



PARAGON GLOBE BERHAD

百 丽 环 球

194801000095 (1713-A)

REMUNERATION POLICY

(VERSION 3.0)

TABLE OF CONTENT

1	PURPOSE	3
2	SCOPE AND APPLICATION	3
3	DEFINITION AND INTEPRETATION	4
4	REMUNERATION PRINCIPLES	5
5	REMUNERATION STRUCTURE	6
6	REMUNERATION POLICY AND PROCEDURES	8
7	DISCLOSURE OF REMUNERATION	10
8	POLICY GOVERNANCE	10

1. INTRODUCTION

- 1.1 This Remuneration Policy and Procedures provide clear and guiding principles (“Document”) for the Board of Directors (“Board”) and the Remuneration Committee of Paragon Globe Berhad (“PGB” or “the Group”) to determine the appropriate level of remuneration of Directors and Senior Management taking into account the demands, complexities and performance of the Directors and Senior Management as well as skills and experience as required to be align with the interests of shareholders and with the business strategies of the Group
- 1.2 The Remuneration Policy outlines the guiding principles for the remuneration of the Group and is one of the key components of the HR strategy, both of which that fully support the overall business strategy of the Group.

2. PURPOSES

- 2.1 The purposes of the Remuneration Policy are as follows:
- (a) to enable the Company to attract and retain highly qualified members to enable the Company to provide a well-balanced and competitive directors compensation package;
 - (b) to ensure that the interests of Executive Directors and Senior Management are aligned with the business strategy, values and medium to long-term interests of the Group and is consistent with the "pay-for-performance" principle;
 - (c) to promote strong teamwork culture among the Executive Directors and Senior Management; and
 - (d) to instill transparency and openness in the review and approval of compensation package of the Board’s members and Senior Management.

3. SCOPE AND APPLICATION

- 3.1 This Document is to be read together with the relevant enumerations encapsulated in the following legislations: -
- (a) Companies Act 2016; and
 - (b) Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”).
- 3.2 Where there is a conflict between the contents of this Document and the aforementioned legislations, the relevant enumerations contained in the said legislations shall prevail.
- 3.3 This Document is also developed in alignment with the Malaysian Code on Corporate Governance (“MCCG”) wherein when the paragraphs in this Document make reference to any provisions in the legislations or other corporate governance promulgations (e.g MCCG), they are indicated accordingly in italics.
- 3.4 This Document will be reviewed periodically by the Remuneration Committee and will be made available on the Company’s website.

4. DEFINITION AND INTERPRETATION

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

“Executive Director”	Means a Director who assumes management responsibilities in PGB.
“Independent Director”	Means a Director who is independent of Management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of an applicants or a listed issuer. The Director must fulfill the independence criteria as set out in Paragraph 1.01 of the Listing Requirements.
“Major Shareholder”	: Means a person who has an interest in 10% or more of the total number of voting shares in PGB; or 5% or more of the total number of voting shares in PGB where such person is the largest shareholder of PGB.
“Senior Management”	: Means General Managers or equivalent.
“Remuneration”	: Means all forms of consideration rendered to Directors and Senior Management in exchange for their services. This includes but not limited to fees, meeting allowances, base salary, bonus and benefits.
“Share option”	: Means a right to buy a certain number of PGB shares at a predetermined price.

