



REMUNERATION POLICY

(VERSION 4.0)

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1. INTRODUCTION

- 1.1 This Remuneration Policy provides clear and guiding principles for the Board of Directors (“Board”) and the Remuneration Committee (“RC”) of Paragon Globe Berhad (“PGB” or “the Group”) in determining appropriate levels of remuneration for Directors and Senior Management. It takes into account the demands, complexities and performance expectations of Directors and Senior Management as well as the required skills and experience to ensure align with the interests of shareholders and long-term business strategies of the Group.
- 1.2 This Remuneration Policy forms a key pillar of the Group’s overall human resources (“HR”) strategy. Together, both the Remuneration Policy and HR strategy support the Group’s broader corporate objectives, promoting sustainable performance and talent retention.

2. PURPOSES

The purposes of this Remuneration Policy are as follows:

- (a) to attract and retain highly qualified individuals by offering a well-balanced and competitive compensation package for Directors and Senior Management;
- (b) to ensure that the remuneration of Executive Directors and Senior Management is aligned with the Group’s business strategy, core values and medium to long-term interests while adhering to the “pay-for-performance” principle;
- (c) to promote a strong culture of collaboration and teamwork among Executive Directors and Senior Management; and
- (d) to instill transparency and openness in the review and approval process for the compensation package of Board members and Senior Management.

3. SCOPE AND APPLICATION

- 3.1 This Remuneration Policy is to be read together with the relevant provisions set out in the following legislations:
- (a) Companies Act 2016 (“Act”); and
 - (b) Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”).
- 3.2 In the event of any conflict between the provisions of this Remuneration Policy and the aforementioned legislations, the provisions of the relevant legislations shall prevail.
- 3.3 This Remuneration Policy has also been developed in alignment with the Malaysian Code on Corporate Governance (“MCCG”) wherein when the paragraphs in this Remuneration Policy makes reference to any provisions in the legislations or other corporate governance promulgations (e.g MCCG), such references are indicated in italics.

4. DEFINITION AND INTERPRETATION

Unless the context otherwise requires, the following terms 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 applicant 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 positions.
“Remuneration”	: Means all forms of compensation or consideration rendered to Directors and Senior Management in exchange for their services. This includes, but is not limited to, fees, meeting allowances, base salary, bonuses and benefits.
“Share option”	: Means a right to purchase a certain number of PGB shares at a predetermined price.

5. REMUNERATION PRINCIPLES

5.1 PGB is guided by the following principles in determining the remuneration of 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 principle of “pay for performance” is adopted in remunerating Executive Directors and Senior Management to promote the long-term success of PGB. Performance is measured against key performance indicators (“KPIs”), encompassing both financial and non-financial metrics;
- 5.1.4 Independent Directors shall not be remunerated in the form of shares or share options. If exceptionally granted, the quantum granted shall not amount to an extent that it would cause the Independent Director to cease fulfilling the independence criteria under *Paragraph 1.01 of the Listing Requirements*, including but not limited to the 5% shareholding threshold;
- 5.1.5 Share options, if granted to Directors and Senior Management, shall not vest immediately. The vesting period of share options shall appropriately reflect the time horizon of relevant risks, including the potential for risk crystallisation over a longer period;
- 5.1.6 Bonuses for Executive Directors and Senior Management shall not be guaranteed, except in the context of sign-on bonuses where appropriate; 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 without corresponding improvements in corporate and individual performance and to avoid paying more than is necessary.

6 REMUNERATION STRUCTURE

6.1 COMPONENTS OF REMUNERATION

The table below summaries the main components that 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, provided that attendance (either physical or virtual) is a prerequisite for remittance.
Fixed	Base salary	A monthly payment (including statutory contributions) provided to Executive Directors and Senior Management based on their respective duties, responsibilities and job grade.
Fixed	Benefits	Benefits (including but not limited to hospitalisation and personal accident coverage) may be provided to enhance economic security of Directors and Senior Management and serve as incentives to attract and retain talent.
Variable	Bonus	A performance-based sum (payable in cash, shares or share options) that may be awarded to Executive Directors and Senior Management for attaining or exceeding their assigned KPIs or respective overall contribution to the Group's business.

