

CORPORATE GOVERNANCE REPORT

STOCK CODE : 1724
COMPANY NAME : Paramount Corporation Berhad
FINANCIAL YEAR : December 31, 2019

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.

Application	: Applied
Explanation on application of the practice	<p>The Board of Directors of Paramount Corporation Berhad (Paramount or the Company) (the Board) is collectively responsible for the overall corporate governance of the Company and the strategic direction of the the Company and its subsidiaries (the Group).</p> <p>In discharging its fiduciary duties and leadership function, the Board exercised oversight on the Group's businesses and affairs through the following activities, amongst others, that were carried out by the Board in the year under review:</p> <ul style="list-style-type: none"> • Provided strategic guidance to management • Monitored the implementation of strategic initiatives and management's performance in meeting the growth targets set out in the Group's 5-year Strategic Plan for 2015 to 2019 (Y2015-Y2019 Plan) • Approved the Group's 2019 Budget and Business Plan, and monitored operational performance against the budget • Monitored the progress of the following corporate proposals which were implemented in 2019: <ul style="list-style-type: none"> ○ the issue of 173,337,846 bonus shares and 173,337,846 free warrants by the Company ○ disposal of the Group's tertiary education campus properties at Utropolis Glenmarie, Shah Alam, Selangor, at Jalan Anson on Penang island, and at Bandar Cassia, Batu Kawan on the mainland of Penang to Dynamic Gates Sdn Bhd, a special purpose vehicle, for a total consideration of RM420,000,000.00 to facilitate a leaseback of these campuses to KDU University College Sdn Bhd (KDUUC) and KDU University College (PG) Sdn Bhd (KDUPG) (now known as UOW Malaysia KDU University College Sdn Bhd and UOW Malaysia KDU University College (PG) Sdn Bhd, respectively) ○ divestment of the Company's controlling equity interests in KDUUC, KDUPG and KDU College (PJ) Sdn Bhd to UOWM Sdn Bhd for a total cash consideration of RM38,500,000.00 • Reviewed and approved corporate and business proposals submitted by management, which included the following: <ul style="list-style-type: none"> ○ divestment of the Company's controlling equity interests in Paramount Education Sdn Bhd, Paramount Education (Klang)

	<p>Sdn Bhd and Sri KDU Sdn Bhd to Prestigion Education Sdn Bhd for an indicative total cash consideration of RM540,500,000.00</p> <ul style="list-style-type: none"> ○ expansion of Co-labs Coworking to five locations • Approved the award of new Paramount shares to eligible employees of the Group pursuant the Company's Long Term Incentive Plan (LTIP) • Reviewed the Group's cyber security measures • Appointed two new Directors to replace the Directors who have retired, as part of the Board's succession and gender diversity plan, and revised the composition of the Board Committees following the board changes • Tracked the economic, environmental and social governance activities of the Group on a half-yearly basis • Approved the Group's 5-year Strategic Plan for 2020 to 2024 (Y2020-Y2024 Plan) • Updated the Board Charter with a clause to stipulate 12 years as the maximum tenure for the position of an Independent Non-Executive Director (INED) of the Company 	
<p>Explanation for departure</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>Measure</p>		
<p>Timeframe</p>		

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.

Application	:	Applied	
Explanation on application of the practice	:	The Board has stipulated in the Board Charter that the Chairman is responsible for the effective leadership, operation and governance of the Board. To this end, the Chairman of the Board, Dato' Teo Chiang Quan, works with the Group Chief Executive Officer (CEO), Mr Jeffrey Chew Sun Teong and the Company Secretary to set the agenda for Board meetings, and he ensures timely provision of accurate and relevant information to all Directors prior to the meetings. He leads the Board in all Board discussions and ensures that all members of the Board continue to contribute effectively to the development of the Company's strategies and policies. The Chairman also presides over all board meetings of the Company's subsidiaries, and he ensures that the boards of the subsidiaries conform to the high standards of governance that are practised by the Board. He also acts as a facilitator to ensure that no Board member dominates the board discussions at the board meetings. In addition, the Chairman undertakes the executive function of guiding management in the evaluation and selection of land bank to grow the Group's property development business.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied	
Explanation on application of the practice	:	The position of Chairman is held by Dato' Teo Chiang Quan whilst the position of Group CEO is held by Mr Jeffrey Chew Sun Teong.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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 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.

Application	:	Applied
Explanation on application of the practice	:	All Directors have unrestricted access to the Company Secretary, who plays an advisory role to the Board in relation to the Board policies and procedures, compliance with applicable laws, rules and regulations and codes. The Secretary, who is duly certified by the Companies Commission of Malaysia pursuant to the requirements of the Companies Act, 2016, supports the Board and Board Committees in the discharge of their duties by monitoring the status of adherence to the relevant laws and regulations and corporate governance best practices, and ensuring that all information and materials that are required for the consideration of the Board and Board Committees are provided to the Directors expeditiously, and that all Board deliberations and decisions are well captured in the minutes and resolutions, and communicated to the respective members of the management team for their necessary action. The duties of the Secretary also include managing the processes pertaining to the Company's Annual General Meetings (AGMs) and maintenance of the Group's statutory records. Additionally, the Secretary keeps the Directors updated on new statutory and regulatory requirements, and attends to the sourcing of training programmes for the Directors.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board's activities were mostly conducted at the Board and Board Committee meetings held during the year. The meetings were scheduled in advance before the end of the preceding year to enable the Board members to plan ahead for the meetings. In the intervals between the meetings, matters that required urgent decisions from the Board or the Board Committees were sought through circular resolutions, which were supported by information and explanations required for informed decisions to be made.</p> <p>Formal agendas together with a comprehensive set of meeting papers, consisting of the minutes of the previous meeting, management reports and proposals, were forwarded to the Directors five business days prior to the meetings. The Chairman chaired all Board meetings held in the year, and the meetings of the Board Committees were chaired by their respective Chairmen who updated the Board on the activities of the committees at the nearest Board meeting. All Directors participated actively in the Board deliberations, with no individual or group of individuals dominating the decision-making process of the Board or Board Committees. Deliberations and decisions made at such meetings were recorded in the minutes of the meetings, which were then tabled for confirmation at the next Board or Board Committee meeting.</p> <p>The Company Secretary supports the Board in the discharge of its duties by monitoring the status of adherence to corporate governance best practices, and ensuring that all information and materials that are required for the Board's consideration are provided to the Directors expeditiously, and that all Board deliberations and decisions are well captured in the minutes and resolutions, and communicated to the respective members of the management team for their necessary action.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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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.