5. REMUNERATION PRINCIPLES

5.1 PGB is guided by the following principles in remunerating its Directors and Senior Management:

- 5.1.1 Fees payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover (*Paragraph 7.23 of the Listing Requirements*);
- 5.1.2 Salaries payable to Executive Directors shall not include a commission on or percentage of turnover (*Paragraph 7.23 of Listing Requirements*);
- 5.1.3 The maxim “pay for performance” is adopted in remunerating Executive Directors and Senior Management to promote the long-term success of PGB. Performance is measured based on key performance indicators (“KPIs”), financial and non-financial;
- 5.1.4 Independent Directors shall not be remunerated with shares or stock-options. If exceptionally granted, the quantum granted shall not amount to an extent that it would result in the Independent Director becoming a major shareholder (*Paragraph 1.01 of the Listing Requirements*);
- 5.1.5 Share options, if granted to Directors and Senior Management, shall not vest immediately. The vesting period of share options shall reflect the time horizon of risks and taking into account the potential of risks to crystallise over a longer period of time;
- 5.1.6 Bonuses to Executive Directors and Senior Management shall not be guaranteed except in the context of sign-on bonuses; and
- 5.1.7 Periodic benchmarking of remuneration will be undertaken to ascertain the competitiveness of PGB’s remuneration packages vis-à-vis other companies. However, such comparisons will be utilised with caution, in view of the risk of an upward ratchet of remuneration levels with no corresponding improvement in corporate and individual performance and to avoid paying more than is necessary.

6 REMUNERATION STRUCTURE

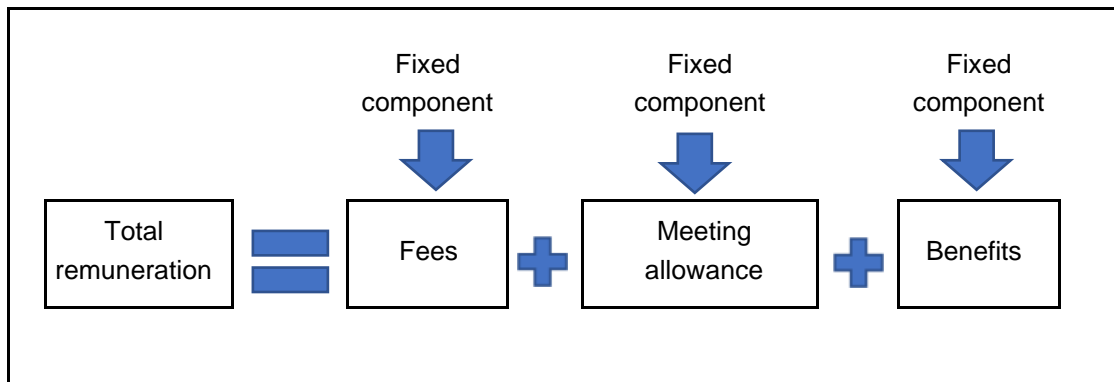
6.1 The table below summaries the main components that shall form the remuneration packages of Directors and Senior Management of PGB: -

CATEGORY-FIXED/VARIABLE	COMPONENT	COMPONENT DESCRIPTION
Fixed	Fees	A fixed retainer sum shall be provided to Non-Executive Directors for their ongoing contribution to the Board.
Fixed	Meeting allowance	A payment shall be made to Non-Executive Directors on a per-meeting basis with a condition that attendance (physical or virtual) is a prerequisite for remittance.
Fixed	Base salary	A monthly payment (including statutory contribution) based on respective duties, responsibilities and job grade shall be provided to Executive Directors and Senior Management personnel for performing their day job.
Fixed	Benefits	Benefits (including but not limited to hospitalization and personal accident) may be provided to increase the economic security of Directors and Senior Management personnel and as an incentive to attract and retain talent.
Variable	Bonus	A performance-based sum (paid via cash, shares or stock options) may be awarded to Executive Directors and Senior Management personnel for attaining or exceeding their assigned KPIs, or respective overall contribution to the Group's business.

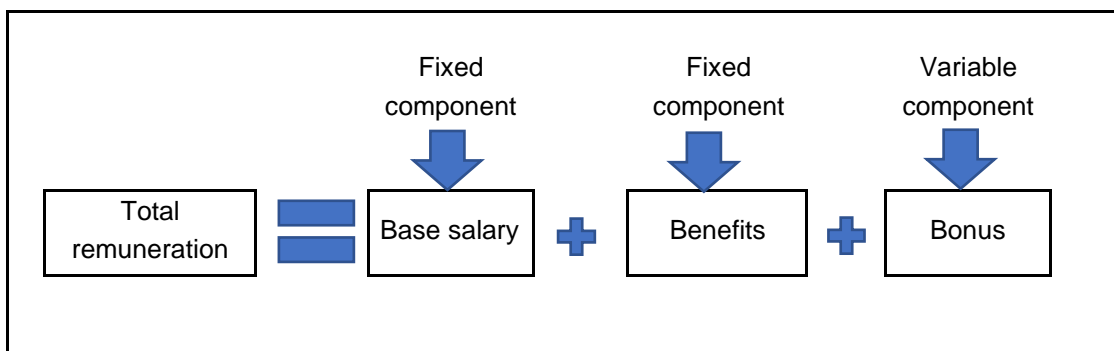
6.2 In addition, expense (e.g entertainment and travel expenses) incurred by Directors and Senior Management in discharging their duties relating to the ordinary course of PGB's business activities shall be reimbursed accordingly. All claims' reimbursements must be accompanying with the claims receipts and shall be submitted to the Human Resource and Finance Department for processing on a timely basis.

