party Transactions.
“Related Party Transaction” (“RPT”)	: Means a transaction entered into by the listed issuer or its subsidiaries which involves the interest, direct or indirect of a related party.
“Recurrent Related Party Transaction” (“RRPT”)	: Means a related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of a listed issuer or its subsidiaries.

- “Transaction”** : Means a transaction as defined in Chapter 10.02(l)(ii) of the MMLR. It generally includes any of the following actions undertaken by the Company or its subsidiaries: -
 - (a) the acquisition, disposal or leasing of assets;
 - (b) the establishment of joint ventures;
 - (c) the provision of financial assistance;
 - (d) the provision or receipt of services; or
 - (e) any business transaction or arrangement entered into, by a listed issuer or its subsidiaries.

- “Significant Transactions”** : Means any transactions with annual transaction value (based on financial reporting period) amounting to more than RM1,000,000.00.

- “Substantial Shareholder”** : Means the person referred to in Section 136(2) of the Companies Act 2016.

- 3.2 All references to “Company” or “Paragon Globe” in this policy are to Paragon Globe Berhad and references to “Group” are to Paragon Globe and its subsidiaries. Reference to “we”, “us”, “our” and “ourselves” are to the Company and where the context otherwise requires, its subsidiaries.

- 3.3 The definition denoting the singular shall, where applicable, include the plural and vice-versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. References to persons shall include corporations, unless otherwise specified.

- 3.4 This Policy shall also be guided by the definition and interpretations of the abovementioned items as set out in the Listing Requirements and Companies Act 2016, where applicable.

4.0 CONFLICT OF INTEREST & RELATED PARTY TRANSACTIONS

- 4.1 A conflict of interest arises in any situation in which a Substantial Shareholder, Director or employee of the Group is in a position to take advantage of his or her position or role at the Group for his or her personal benefit whether directly or indirectly, including the benefit of person connected to him/her. A conflict of interest will undermine the values of good faith, fidelity, diligence and integrity in the performance of duties and obligations as expected. In the event of doubt, the Substantial Shareholder and the Director shall seek consultation from Company Secretary of the Company and the employee shall seek consultation from Compliance Function for clarification.

- 4.2 All Substantial Shareholders, Directors and employees of the Group (including person connected to him/her) must avoid any situations in which personal interest whether directly or indirectly could conflict with their obligations or duties and must not use their position and authorities, the Group’s resources and assets and/or any information available to them for personal gain or for the benefit of the person connected to them or to the Group’s disadvantage.

- 4.3 All Substantial Shareholders, Directors and employees of the Group (including person connected to him/her) must not enter into any relationship or transactions with the Company or its subsidiaries or any person, whether contractual or otherwise and whether under his/her name or otherwise, which result in actual conflict of interest, potential conflict of interest or perceived conflict of interest unless it is permissible under all relevant laws and regulations with such interested transaction or contract is approved by appropriate level of management and the Board of its subsidiary and/or the Company whereby he/she (including person connected to him/her) abstain himself/herself from the all review, discussion and decision for such interested transaction or contract.
- 4.4 All Directors and employees of the Group shall comply with the Code of Conduct of the Group as approved by the Board of Directors of the Company. All Directors and employees of the Group must disclose and declare their interest via "**Conflict of Interest Declaration Form**" in the contemplated transaction or contract of any actual conflict of interest, potential conflict of interest or perceived conflict of interest whether directly or indirectly before the contractual business relationship is established or at any time and as soon as practical if the Directors or employees becomes aware of an actual conflict of interest, potential conflict of interest or perceived conflict of interest, whether directly or indirectly to the Audit Committee of the Company (for Director of the Company and its subsidiaries) and Compliance Function which is to be subsequently forwarded to the Audit Committee of the Company (for employees) respectively and such interested Director or employee (including person connected to him/her) are abstained from participating in the review, discussion and decision in relation to the interested transaction or contract and comply with the relevant laws and regulations. A sample of the Form is attached in Appendix 1.
- 4.5 Substantial Shareholder of the Company or its subsidiaries must disclose and declare his/her interest via "**Conflict of Interest Declaration Form**" in the contemplated transaction or contract of any actual conflict of interest, potential conflict of interest or perceived conflict of interest, whether directly or indirectly with the Company or its subsidiaries to the Company Secretary of the Company or its subsidiaries (as the case maybe) for onward submission to the Audit Committee and such interested Substantial Shareholder (including person connected to him/her) is abstained from participating in the review, discussion and decision in relation to the interested transaction or contract and comply with the relevant laws and regulations.
- 4.6 In a General Meeting to obtain shareholders' approval or mandate for the interested transaction or contract, the Substantial Shareholder, Director or interested person connected with such Substantial Shareholder, Director and where it involves the interest of a person connected with the Substantial Shareholder or Director, Employees, such Substantial Shareholder or Director or Employees, must not vote on the resolution to approve the said transactions. The Substantial Shareholder or Director must ensure that person connected with him/her is abstained from voting on the resolution approving the transactions.