6.2 EXPENSE REIMBURSEMENT

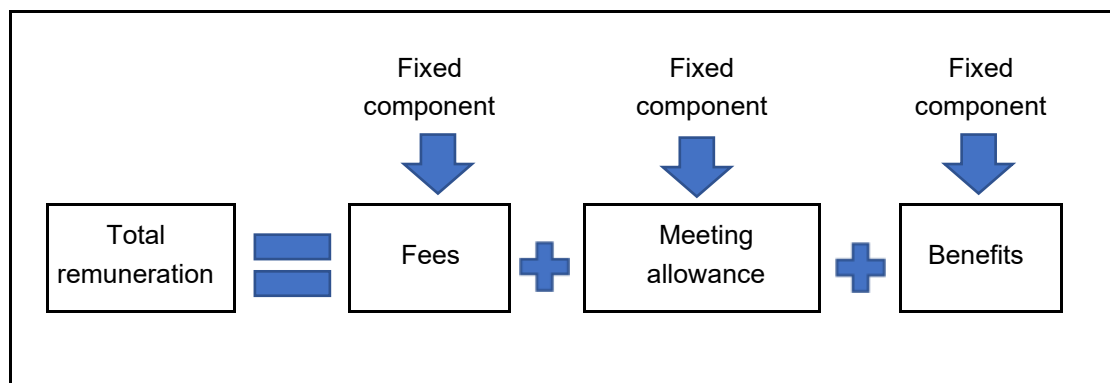
In addition, reasonable expense (e.g entertainment and travel expenses) incurred by Directors and Senior Management in discharging of their duties related to the ordinary course of PGB's business activities shall be reimbursed accordingly. All claims for reimbursements must be accompanied by valid receipts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

6.3 PERFORMANCE-LINKED REWARDS

Goals, KPIs and performance expectations are established at the beginning of each year and reviewed mid end of the fiscal year. The Company adopts a pay-for-performance philosophy, supported by a transparent performance-linked rewards framework.

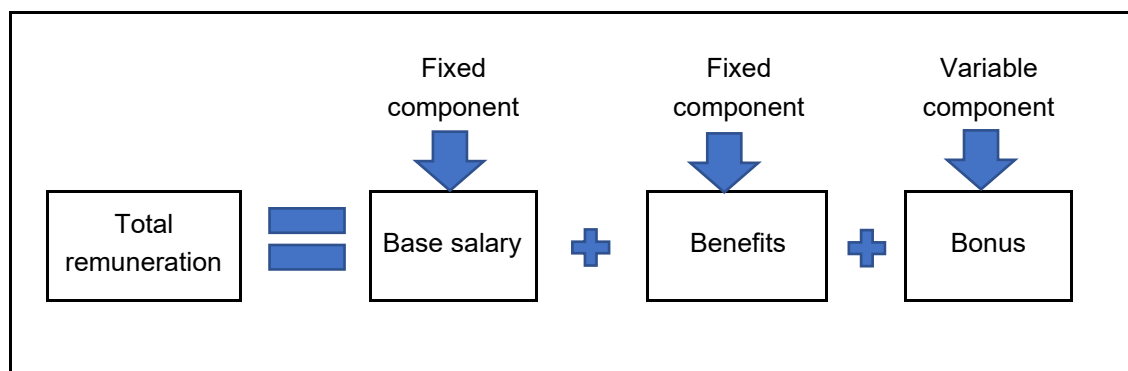
6.4 REMUNERATION STRUCTURE FOR NON-EXECUTIVE DIRECTORS

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



6.5 REMUNERATION STRUCTURE FOR EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT

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 ("D&O") 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 289 of Act*).

6.6.1.2 The premium for the D&O Liability Insurance shall be borne by the Company and does not form part of the Directors' remuneration packages or benefits.

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 a general meeting (*Section 230(1) of Act and Paragraph 7.24 of Listing Requirements*).