Application	: Applied
Explanation on application of the practice	<p>In addition to outlining the role and duties of individual Directors, the Board Charter, which was adopted by the Board in 2013 and reviewed once in every three years, provides clear demarcation of responsibilities between the Board, the Board Committees, the Senior INED, the Chairman, and the Group CEO.</p> <p>Although the Board confers some of its authorities to the Board Committees and delegates the day-to-day management of the Group's business operations to the key senior management team, it reserves for its decision significant matters, such as the following, to ensure that the direction and control of the Group is firmly in its hand:</p> <ul style="list-style-type: none">• Strategic planning• Annual budgets and performance reviews• Financial reporting• Material acquisition and disposal of assets• Major capital expenditure• Fund raising activities• Corporate governance policies• Announcements to Bursa Malaysia Securities Berhad (Bursa Securities)• Dividend payments• Changes in the Board composition and principal officers• Board and senior management remuneration• Board and senior management succession planning <p>The four Board Committees are entrusted with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference as determined by the Board and set out in the Board Charter. Although specific powers are delegated to the Board Committees, the Board continues to keep itself abreast of the actions and decisions taken by each Board Committee through reports by the Chairman of each of the Board Committees at Board meetings.</p> <p>The members of the Board and Board Committees have discharged their responsibilities in the financial year ended 31 December 2019 (FY2019), through their attendance at the meetings of the Group as set out in the table below:</p>

Director	Board	Audit Committee	Nominating Committee	Remuneration Committee	Board Risk Management Committee
Dato' Teo Chiang Quan	5/5	-	-	-	2/2
Jeffrey Chew Sun Teong	5/5	-	-	-	-
Benjamin Teo Jong Hian ⁽¹⁾	3/3	-	-	-	-
Datuk Seri Michael Yam Kong Choy	5/5	-	4/4	3/3	-
Ong Keng Siew	5/5	4/4	4/4	1/1	2/2
Quah Poh Keat ⁽²⁾	5/5	4/4	-	1/1	1/2
Fatimah Merican ⁽³⁾	5/5	4/4	1/1	-	-
Foong Pik Yee ⁽⁴⁾	3/3	1/1	-	-	-
Quah Chek Tin ⁽⁵⁾	2/2	2/2	-	2/2	1/1
Tan Sri James Foong Cheng Yuen ⁽⁶⁾	2/2	-	2/2	2/2	-
Dato' Rohana Tan Sri Mahmood ⁽⁷⁾	2/5	-	-	-	2/2

Notes:

- ⁽¹⁾ appointed as an Executive Director in the second half of FY2019 (**2H19**)
⁽²⁾ appointed as a member of the Remuneration Committee in 2H19
⁽³⁾ appointed as a member of the Nominating Committee in 2H19
⁽⁴⁾ appointed as an INED and a member of the Audit Committee in 2H19
⁽⁵⁾ retired as members of the Board, Audit and Board Risk Management Committees, and Chairman of the Remuneration Committee in the first half of FY2019 (**1H19**)
⁽⁶⁾ retired as members of the Board, Nominating and Remuneration Committees in 1H19
⁽⁷⁾ retired as a member of the Board and Chairman of the Board Risk Management Committee in 2H19

Except for one Director who had resigned from the Board during the financial year, all Directors of the Company have attended 100% of the Board meetings and more than 50% of the Board Committee meetings held in FY2019.

The Board Charter requires all Directors to attend continuing development programmes to keep themselves abreast of regulatory changes pertaining to the functions of the Board as well as to be updated on relevant technical and industry related matters.

The Secretary, acting under the instruction of the Nominating Committee, compiles training programmes that are available to the Directors for their selection. The Secretary also attends to internally organised training programmes whereby industry experts are invited to update the Directors on industry related matters and share insights about the latest economic and industry outlook as well as market trends. In addition, the Secretary, the Chief Financial Officer and the external auditors regularly update the Board on changes and amendments to legislative and regulatory provisions.

In FY2019, all Directors of Paramount have attended at least three training programmes, with a majority having attended more than five programmes, on a wide range of topics under the following key areas:

Corporate Governance

- Case Study Workshop for Independent Directors by Securities Industry Development Corporation (**SIDC**)
- Session on Corporate Governance and Anti-Corruption by Bursa Malaysia Berhad (**Bursa**) and Securities Commission Malaysia (**SC**)
- CG Watch: How Does Malaysia Rank? by Iclif Leadership and Governance Centre
- 2019 Good Governance & Integrity Conference: Corruption & Corporate Liability Offences - Commercial Organizations by Malaysian Integrity Academy
- Sustainability Governance Conference 2019 by CG Board Asia Pacific
- Independent Directors' Programme: The Essence of Independence by Iclif Leadership and Governance Centre
- Case Study Workshop for Independent Directors by SIDC
- Session on Corporate Governance and Anti-Corruption by Bursa

Legal & Regulatory Updates

- Amendments to the Malaysian Anti-Corruption Commission Act 2009 (**MACCA 2009**) by Wong & Partners
- Mandatory Accreditation Programme for Directors of Public Listed Companies (**MAP**) by Bursatra Sdn Bhd
- Anti-Money Laundering Act 2001 Refresher by Jagdeep Singh
- Annual CEO Dialogue by Perbadanan Insurans Deposit Malaysia
- Section 17A of the MACCA 2009, BCP by KPMG
- Raising Defences: Section 17A of the MACCA Act by Iclif Leadership and Governance Centre