5.0 REVIEW AND APPROVAL OF CONFLICT OF INTEREST, RPT AND RRPT

- 5.1 All Related Party of the Group are responsible to provide Conflict of Interest Declaration Form to the Audit Committee of any potential RPT, RRPT and/or any conflict of interest involving him/her or Person Connected to him/her, including any additional information about the transaction that the Audit Committee may reasonably request subsequently. The Audit Committee will determine whether the transaction does, in fact, constitute RPT, RRPT and/or conflict of interest, and may engage professional or third-party opinion on the matter as required.
- 5.2 All Substantial Shareholders, Directors, employees of the Group are required to complete the "Conflict of Interest Declaration Form" in an annual basis, by disclosing the names of companies in which he/she and/or their Person Connected hold directorships and /or substantial shareholding, any potential RPT, RRPT and/or conflict of interest, if any to the Compliance Function.
- 5.3 Sales and Marketing Department's personnel and Project and Purchasing Department's personnel are required to submit Conflict of Interest Declaration Form whereby the owner, director and/or shareholder of the prospective customer or newly appoint supplier is required to disclose and declare whether the owner, director and/or its shareholder is the Substantial Shareholder, Director or employee of the Company or its subsidiaries or Person Connected with such Substantial Shareholder, Director or employee. Sales and Marketing Department and Project and Purchasing Department are required to inform the Compliance Function in the event the owner, director and/or the shareholder of the prospective customer or newly appoint supplier is a Substantial Shareholder, Director or employee of the Company or its subsidiaries or Person Connected with the Substantial Shareholder, Director or employee.
- 5.4 The Compliance Function will review all RPTs, RRPTs and/or the conflict of interest monthly, compile a listing of Related Party, nature of RPT, RRPT and/or the conflict of interest, estimated value of annual transactions and control(s) put in place to the transactions, subject to the update from time to time and subject to review by the Head of Compliance Function without the participation of the interested Related Party. It is the responsibility the Head of Compliance Function to notify the the Audit Committee of new RPT, RRPT and/or conflict of Interest with details in written communication and/or electronic communication and report to the Audit Committee for review at least once every quarter during the quarterly Audit Committee meeting.

(In the event the Head of Compliance Function has interest whether directly or indirectly in the RPT, RRPT and/or the conflict of interest, other director not interested in the RPT, RRPT and/or the conflict of interest shall review the details of the relevant RPT, RRPT and/or the conflict of interest and notify the Audit Committee.)

- 5.5 For the avoidance of doubt, Significant Transaction involving Related Party for annual transaction value (based on financial year) of more than RM1,000,000.00 must subject to a formal review and approval by the Audit Committee, supported by information and documentations per clause 5.7 and clause 5.8 of this Section, prior to the commencement of the transaction. Whilst Head of Compliance Function will notify the Audit Committee for annual transaction value if less than RM1,000,000.00 during Audit Committee Meeting.
- 5.6 Any member of the Audit Committee who has a actual conflict of interest, potential conflict of interest or perceived conflict of interest, whether directly or indirectly in any RPT, RRPT and/or any conflict of interest will recuse himself or herself and abstain from voting on the review and approval or ratification for all of the RPT, RRPT and/or conflict of interest and must not participate in the Audit Committee's discussions of the RPT, RRPT and/or any conflict of interest. Thereafter such member of the Audit Committee, if he/she is Independent Director, shall be subject to independency and objectivity assessment by the Board of Directors of the Company to determine his/her independency and objectivity to continue his/her holding of office as Independent Director.
- 5.7 In order for the Audit Committee to review any RPT, RRPT and/or any conflict of interest, the Compliance Function shall provide the Audit Committee with all relevant material information of the RPT, RRPT and/or any conflict of interest, including but not limited to: -
 - (a) the terms of the transaction and its commercial reasonableness;
 - (b) the description and business purpose of the transaction;
 - (c) the extent of the Related Party's interest in the RPT, RRPT and/or any conflict of interest, if applicable;
 - (d) the control(s) put in place;
 - (e) the benefits to the Company and/or to the Related Party;
 - (f) the materiality of the RPT, RRPT and/or any conflict of interest to the Company and the percentage ratio pursuant to Chapter 10 of MMLR;
 - (g) justification as to why the transaction must be undertaken with the Related Party; and
 - (h) any other relevant information as the Audit Committee deems necessary.

