



**PARAGON GLOBE BERHAD**

**百 丽 环 球**

194801000095 (1713-A)

## **BOARD CHARTER**

**(VERSION 3.0)**

## TABLE OF CONTENT

1.	INTRODUCTION	3
2.	PURPOSE	3
3.	ROLES AND RESPONSIBILITIES OF THE BOARD	3
4.	BOARD SIZE AND COMPOSITION	3
5.	ROLE OF EXECUTIVE CHAIRMAN, EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTORS	4
6.	RESPONSIBILITIES OF THE BOARD	5
7.	FORMAL SCHEDULE OF MATTERS THAT ARE RESERVED FOR THE BOARD'S DELIBERATION AND DECISION-MAKING	6
8.	CONDUCT OF BOARD MEETINGS	8
9.	COMPANY SECRETARY	8
10.	BOARD COMMITTEES	9
11.	DIRECTORS' TRAINING AND DEVELOPMENT	10
12.	BOARD REMUNERATION	10
13.	BOARD EVALUATION	10
14.	DECISION MAKING	11
15.	ACCESS TO INFORMATION AND INDEPENDENT PROFESSIONAL ADVICE	11
16.	WHISTLEBLOWING POLICY	11
17.	FINANCIAL REPORTING	11
18.	RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS	12
19.	CORPORATE SOCIAL RESPONSIBILITY	12
20.	CODE OF ETHICS	12
21.	REVIEW OF BOARD CHARTER	12

## **1. INTRODUCTION**

The Board Charter is a charter of the Board of Directors of Paragon Globe Berhad (“PGB” or “the Company”).

## **2. PURPOSE**

The primary objective of the Board Charter is to set out the roles and responsibilities of the Board of Directors (“the Board”) and serves as a general statement of intent and expectation as to how the Board will discharge its duties.

## **3. ROLES AND RESPONSIBILITIES OF THE BOARD**

A key role of the Board as a whole assumes full responsibility of leading, guiding and monitoring the performance of the Group and exploring new opportunity for the Group’s continual business growth. To that, the Board also undertakes to work towards a balanced approach in fulfilling the Group’s key business objectives and the stakeholders’ expectations.

## **4. BOARD SIZE AND COMPOSITION**

The Board should comprise: -

- (a) not more than 20 members;
- (b) at least two members or one-third of its members (whichever is the higher) as independent directors. If the number of Directors is not 3 or a multiple of 3, then the number nearest to 1/3 must be used. If a vacancy in the Board results in non-compliance with the required composition of independent directors, the vacancy must be filled within 3 months (paragraph 15.02 of the Main Market Listing Requirements);
- (c) members who possess the qualification, necessary skills, qualities and experience towards achieving the Company’s goals;
- (d) appropriate mix of knowledge, attributes and core competencies of directors; and
- (e) a meaningful proportion of non-executive directors with key attribute of independence. Such directors should ensure that the varied competing interests of all stakeholders are respected without sacrificing financial performance and accountability.

## **5. ROLE OF THE EXECUTIVE CHAIRMAN, EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTORS**

**5.1** Directors are expected to comply with their legal, statutory duties and obligations when discharging their responsibilities as Directors. These includes: -

- (a) act in good faith and in the best interests of the Company as a whole and for proper purpose;
- (b) act with care and diligence of a reasonable person based on business judgement;
- (c) to avoid any conflicts of interest with the Company in a personal or professional capacity;
- (d) refrain from improper use of information gained through the position of Director and from taking improper advantage of the position of a director;
- (e) disclosure and abstaining from voting on matters with material personal interest; and
- (f) to be in compliance with Company laws, securities legislation and the Listing Requirements.

**5.2** Directors are required to keep all Board information, discussions, deliberations and decisions that are not publicly known confidential and not use information gained as a director for their interest, or their employers' interest.

### **5.3 Executive Chairman**

The Chairman is elected by the Board and is responsible for the leadership and management of the Board and ensuring the integrity and effectiveness of the governance process of the Board and Board Committees function effectively. He promotes constructive and respectful relations between Directors, and between the Board and Management. He oversees and evaluates the conduct and performance of the Group and 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. He also 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. He 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. He brings material and other relevant matters to the Board, motivates employees and drives change/innovation and growth within the Group.

### **5.4 Executive Directors**

Executive Directors oversee the day-to-day operations within their specific area of expertise or assigned responsibility. They represent the Company at the highest level and are decision makers on matters within their scope. They liaise frequently with the Executive Chairman and with each other to lead the management to drive the Group forward.

They provide 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.