6.3 Goals, KPIs and performance expectation are set at the beginning of the year and will be reviewed mid end of the fiscal year. The Company adopts pay-for-performance philosophy. There is a transparent performance-linked rewards framework in place.

6.4 A typical remuneration structure for Non-Executive Directors of PGB is illustrated as below: -



6.5 A typical remuneration structure for Executive Directors and Senior Management of PGB is illustrated as below:



6.6 Other Directors' Remuneration

6.6.1 Directors and Officers Liability Insurance

6.6.1.1 Directors are accorded with Directors and Officers Liability Insurance in respect of any liability (civil or criminal) arising in the course of discharging their duties as Directors of PGB provided that such liabilities were occasioned in good faith and not as a result of negligence, default or breach of duty (*Section 288 of Companies Act 2016*).

6.6.1.2 The Directors and Officers Liability Insurance premium shall be borne by the Company separately and does not form part of the benefits awarded to Directors as part of their remuneration packages.

6.6.2 Directors Fees and Benefits Payable

6.6.2.1 The fees of the Directors and any benefits payable to the Directors including any compensation for loss of employment of a Director or former Director of the Company and its subsidiaries shall be approved at the General Meeting (*Section 230(1) of Companies Act 2016 and Paragraph 7.24 of Listing Requirements*).

6.6.2.2 Approval of Directors fees and benefits payable may be sought in a prospective or retrospective manner. However, payment of Directors' fee shall be only made in arrears either on a progressive (e.g monthly, quarterly) or lump-sum basis (i.e year-end).

6.6.2.3 Directors who are shareholders shall abstain from voting at General Meetings of PGB to approve their fees (*Practice 6.2 of MCCG*).

7 REMUNERATION POLICY AND PROCEDURES

7.1 Policy and Procedures for Non- Executive Directors' Remuneration

7.1.1 PGB's remuneration policy for Non-Executive Directors is to develop a remuneration structure that is commensurate with the Non-Executive Directors responsibilities at both the Board and Board Committee level and is sufficient to attract, incentives and retain quality Non-Executive Directors.

7.1.2 Non-Executive Directors' remuneration packages shall be determined on the basis of their qualification, experience and competence having regard to their responsibilities, time commitment and annual evaluation as undertaken by the Remuneration Committee.

7.1.3 As mentioned in the preceding section, Non-Executive Directors shall be paid via fixed retainer fees, meeting allowances and other benefits. As for meeting allowance, no distinction shall be made between participation in person and participation by video, teleconference or other electronic mode that permits Non-Executive Directors to participate.

7.1.4 Periodic review of Non-Executive Directors remuneration with some selected peer companies in order to ensure the remuneration is fair and reasonable.

7.2 Policy and Procedures for Executive Directors and Senior Management Remuneration

7.2.1 PGB's policy for Executive Directors and Senior Management's remuneration is to ensure that the level of remuneration is generally set to provide market competitiveness to attract, retain and motivate Executives of the highest caliber to competently manage the Company.

7.2.2 The component parts of the remuneration shall therefore be structured to link the remuneration package with corporate and individual performance and take into account similar packages at comparable companies.

- 7.2.3 The performance of Executive Directors and Senior Management is measured based on the achievements of their annual KPIs (both qualitative and KPIs). The weightage of the qualitative and quantitative targets may be adjusted to accommodate PGB's aspirations.