- 5.8 In determining whether to recommend the RPT, RRPT and/or any conflict of interest to the Board of Directors of the Company to approve or its recommendation to the shareholders for approval at general meeting, the Audit Committee shall consider the following factors: -
- (a) Whether the terms of the RPT, RRPT and/or the conflict of interest are at arms-length basis, on terms not more favourable to Related Party than those generally available to the public and in the best interest of the Company, fair, reasonable and not detriment to the interest of the Company or its subsidiary or its minority shareholders and/or would apply on the same basis if the transaction did not involve a Related Party;
 - (b) Whether there are quotations provided by a non-Related Party for comparison and if no, justification for no price comparison;
 - (c) Whether there are any compelling business reasons for the Company or its subsidiary to enter into the RPT, RRPT and/or the conflict of interest and the nature of alternative transactions, if any;
 - (d) Whether the RPT, RRPT and/or the conflict of interest would impair the independence of an otherwise Independent Director, Director or Chief Executive of the Company or its subsidiary (as the case maybe);
 - (e) Whether the Audit Committee was notified about the RPT, RRPT and/or the conflict of interest before its commencement and if not, why pre-approval was not sought and whether subsequent ratification would be detrimental to the Company or its subsidiary; and
 - (f) Whether the RPT, RRPT and/or the conflict of interest would present an improper conflict of interest for Related Party or the employee of the Company or its subsidiary, taking into account the size of the transaction, the overall financial materiality of RPT, RRPT and/or the conflict of interest to the Related Party or the employee of the Company or its subsidiary, the direct or indirect nature of the Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee deems relevant.
- 5.9 If in any event, the Audit Committee decides not to recommend a RPT, RRPT and/or the conflict of interest to the Board of Directors of the Company to approve or its recommendation to the shareholders for approval at general meeting that has been commenced without approval, the Audit Committee may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction or modification of the transaction to make it acceptable for ratification. In connection with any review of a RPT, RRPT and/or the conflict of interest, the Audit Committee has the authority to modify or waive any procedural requirements of this policy.
- 5.10 All RPTs, RRPTs and/or any conflict of interest reviewed by the Audit Committee are to be reported and recommended to the Board of Directors for deliberation and approval. The considerations set forth above shall apply to the Board of Directors with such modifications as may be necessary or appropriate under the circumstances.
- 5.11 Any member of the Board of Directors who has an actual interest, potential interest or perceived interest in any the RPT, RRPT and/or Conflict of Interest will recuse himself or herself and abstain from voting on the approval or ratification of the RPT, RRPT and/or the conflict of interest and must not participate in the Board of Directors discussions of the RPT, RRPT and/or the conflict of interest.

6.0 DISCLOSURE OF RPTS, RRPTS AND CONFLICT OF INTEREST

- 6.1 Head of Compliance Function is responsible to compile the percentage ratio of all RPTs, RRPTs and/or the conflict of interest in compliance of Chapter 10 of MMLR in relation to the RPTs, RRPTs and/or the conflict of interest. The information complied therein is required to be comply with the Companies Act 2016, Capital Markets and Services Act 2007 such other securities laws and regulations or such other applicable laws and regulations in relation to the RPTs, RRPTs and/or the conflict of interest.

- 6.2 Prior to announcement of the RPT, RRPT and/or any conflict of interest, Compliance Function shall draft the announcement and circular of RPT, and/or the conflict of interest and such other documentations that are necessary for the said purpose and seek clearance from the Audit Committee. The Audit Committee shall confirm and approve the terms and conditions of the RPT and/or the conflict of interest and submit the said RPT and/or conflict of interest's announcement and circular to the Board of Director for deliberation and approval based on the Audit Committee's recommendation. On the completion and signing of the agreement by the Company or its subsidiary, Compliance Function shall immediately announcement the said RPT and/or the conflict of interest to Bursa Securities (where necessary).