## **5. ROLE OF THE EXECUTIVE CHAIRMAN, EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTORS (continued)**

### **5.5 Non-Executive Directors**

#### **5.5.1 Non-Executive Directors (NEDs) are: -**

- those who have no direct or indirect pecuniary interest in the Company other than their directors' emoluments and/or their shareholdings in the Company;
- those who are not employees of the Company and are not involved in the day-to-day running of business, but are standing as nominees for major shareholders.

NEDs would act as a bridge between Management and stakeholders, particularly shareholders. They would provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

#### **5.5.2 Senior Independent Non- Executive Director ("SID")**

The Board shall appoint a Senior Independent Director among the Independent Directors, to whom concerns of fellow members as well as the shareholders and stakeholders may be conveyed. The selection of SID is based on his experience and the significant influence he has within the Board, ability to convey concerns of the Independent Directors on the Board to other members of the Board and in the event of dissention between the Executive Chairman or Executive Directors of the Company in the execution of their duties as Independent Directors.

The SID will be expected to act as:

- (a) sounding board for the Executive Chairman;
- (b) an intermediary for other Directors when necessary; and
- (c) the point of contact for shareholders and other stakeholders.

## **6. RESPONSIBILITIES OF THE BOARD**

The Board has the overall accountability and responsibility for oversight and control of the Company's performance and conformance capabilities, which include, inter-alia, the following: -

- (a) reviewing and adopting a strategic business plan for the Company, aligned to ensure obligations to shareholders and stakeholders are met;
- (b) overseeing the conduct of the Company's business to evaluate whether the business is being properly managed, the Board should therefore provide entrepreneurial leadership;
- (c) identifying principal risks and ensuring the implementation of appropriate systems to manage these risks - the Board should appraise the Company's major risks and oversee that appropriate risk management and internal control procedures are in place;

**6. RESPONSIBILITIES OF THE BOARD (continued)**

- (d) reviewing the adequacy and the integrity of the Company's internal control systems;
- (e) reviewing the responsibilities of each Board Committee as and when required.

**7. FORMAL SCHEDULE OF MATTERS THAT ARE RESERVED FOR THE BOARD'S DELIBERATION AND DECISION-MAKING**

The formal schedule of matters that would be reserved for the Board's deliberation and decision-making include, amongst others, the following: -

**(a) Setting of Authority Limits**

The Board should set authority limits which are relevant to the business operations of the Company.

**(b) Strategy Setting, Implementation and Supervisory**

The Board should review the Group's (including associates where relevant) strategic direction, including the approval of corporate exercises or restructuring plans.

**(c) Board Processes in Meetings**

There should be a meaningful review of outstanding major action items from previous meetings.

A candid discussion of current issues, which may significantly affect the business of the Company, should be encouraged. These issues include but not limited to the following: -

- risk management matters;
- major economic and industry trends;
- adverse publicity/rumours concerning the Company and/or its subsidiaries;
- changes in regulatory requirements in the industry/business that the Company operates in; and
- monitoring of Management's performance.

**(d) Monitoring of Financial and non-financial Performance**

- The Board should conduct a review of the Company's performance, both financial and non-financial by ensuring that there is a sound framework on corporate reporting, including financial and non-financial reporting.
- Financial information i.e. financial results and operations of the current quarter, year-to-date and annual budgets. Non-financial information among others market outlook, market positioning and competitor performance

**7. FORMAL SCHEDULE OF MATTERS THAT ARE RESERVED FOR THE BOARD'S DELIBERATION AND DECISION-MAKING (continued)**

**(d) Monitoring of Financial and non-financial Performance (continued)**

- There should be a discussion and approval of capital expenditure and/or disposal of capital items sanctioned over and above delegated levels, i.e. where the amount involved exceeding a predetermined threshold given to Management.
- The Board should ensure proper procedures are put in place and that the financial statements (including quarterly/year-end announcements) of the Group (comprising the Company and its subsidiaries) are reviewed for integrity and approved for timely lodgement with, and/or release to the authorities and Bursa Securities.

**(e) Risk Management and Internal Control**

- The Board must actively identify, assess and monitor key business risks to safeguard shareholders' investments and Company's assets, including the relevant measures deployed by Management to address the said risks.
- The Board must understand the principal risks of the business that the Company is engaged in and recognise that business decisions require the incurrence of risk. Board of Directors must ensure that there is in place systems that effectively monitor and manage these risks with a view to the long-term viability of the Company.
- A periodic review of the Company's internal control systems and risk management process, including the procedures thereof, should be carried out.