Finance and Risk Management

- Budget 2020 by PricewaterhouseCoopers Malaysia (**PwC**)
- Engagement Session with Audit Committee Members on Integrated Reporting by Malaysian Institute of Accountants
- Emerging Risks, the Future Board and return to compliance at a FIDE Forum
- Malaysian Financial Reporting Standard 17 by Ernst & Young

Leadership and Strategy Management

- Cyber Security in the Boardroom – “Accelerating from Acceptance to Action” by Institute of Corporate Directors Malaysia (**ICDM**)
- Demystifying the Diversity Conundrum: The Road to Business Excellence by ICDM
- 3rd Distinguished Board Leadership Series: Artificial Intelligence and Its Role in FIs at a FIDE Forum
- Power Talk #5 – Say on Pay: What do Boards Need to Know? by ICDM
- 4th Distinguished Board Leadership Series: Digital to the Core at a FIDE Forum
- Ring the Bell for Gender Equality 2019 by Bursa
- Women in Leadership Induction by LeadWomen Sdn Bhd

	<ul style="list-style-type: none"> • Empowering Women in Engineering and Technology by Strallex Capital Sdn Bhd • Thought Leadership Roadshow: Building a Culture of Trust by ICAEW Malaysia • Diversity Xperience by Bursa • Bursa Malaysia Thought Leadership Series : Sustainability-Inspired Innovations : Enablers of the 21st Century by ICDM • Board Leadership Series: Digital to the core talk at a FIDE Forum • International Directors Summit by ICDM <p><u>Economic, Industry and Market Trends</u></p> <ul style="list-style-type: none"> • Asia-Pacific Residential Property Outlook by Knight Frank • Business Foresight Forum 2019 by SIDC • Big Data – Beyond the Hype: Workshop on Making Data Driven Decision - Malaysia Digital Economy Corporation by SIDC • It’s the Experience by BFM Enterprise • Reading the Signs: The Next Financial Crisis and Potential Impact on Asia at a FIDE Forum • Masterclass on Cybersecurity: Unseen Threats - Bank Negara Malaysia (BNM) at a FIDE Forum • Understanding the Evolving Cybersecurity Landscape at a FIDE Forum • Screening of our Planet, our Business & Interactive dialogue on Climate Change and its impact on business by PwC • Cyber Security Briefing: The Challenge of Building Cyber Resilience by Ernst & Young • The Convergence of Digitization and Sustainability by Bursa • Dialogue on Key Aspects of Fintech & Regulation at a FIDE Forum <p>The two newly appointed Directors, Mr Benjamin Teo Jong Hian and Ms Foong Pik Yee, have also successfully completed the Mandatory Accreditation Programme required by Bursa Securities.</p> <p>In assessing the training needs of the Directors, the Nominating Committee has agreed that the above topics were all relevant and useful in providing the Board with a broad range of information to facilitate informed decision-making.</p> <p>The Board Charter, Directors Code of Ethics, Code of Business Conduct & Ethics, Whistleblowing Policy, the Boardroom Diversity Policy and excerpts of the following policies are available in the Board Policies section of the Company’s website at www.pcb.my:</p> <p>Directors Assessment Policy Succession Planning Policy Insider Dealing Policy Board Remuneration Policy Investor Relations Policy Related Party Transaction Policy</p>
<p>Explanation for departure :</p>	

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

Measure :		
Timeframe :		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted a Directors' Code of Ethics and a Code of Business Conduct & Ethics to ensure that high standards of governance, ethical, prudent and professional behaviour are embedded in the Board's activities and management practices across the Group. These codes are reviewed by the Board once in every three years. The Directors also adhere to the practice of declaring their interests, if any, in transactions and proposals (including proposals on their on re-election to the Board) that are submitted to the Board or Board Committees for approval, and abstaining from deliberating and voting on such transactions and proposals. There were no reported conflict of interest during the year under review or during the period from 1 January 2020 to the date of publication of this report.</p> <p>In efforts to prevent insider trading in Paramount shares and to maintain the confidentiality of price sensitive information, the Board has adopted an Insider Dealing Policy, providing better clarity to the definition of 'insider trading' and setting the steps that must be taken by all Directors and employees to ensure that full disclosure is made pre and post the act of trading during a closed period. The Board is not aware of any incidence of 'insider trading' during the year under review or during the period from 1 January 2020 to the date of publication of this report .</p> <p>The Board Charter, Directors Code of Ethics, Code of Business Conduct & Ethics, Whistleblowing Policy, the Boardroom Diversity Policy and excerpts of the following policies are available in the Board Policies section of the Company's website at www.pcb.my:</p> <p>Directors Assessment Policy Succession Planning Policy Insider Dealing Policy Board Remuneration Policy Investor Relations Policy Related Party Transaction Policy</p>
Explanation for departure	:	

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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>In promoting a culture of high integrity and greater transparency, the Board has adopted a Whistleblowing Policy which is reviewed once in every three years. This policy provides employees of the Group and stakeholders an avenue to raise concerns regarding suspected fraud, wrongdoings and malpractices without being subject to victimization, harassment or discriminatory treatment.</p> <p>Examples of 'reportable activities' under the Whistleblowing Policy and the mechanism by which employees and any member of the public can confidently and anonymously voice concerns to the Chairman of the Audit Committee or the Head of the Internal Audit Department (IAD) at whistleblower@pcb.my are all disclosed in the Board Policies section of the Company's website at www.pcb.my. No report was received thus far from any whistleblower in FY2019 or during the period from 1 January 2020 to the date of publication of this report.</p> <p>The Board Charter, Directors Code of Ethics, Code of Business Conduct & Ethics, Whistleblowing Policy, the Boardroom Diversity Policy and excerpts of the following policies are available in the Board Policies section of the Company's website at www.pcb.my:</p> <ul style="list-style-type: none"> Directors Assessment Policy Succession Planning Policy Insider Dealing Policy Board Remuneration Policy Investor Relations Policy Related Party Transaction Policy
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	The current Board composition of Paramount reflects diversity in expertise and provides objectivity in the Board's decision-making process. The wealth of experience of the Board members in finance, banking, property development, marketing, information technology (IT) and management allows for effective oversight of the Group's businesses based on diverse perspectives and insights, and the composition of 62.5% INEDs (i.e. five INEDs out of a total of eight Directors) provides independent judgement to Board decisions. The profiles of the current Board members are set out on pages 72 to 79 of the Annual Report 2019.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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 justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	:	One Director, namely Datuk Seri Michael Yam Kong Choy, has served as an INED for more than nine years. Hence, the Board will be seeking shareholders' approval at the forthcoming 50th AGM for Datuk Seri Michael Yam Kong Choy to remain in office as an INED for another year. The Nominating Committee has assessed the independence of Datuk Seri Michael Yam Kong Choy based on the Declaration of Independence made by him as at the end of 2019 and the high rating received by him for 'taking strong constructive stands at Board or Board Committee meetings' in the 2019 Directors' Self and Peer Assessment exercise. The Nominating Committee, being satisfied with the outcome of this assessment, concluded that the independence of Datuk Seri Michael Yam Kong Choy is not impaired, and hence, has recommended that Datuk Seri Michael Yam Kong Choy be allowed to continue in office as an INED up to the 51st AGM of the Company in 2021.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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.