7.0 ROLE AND RESPONSIBILITIES

All Substantial Shareholder, Directors and employees are responsible for identifying and managing conflicts of interest on an ongoing basis and are required to:

- i. Comply with this Policy and other applicable policies and guidelines relating to the identification, documentation, escalation and management of conflicts of interest;
- ii. Act with objectivity, integrity and independence, and exercise sound judgement and discretion;
- iii. Avoid, wherever possible, situations giving rise to conflicts of interest as described in this Policy; and
- iv. Immediately declare the conflict of interest in accordance with this Policy, remove themselves from the decision-making process and not seek to influence such decisions any further.

8.0 CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS COMPLIANCE FUNCTION

- 8.1 The Group shall establish and maintain a conflict of interest and related party compliance function to responsible for all conflict of interest and related party transactions compliance matters. Details of the Conflict of Interest and Related Party Transactions Compliance Function Structure is attached in Appendix 3.

- 8.2 The conflict of interest and related party transactions compliance function shall perform their responsibilities below within the Company structure, equipped to act effectively, including but not limited to: -
- i. provide advice and guidance to personnel on the issues relating to conflict of interest and related party transactions;
 - ii. take appropriate steps to ensure that adequate monitoring, measurement, analysis and evaluation on the issues relating to conflict of interest and related party transactions are performed;
 - iii. a record of activities that may give rise to detrimental conflicts of interest and related party transactions;
 - iv. ensure the Conflict of Interest and Related Party Transactions Declaration Form are signed in annual basis;
 - v. report on the performance of the conflict of interest and related party transactions management of the Substantial Shareholders, Directors and employees to the Audit Committee during the Board Meeting; and
 - vi. conduct regular risk assessment to identify the conflict of interest risks affecting the business, set the objectives, assess the effectiveness of the controls in achieving those objectives and report to the Audit Committee during the Board Meeting.
- 8.3 Appropriate resources shall be provided for effective operation of the management of issues relating to conflict of interest and related party transactions and that the compliance function is staffed with persons who have the appropriate competence, status, authority and independence.
- 8.4 The lines of authority for the Compliance Function tasked with responsibility for overseeing the compliance programme shall be directly to the Audit Committee.

9.0 MAINTAIN OF RECORDS

Compliance Function shall maintain records of all conflicts of interest declarations as well as other related documents for all Substantial Shareholder, Directors and employees.

10.0 BREACH OF POLICY

Failure to disclose a conflict of interest is a breach of this policy and may lead to disciplinary action.

11.0 OTHER RELEVANT DOCUMENTS

This policy must be read in conjunction with the Paragon Globe's Anti-Bribery and Corruption Policy ("ABC Policy") and other related policies. The Conflict-of-Interest Declaration Form must be used to disclose any conflicts of interest.

12.0 REVIEW AND APPROVAL OF THIS POLICY

- 12.1 This Policy was reviewed by the Audit Committee and approved by the Board on the recommendation of the Audit Committee on 26 May 2022.
- 12.2 This Policy shall be reviewed at least once for every three (3) years by the Audit Committee and recommended to the Board for approval as and when required and updated in compliance with the prevailing applicable laws and regulations or in accordance with the needs of the Group, where necessary.

13.0 MODIFICATION

Paragon Globe reserves the right to modify or amend this Policy at any time as it may deem necessary in order to align the policy with Listing Requirements, Companies Act 2016, Malaysian Code on Corporate Governance and any other applicable laws enforced at the time being.

This Conflict of Interest and Related Party Transaction Policy has been approved and adopted by the Board on 26 May 2022.

APPENDIX 1

PARAGON GLOBE BERHAD

(REGISTRATION NO: 194801000095 (1713-A))

CONFFLICT OF INTEREST DECLARATION FORM

Instruction:

1. Please fill in the boxes in which the conflict of interest situations apply to you.
2. This Conflict of Interest Declaration Form shall be submitted by you at any point in time when a real, apparent or potential conflict of interest situation arises.

For External Stakeholders (Suppliers/Customers/Agents/Substantial Shareholders/Other Third Parties)			
Name	:	Email Address	:
Phone No.	:	Relationship	:

For Internal Stakeholders (Directors/Employees)			
Name	:	Employee ID	:
Phone No.	:	Email Address	:
Immediate superior	:	Designation/ Department	:

Details of Conflict of Interest

Description of conflict

When did the conflict arise?