**(f) Remuneration Review**

- The Board should review for approval recommendations from the Remuneration Committee on remuneration packages of Executive Directors and recommend fees of Non-Executive Directors for shareholders' approval at the Annual General Meeting of the Company.

**(g) Sustainability**

- The Board should review together with Management sustainability strategies and issues, performance and progress.

**(h) Succession plans**

- The Board shall through the Nomination Committee review yearly the succession plans for the Executive Chairman, Executive Directors and other senior management including appointment, training and monitoring of such person(s) performance. Based on the recommendations of the Nomination Committee, the Board shall ensure that all candidates being appointed and senior management in the Company/Group has the necessary skills and experience to provide orderly succession of these positions.

## **8. CONDUCT OF BOARD MEETINGS**

Board meetings should be conducted in a manner where all directors feel encouraged to share their views and partake in discussions. Meetings of the Board shall be held at least five (5) times per year to ensure that all Directors are kept informed on a timely basis of all material quality information affecting the Company and, in a form, and manner appropriate for them to discharge their duties effectively, or as frequently as required.

Management is responsible for providing the Board with the required information in an appropriate and timely manner. The Executive Chairman, assisted by the Company Secretary, assesses the type of information required to be provided to the Board. If the information provided by the Management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as fully and promptly as possible.

The notice of Board and Committee meetings, full agenda and the supporting meeting papers should be given at least 5 business days in advance to the respective members to facilitate their deliberations and decision making during each meeting.

The quorum of meeting shall not be less than two.

Minutes of meeting shall be properly documented by the Company Secretary and shall remain confidential. The Board should review the minutes to ensure completeness and accuracy.

## **9. COMPANY SECRETARY**

The Board shall appoint the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he or she has been appointed. The Company Secretary is accountable to the Board through the Executive Chairman of the Board and Committees on all governance matters.

The Company Secretary is a central source of information and gives advice to the Board and its Committees on issues relating to compliance with company laws, rules, procedures and regulations relating thereto affecting the Group.

The Company Secretary shall advise Directors of their obligations to adhere to matters relating to, among others: -

- (a) disclosure of interest in securities;
- (b) disclosure of any conflict of interest in a transaction involving the Company;
- (c) prohibition on dealing in securities; and
- (d) restriction on disclosure of price-sensitive information.

The Company Secretary must keep abreast of, and inform and advise, the Board of current governance practices, also to monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectation.

The Board members shall have unlimited access to the professional advice and services of the Company Secretary as and when needed.



## **10. BOARD COMMITTEES**

The Board has delegated specific responsibility to its four committees namely Audit, Nomination, Risk Management and Remuneration Committees, all of which have terms of reference to govern their respective responsibilities. The Board Committees will deliberate and examine issues within their defined terms of reference and report to the Board with their recommendation.

### **10.1 Audit Committee**

The key function of the Audit Committee is to assist the Board to oversee the Group's financial reporting process for quarterly results and annual financial statements to ensure correctness and adequacy before the release thereof to the Bursa Malaysia Securities Berhad ("Bursa Securities"). The Audit Committee also assists in assessing the risks and control environment of the Group, evaluating the internal and external audit processes, reviewing any conflict-of-interest situations and related party transactions, bribery and whistleblowing case.

### **10.2 Nomination Committee**

The Nomination Committee is charged with the responsibility of reviewing and recommending suitable new nominees for appointment as Directors and to fill the seats on Board Committees wherever necessary. It will also carry out the process of assessing the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director annually.

It also has to put in place succession planning and perform fit and proper assessment on Directors of the Company and Group seeking re-appointment.

Directors are required to notify in advance the Executive Chairman of the Board before they accept any new directorship in public listed companies outside PGB. Considerations such as time commitments and conflicts of interest that may arise should be carefully considered and disclosed to the Executive Chairman of the Board prior to acceptance of any directorship.

The Board shall upon the recommendation of the Nomination Committee, justify and seek shareholders' approval in the event it desires to retain a Director who has served as an independent director for more than 9 years.

### **10.3 Remuneration Committee**

The primary objective of the Remuneration Committee is to assist the Board in developing and establishing competitive remuneration policies and packages accorded to the Directors to ensure that the Executive Directors' level of remuneration commensurate with their experience, level of responsibilities, achievement and contribution to the Group. As for the Non-Executive Directors, to ensure it is consistent with their commitment, participation and contribution to the Group.

## **10. BOARD COMMITTEES (continued)**

### **10.4 Risk Management Committee**

The responsibilities of the Risk Management Committee are to oversee the Company's risk management matters and also to review the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management.