Application	:	Applied																
Explanation on application of the practice	:	<p>The Paramount Group adheres to the practice of non-discrimination with regard to gender, and ensures that the selection of a candidate for directorship or employment is based on merit, in the context of skills and experience. The Board has also set a target of 30% women representation on the Board by the end of 2020, and currently, a 25% representation had been achieved. Out of the Group's total workforce of 540 employees as at 24 April 2020, women constitute approximately 44.26%, and 20.00% of the Group's senior management team comprises women employees, holding positions as heads of divisions, business units and corporate functions.</p> <p>The Nominating Committee is entrusted with the duty of identifying, assessing and nominating candidates to fill Board vacancies as and when they arise and for succession planning. To perform this duty, the Nominating Committee has formulated a procedural guide for the identification, assessment and selection of Board candidates, the details of which are as follows:</p> <table border="1" data-bbox="560 1149 1396 1973"> <thead> <tr> <th data-bbox="560 1149 647 1211">Step</th> <th data-bbox="647 1149 1396 1211">To be conducted by the Nominating Committee on a yearly basis</th> </tr> </thead> <tbody> <tr> <td data-bbox="560 1211 647 1305">1.</td> <td data-bbox="647 1211 1396 1305">Identify the key responsibilities of the Board over a five-year horizon.</td> </tr> <tr> <td data-bbox="560 1305 647 1400">2.</td> <td data-bbox="647 1305 1396 1400">Identify the talent needs of the Board in order to fulfil those key responsibilities.</td> </tr> <tr> <td data-bbox="560 1400 647 1494">3.</td> <td data-bbox="647 1400 1396 1494">Match the existing talent-mix of the Board against the above talent needs.</td> </tr> <tr> <td data-bbox="560 1494 647 1646">4.</td> <td data-bbox="647 1494 1396 1646">Identify the talent gaps. If there are gaps, proceed to the next Step. If there are no gaps, conclude the exercise with a report to the Board that no further action is needed during the year for board succession.</td> </tr> <tr> <td data-bbox="560 1646 647 1740">5.</td> <td data-bbox="647 1646 1396 1740">Identify talent sources (both internal and external) to fill those gaps.</td> </tr> <tr> <td data-bbox="560 1740 647 1834">6.</td> <td data-bbox="647 1740 1396 1834">Consider whether other areas of diversity such as gender, age, nationality or ethnicity are needed.</td> </tr> <tr> <td data-bbox="560 1834 647 1973">7.</td> <td data-bbox="647 1834 1396 1973">Submit a recruitment proposal to the Board for its approval. Ensure that the proposal is in line with the Board Charter.</td> </tr> </tbody> </table>	Step	To be conducted by the Nominating Committee on a yearly basis	1.	Identify the key responsibilities of the Board over a five-year horizon.	2.	Identify the talent needs of the Board in order to fulfil those key responsibilities.	3.	Match the existing talent-mix of the Board against the above talent needs.	4.	Identify the talent gaps. If there are gaps, proceed to the next Step. If there are no gaps, conclude the exercise with a report to the Board that no further action is needed during the year for board succession.	5.	Identify talent sources (both internal and external) to fill those gaps.	6.	Consider whether other areas of diversity such as gender, age, nationality or ethnicity are needed.	7.	Submit a recruitment proposal to the Board for its approval. Ensure that the proposal is in line with the Board Charter.
Step	To be conducted by the Nominating Committee on a yearly basis																	
1.	Identify the key responsibilities of the Board over a five-year horizon.																	
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5.	Identify talent sources (both internal and external) to fill those gaps.																	
6.	Consider whether other areas of diversity such as gender, age, nationality or ethnicity are needed.																	
7.	Submit a recruitment proposal to the Board for its approval. Ensure that the proposal is in line with the Board Charter.																	

	Step	To be conducted by the Nominating Committee on a yearly basis
	8.	Upon receipt of the Board's approval, proceed to engage with the talent source(s) for the identification, assessment and selection of suitable candidates.
	9.	Upon completion of the selection process, nominate suitable candidates to the Board for its consideration.
	Allocate a reasonable timeline of six months for the completion of Step 1 to Step 9.	
<p>The Nominating Committee leverages on the Directors' wide network of professional and business contacts as well as talent consultants as the main sources for Board candidacies, and its recommendations are generally based on its assessment of the expertise, skills and attributes of the current Board members and the needs of the Board taking into account the diversity approaches set out in the Boardroom Diversity Policy, the Group's future business direction, the tenure of service, contribution and the commitment of each Board member whilst supporting healthy Board rejuvenation.</p> <p>In assessing and selecting new directors, attributes such as character, integrity, competence, experience and a commitment to serve the Company with diligence are highly regarded by the Board and the Nominating Committee. For the position of Executive Director, further consideration will be given to the candidate's skills, knowledge and expertise whilst an INED will be evaluated based on the 'independent' test as stipulated in the Main Market Listing Requirements (MMLR) of Bursa Securities and the candidate's ability to discharge such responsibilities as are expected of an Independent Director. In making its recommendations to the Board, the Nominating Committee will also assess the Board structure, as a whole, to ensure that the desired skill and diversity matrix are relevant to the Group's strategic direction.</p>		
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5