Impact / potential impact of conflict:

Actions taken to address conflict:

Disclose of conflict**Disclosure to Compliance Function: Yes / No****Date of disclosure to Compliance Function:****Declaration:**

I hereby declare that the information provided herein is complete and accurate.

.....

Name:

Date:

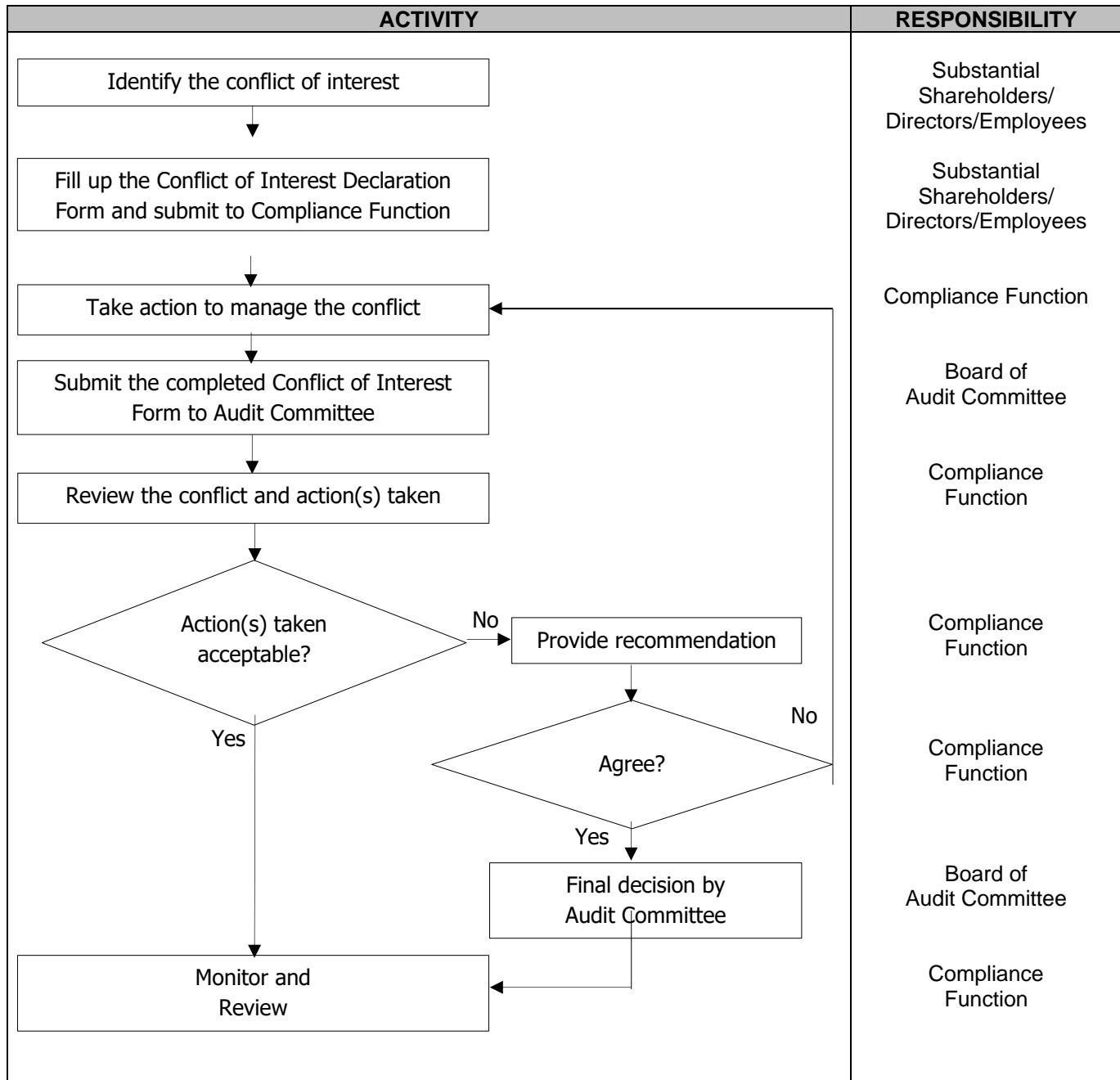
Acknowledge by Compliance Function:**Remarks by Compliance Function:**

APPENDIX 2

PARAGON GLOBE BERHAD

(REGISTRATION NO: 194801000095 (1713-A))