It is also responsible for reviewing, supervising and recommending sustainability strategies and issues, key ESG targets, and performance and progress of sustainability to the Board to champion the sustainability of the Group.

## **11. DIRECTORS' TRAINING AND DEVELOPMENT**

All newly appointed Directors must complete the Mandatory Accreditation Programme as required by the Bursa Securities, and shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes to enable them to effectively discharge duties and sustain active participation in the Board deliberations.

The Board will assess the training needs of the Directors from time to time and will ensure Directors have access to continuing education programme.

## **12. BOARD REMUNERATION**

The remuneration of the Executive Directors is structured on the basis of linking rewards to corporate and individual performance. For Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by each Director. They receive a basic fee and an attendance fee for attending meetings.

The Board as a whole resolve on the fees for the Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. The fees payable to the Non-Executive Directors are subject to the approval of shareholders.

## **13. BOARD EVALUATION**

The Nomination Committee is entrusted by the Board to review the performance and effectiveness of the Board and Board Committees, including individual Directors, annually, with the assessment report, together with the summary on the Board balance covering the required mix of skills, experience and other qualities of Board members for discussion at the Board meeting.

Company Secretary is authorised to collate the results of the evaluation process before tabling to the Chairman of Nomination Committee and Board respectively, to ensure integrity and independence of the appraisal process.

### **13. BOARD EVALUATION (continued)**

All such assessments shall be properly documented. The results of the performance assessment will form the basis of Nomination Committee recommendation to the Board for the re-election of Directors as well as for the necessary training and development needs for the Board, Board committees and individual Board members.

### **14. DECISION MAKING**

All strategic decisions are made at Board meetings after due deliberations and where appropriate decisions are also made by way of circular resolutions in between of scheduled meetings. The Board shall unanimously commit to reach a prompt and fair resolution of all issues that may arise from time to time.

### **15. ACCESS TO INFORMATION AND INDEPENDENT PROFESSIONAL ADVICE**

The Board shall have unrestricted access to all Company information, documents, records and property.

The Board will ensure that every Board member has access to independent professional advice, both inside and outside the Company, as and when they consider necessary, in order for them to properly perform their duties. Where such advice is considered necessary for the discharge of his/her duties and responsibilities as a Director and, for the benefit of the Company, such Director shall firstly inform the Executive Chairman of the Board in writing with the purpose and, having done so, shall be free to proceed as needed.

### **16. WHISTLEBLOWING POLICY**

The Board should establish, review and together with Management implement appropriate policies and procedures on whistleblowing.

The oversight of the whistleblowing functions is under the purview of the Audit Committee who shall ensure that all reported violations are properly investigated. The Audit Committee is also responsible for reviewing the effectiveness of the actions taken in response to all concerns raised.

### **17. FINANCIAL REPORTING**

The Company aims to present a clear and balanced assessment of the Company's financial position and prospects for its financial statements and quarterly announcements to the shareholders, including other price sensitive public reports and reports submitted to regulators.

The Board will ensure that the financial statements are prepared in accordance with the Companies Act and the applicable approved accounting standards set out by the Malaysian Accounting Standards Board so as to present a true and fair view of the state of affairs of the Group.

## **18. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS**

The Board is committed to ensure that shareholders are well-informed of all major developments affecting the state of affairs of the Group through timely dissemination of information on the Group's performance and major corporate developments via appropriate channel of communication which includes distribution of annual reports, relevant circulars to shareholders, press releases (where appropriate), quarterly performance results and corporate announcements to Bursa Securities.

The Annual General Meeting is the principal forum for dialogue and interaction with shareholders wherein shareholders are encouraged to attend and participate. Directors, the Financial Controller and the External Auditors will be present to respond to the queries and to provide explanation on the issues raised thereat.

## **19. CORPORATE SOCIAL RESPONSIBILITY**

The Company undertakes its corporate social responsibility conscientiously by doing business in a responsible manner, for the shareholders, employees and business partners at large.

## **20. CODE OF CONDUCTS**

The Board adheres to the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia. All Directors and employees are expected to behave ethically and professionally at all times to protect and promote the reputation and performance of the Company. The Company's Code of Ethics & Conducts will be available to its Directors upon their appointment.

## **21. REVIEW OF BOARD CHARTER**

The Board will review the Board Charter at least once for every three (3) years, to ensure they remain consistent with the Board's objectives, responsibilities and the relevant standards of corporate governance.



**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](mailto:enquiry@pgbgroup.com.my)

Website: [www.pgbgroup.com.my](http://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