The board discloses in its annual report the company’s policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	The Paramount Group adheres to the practice of non-discrimination with regard to gender, and ensures that the selection of a candidate for directorship or employment is based on merit, in the context of skills and experience. The Board has also set a target of 30% women representation on the Board by the end of 2020, and currently, a 25% representation had been achieved. Out of the Group's total workforce of 540 employees as at 24 April 2020, women constitute approximately 44.26%, and 20.00% of the Group's senior management team comprises women employees, holding positions as heads of divisions, business units and corporate functions.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nominating Committee leverages on the Directors' wide network of professional and business contacts as well as talent consultants as the main sources for Board candidacies, and its recommendations are generally based on its assessment of the expertise, skills and attributes of the current Board members and the needs of the Board taking into account the diversity approaches set out in the Boardroom Diversity Policy, the Group's future business direction, the tenure of service, contribution and the commitment of each Board member whilst supporting healthy Board rejuvenation.</p> <p>In assessing and selecting new directors, attributes such as character, integrity, competence, experience and a commitment to serve the Company with diligence are highly regarded by the Board and the Nominating Committee. For the position of Executive Director, further consideration will be given to the candidate's skills, knowledge and expertise whilst an INED will be evaluated based on the 'independent' test as stipulated in the MMLR of Bursa Securities and the candidate's ability to discharge such responsibilities as are expected of an Independent Director. In making its recommendations to the Board, the Nominating Committee will also assess the Board structure, as a whole, to ensure that the desired skill and diversity matrix are relevant to the Group's strategic direction.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	Currently, the Nominating Committee comprises exclusively INEDs, namely Datuk Seri Michael Yam Kong Choy who is the Senior INED (as Chairman), Mr Ong Keng Siew and Puan Fatimah Merican.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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 and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	The Directors undertook their annual Directors' Self and Peer Assessment exercise in November 2019, and the results were reviewed by the Nominating Committee in January 2020. The assessment, which was facilitated by the Secretary, was based on the performance of each of the Directors, the Board as a whole, the four Board Committees, the Chairman and the Group CEO. The criteria used in the assessment of the Board included the adequacy of the Board structure, the efficiency and integrity of the Board's operations and the effectiveness of the Board in the discharge of its duties and responsibilities. These criteria were similarly applied to the assessment of the Board Committees. The individual Directors were assessed based on their competence, capability, commitment, objectivity, participation in Board deliberations and their contribution to the objectives of the Board and the Board Committees on which they serve. The Chairman was assessed based on his leadership role and his impartiality in overseeing the deliberation and decision-making process of the Board whilst the assessment of the Group CEO was co-related to the execution of the Group's strategic plans by management and the achievement of performance targets set by the Board. In addition to this assessment, all INEDs were required to sign a Declaration of Independence to re-confirm their status of independence. All Directors, the Board, the Board Committees, the Chairman and the Group CEO attained above average ratings of between 4.31 and 4.82 points (based on a scale of 1 to 5) in the 2019 Directors' Self and Peer Assessment exercise.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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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 6.1

The board has in place 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 policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has, since 2014, adopted a Board Remuneration Policy that sets out the manner in which the remuneration of Directors are determined. The policy is reviewed by the Remuneration Committee and the Board once in every three years. The total remuneration, comprising salaries, bonuses and benefits of Executive Directors and senior management are reviewed annually by the Remuneration Committee based on the guidelines set out in the Board Remuneration Policy. Salaries are benchmarked against equivalent market salaries for companies with similar turnover and market capitalisation. Salary increments to the three Executive Directors and senior management above a certain grade were determined by the Remuneration Committee after consideration of the Group's performance for the financial year ended 31 December 2018 (FY2018), prevailing market conditions, the employee's performance, level of responsibility and contributions to the Group's performance, and taking into account the need to align the remuneration structure of all key employees to the long-term objectives of the Group.</p> <p>The Group's annual bonus scheme is designed to encourage and reward Executive Directors and employees for their achievement and betterment of challenging financial and business targets, set in the annual budget adopted by the Board at the beginning of each financial year. Bonuses that are not contractual are paid on the basis of the Group's performance and employee's contribution to that performance during the preceding year. In addition, senior management personnel and employees with line of sight contribution to the Group's financial performance are eligible to participate in the Company's LTIP based on a set of eligibility criteria determined by the Remuneration Committee.</p> <p>All Directors are entitled to Directors' fees, which are benchmarked against fees paid by comparable public listed companies in Malaysia, and revised once in every four years. Given that all Directors' fees were revised in 2017, there will not be any increase in Directors' fees until 2021.</p> <p>The Board Charter, Directors Code of Ethics, Code of Business Conduct & Ethics, Whistleblowing Policy, the Boardroom Diversity Policy and excerpts of the following policies are available in the Board Policies section of the Company's website at www.pcb.my:</p>

	Directors Assessment Policy Succession Planning Policy Insider Dealing Policy Board Remuneration Policy Investor Relations Policy Related Party Transaction Policy	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 6.2

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.