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

6.6.2.3 Directors who are shareholders shall abstain from voting at general meetings of PGB in respect of the approval of their own fees (*Practice 7.2 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 their responsibilities at both Board and Board Committee levels and is adequate to attract, incentivise and retain individuals of high calibre.

7.1.2 Non-Executive Directors' remuneration packages shall be determined their qualification, experience and competencies, with consideration of their responsibilities, time commitment and outcomes of the annual evaluation undertaken by the RC.

7.1.3 As per Section 6.4, Non-Executive Directors shall be paid via fixed retainer fees, meeting allowances and other applicable benefits. For meeting allowance, no distinction shall be made between physical and virtual attendance (eg: via video or teleconferencing or other electronic mode), provided that the presence of RC participation is acknowledged to all other RC members at the commencement of the meeting.

7.1.4 Periodic benchmarking of Non-Executive Directors' remuneration against selected peer companies shall be undertaken to ensure that the remuneration remains fair, competitive and reasonable.

7.2 POLICY AND PROCEDURES FOR EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT REMUNERATION

7.2.1 PGB's remuneration policy for Executive Directors and Senior Management aims to offer market competitive packages that attract, retain and motivate high performing individuals who can effectively lead and manage the Group.

7.2.2 The remuneration components are structured to align with both corporate and individual performance and are benchmarked against comparable companies, where appropriate.

7.2.3 Performance is assessed annually based on achievements of their annual KPIs, which include both quantitative and qualitative metrics. The weightage of each KPI 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") or relative performance of PGB.
Qualitative	Strategic milestones and initiatives in areas such as strategy, innovation, business development, synergy, human capital management, financial management, and economic, social and environmental impact.

7.2.4 Remuneration is reviewed in December each calendar year. The Executive Chairman reviews the performance appraisal results against the agreed performance standards incorporating relevant internal and external inputs.

The RC will then assess the overall remuneration proposals by taking into account Group performance, individual performance, duties, responsibilities and relevant market benchmarks. Based on this assessment, the RC will made the appropriate recommendations to the Board for approval.

The remuneration of Non-Executive Directors will also be proposed by the Board, upon the recommendation of the RC, for shareholders' approval at the annual general meeting.

7.2.5 The RC is responsible for evaluating the performance of Executive Directors and Senior Management. Annual rewards may include annual bonuses and increment to their base salaries in recognition of KPIs achieved.

7.2.6 The RC may also engage independent external advisors to assist in reviewing the competitiveness and appropriateness of the remuneration policy and procedures, whenever necessary.

7.2.7 Executive Directors shall not participate in any deliberations or decision-making processes involving their own remuneration. However, they may attend RC meetings at the invitation of the RC Chairman, if their presence is required.

7.2.8 The remuneration decisions relating to Executive Directors and Senior Management are subject to approval by the Board, as a whole, with the individual Executive Director concerned abstaining from discussion and voting on his or her own remuneration.

8 DISCLOSURE OF REMUNERATION

8.1 Directors' remuneration shall be disclosed on a named and individual basis and by exact amount, both at the Company level and Group level. The remuneration breakdown shall, among 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 MCGG*). The disclosure shall also include Directors who were appointed or retired during the year.

8.2 The remuneration of top five Senior Management shall be disclosed in bands of RM50,000, with a breakdown of salary, bonus, benefits and other emoluments, as the case may be (*Practice 8.2 of MCGG*). The top five senior management refer to the five highest paid Senior Management members of PGB, if any. The disclosure shall also cover Senior Management who were appointed or resigned during the year, in the event they fall within the ambit of the top five highest paid category.

8.3 The service contracts of Directors shall be made available for inspection by major shareholder(s) upon request and any remuneration details contained in such contracts shall therefore accessible (*Section 233(1) of Act*).

9 POLICY GOVERNANCE

This Remuneration Policy shall be reviewed at least once for every three (3) years, or as and when necessary, to ensure its continued relevance and effectiveness. Any changes to the Remuneration Policy shall be submitted to the RC for review and be recommended to the Board for approval in writing.



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