Nature	Examples
Quantitative	Profit Before Tax (PBT), Earnings Before Interest, Taxes, Depreciation, and Amortisation (EBITDA) or Return on Invested Capital (ROIC) and relative performance of PGB
Qualitative	Strategic milestones and initiatives that need to be achieved and implemented on areas such as strategy, innovation, business development, synergy, human capital management, financial management and societal development.

- 7.2.4 Annual review on remuneration takes place at the last quarter of each calendar year. Executive Chairman reviews the appraisal results against an agreed performance standards with relevant internal and external inputs. Overall remuneration results together with internal such as performance of the Group, individual performance, duties, responsibilities and commitments of the Directors and Senior Management will be presented to Remuneration Committee for consideration in December annually. Remuneration Committee will also consider the available market remuneration data or benchmarks to determine the reasonable remuneration of Directors and Senior Management. Upon review of the Remuneration Committee, the appropriate recommendations will be made to the Board for approval. The Board will consider, if deemed appropriate, approve the recommended remuneration for the Directors and Senior Management. The Board will also propose the remuneration of Non-Executive Directors, upon the recommendation of Remuneration Committee, to the shareholders at the annual general meeting for approval.
- 7.2.5 Remuneration Committee evaluates the performance of Executive Directors. Rewards accorded to Executive Directors and Senior Management for their achievement of the respective KPIs shall comprise annual bonus and increment to their base salaries.
- 7.2.6 In considering the remuneration policy and procedures, the Remuneration Committee may also enlist the expertise of external advisors whenever necessary.
- 7.2.7 Executive Directors play no part in the deliberation of decision-making of their own remuneration matters but may attend the Remuneration Committee's meeting at the invitation of the Chairman of the Remuneration Committee, if their presence is required.
- 7.2.8 The remuneration of Executive Directors and Senior Management is approved by the Board, as a whole, with the individual Executive Director abstaining from discussion of his or her own remuneration.

8 DISCLOSURE OF REMUNERATION

- 8.1 Directors' remuneration shall be disclosed on a named and individual basis and by the exact amount, both at the Company level and Group level. The remuneration breakdown shall amongst others include fees, salary, bonus, benefits and other emoluments, as the case may be (*Paragraph 11, Appendix 9C of the Listing Requirements and Practice 8.1 of MCCG*). The disclosure shall also include Directors who were appointed or retired during the year.
- 8.2 The top five Senior Management personnel's remuneration shall be disclosed including breakdown of salary, bonus, benefits and other emoluments (as the case may be) in bands of RM50,000 (*Practice 8.2 of MCCG*). The top five senior management personnel would refer to the five highest paid Senior Management members of PGB, if any. The disclosure shall also cover Senior Management personnel who were appointed or resigned during the year in the event they fall within the ambit of the top five highest paid Senior Management members of PGB.
- 8.3 The service contracts of Directors shall be made available for inspection by major shareholder(s) upon *request* and any details of remuneration in that contracts are therefore accessible (*Section 233(1) of Companies Act 2016*).

9 POLICY GOVERNANCE

This Policy shall be reviewed at least once for every three (3) years, as and when necessary to ensure its relevance and effectiveness in keeping this Policy. Any changes to the Policy, if any, shall be submitted to the Remuneration Committee for review and be recommended to the Board of Directors for approval in writing.

This Remuneration Policy has been reviewed and approved by the Board on 22 Nov 2022.



PARAGON GLOBE BERHAD

百 丽 环 球

194801000095 (1713-A)

Headquarter Address:

No.10-02, Level 10, Grand Paragon Hotel, No.18, Jalan Harimau, Taman Century,
80250 Johor Bahru, Johor

Tel: (+607) 278 6668 Fax: (+607) 278 6666

Email: enquiry@pgbgroup.com.my

Website: www.pgbgroup.com.my

KL Branch Address:

No. 9, Lorong Gurney, Off Jalan Semarak, 54100 Kuala Lumpur.

Tel: (+603) 2691 2288 Fax: (+603) 2691 2228