Application	:	Applied												
Explanation on application of the practice	:	<p>The primary function of the Remuneration Committee is to assess and recommend to the Board the remuneration packages of Executive Directors, including the Group CEO, to ensure that their remuneration commensurate with their responsibilities and contribution to the Group's performance, and are adequately competitive to retain these key personnel for the future growth of the Group. The Remuneration Committee also recommends to the Board the policy and framework for determining Directors' fees and benefits, and has, since March 2015, assumed the role as the committee to implement and administer the Company's LTIP. The following activities were undertaken by the Remuneration Committee in FY2019:</p> <ul style="list-style-type: none"> • Reviewed bonus payments and salary increments to the Executive Directors, including the Group CEO • Reviewed bonus payments and salary increments to senior management personnel • Reviewed Directors' fees and Board Committee fees • Reviewed the granting of Paramount shares under the 2019 LTIP Award and the vesting of Paramount shares pursuant to the 2016, 2017 and 2018 LTIP Awards • Conducted a yearly review of its Terms of Reference <p>The fee structure for Directors for FY2019 is summarised in the table below:</p> <table border="1"> <thead> <tr> <th>Board</th> <th>Fee Structure for Directors for FY2019 (RM)</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>105,000.00</td> </tr> <tr> <td>Other Directors</td> <td>70,000.00</td> </tr> <tr> <td><u>Audit Committee</u></td> <td></td> </tr> <tr> <td>Chairman</td> <td>22,500.00</td> </tr> <tr> <td>Member</td> <td>15,000.00</td> </tr> </tbody> </table>	Board	Fee Structure for Directors for FY2019 (RM)	Chairman	105,000.00	Other Directors	70,000.00	<u>Audit Committee</u>		Chairman	22,500.00	Member	15,000.00
Board	Fee Structure for Directors for FY2019 (RM)													
Chairman	105,000.00													
Other Directors	70,000.00													
<u>Audit Committee</u>														
Chairman	22,500.00													
Member	15,000.00													

	Committee	Fee Structure for Directors for FY2019 (RM)
	<u>Nominating Committee</u> Chairman Member	15,000.00 10,000.00
	<u>Remuneration Committee</u> Chairman Member	15,000.00 10,000.00
	<u>Board Risk Management Committee</u> Chairman Member	15,000.00 10,000.00
	The Terms of Reference of the Remuneration Committee is attached to the Board Charter that is available in the Corporate Governance section of the Company's website at www.pcb.my .	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 7.1

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.

Application	: Applied			
Explanation on application of the practice	: The remuneration of the Company's Directors for FY2019 with breakdown according to fees, salary, bonus, benefits in-kind and other emoluments are disclosed herein as follows:			
	Salary RM	Bonus RM	Directors and Board Committee' Fees RM	Benefits in kind RM
COMPANY AND GROUP				
Executive Directors				
Dato' Teo Chiang Quan	2,280,000.00	2,300,000.00	115,000.00	83,998.62
Jeffrey Chew Sun Teong	1,524,000.00	1,118,000.00	70,000.00	127,200.00
Benjamin Teo Jong Hian ⁽¹⁾	240,000.00	140,000.00	25,315.07	127,200.00
COMPANY ONLY				
Non-Executive Directors				
Datuk Seri Michael Yam Kong Choy	-	-	97,301.37	-
Ong Keng Siew			109,602.74	
Quah Poh Keat	-	-	107,102.74	-
Fatimah Merican	-	-	89,602.74	-
Foong Pik Yee ⁽²⁾	-	-	30,739.73	-
Quah Chek Tin ⁽³⁾	-	-	44,904.11	-
Tan Sri James Foong Cheng Yuen ⁽⁴⁾	-	-	36,739.73	-
Dato' Rohana Tan Sri Mahmood ⁽⁵⁾	-	-	81,506.85	-
⁽¹⁾ appointed as an Executive Director 2H19 ⁽²⁾ appointed as an INED and a member of the Audit Committee in 2H19 ⁽³⁾ retired as members of the Board, Audit and Board Risk Management Committees, and Chairman of the Remuneration Committee in 1H19				

	(4) retired as members of the Board, Nominating and Remuneration Committees in 1H19 (5) retired as a member of the Board, and Chairman of the Board Risk Management Committee in 2H19
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

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 7.2

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.

Application	:	Applied				
Explanation on application of the practice	:	The salaries, bonuses and benefits in-kind of the Group's key senior management team are disclosed herein on an aggregate basis rather than named basis due to the commercial sensitivity of such information, as follows:				
		Key senior management	Salary RM	Bonus RM	Directors and Board Committee' Fees RM	Benefits in kind RM
		GROUP				
		In aggregate (excluding the Group Chief Executive Officer)	1,946,400.00	1,060,000.00	-	7,200.00
Explanation for departure	:					
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>						
Measure	:					
Timeframe	:					

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 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Audit Committee of Paramount comprises entirely INEDs, and is led by Mr Quah Poh Keat who is not a Chairman of the Board or any other Board Committees. This composition reinforces the independence of the Audit Committee.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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 8.2

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

Application	:	Applied
Explanation on application of the practice	:	To further strengthen the independence of the Audit Committee, the Board has adopted the Malaysian Code on Corporate Governance 2017's recommendation of requiring a former key audit partner of the Company's external auditors to observe a cooling-off period of at least two years before being appointed to the Audit Committee, and hence, the Terms of Reference of the Audit Committee was updated in 2018 to formalise this decision. Nevertheless, no former audit partner of the Company's external auditors was appointed as a Director of the Company in FY2019.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee has adopted the following practices in the discharge of its duties:</p> <ul style="list-style-type: none">• The Audit Committee discusses with the external auditors before the commencement of each audit, the scope of the audit, the areas of audit emphasis with reference to compliance with the applicable accounting standards in Malaysia, the resource capacity of the auditors, the terms of engagement of the auditors, and the proposed audit fees for the year. Upon conclusion of the audit, the Audit Committee meets with the external auditors together with management to review the Company's financial statements and to discuss the key audit matters highlighted by the auditors. Another two meetings are held in a year without the presence of executive Board members and management to discuss concerns that the external auditors may have arising from the audit. Significant concerns are communicated to management for remedial actions and highlighted to the Board for its attention.• The Audit Committee conducts a yearly assessment of the suitability and independence of the external auditors, prior to the submission of any recommendation to the Board on the re-appointment of the auditors for the ensuing year. The suitability of the external auditors is conducted through a questionnaire with feedback from the Chief Financial Officer on the professional conduct, performance, skills, knowledge, experience, manpower strength, quality control in audit reviews and timeliness of the auditors in conducting the audit of the Group. In assessing the independence of the external auditors, a written confirmation is required from the external auditors on their independence and their assurance that no incidence of conflict of interest will arise from their provision of any non-audit services to the Group. The Audit Committee also considers whether the the fees payable to the external auditors commensurate with the extent of the audit and non-audit services rendered to the Group.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Audit Committee of Paramount comprises entirely INEDs, and is led by Mr Quah Poh Keat who is not a Chairman of the Board or any other Board Committees. This composition reinforces the independence of the Audit Committee.