CONFLICT OF INTEREST DECLARATION PROCESS FLOW

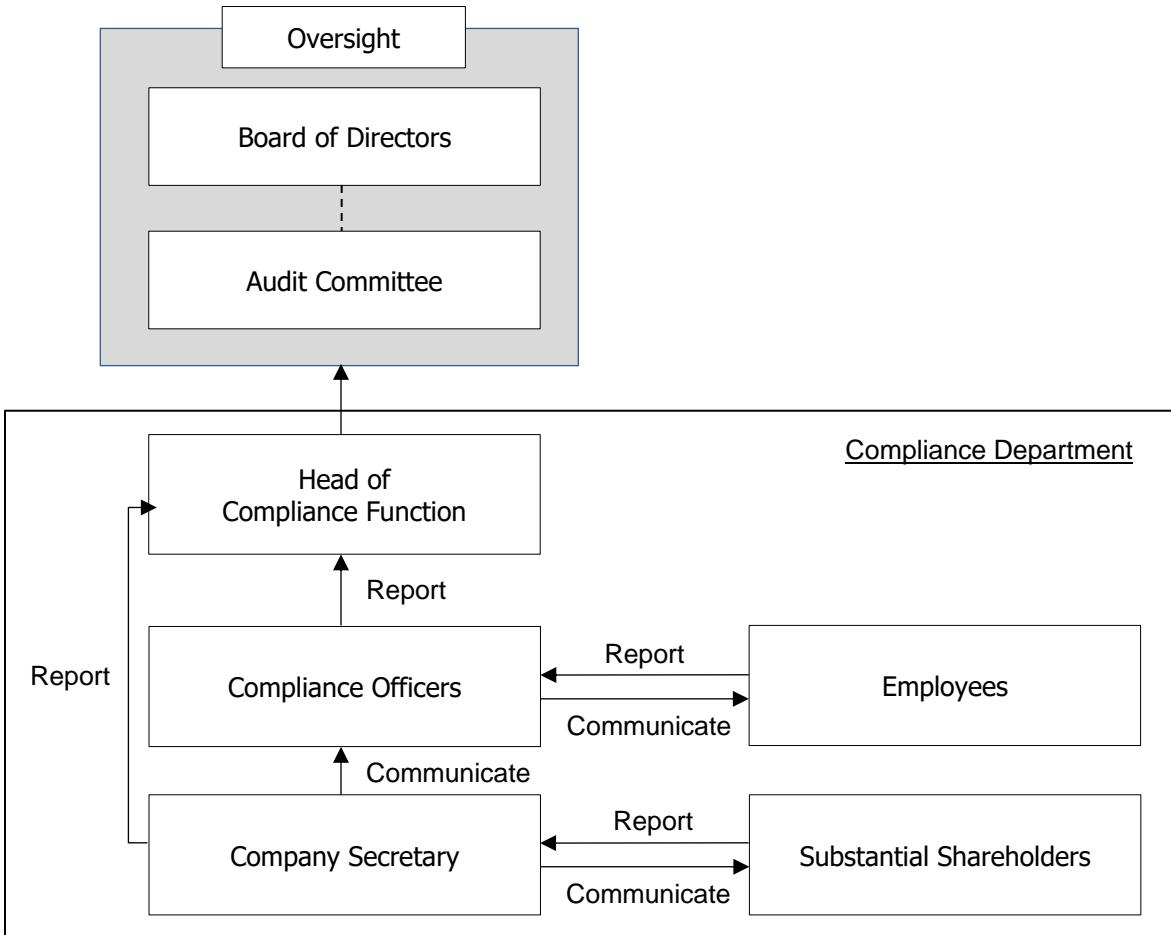


APPENDIX 3

PARAGON GLOBE BERHAD

(REGISTRATION NO: 194801000095 (1713-A))

CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS COMPLIANCE FUNCTION



With the Board of Directors as its apex, we initiated a three-tiered governing structure that includes cross-functional departments that best represent our business operations during the current financial year. The Board of Directors are supported by both Audit Committee and Compliance Department. The Audit Committee oversees the conflict of interest and related party transactions matters in the Group while the Board remains to have the ultimate responsibility.

The newly set up Compliance Department with the Corporate Compliance Officer playing the role as the Head of Compliance Function which supported by the respective head of departments as the Compliance Officers. The Company Secretary will also play a role to update the Head of Compliance if there is any conflict of interest and related party transactions reported by Substantial Shareholders. The respective personnel will hold their roles and responsibilities to achieve the goals set and approved by the Board.



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