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 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee of Paramount comprises entirely INEDs, and is led by Mr Quah Poh Keat who is not a Chairman of the Board or any other Board Committees. This composition reinforces the independence of the Audit Committee. A majority of the members of the Audit Committee, namely Mr Quah Poh Keat and Ms Foong Pik Yee, are members of professional accounting bodies and Mr Quah is a member of the Malaysian Institute of Accountants. Their qualifications and extensive experience in the area of financial reporting and the management of internal controls provide assurance to the Board that the committee is well equipped with the necessary expertise and skills to oversee the financial reporting processes of the Company and the internal control governance of the Group. In addition, the appointment of Puan Fatimah Merican, who has 37 years of working experience in the IT arena, provides diversity of views, particularly from a systems perspective, to strengthen the quality of deliberations at the Audit Committee meetings. The profiles of the members of the Audit Committee are set out on pages 77 to 79 of the Annual Report 2019.</p> <p>During the year under review, the members of the Audit Committee had attended the following training programmes to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules:</p> <p><u>Corporate Governance</u></p> <ul style="list-style-type: none">• 2019 Good Governance & Integrity Conference: Corruption & Corporate Liability Offences Commercial Organizations by Malaysian Integrity Academy• Sustainability Governance Conference 2019 by CG Board Asia Pacific• Independent Directors' Programme: The Essence of Independence by Iclif Leadership and Governance Centre• Case Study Workshop for Independent Directors by SIDC• Session on Corporate Governance and Anti-Corruption by Bursa Securities

Legal & Regulatory Updates

- Amendments to the MACCA 2009 by Wong & Partners
- Mandatory Accreditation Programme for Directors of Public Listed Companies by Bursatra Sdn Bhd
- Anti-Money Laundering Act 2001 Refresher by Jagdeep Singh
- Annual CEO Dialogue by Perbadanan Insurans Deposit Malaysia
- Section 17A of the MACCA 2009, BCP by KPMG
- Raising Defences: Section 17A of the MACC Act by Iclif Leadership and Governance Centre

Finance and Risk Management

- Engagement Session with Audit Committee Members on Integrated Reporting by Malaysian Institute of Accountants
- Emerging Risks, the Future Board and return to compliance at a FIDE Forum
- Malaysian Financial Reporting Standard 17 by Ernst & Young

Leadership and Strategy Management

- Cyber Security in the Boardroom – “Accelerating from Acceptance to Action” by ICDM
- Demystifying the Diversity Conundrum: The Road to Business Excellence by ICDM
- 3rd Distinguished Board Leadership Series: Artificial Intelligence and Its Role in FIs at a FIDE Forum
- Power Talk #5 – Say on Pay: What do Boards Need to Know? by ICDM
- 4th Distinguished Board Leadership Series: Digital to the Core at a FIDE Forum
- Ring the Bell for Gender Equality 2019 by Bursa
- Women in Leadership Induction by LeadWomen Sdn Bhd
- Empowering Women in Engineering and Technology by Strallex Capital Sdn Bhd
- Thought Leadership Roadshow: Building a Culture of Trust by ICAEW Malaysia
- Diversity Xperience by Bursa
- Bursa Malaysia Thought Leadership Series : Sustainability-Inspired Innovations : Enablers of the 21st Century by ICDM
- Board Leadership Series: Digital to the core talk at a FIDE Forum
- International Directors Summit by ICDM

Economic, Industry and Market Trends

- Asia-Pacific Residential Property Outlook by Knight Frank
- It's the Experience by BFM Enterprise
- Reading the Signs: The Next Financial Crisis and Potential Impact on Asia at a FIDE Forum
- Masterclass on Cybersecurity: Unseen Threats - Bank Negara Malaysia at a FIDE Forum
- Understanding the Evolving Cybersecurity Landscape at a FIDE Forum
- Screening of our Planet, our Business & Interactive dialogue on Climate Change and its impact on business by PwC

	<ul style="list-style-type: none"> • Cyber Security Briefing: The Challenge of Building Cyber Resilience by Ernst & Young • The Convergence of Digitization and Sustainability by Bursa • Dialogue on Key Aspects of Fintech & Regulation at a FIDE Forum
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>In 2015, the Group upgraded its risk management framework by adopting the ISO 31000:2009 Enterprise Risk Management methodology. The initial stage of the upgrade involved the formulation of a set of Risk Parameters and a Risk Appetite Statement that define Paramount's approach in mitigating the various risks that are inherent to the Group's businesses. Subsequently in 2017, Key Risk Indicators were introduced for better tracking of the effectiveness of control measures and risk management plans that were identified and implemented by management.</p> <p>During the year under review, the Board, through the Board Risk Management Committee, continued to monitor the Group's risk exposure, and was regularly updated on the implementation progress of the risk management plans to mitigate those risks. The reporting process involves the monthly monitoring of the risk status by the risk owners in the business units, who submit their findings to the Executive Risk Management Committee for its review on a quarterly basis, which in turn, submits its report to the the Board Risk Management Committee on a half-yearly basis.</p> <p>To further enhance the Group's system of internal controls, the Board has, upon the recommendation of the Audit Committee, upgraded the Group's internal control framework by adopting the methodologies prescribed in the COSO Internal Control Integrated Framework. A steering committee, comprising members of the management team, led by the Group CEO and facilitated by the Head of IAD, was established in 2018 to evaluate the adequacy of the Group's existing internal control policies and procedures, and to identify areas that needed improvement under the new framework.</p> <p>Although the Group does not have a high degree of dependence on information technology (IT) for its day-to-day business activities, the Board does recognise the need to put in place an IT governance structure to address risks that are IT-related including disruption, cyber security and disaster recovery. Hence, an IT Steering Committee (ITSC), which is chaired by the Group CEO, was set up by management in the financial year ended 31 December 2019 to review and monitor the Group's IT infrastructure and cyber security measures. The ITSC meets on a quarterly basis, and reports its findings and recommendations to the Board on a half yearly basis.</p>
Explanation for departure	:	

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

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 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The features of the Group’s risk management and internal control framework, and the adequacy and effectiveness of the framework are disclosed in the Statement on Risk Management and Internal Control, on pages 97 to 102 of the Annual Report 2019.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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 9.3 - 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.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board has established a Board Risk Management Committee, which comprises a majority of INEDs, to oversee the Company's risk management framework and policies.</p> <p>The primary function of the Board Risk Management Committee is to assist the Board in fulfilling its duties to ensure that adequate measures are put in place to address and manage the principal risks of the Group. The following activities were undertaken by the Board Risk Management Committee in FY2019:</p> <ul style="list-style-type: none">• Reviewed the Top Key Risks of the Group and monitored the effectiveness of the risk management plans identified by the Executive Risk Management Committee (ERMC)• Monitored the implementation progress of the Group's Business Continuity Management Plan drawn up by the ERMC• Conducted a yearly review of its Terms of Reference

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 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Audit Committee has direct and full access to the IAD to ensure effective oversight of the Company’s internal audit function, which plays an important role in testing the adequacy and integrity of the Group’s internal control system. The Head of IAD reports functionally to the Audit Committee, and administratively to the Group CEO. His/her appointment to or removal from the said position is subject to the approval of the Audit Committee. The performance of IAD is also evaluated by the Audit Committee annually. The Audit Committee also reviews the internal audit plans and approves the budget for the internal audit function to ensure that IAD has adequate and quality resources to execute its plans effectively. Internal audit reports are submitted by the IAD to the Audit Committee for review on a quarterly basis, and the committee generally requires management to ensure that corrective measures are taken to address the internal audit issues within required timeframes.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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 10.2

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.

Application	:	Applied
Explanation on application of the practice	:	<p>IAD is independent of operations and reports functionally to the Audit Committee and administratively to the Group CEO. IAD is headed by Mr Wong Ket Keong who is a Certified Internal Auditor of the Institute of Internal Auditors (USA), a member of the Malaysia Institute of Accountants, and a fellow of the Association of Chartered Certified Accountants (UK).</p> <p>The primary responsibility of IAD is to provide reasonable assurance to the Audit Committee on the effectiveness of the governance, risk management and internal control processes within the Company and the Group.</p> <p>All internal audit activities of the Group are guided by the International Professional Practices Framework issued by the Institute of Internal Auditors, the Internal Audit Charter as well as policies and procedures of the Group. An annual risk-based internal audit plan is presented by IAD to the Audit Committee for approval after having reviewed the adequacy of the scope, functions and resources of IAD as well as the competency of the internal auditors. IAD adopts a risk-based approach and prepares its plan based on the risk profiles of the auditable units in alignment with the strategic objectives of the Group.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company is committed to maintaining on-going communication across its entire shareholder base, whether institutional investors, private or employee shareholders. This is achieved principally through annual and quarterly reports to Bursa Securities, the Company's AGM and timely dissemination of information on significant company developments and price sensitive information in accordance with the MMLR.</p> <p>Additionally, the Company holds scheduled investor relations (IR) briefings, coinciding with the release of the half-year and full-year results of the Group to Bursa Securities, to investment analysts and fund managers. The quarterly reports released by the Company to Bursa Securities are also accompanied by a set of presentation slides to give investors a snap-shot view of the Group's quarterly and year-to-date performance. In addition, a media briefing is held upon the conclusion of the Company's AGM for the benefit of potential investors as well as shareholders who are unable to attend the meeting. The Company also obliges the requests of analysts, fund managers and the media for company visits, briefings and interviews outside the scheduled IR briefings.</p> <p>The presentation slides and press releases provided to analysts and the media at these briefings are available in the Newsroom section of the Company's website at www.pcb.my. The Company's website is constantly updated with information pertaining to the Group's business activities and corporate affairs for dissemination to all stakeholders in a timely manner.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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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 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Not applicable.	
		Paramount Corporation Berhad is not a "Large Company" as defined in the Malaysian Code on Corporate Governance 2017.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	To be determined by the Board	
Timeframe	:	Others	To be decided later by the Board

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Company's Forty-Ninth (49 th) AGM was convened on 29 May 2019 with notice of 28 clear days given to the Company's shareholders on 30 April 2019.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The 49th AGM was held on 29 May 2019, and two Extraordinary General Meeting (EGMs) were held on 10 July 2019 and 13 September 2019.</p> <p>All Directors of the Company attended the 49th AGM. Except for one Director, all Directors of the Company attended the EGM of the Company held on 10 July 2019. Subsequently, except for two Directors, all Directors of the Company attended the EGM of the Company held on 13 September 2019.</p> <p>An overview of the Group's performance for FY2018 and details of the corporate proposals were presented to the shareholders at the 49th AGM and the EGMs, respectively. Shareholders were invited to raise queries, and in this respect, the Board is pleased to report that all questions raised by shareholders at the 49th AGM and the two EGMs were adequately attended to by the Board, and that all resolutions proposed were duly approved by the shareholders present at the meetings. The minutes of the abovementioned meetings are available in the General Meeting (Minutes) section of the Company's website at www.pcb.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Not applicable.	
		Paramount Corporation Berhad is not a "Large Company" as defined in the Malaysian Code on Corporate Governance 2017, and it has a low number of shareholders of below 5,000 as at the date of submission or publication of this report to Bursa Malaysia Securities Berhad. All of its annual general meetings since listing in 1971 have been held in non-remote areas.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	To be determined by the Board	
Timeframe	:	Others	To be decided later by the Board

**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.

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